

13 January 2022

Halfords Group plc
Q3 Trading Update: Financial Year 2022

**Strong Group sales up +10.4% LFL over two years,
underpinned by an outstanding Autocentres performance through the Q3 MOT peak.**

Halfords Group plc (“Halfords” or the “Group”), the UK’s leading provider of motoring and cycling products and services, today announces its Q3 trading update for the 13 weeks to 31 December 2021 (“the period”). To provide a better understanding of underlying performance, all numbers unless otherwise stated are on a two-year basis, that is, compared to FY20. For completeness the table below contains both one-year and two-year performance measures.

Headlines

- Exceptional Autocentres performance, growing +33.1% LFL, driven by a strong Q3 MOT peak, and our ongoing investment in digital platforms and building brand awareness.
- Retail sales were +5.6% LFL, with a strong performance during October and November but a drop-off in performance in the latter part of the period as the Omicron variant grew in prominence.
- The Group continues to target full year underlying profit before tax of £80m to £90m, post IFRS16.
- The acquisition of Axle Group (“National”), and associated equity raise, secures our position as the UK’s largest vehicle service, maintenance and repair business.

Q3 Group revenue summary

	LFL Revenue Vs FY20 %	Total Revenue Vs FY20 %	LFL Revenue vs FY21 %	Total Revenue Vs FY21 %
<i>Retail Motoring</i>	+3.1%	-1.5%	+11.2%	+7.5%
<i>Retail Cycling</i>	+9.2%	-2.1%	-21.2%	-23.8%
Retail Total	+5.6%	-1.8%	-5.3%	-8.5%
Autocentres	+33.1%	+90.2%	+10.7%	+48.1%
Group	+10.4%	+13.9%	-2.2%	+2.7%

Key Highlights

In 2019, we accelerated our strategy to evolve Halfords into a consumer and B2B services-focussed business, with a greater emphasis on motoring, generating higher and more sustainable financial returns. Our performance across the period has reaffirmed the importance of increasing the mix of our business into less discretionary, and more resilient Motoring services spend whilst continuing to focus our Retail business on improving overall returns.

- Group revenue growth of +13.9% vs. FY20 and +10.4% LFL, driven by a strong Autocentres, Services and B2B performance.
- We continued to perform well in our areas of strategic importance, with Group Service-Related Sales up +91% and B2B up +60%.
- We continue to develop a digital first business, with sales up +71%, delivered through strong traffic to our site and improved conversion.

- Our investments in customer experience continue and have delivered record NPS scores across the period.
- In Autocentres;
 - Sales performance was particularly strong, demonstrating the quality, convenience and breadth of our offer, and the greater resilience of this market.
 - Total sales growth across Autocentres was +90.2% reflecting our acquired businesses, coupled with strong performance in our LFL business, which grew +33.1%.
 - As communicated at our Interim results in November, the Government's MOT deferral programme in H1 FY21 changed the seasonal profile of MOTs, creating a new Q3 peak period for the Autocentres business.
 - Our Mobile Servicing business continued to perform well, up +72% LFL, and our research indicates it was the first business to average 4.8 stars from over 200,000 Trustpilot reviews.
 - The integration of our recent acquisition, National, is progressing to plan.
- In Retail:
 - LFL sales grew +5.6%, with total sales -1.8%. Strong sales in the first half of the period softened pre-Christmas as the emergence of Omicron impacted customer behaviour.
 - LFL growth exceeds total sales growth, reflecting our store closure programme during Q4 FY21, designed to deliver a more productive and profitable estate.
 - Retail Motoring:
 - Sales were +3.1% LFL and total revenue -1.5%. Market share data continued to show positive trends across key product areas such as Car Cleaning, Oils and Child Travel.
 - We anticipated a softer motoring performance relative to H1 driven by our pricing investments and lower staycation sales, but Omicron and the resulting -15% fall in traffic during December contributed to weaker demand and corresponding drop in performance.
 - Retail Cycling:
 - Sales grew by +9.2% LFL but declined -2.1% at a total level.
 - Our own brand Premium Adult bikes performed well, up +20%, as did E-bikes growing over +100%.
 - Our online performance cycling business "Tredz" also performed very well, up +47%.
 - Kids bikes sales started well but softened later in the period. Unexpected freight delays in Junior bikes compounded the impacts of Omicron including lower footfall and general customer caution.

Graham Stapleton, Chief Executive Officer, commented:

"These results demonstrate the strength of our Motoring Services offer, and the outstanding performance from our Autocentres business confirms the rationale behind our recent acquisitions. With the recent addition of National to the Group, Motoring will represent more than 70% of our revenue, and we expect to carry out 7.5 million motoring servicing jobs a year. We are working hard to continually increase our capacity, capabilities, and geographic reach in this area, making it easier and more convenient for customers to have a broader range of vehicles serviced than ever before at over 1,400 fixed or mobile Motoring Services locations.

"The COVID-19 pandemic has continued to present a number of headwinds and put significant pressure on our colleagues, who have navigated their way through a variety of challenges and issues. It is their resilience, dedication, and expertise that have produced another good set of results, and I would like to take this opportunity to thank each and every one of them."

Outlook

We continue to target a full-year underlying profit before tax on a post-IFRS 16 basis of £80m to £90m. The Omicron impact seen in December shows that the challenges associated with COVID-19

are still present. Our guidance assumes that the impacts of Omicron continue to diminish, and that we do not experience further variants of similar severity.

Looking further ahead, we remain confident that our ongoing strategic investment will continue to build resilience and underpin future growth, and we look forward to building on our progress to date.

Enquiries

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Analysts Conference Call

A conference call for analysts will be held today, starting at 08:00am 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.

Next trading statement

On 16 June 2022 we will report our Preliminary results for the financial year ending 1 April 2022.

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), 604 garages (trading as Halfords Autocentres, McConechy's, Universal, National and Iverson) and have access to 234 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.