

7 September 2022

**Halfords Group plc  
20-Week Trading Update: Financial Year 2023**

**Full year profit guidance unchanged following good performance across the business, and market share gains across Motoring and Cycling products and services.**

Halfords Group plc ("Halfords" or the "Group"), the UK's leading provider of Motoring and Cycling products and services, today announces its trading update for the 20-week period to 19 August 2022 ("the period").

**Overview**

- Total revenue growth of +9.2% vs FY22 and -1.9% LFL against strong prior year comparatives (see figure 2), when sales benefited from the UK emerging from the final COVID-19 lockdown.
- Strong total revenue growth vs FY20, up +30.3%, or up +11.7% LFL, with all segments showing LFL growth over 3 years with Autocentres +28.2%, Retail Motoring +8.5% and Cycling +9.5%. Strategic acquisitions in Autocentres are the key driver of total sales growth.
- Strong progress against our FY23 strategic priorities including the growth of our Motoring Loyalty Club to 500k members, Project Fusion roll out, National Tyres integration and the scaling of our Services business.
- Service-related sales represent 42.2% of Group revenues in the period, up from 21.9% in FY20.
- Performance in the period has been in-line with our expectations, and we therefore continue to target full year underlying profit before tax ("PBT") of £65m to £75m.

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

*"We are working extremely hard to help our customers with the cost-of-living crisis and have dropped prices across nearly 2,000 motoring essentials, ensuring that products remain accessible and affordable for all. Our Motoring Loyalty Club is also proving to be extremely popular and has already attracted over half a million members since its launch in March, with benefits including MOT discounts and a free 10-point car health-check, putting almost £14m of savings directly back into members' pockets.*

*We are also determined to do everything that we can to support our fantastic employees whose tireless work and commitment to going the extra mile for our customers is so critical to our performance. Among other initiatives, we are announcing today that we are offering free MOTs to all of our 10,000+ colleagues.*

*Over 70% of our sales now come from motoring products and services, and the fact that this area of spend tends to be more needs-based rather than discretionary is leading to a very resilient Group performance, despite the wider macroeconomic uncertainty."*

## Group revenue summary (fig.1)

Group financial summary	3-Year vs. FY20 Growth		1-Year vs. FY22 Growth	
	Total	LFL	Total	LFL
<b>Halfords Group</b>	<b>+30.3%</b>	<b>+11.7%</b>	<b>+9.2%</b>	<b>-1.9%</b>
<b>Autocentres</b>	<b>+213.1%</b>	<b>+28.2%</b>	<b>+67.8%</b>	<b>+19.4%</b>
<b>Retail</b>	<b>+0.4%</b>	<b>+8.9%</b>	<b>-7.1%</b>	<b>-7.1%</b>
Motoring	+3.6%	+8.5%	-2.8%	-2.8%
Cycling	-3.9%	+9.5%	-12.7%	-12.7%

## Group LFLs vs FY20 comparisons (fig.2)

	LFL vs. FY20		
	FY21 20 weeks	FY22 20 weeks	FY23 20 weeks
<b>Halfords Group</b>	<b>+5.0%</b>	<b>+16.8%</b>	<b>+11.7%</b>
<b>Autocentres</b>	<b>-7.6%</b>	<b>+15.5%</b>	<b>+28.2%</b>
<b>Retail</b>	<b>+7.0%</b>	<b>+17.1%</b>	<b>+8.9%</b>
Motoring	-28.6%	+11.2%	+8.5%
Cycling	+59.1%	+24.2%	+9.5%

## Group services (fig. 3)

<i>As at Week 20</i>	% Group Revenue FY20	% Group Revenue FY23
Service-Related Sales	21.9%	42.2%
Product Sales	78.1%	57.8%
<b>Group</b>	<b>100%</b>	<b>100%</b>

### Autocentres

- Strong LFL performance of +28.2% vs FY20 and +19.4% vs FY22, driven by increased market share, enabled by productivity improvements from our Avayler technology.
- Total growth of +67.8% vs FY22 following the acquisition of National Tyres, with the growth vs FY20 also benefiting from the acquisitions of Universal, McConechy's and Tyres on the Drive.
- Autocentres sales represented roughly a third of Group sales in the period and are expected to be c.50% higher than Cycling sales annually.
- Tyre market share increased although the tyre market has not recovered in line with expectations and remains significantly below pre-covid levels.
- Ongoing growth in demand for electric vehicle servicing, with the number of EVs being brought to our garages increasing +116% year-on-year.
- Commercial vehicle business has performed particularly well in the period, underpinned by the contracted and therefore more predictable nature of its sales.

### Retail

- Trading in-line with expectations, with LFL performance of +8.9% vs FY20 and -7.1% vs FY22.
- Motoring:
  - Revenue +8.5% LFL vs FY20, reflecting increased market share from our "Keep on Motoring for Less" pricing initiatives and our Motoring Loyalty Club.
  - Revenue -2.8% LFL vs FY22, with growth across needs-based categories such as maintenance, offset by lower sales in higher ticket discretionary categories such as technology. Our price investment has been partially offset by volume growth
  - Continued increases in market share in the period across both needs-based and more discretionary markets.

- Cycling:
  - Revenue +9.5% LFL vs FY20 and -12.7% LFL vs FY22, as a result of the strong FY22 Q1 comparator (fig 2.). Market share growth has partially offset the impact of a declining market, caused by reduced discretionary spend.
  - Our Performance Cycling business and Cycle2Work scheme are comparatively resilient, -1.0% and +7.9% respectively vs FY22.

### Strategic progress

- Over 500k Motoring Loyalty Club Members recruited since launch in March 2022 against a target of 500k to 1 million by the end of FY23 with initial data showing strong cross-shop results from our members.
- Implementation of Avayler, our market leading digital platform which underpins our motoring services business, in National Tyres garages on schedule to be completed within H1.
- Synergies from the acquisition of National Tyres on track.
- Project Fusion roll-out continues, launching the highlights of our omnichannel customer experience across more towns. Solution selling training underway in Autocentres, alongside introducing car park referral managers.

### Outlook

- Based on trading to date, we continue to target full year underlying PBT of £65m to £75m, which continues to assume no material changes in the macro-economic environment or consumer spending patterns in the remainder of FY23.
- Good progress is being made against our cost saving and inflation mitigation targets as communicated at the preliminary results in June.
- We have good availability across the Group with our stock levels in line with expectations.
- Given the evolving mix of the Group, we expect H2 profits to exceed those of H1. This is a result of the seasonality and growing scale of our Autocentres business, the National Tyres acquisition synergy profile, and the growth of our needs-based Motoring products business.

### Enquiries

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### 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](http://www.halfordscompany.com) in due course. For further details please contact Powerscourt on the details above.

### Next trading statement

On 23 November 2022 we will report our interim results for the period ending 30 September 2022.

### Notes to Editors

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

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

[www.halfordscompany.com](http://www.halfordscompany.com)

Halfords is the UK's leading provider of motoring and cycling services and products. Customers shop at 397 Halfords stores, 3 Performance Cycling stores (trading as Tredz and Giant), 606 garages (trading as Halfords Autocentres, McConechy's, Universal and National Tyres) and have access to 253 mobile service vans (trading as Halfords Mobile Expert, Tyres on the Drive and National) 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.