

8 September 2021

Halfords Group plc

20-Week Trading Update: Financial Year 2022

A strong start to trading delivered within a challenging operating environment.

Strong growth in Motoring across retail stores, garages and vans.

Halfords Group plc (“Halfords” or the “Group”), the UK’s leading provider of Motoring and Cycling products and services, today announces its trading performance for the 20-week period to 20 August 2021 (“the period”).

Given the highly unusual sales patterns in the FY21 comparator period, our commentary below focusses on revenue growth on a two-year basis, comparing FY22 revenue to FY20. For completeness, the table below discloses total and LFL growth on both a one-year and two-year basis.

Overview

- Total sales growth of +18.7% (+16.8% LFL) over two years, driven by:
 - Increased scale of our Autocentres business, taking significant share.
 - Growth in Retail Motoring, gaining share and benefitting from staycation trends.
 - Strong growth in Retail Cycling in the first half of the period.
- Exceptional growth in our areas of strategic importance, with Service-Related Sales +78%, B2B sales +80% and Online +83%, all on a two year basis.
- A strong trading performance, despite the well documented challenging operating environment.
- Good cash generation in the period; balance sheet remains strong.
- Continue to target full year profit before tax, post-IFRS 16 adjustments, of above £75m.

Graham Stapleton, Chief Executive Officer, commented:

“The first 20 weeks of FY22 delivered a strong trading performance against a hugely challenging backdrop. Our motoring business now represents 65% of our revenues and continues to go from strength to strength, driven by the increased scale of our Autocentres business, the ongoing demand for our Halfords Mobile Expert Vans, and by recent staycation trends. Although our cycling business is currently impacted by the considerable disruption in the global supply chain, as the UK’s largest cycling retailer we are well positioned to adapt and to serve our customers, and we remain confident in the long-term outlook for the cycling market. The strength of our overall performance is a clear illustration of the relevance of our service-led strategy and gives us the confidence to continue with our investment plans. We remain positive on our prospects for FY22 and beyond.”

Group financial summary	1-Year vs. FY21		2-Year vs. FY20	
	Total Growth	LFL Growth	Total Growth	LFL Growth
Halfords Group	10.5%	10.8%	18.7%	16.8%
Retail	3.7%	7.6%	7.8%	17.1%
<i>Motoring</i>	48.2%	52.1%	6.5%	11.2%
<i>Cycling</i>	-26.0%	-22.8%	9.9%	24.2%
Autocentres	43.8%	26.0%	86.2%	15.5%

- **Retail:**
 - Total revenue growth of +7.8% and +17.1% LFL on a two-year basis. LFL sales were boosted by customer transfer from the planned store closures in FY21.
 - Motoring grew +6.5% and +11.2% LFL over two years, driven by share gains in key categories. Maintenance and 3B's (Blade, Bulbs and Batteries) grew strongly, up +4.3% and +6.9% respectively, whilst Touring products performed particularly well, up +53.3%, benefitting from staycation trends.
 - Cycling grew strongly, up +9.9% and 24.2% LFL vs FY20, with Electric mobility up +115%. The global cycling supply chain continues to experience considerable capacity constraints, leading to low availability of bikes throughout the period. Whilst Kids and Electric bikes have fared better, availability has been especially low in the Adult Mechanical category, contributing to materially lower growth rates towards the end of the period.
- **Autocentres:**
 - Total revenue growth of +86.2% and +15.5% LFL on a two-year basis, driven by increased scale, improved utilisation, and our focus on B2B.
 - Our Halfords Mobile Expert Vans ("HME") grew strongly, up +61.7% on a one-year basis, demonstrating the ongoing customer demand for this proposition.
 - The supply of technicians to both garages and HME was impacted by recruitment challenges and Covid-related absences, which had some impact on sales in the period.
- **Ongoing challenging operating environment including:**
 - Factory production constraints and raw material inflation.
 - General freight disruption, capacity constraints and cost inflation.
 - Supply and recruitment challenges in respect of service technicians and HGV drivers.

Outlook

We expect many of the cycling supply chain issues referred to above to continue for some time albeit, as the UK's largest cycling retailer, we are well positioned to navigate these challenges. Conversely, we are targeting strong growth in our Services and B2B businesses, alongside an improved Retail Motoring performance. We plan to continue investing in the initiatives highlighted in our FY21 Preliminary results on 17 June 2021. These include an investment in Retail Motoring pricing, Project Fusion trials, which seek to deliver a seamless, convenient, and consistent experience to our customers across a town, our Motoring Loyalty scheme, and scaling our network of garages and vans. We continue to target a full year profit before tax of above £75m on a post IFRS-16 basis.

Notice of results

Our Interim results announcement is on 10 November 2021.

Enquiries

Investors & Analysts (Halfords)

Loraine Woodhouse, Chief Financial Officer
 Neil Ferris, Corporate Finance Director
 Andy Lynch, Head of Investor Relations

+44 (0) 7483 457 415

Media (Powerscourt)

Rob Greening
 Lisa Kavanagh
 Harold Amoo

+44 (0) 20 7250 1446
 halfords@powerscourt-group.com

Results presentation

A conference call for analysts and investors will be held today, starting at 09:00am UK time. Attendance is by invitation only. A copy of the transcript of the call will be available at

www.halfordscompany.com in due course. For further details please contact Powerscourt on the details above.

Notes to Editors

www.halfords.com

www.tredz.co.uk

www.halfordscompany.com

Halfords is the UK's leading provider of motoring and cycling services and products. Customers shop at 404 Halfords stores, 3 Performance Cycling stores (trading as Tredz and Giant), 374 garages (trading as Halfords Autocentres, McConechy's and Universal) and have access to 166 mobile service vans (trading as Halfords Mobile Expert and Tyres on the Drive) and 192 Commercial vans. Customers can also shop at halfords.com and tredz.co.uk for pick up at their local store or direct home delivery, as well as booking garage services online at halfords.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.