

Halfords Group plc 20-week Trading Update

Halfords Group plc ("the Group"), the UK's leading provider of motoring and cycling products and services, today updates the market on its trading performance for the 20-week period to 16 August 2019 ("the period"):

	FY20 Year-to-date (20 weeks) % change
LIKE-for-LIKE ("LFL") REVENUE	
Halfords Group	-3.2
Retail	-3.9
<i>Motoring</i>	-5.9
<i>Cycling</i>	-1.1
Autocentres	+1.1
TOTAL REVENUE	
Halfords Group	-3.9
Retail	-4.8
Autocentres	+2.4

Growth in Group services, Online and B2B sales more than offset by the impact of the challenging retail backdrop and tough weather comparators year-on-year

- LFL Revenue at a Group level declined -3.2% in the period, with Retail -3.9% and Autocentres +1.1%
- Gross Margin across Motoring, Cycling and Autocentres has improved year-on-year and costs have been tightly controlled across the business
- Group service-related sales delivered positive year-on-year growth, through improved service penetration and the introduction of new weCheck and cycle care services
- Group online sales grew strongly at +8.4% year-on-year, with 85% of Halfords.com orders continuing to be collected in store
- B2B sales delivered strong double-digit year-on-year growth
- Retail Cycling sales declined in line with expectations, given the exceptionally warm and dry summer last year (-1.1% LFL); strong growth in electric bikes and kids cycling offset by weaker big-ticket discretionary mainstream cycling
- Retail Motoring sales declined -5.9% on a LFL basis in the period;
 - We have continued to take share in core Motoring categories within a challenging market, positioning us well for the future;
 - 3Bs (bulbs, blades and batteries) returned to growth in the period but performance was weaker in big-ticket discretionary categories such as workshop and car technology;
 - In the same period last year, the Motoring category benefitted from stronger sales of touring, camping and car cleaning as warm weather encouraged the staycation trend
- Autocentres sales growth continued, with LFL sales +1.1%. The business continues to make strong progress against the transformation plan and remains on track to deliver profit growth year-on-year

We continue to progress against our strategy to *inspire and support a lifetime of motoring and cycling*:

Inspiring our customers through a differentiated, super specialist shopping experience

- Our integrated Group website remains on track for launch this year, allowing customers to access services from both Retail and Autocentres through one website for the first time
- We have refreshed the cycling space in 220 stores, delivering a better shopping experience for customers and generating working capital efficiencies through a 'right range, right store' approach. The remaining stores will be refreshed during the second half of the year

Supporting our customers through an integrated, unique and more convenient services offer

- 8 Halfords Mobile Expert vans are now in operation, providing a wider range of mobile services. The performance of vans based out of our regional hub is positive and a further rollout is planned later this year
- On-demand retail motoring services trial in Autocentres garages continuing to deliver promising results

Enabling a lifetime of motoring and cycling

- Continued investment in strengthening our financial services offer for our customers; financial services delivered double digit growth year-on-year
- Through targeted cross-group promotions, the percentage of customers shopping across both Retail and Autocentres has increased by 10% year-on-year

Financial outlook

During the first half of the year, we have seen weaker sales growth than expected, the impact of which has been partially mitigated by stronger margins and tight cost control. Poorer summer weather, together with weaker consumer confidence, has had a negative impact on performance albeit less discretionary categories, particular Motoring services, have been more resilient.

At this point in time, the impact of the uncertain economic environment remains an ongoing risk to big-ticket discretionary purchases in the second half. In light of this, we remain focused on improving gross margins and managing the cost base.

Despite the challenging environment, we have seen a positive contribution to sales and profit from key elements of our customer strategy. We will continue to actively invest in these areas in the second half, focusing our resources where we see good growth opportunities.

On this basis, we would anticipate FY20 underlying profit before tax to be within the range of £50m to £55m.

Graham Stapleton, Chief Executive, commented:

"Despite sales growth in Group services, Online and B2B, we have seen our overall sales impacted by cooler, wetter weather and weaker consumer confidence year-on-year. The market has been challenging but we are pleased to have seen increased market share in our core categories.

"In the second half, we believe the economic and political uncertainty will continue to impact big-ticket discretionary spend and, therefore, as in the first half, we will continue to focus on improving gross margins and controlling costs.

"We set out a new strategy for the business last year and while it is still early, we have already seen encouraging signs of progress. We remain confident that it is the right strategy to drive the sustainable growth of the business."

Notes

1. Like-for-like sales represent revenues from Retail stores, Autocentres and websites that have traded for at least a year (excluding prior year sales from Retail stores and Autocentres closed in the year) at constant foreign exchange rates

Performance last year (FY19) in the 20-week period to 17 August 2018

	FY19 Year-to-date (20 weeks) % change
LIKE-for-LIKE ("LFL") REVENUE	
Halfords Group	+2.8
Retail	+2.6
<i>Motoring</i>	+3.8
<i>Cycling</i>	+0.8
Autocentres	+4.0
TOTAL REVENUE	
Halfords Group	+2.7
Retail	+2.6
Autocentres	+3.9

Enquiries

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Results Conference Call

There will be a conference call for investors and sell-side analysts at 08.30am today. The participant dial-in is +44 (0) 333 300 0804 or 0800 358 9473 (toll free). The PIN is 45487907#. To access a recording of the call, dial +44 (0) 333 300 0819 or 0800 358 2049 (toll free), access code: 301296381#. A transcript of the call will appear online in due course.

Forthcoming Newsflow

On 7 November 2019 we will report on the interim results for the 26 weeks ending 27 September 2019.

Notes to Editors

www.halfords.com

www.halfordscompany.com

www.halfordsautocentres.com

www.cyclerepublic.com

www.boardmanbikes.com

www.tredz.co.uk

Halfords is the UK's leading provider of motoring and cycling products and services. Customers shop at 450 Halfords stores, 26 Performance Cycling stores (trading as Cycle Republic, Tredz, Boardman and Giant) and 318 garages (trading as Halfords Autocentres). Customers can also shop at halfords.com, cyclerepublic.com and tredz.co.uk for pick up at their local store or direct home delivery, as well as booking garage services online at halfordsautocentres.com.

Cautionary Statement

This report contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of Halfords Group plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Halfords Group plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.