

## Halfords Group plc FY20 Q3 Trading Update

Halfords Group plc, the UK's leading provider of motoring and cycling products and services, today updates the market on its trading performance for the 14-week period to 3 January 2020 ("the period").

	Q3 (14 weeks) % change	Year-to-date (40 weeks) % change
<b>TOTAL REVENUE</b>		
<b>Halfords Group</b>	+4.6%	-0.2%
Retail	+0.6%	-2.2%
Autocentres	+31.2%	+12.9%
<b>LIKE-for-LIKE ("LFL") REVENUE</b>		
<b>Halfords Group</b>	+1.3%	-1.2%
Retail	+0.8%	-1.8%
<i>Motoring</i>	-2.7%	-4.5%
<i>Cycling</i>	+5.9%	+2.1%
Autocentres	+4.6%	+2.9%

**A solid sales performance in the period, with positive LFL growth in both Retail and Autocentres, alongside continued gross margin growth and tight cost control; reaffirming full year profit guidance of £50-55m.**

- Group revenue was up +4.6% and +1.3% LFL in the period on the back of a strong Cycling performance and continued growth in Autocentres and B2B.
- Retail Cycling sales were up +5.9% LFL in the period, with growth broadly based across the bike categories. Our work to optimise the cycling space in our retail stores together with a more innovative and differentiated range has created a better shopping experience for our customers during the peak holiday period. This in turn has delivered strong sales growth as well as better margins and reduced working capital levels.
- Retail Motoring sales were down -2.7% LFL, an improvement on the first half. We continued to take share in our core Motoring categories in a challenging market, with low levels of consumer confidence continuing to impact big-ticket discretionary categories such as Technology and Workshop. There has been no incremental sales benefit from the weather, with a mild winter so far, similar to last year. Despite this, we still managed to grow our 3Bs business (bulbs, blades and batteries), demonstrating the improvements we have made to our customer offer.
- Autocentres sales growth accelerated, with LFL up +4.6%. In addition, the recent acquisitions of McConechy's and Tyres On The Drive performed in line with expectations as we work to integrate them into the Halfords Autocentres business. This mix of organic and acquired growth drove our Motoring Services business forward, in line with our strategy to become a Services-focussed business.
- As we continue to execute our Services-focussed strategy, Group service-related revenue grew 16% in the period, and now accounts for 27% of total Group sales.
- Group online sales grew +27% with around 80% of Halfords.com orders collected in store. Our new web platform remains on track to launch in Q4, which will significantly improve the digital experience and, for the first time, allow customers to access an integrated services offer across stores, garages and mobile through one website.
- Sales growth in B2B accelerated in Q3, up +32% year-on-year and now accounts for 16% of Group sales.
- Our new Financial Services proposition continues to perform well, attracting new customers to Halfords and driving year-on-year sales growth.

### Financial outlook

Alongside a solid sales performance, the Group has delivered continued gross margin growth. Good product ranging and innovation has negated the need for either heavy or early discounting. Further margin upside was delivered through service revenues attached to product sales. In addition, we have remained focused on tight cost control and improved operational efficiencies, with underlying operating expenditure in line with the previous year, despite upward cost pressures.

As a result of these actions, we reconfirm our expectation that FY20 underlying profit before tax, on a pre-IFRS 16 and 52-week basis, will be in the range of £50m to £55m.

**Graham Stapleton, Chief Executive Officer, commented:**

"I am pleased with our overall performance in Q3, with total revenue growing nearly 5% in the quarter. Our results reflect the positive actions we have taken across the Group to deliver on our strategy, particularly Motoring Services, which grew strongly.

Within Retail, Cycling performed particularly well, as customers responded to our innovative product ranges and differentiated proposition. Approximately 85% of our bike range is unique to Halfords, including our successful partnership with Disney and the development of an innovative range with Trunki, both of which helped to sell a record number of Kids bikes in the period. In addition, our ability to provide customers with a unique, free, build and storage offer was met with strong demand, as we built 86,000 bikes in the week before Christmas.

As National Garage Chain of the Year in 2019, Autocentres has continued to demonstrate good sales growth, organically and through acquisition, and remains well on track to deliver a 3<sup>rd</sup> year of profit growth.

Though pleased with our performance, market conditions remained subdued and we are not anticipating a near-term improvement. We will continue to focus on improving our customer proposition, building our services business and managing our costs and operations tightly. In the context of the current retail market I am pleased to be reporting a positive L4L performance and to reconfirm profit guidance for the full year."

**Enquiries**

**Investors & Analysts (Halfords)**

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**Notes**

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

**Conference Call**

There will be a conference call for investors and sell-side analysts beginning at 09.30am today (UK time). The participant dial-in is +44 (0) 333 300 0804 or 0800 358 9473 (toll free). The PIN is 89436943#. To access a recording of the call, the participant dial-in is +44 (0) 333 300 0819 or 0800 358 2049 (toll free). The pin is 301307628#. A transcript of the call will appear online in due course.

**Reporting Calendar**

On 2 June 2020 we will report our annual results for the 53 weeks ending 3 April 2020 along with an update on our plans for FY21.

**Notes to Editors**

[www.halfordscompany.com](http://www.halfordscompany.com)  
[www.cyclerepublic.com](http://www.cyclerepublic.com)  
[www.mcconechys.co.uk](http://www.mcconechys.co.uk)

[www.halfords.com](http://www.halfords.com)  
[www.boardmanbikes.com](http://www.boardmanbikes.com)  
[www.tyresonthedrive.com](http://www.tyresonthedrive.com)

[www.halfordsautocentres.com](http://www.halfordsautocentres.com)  
[www.tredz.co.uk](http://www.tredz.co.uk)

Halfords is the UK's leading provider of motoring and cycling products and services. Customers shop at 448 Halfords stores, 26 Performance Cycling stores (trading as Cycle Republic, Tredz, Boardman and Giant), 373 garages (trading as Halfords Autocentres and McConechy's) and 75 mobile vans providing tyre fitting and servicing. 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, mcconechys.co.uk and tyresonthedrive.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.