

# STRATEGY UPDATE

November 2025

1. Setting the scene

2. Our strategy

3. Delivery & measurement

4. The team

5. Summary

6. Q&A



SETTING

THE SCENE



# SCALE THAT DRIVES ADVANTAGE

The nation's leading provider of motoring and cycling services and products

## We serve

**c.20m**

Customers

**c.6m**

Motoring Club members

**5.6m**

Annual service jobs

**140m**

Website visits annually

## Across a network of

**370**

Retail stores

**498**

Customer garages

**250**

Mobile service vans

**550**

Commercial fleet services vans

## Underpinned by

**12,000+**

Highly trained colleagues



## To deliver

**1.7bn**

Annual revenue

**38.4m**

Underlying PBT

**67.5**

Net Promoter Score

**75%**

Colleague engagement

# A UNIQUE PORTFOLIO OF ASSETS

## Our group assets



## Investment case

- A trusted brand
- Attractive markets
- Unmatched scale
- Structural resilience
- Service & expertise
- Data & technology

Enabled by a new and experienced management team

# A PROPOSITION THAT DELIVERS FOR CUSTOMERS

## Halfords offers an unmatched proposition

### Convenience

>85% of UK population is within 15 minutes of a Halfords. Services available on demand and 7 days a week

### Value

Enabled by market leadership and a comprehensive own brand range

### Expertise

Over 10m colleague hours deployed every year to provide service & advice to customers



## Meeting the needs of five core segments

### Motoring



'Do-It-For-Me'



DIY

### Cycling



Leisure



Enthusiast

### B2B



# WE OPERATE IN ATTRACTIVE MARKETS

Motoring and cycling are large, fragmented and stable markets with significant opportunity to take share

Market	Market size (£)	Market share	Structure	Customer needs	Strategic opportunity
<b>Motoring services</b>	<b>17bn</b>	<ul style="list-style-type: none"> <li>Halfords</li> <li>Kwik fit</li> <li>Other chains</li> <li>Dealers</li> <li>Independents</li> </ul>	Highly fragmented	Needs-based	Significant share growth in fragmented market for our national brand
<b>Motoring products</b>	<b>4bn</b>	<ul style="list-style-type: none"> <li>Halfords</li> <li>Supermarkets</li> <li>Generalists</li> <li>Home &amp; garden</li> <li>Specialists</li> <li>Other</li> </ul>	Moderately consolidated	Needs-based & discretionary	Grow online share and expand in store sales through service and advice proposition
<b>Cycling</b>	<b>1bn</b>	<ul style="list-style-type: none"> <li>Halfords</li> <li>Other chains</li> <li>Generalists</li> <li>Independents</li> </ul>	Fragmented	Discretionary	Share growth in under penetrated markets

Market size & market share: Halfords internal estimates

# WE ARE WELL-POSITIONED FOR KEY MARKET TRENDS

1.



## Electrification and transition to EV

Most cars on the road still have internal combustion engines, but the transition to electric is accelerating. EVs still need tyres, servicing and maintenance, creating growing demand for Halfords' expanding capability.

2.



## Ageing car parc and the shift to value

With the average UK car now over ten years old, more work is moving from dealer networks to value-driven aftermarket providers like Halfords.

3.



## Convenience and 'do-it-for-me'

Customers increasingly want trusted, hassle-free solutions that fit around their busy lives. Our national reach, digital tools and mobile service offer make us uniquely capable of meeting this need.

4.



## Needs-based, resilient markets

Halfords operates in predominantly essential, needs-based markets. While confidence may fluctuate, motoring and mobility remain everyday necessities, providing stable and resilient demand.

5.



## Digital enablement

Technology and AI are reshaping how customers engage with our business. Our digital platform provides the foundation to deliver smarter, more personalised and connected service experiences.

# HALFORDS OVER THE LAST 5 YEARS

We have responded to challenging market conditions with a strategic pivot to more resilient income streams.

## Market conditions

- Competitive environment

---

- Cost of living crisis

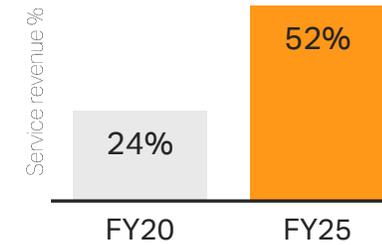
---

- Global economic uncertainty

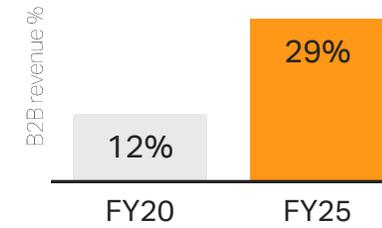
---

- Inflationary pressures

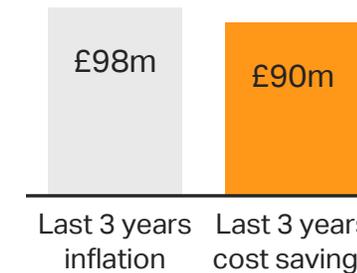
## Strategic pivot: services & B2B



**A majority services business...**



**...with higher B2B revenue...**



**...and careful cost management offsetting inflation**

# KEY LEARNINGS

Some important home truths inform our future strategy and focused plan

1.



## Service profitability

We've transformed into a services-led business – but we haven't translated that into profit growth

2.



## Integration and synergy

We've created the UK's only retail, garage and mobile business – but integration has not been good enough

3.



## Focus and simplification

We've spread ourselves too thin which has reduced focus and effectiveness of our core motoring and cycling business

4.



## Leveraging data

We've built a rich data set, but we haven't realised its full potential to drive customer lifetime value for the group

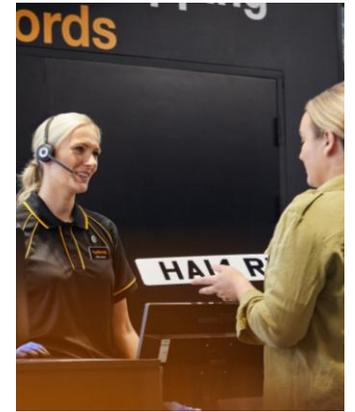
5.



## Synergy from the group

There is too much complexity for customers between our business units, holding us back from realising the synergies available

6.



## Return on capital

We need to be better at driving stronger and more visible returns on the capital we deploy

# STRATEGY

# OVERVIEW



# *Optimise*

Building near-term value with disciplined and focused execution

# *Evolve*

Driving structural efficiency and enabling future growth

# *Scale*

Expanding reach, taking advantage of operating leverage

# FIT FOR THE FUTURE

## Optimise



~0 to 24 months

**Building near-term value with disciplined and focused execution**

## Evolve



~12 to 36 months

**Driving structural efficiency and enabling future growth**

## Scale



~36 months +

**Expanding reach, taking advantage of operating leverage**

# OPTIMISE

**BUILDING NEAR-TERM VALUE**



Building near-term value through disciplined and focused execution



## Category management

Grow revenue and profit from higher sales density in stores

### Key opportunities:

- Improve pricing and promotional effectiveness
- Relaunch categories to enhance customer relevance and capture growth opportunities
- Identify opportunities to expand our own brand offer
- Expand premium cycling ranges and leverage Tredz capabilities

Outcome: **SALES DENSITY**

Status: **IN FLIGHT**



## Service & advice

Improve penetration and profit from increased margin-rich services

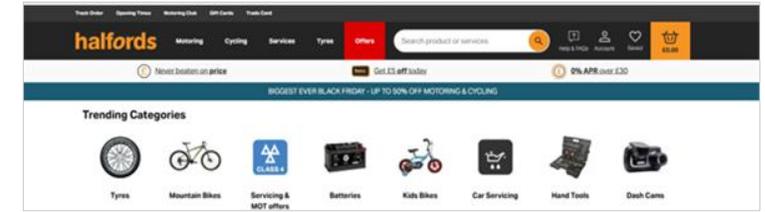
### Key opportunities:

- Drive customer awareness of full range of services
- Optimise margin across our service offering
- Increase appointment availability & capacity to support growth
- Improve retention and skills development of services colleagues

Outcome: **CUSTOMER EXPERIENCE**

**SERVICE % OF SALES**

Status: **SCOPING**



## E-commerce

Grow revenue from capturing higher online market share

### Key opportunities:

- Transform digital product and service journeys
- Improve site speed and search functionality
- Create richer digital content and product pages

Outcome: **ONLINE GROWTH RATE**

Status: **IN FLIGHT**

Building near-term value through disciplined and focused execution



## Complete Fusion

Grow profit by driving higher garage-level contribution

### Key opportunities:

- Complete conversion of 150 planned Fusion garages
- Transfer learnings for the rest of the estate, e.g. technician recruitment

Outcome: SALES  
 PROFIT

Status: **IN FLIGHT**



## Operational excellence

Grow profit by reducing cost-to-serve

### Key opportunities:

- Improve utilisation through changing labour models
- Reduce cost-to-serve through improved equipment and skills mix
- Improve processes to increase capacity from existing resource

Outcome: UTILISATION  
 MARGIN

Status: **IN FLIGHT**



## Resourcing and Skills Mix

Grow capacity with higher colleague retention

### Key opportunities:

- Enable flexible contracting to reduce fixed cost base during low demand periods
- Develop colleague engagement initiatives to reduce turnover
- Expand apprenticeships

Outcome: COLLEAGUE RETENTION

Status: **SCOPING**

Building near-term value through disciplined and focused execution



## Brand awareness

Drive transaction volumes by increasing brand consideration

### Key opportunities:

- Scale social media and content plan
- Emphasise service-first approach for “Do-It-For-Me” customers
- Increase weighting to marketing spend

Outcome:



**CONSIDERATION**



**TRANSACTION VOLUME**

Status:

**IN FLIGHT**



## Loyalty & lifetime value

Increase customer lifetime value with higher retention and cross-shop

### Key opportunities:

- Grow uptake of Premium membership
- Improve rates of cross-shop between Retail and Autocentres
- Use member data to drive further uplifts in spend and frequency through enhanced data and digital capabilities

Outcome:



**CUSTOMER LIFETIME VALUE**



**CROSS SHOP**

Status:

**SCOPING**

# EVOLVE

ENABLING FUTURE GROWTH



We have already implemented highly effective, tactical programmes to reduce our costs. We now have a significant opportunity to drive structural efficiencies in our model.

## Example opportunities

### Upgrade our supply chain

- Improve warehouse and distribution efficiency
- Automate key processes
- Review location strategy
- Increase resilience and flexibility

### Re-engineer our ERP

- Build lean & smart central processes
- Unlock enhanced data driven decision
- Implement automation to reduce costs
- Improve inventory management
- Simplify & optimise our technology
- Enable a fully integrated eco-system



Outcome:

**FIXED OVERHEADS**

Status:

**SCOPING**

Timescale

**EVOLVE**

**~12 to 36 months**

Our data potential is vast. With targeted investment in our technology, we can harness this data to elevate the customer experience across the group while driving greater efficiency in our stores and garages.

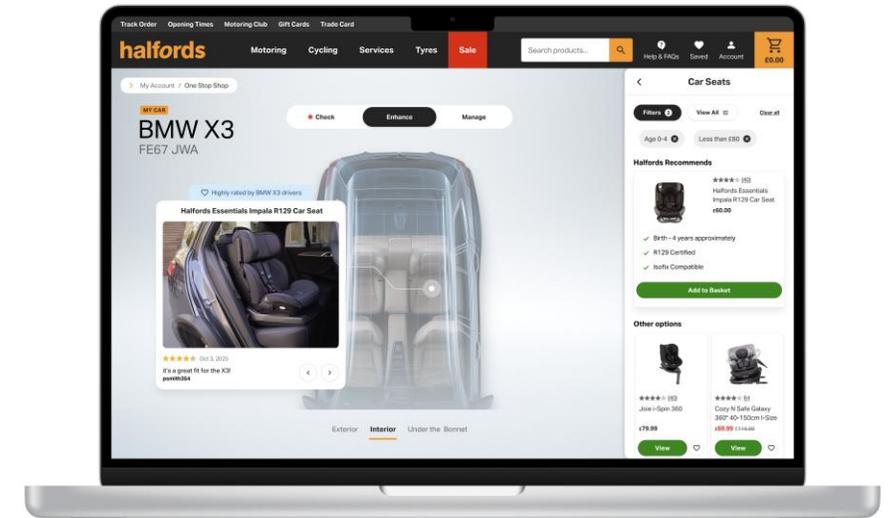
## Example opportunities

### Upgrade point of sale

- Upgrade garage management system
- Update retail point of sale hardware and software

### Enhanced customer data capabilities

- Implement new leading data tools and analytics
- Introduce unique predictive vehicle analytics for effective car maintenance
- Drive full personalisation across key customer facing channels
- Expand AI adoption



Outcome:



**COST-TO-SERVE**



**CUSTOMER LIFETIME VALUE**

Status:

**SCOPING**

Timescale

**EVOLVE**

**~12 to 36 months**

# SCALABLE

EXPANDING OUR REACH



Expanding reach, taking advantage of operating leverage

## Garages

**Expand our physical garage footprint to ensure comprehensive geographical coverage**

Following the successful completion of the “optimise” & “evolve” phases, we will have a highly efficient motoring services platform ready for further expansion



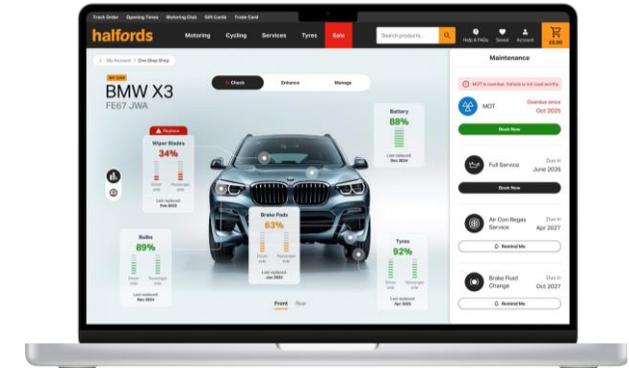
### Timescale



## Retail

**Grow our addressable market and appeal through improved digital channels and a one-stop shop**

We have the opportunity to grow in both existing and new markets through our unique digital & data assets. We can broaden our offer through a one-stop shop: a capex-light growth option executed via strategic partnerships



### Timescale



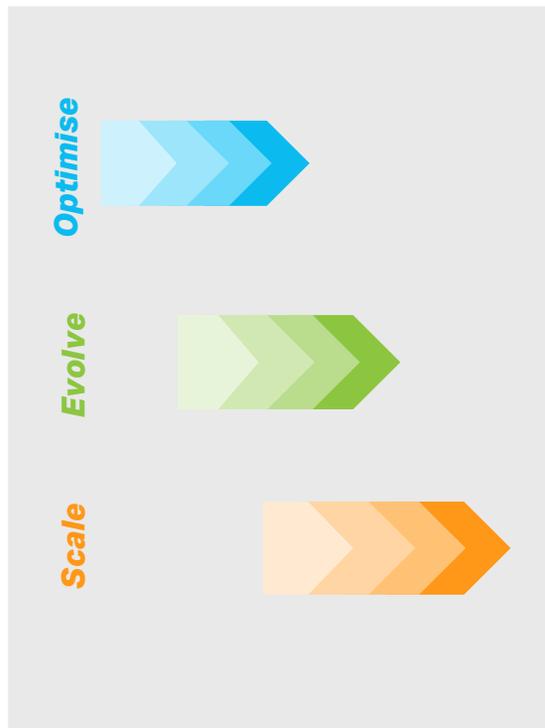
A close-up photograph of a man with a beard and a headset, smiling. He is wearing a black jacket and a high-visibility orange safety vest. In the background, the large, dark metal chain of a chainsaw is visible, partially obscuring his face. The lighting is bright and focused on the man's face.

**DELIVERY &**  
**MEASUREMENT**

# HOW WE WILL DELIVER VALUE

Strong fundamentals and a focused strategy will drive sustainable value creation

## Strategy



## Outcomes

LfL sales growth, led by digital channel

Operating margin expansion

Progression in underlying PBT

ROCE\* growing to exceed cost of capital

## Guardrails

Maintenance and optimisation capex £55m to £65m

Incremental returns-accretive investment, following progression in underlying PBT

Leverage no greater than 0.8x adjusted EBITDA (excluding IFRS 16 leases)

With 'Evolve' complete, balance sheet funded M&A and delivery of one-stop shop

\*ROCE = EBIT (post-IFRS 16 leases and excluding non-underlying items) / average capital employed (calculated as post-IFRS16 net assets excluding goodwill, plus net debt)

# UPDATED CAPITAL ALLOCATION PRIORITIES

1.

Maintain a prudent balance sheet with a leverage ratio not exceeding 0.8x.

2.

Invest for growth with a focus on strong returns.

3.

Pay a dividend 1.5x to 2.5x covered by underlying profit after tax.

4.

M&A in priority areas in the Scale phase.

5.

Surplus cash returned to shareholders.





THE

TEAM

# ENABLED BY OUR TEAM

A new and experienced management team driving short-term optimisation and longer-term strategic advantage



- A stronger performance culture.
- Removal of unnecessary complexity, simplifying activity and focusing on what truly matters.
- Reporting what we have done, rather than what we plan to do.

# OUR COMPELLING INVESTMENT CASE

Our plan leverages our unique combination of assets across motoring and cycling, creating value in both the short and long term.

Trusted, heritage brand	Attractive markets	Unrivalled scale	Structural and financial resilience	Service, advice and expertise	Data and technology opportunity
<p>125 years in motoring and cycling</p> <p>Leadership positions in all markets</p> <p>Ability to reach into adjacent markets</p>	<p>Large, fragmented markets</p> <p>Predominantly needs-based products and services</p> <p>Structural and cyclical growth drivers</p>	<p>c.1750 fixed and mobile locations nationwide</p> <p>Unique showrooming via a scaled physical footprint</p> <p>Effective digital platform</p>	<p>&gt;50% service-related sales</p> <p>c.30% B2B with contractual / recurring revenues</p> <p>Cash generative model with balance sheet firepower</p>	<p>&gt;12,000 skilled colleagues</p> <p>On-demand advice, checks and fitting in stores</p> <p>Complex servicing in garages</p>	<p>Huge data and technology opportunity</p> <p>Current owner details for 12m vehicle (one third of the UK car parc)</p> <p>6m loyalty club members</p>

**Enabled by a new and experienced management team driving short-term optimisation and longer-term strategic advantage**