

18 April 2023

Halfords Group plc

Capital Markets Day - Leveraging Our Platform

Halfords Group plc ("Halfords" or the "Group"), the UK's leading provider of Motoring and Cycling services and products, is today holding a Capital Markets Day for institutional investors and sell-side analysts. Graham Stapleton, Chief Executive Officer, and other members of the senior management team, will give an update on the Group's plans to leverage the platform that has been built since 2018 and deliver improved revenue, profit and return on capital employed over the mid-term and mid-to-long-term.

Headlines:

- Since 2018, our strategy has seen us evolve into a consumer and B2B services-focused business, with a greater emphasis on motoring. Across that time period, revenue has grown by c.40%¹.
- We have developed a unique and scaled platform, building a market leading interconnected infrastructure of stores, garages and vans, at the same time as creating a data and digitally-enabled business.
- This platform differentiates us from our competitors, and we believe provides significant opportunities for earnings growth over the mid-term and mid-to-long-term.
- **Mid-term:**
 - Our focus for the mid-term is on leveraging the platform we have built.
 - We expect sales to grow to c.£1.9bn (FY23: c.£1.6bn), PBT to grow to £90-£110m (FY23: £50-60m), average annual capex of £50-60m, and return on capital employed² of over 15% in the mid-term.
 - We expect to deliver this growth through a combination of our core markets recovering from the current very challenging conditions, growing market share by leveraging the unique platform we have built, our acquisition synergies maturing, and using scaled and rich customer and vehicle data to drive customer lifetime value.
- **Mid-to-long-term**
 - In the mid-to-long term, we plan to pursue a range of exciting strategic growth opportunities.
 - The huge potential of the Halfords brand enables us to expand into more areas of the motoring market, creating a one-stop-shop for motoring ownership, delivering convenience and value to millions of customers.
 - Our scaled infrastructure and investment in colleague training enables us to establish a market leading position in the servicing of all forms of electric cars, vans, scooters and bikes.
 - By building a unique local motoring and cycling multi-channel offer, we can seamlessly connect and fully optimise our assets within a town.
 - Avayler, our "software as a service" (SaaS) provider for automotive companies, is expected to deliver revenue of £25-35m and EBIT of £5-8m, as it is rolled-out to more clients.
 - We expect Group sales to grow to c.£2.2bn, PBT to grow to £130-£150m, average annual capex of £90-100m, and return on capital employed² of over 20%, as we invest in driving profitable revenue growth, and continue scaling our Autocentres business over the mid-to-long-term.
- Our business is underpinned by a strong balance sheet, and we expect positive free cash flow throughout the mid and mid-to-long-term to keep us within our prudent leverage targets going forward.
- The Board intend to propose a final dividend of 7.0p per share when FY23 full year results are announced, which would give a total 10.0p dividend per share for FY23.
- Ongoing dividend policy to target underlying dividend cover in the range of 1.5x-2.5x (underlying profit after tax).
- The Group continues to expect to deliver FY23 underlying profit before tax within current guidance.

Graham Stapleton, Chief Executive Officer of Halfords, commented:

"Since 2018, we have doubled the size of our B2B and services business and have become the UK's biggest motoring services provider, increasing our Group sales by c.40%. From here, we see significant potential for future growth, both in our existing business and in adjacent markets. We are today providing a clear roadmap for the mid-term, as we focus on leveraging the unique platform that we have built. We will also be outlining the exciting longer-term strategic transformation opportunities that we see ahead as we unlock the enormous potential within the Halfords brand and infrastructure."

The Capital Markets Day will be held in person for pre-registered sell side analysts and investors at Peel Hunt's offices, 100 Liverpool Street, London.

A webcast / dial-in facility is also available on request.

⁽¹⁾ Based on estimated revenue for FY23, pre-audit.

⁽²⁾ Return on capital employed defined as underlying EBIT / capital employed (including goodwill, pre-IFRS16)

Enquiries

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Halfords is the UK's leading provider of motoring and cycling services and products. Customers shop at 394 Halfords stores, 2 Performance Cycling stores (trading as Tredz and Giant), 650 garages (trading as Halfords Autocentres, McConechy's, Universal, National Tyres and Lodge Tyres) and have access to 264 mobile service vans (trading as Halfords Mobile Expert, Tyres on the Drive and National) and 473 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.

Forward looking statements

This announcement is not intended to and does not constitute and should not be construed as, considered a part of, or relied on in connection with any information or offering memorandum, security purchase agreement, or offer, invitation or recommendation to underwrite, buy, subscribe for, otherwise acquire, or sell any securities or other financial instruments or interests or any other transaction.

This announcement contains certain forward-looking statements with respect to the financial condition, results of operations and business of the Group and certain plans and objectives with respect thereto. These forward-looking statements can be identified by the fact that they do not relate only to historical or current facts. Forward-looking statements often use words such as "anticipate", "target", "expect", "estimate", "intend", "plan", "goal", "believe", "hope", "aims", "continue", "will", "may", "should", "would", "could", or other words of similar meaning. These statements are based on assumptions and assessments made by the Group in light of its experience and its perception of historical trends, current conditions, future developments and other factors the Group believes appropriate. By their nature, forward-looking statements involve risk and uncertainty, because they relate to events and depend on circumstances that will occur in the future and the factors described in the context of such forward-looking statements in this document could cause actual results and developments to differ materially from those expressed in or implied by such forward-looking statements. Although it is believed that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct and you are therefore cautioned not to place undue reliance on these forward-looking statements which speak only as at the date of this announcement. The Group does not assume any obligation to update or correct the information contained in this announcement (whether as a result of new information, future events or otherwise), except as required by applicable law.

There are several factors which could cause actual results to differ materially from those expressed or implied in forward-looking statements. Among the factors that could cause actual results to differ materially from those described in the forward-looking statements are changes in the global, political, economic, business, competitive, market and regulatory forces, future exchange and interest rates, changes in tax rates and future business combinations or dispositions.