

Halfords Group

Retail Investor Presentation

Q&A

27th November 2025

Transcript



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Henry Birch, CEO

Good morning everyone, and welcome to the Halfords Group Interim Results for the 26 weeks ending the 26th of September 2025.

I am Henry Birch the Chief Executive of Halfords, and joining me today is Jo Hartley, our Chief Financial Officer.

I am very pleased to report a strong set of results for the first half of FY26. Against a backdrop of considerable cost inflation and consumer uncertainty, we have delivered L4L sales growth of 4.1%, underlying PBT of £21.2m, up slightly vs the prior year, and a strengthening balance sheet, with net cash up £8.5m since the year end, to £18.6m.

We have also made good progress on our strategic priorities and in a separate presentation, we will be sharing more detailed thoughts on the strategic direction for the Group and how we plan to deliver sustainable growth. At that presentation there will be an opportunity to ask questions both on our interim results and on our strategic direction.

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In terms of this presentation, Jo will now take us through a review of HY26 financial performance and I will then briefly cover the strategic and operational progress we have made in the first part of the year, and our outlook for FY26.

For now, I will hand over to Jo.

Jo Hartley, CFO

Thank you, Henry, and good morning, everyone.

And I am pleased to be reporting another strong set of results for H1. Despite the very significant inflation arising from minimum wage and National Insurance changes that were effective from the start of the year, we have delivered H1 performance ahead of our own expectations.

Our performance has been supported by some recovery in the cycling market, and a tailwind from better FX rates, but we have also executed with discipline, delivering against our ambitious cost saving targets, winning in our markets, continuing to successfully roll out our Fusion program and fully recovering our Coventry warehouse operations following the implementation of a new Warehouse Management System.

We have also continued to manage working capital and cash carefully to further strengthen our balance sheet. Our strong first half performance gives us confidence that we can deliver for the full year.

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So let's start with the highlights of our financial performance.

L4L sales grew by 4.1%. Pleasingly, once again, we saw growth across both Retail and Autocentres. Cycling was a standout in H1 performance, delivering 9.0% LfL sales growth.

Group gross margin grew 200bps, building on 160bps of growth seen in the first half of FY25, to bring gross margin to 51.4%, the highest level in 3 years.

Operating costs as a percentage of revenue grew as anticipated, reflecting cost inflation and selective investments in leadership, Fusion roll out and our digital platform, planned at the start of the year.

All of which meant that underlying PBT of £21.2m was up £0.2m or 1% year on year, slightly ahead of our expectations driven by pleasing sales performance.

And as already noted, our cash and working capital performance was again strong, resulting in £18.6m net cash on the balance sheet at the end of the reporting period, up £17.3m vs this time last year and up £8.5m vs the year end position.

Slide 5

This next slide bridges the underlying profit movement between H1 last year and H1 this year.

The first bar on the bridge shows the very material impact of cost inflation. This was predominantly driven by the changes to National Insurance and Minimum Wage and the knock-on impact to labour costs across the wider workforce and on managed services such as maintenance, cleaning and technology. We also saw inflation in property costs and from the new packaging tax, meaning that in total cost inflation was a very sizeable headwind.

As the bridge goes on to show, this was more than offset by our trading performance, including successful pricing pass-through particularly in services; the continued success of our Better Buying programme; a continued focus on reducing operating costs; and benefits from Fusion and the small number of garage closures we announced back in June. We also benefited from an FX tailwind as improved hedged rates on USD purchases came through cost of goods sold.

The final point to pull out on this bridge is that our successful trading and cost control enabled us to continue to invest in priority areas including Fusion, leadership, and our digital platform.

Slide 6

Given the significant gross margin progression, I thought it would be useful to pull out the key drivers.

As you can see, the majority of our gross margin growth came from Better Buying, contributing 100bps of margin accretion with notable gains from the successful retendering of our own label products and strengthened partnerships with our branded suppliers, who recognise the unique

value of our physical estate and skilled colleagues in showcasing product and delivering solutions for customers in a way that no other business can.

The chart also shows our continued success in optimising pricing, particularly in services where a significant proportion of the sales price reflects labour costs.

And finally, FX, as already noted, was a tailwind for us in the period. We purchase around 200m dollars of USD denominated product each year, and the hedged FX rate coming through in cost of goods sold improved from \$1.24 in HY25 to \$1.28 in HY26.

Overall, a very strong margin performance in H1 which we expect to sustain in H2.

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This next slide serves to bring together the key metrics we have discussed in a summary table, which I won't dwell on.

The only point we have not yet discussed is non-underlying items.

In H1, our non-underlying charge was £4.0m of which £3.1m related to non-recurring costs associated with the implementation of a new warehouse management system in our Coventry Distribution Centre. As we described in June, we saw issues with system stability and productivity immediately following the implementation. We therefore invested in additional resources to preserve stock availability in our retail business.

I am pleased to report these issues are now resolved and the non-recurring cost was at the lower end of the range we indicated at the prelims. Warehouse productivity, store stock levels and customer home delivery propositions are now back to normal, as are our warehousing and distribution costs. We do not expect any further non-underlying costs associated with challenges relating to the warehouse management system implementation in H2.

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Moving now to our retail business, which saw a strong first half of the year, with L4L sales growth of 4% being the strongest performance we have reported since FY21.

Here, cycling sales were particularly strong at +9% L4L, with our premium cycling fascia Tredz delivering double digit L4Ls. In a stronger market supported by a warmer summer, we won share in all segments of our cycling proposition, through range extensions across our Boardman and Voodoo brands and in premium e-bikes, supported by pricing discipline, and service and advice from our expert cycling colleagues. Henry will cover the detail on this shortly.

Motoring L4L sales were more muted but pleasingly in growth at +1.1%. Sales volumes were slightly suppressed by some deliberate range review actions to improve margins and profitability.

Margin growth was strong, with 150bps of improvement year on year. This was driven by Better Buying and the FX tailwinds already described coming through and more than offsetting the negative impact of mix into cycling sales year on year.

Sales growth and margin accretion helped mitigate against the inflationary headwinds and investments already described, to result in underlying EBIT down slightly year on year to £20.6m.

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Moving now to the Autocentres segment which as a reminder includes:

- Consumer garages and vans;
- Our Commercial Fleet Services business which supports larger lorries and other commercial vehicles;
- And Avayler, our software as a service business.

As usual, Avayler is shown separately and all the numbers which follow are for Autocentres excluding Avayler.

The Autocentres segment saw L4L growth of +4.3% with total growth a little lower at +3.4% as a result of the small number of garage closures announced at the prelims.

Within this, the consumer garage and mobile business saw considerably stronger revenue growth of around 8% reflecting continued share gains in what is a highly fragmented and growing service, maintenance and repair market while the tyres market continued to be weak. Sales growth in Autocentres was also supported by pass-through of labour cost inflation in an offering which is heavily weighted towards services. Revenue growth in our commercial fleet business was lower as we reprioritised our resources to focus on higher margin services and more profitable tyre options with a corresponding gross margin benefit.

Margin growth was particularly strong with 270bps of margin accretion year on year. As elsewhere in the Group, Better Buying and our pricing strategy were key contributors, supported by improvements in the tyre margin as a result of focus on sales of high-margin add-ons such as tyre alignments and warranties, and a sales mix into SMR.

This margin accretion helped to offset the inflationary dynamics already discussed, alongside further operating cost efficiencies as well as the benefits from Fusion and the site closures already mentioned. This resulted in operating profit growth of nearly 8% year on year.

Finally on this slide, in Avayler we saw losses widen as anticipated given the loss of revenue from ATD, a US client which entered chapter 11 last year.

Slide 10

Moving now to our balance sheet, where we have seen another strong period of cash generation, closing the half year with net cash of £18.6m, up £17.3m vs H1 last year.

A key contributor to the strong cash performance was working capital management, noting that the figure on the chart is net of the payment of the reintroduced FY25 colleague bonus detailed in June. Inventory management was particularly strong, with stock down nearly £9m vs the same period in the prior year, with reductions across both retail and autocentres.

This strong working capital management means that net cash has grown by £8.5m vs the year-end despite £8m cash capex on Fusion, £9m of colleague bonus payout and a £13m dividend payment – reflecting the strong cash generation of the business.

From a lease debt perspective, we have continued to retain significant flexibility in our property portfolio, with average retail lease lengths now at 2.6 years, and average garage lease lengths now at 4.9 years. Net debt including lease debt was £232.7m at the balance sheet date, down £43.8m vs H1 last year driven by the higher cash balance already described and a reduction in lease debt. As such, leverage including IFRS16 lease debt is 1.3x EBITDA on a 12-month basis.

As a final point, we successfully executed a 1-year extension option within our RCF in August this year, such that debt facilities now mature in April 2029.

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So to summarise, we are pleased with performance in the first half of the year. We have delivered sales growth, gross margin expansion and profit ahead of our expectations, successfully implementing cost savings to mitigate considerable inflationary pressures.

And we have strengthened our balance sheet, closing with a higher net cash position than we had either this time last year or at the end of FY25. Overall, our first half results and our balance sheet strength enable us to move forward with confidence.

Finally, I am pleased to report that the board have declared an interim dividend of 3p per share, in line with the interim dividend paid last year.

I will now pass you back to Henry who will cover some of the strategic and operational highlights from H1 and our outlook for the balance of the year.

Henry Birch, CEO

Thank you, Jo.

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As Jo mentioned H1 saw a really strong performance in cycling, which grew 9% LfL after a multi-year period of weaker demand post-pandemic, and I wanted to talk a little more about our leading position in that market.

Our national network of stores make us unique, acting as cycling showrooms while also offering specialist service and advice to our customers. We are a clear category leader – and as just one example, we sell two thirds of all children's bikes in the UK.

In the core Halfords business, we sell bikes under award winning brands we have developed ourselves – such as Carrera, the leading mainstream cycling brand in the UK by value, Apollo, the largest brand by volume, and Boardman, offering outstanding quality at an unrivalled price point for enthusiasts in the know.

Our proprietary brands enable us to offer leading design and quality, at brilliant value prices to customers, while also delivering strong margins through our strategic partnerships with suppliers and our global sourcing office in Asia.

And through Tredz, we also operate in the premium, branded bike market online.

Following a spike in demand during Covid, weakness ever since has driven significant market consolidation, with numerous independent retailers and some smaller chains and wholesalers disappearing from the market. While this period was challenging for Halfords too, we have grown both market share and margin while continuing to invest in our product ranges. And we are cautiously optimistic about the future, planning our intake accordingly with inventory levels expected to increase in the second half of the year ahead of next summer's peak season.

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I am very pleased to say that we have made good progress in our two ongoing strategic priorities, namely Fusion and Halfords Motoring Club.

With respect to Fusion we now have 79 garages converted to the Fusion model. As a brief reminder a Fusion conversion will typically double garage profitability within 2 years and the average amount of capex spent on each of these conversions is approximately £200k.

By the end of the year, we are on track to have converted more than 100 garages with the remainder of the 150 planned in total to follow in FY27. Fusion provides a more modern, customer friendly garage environment incorporating dedicated front of house customer service advisers. And it works hand in hand with our retail business, driving customers from local stores into our less well-known garage services offering.

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Meanwhile Halfords Motoring Club has continued to prove popular with customers. Our membership has now reached around 6 million members, who are able to access attractive discounts and benefits while providing us with valuable data and marketing permissions.

Perhaps more excitingly, we have more than 400k premium members who effectively pay an annual subscription for their MOT and in doing so gain access to a range of enhanced benefits

across retail stores and autocentres. Club remains an important part of our business, delivering higher rates of cross-shop, customer engagement and average spend.

There is much more we can and will do with Club and it is a key part of our plan for the future.

As mentioned previously, later today we will be detailing our strategic plans for Halfords and I will say more about our direction in these and other key areas.

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So moving now to our outlook for the balance of the year, which in FY26 is a 53 week reporting period.

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As already described, we saw strong trading in H1, helping us to deliver results that exceeded our expectations in the six months to September. While our performance was helped by a more supportive market backdrop, specifically in cycling where the warm summer weather may have pulled some sales forward from later in the year, there is also plenty of self-help at play in delivering an excellent first half performance across the Group. We are building our stock position ahead of next summer's peak period through the second half.

We look ahead to the remainder of the year with confidence. We move forward with a talented new leadership team in place, including our latest appointment of Sarah Haywood as our new CIO, a clear plan (more on which in our separate strategy update presentation), and a very strong balance sheet. These factors enable us to invest in our brand and digital experience at the same time as delivering underlying PBT for the full year in line with consensus.

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So I want to close this morning by saying a huge thank you to the more than 12,000 Halfords colleagues who have made these excellent results possible, as well as to our outgoing Chair, Keith Williams, who will be departing before our next AGM having served 9 years on the Halfords Board. I know I speak for many in the organisation when I say that his experience and wisdom have been invaluable through that period.

That concludes our interims presentation.

Q&A

Moderator: Thank you to Henry and Jo for the presentation. We have had a number of questions pre-submitted and submitted live. Just as a reminder, if you would like to ask a question, please type them into the Q&A box situated on the right-hand side of your screen.

Our first question is: Henry, can we start by asking you to say a few words about what attracted you to Halfords?

Henry Birch: Brilliant. Thank you Evie. And before I answer that question, I should just add that the strategy presentation that I referred to just now is actually available on our website, at halfordscompany.com and you can view it there.

So in terms of what attracted me to Halfords in the first place was a combination of the assets that it has and the market positions that it occupies, in terms of having a trusted and well recognized brand in terms of having what I see as a unique set of assets. So, 370 retail stores, nearly 600 garages, mobile vans, a strong digital presence. The fact that we operate in predominantly needs-based market. The fact that our retail business in particular has a high element of advice or services attached to our sales. The fact that we've got 12,000 expert colleagues who are trained and committed and the markets as I say that we operate in actually are large, they're typically fragmented and over the medium term and long term I think will continue to be growth markets. So I think a combination of the markets we occupy and those structural trends in those markets together with the assets and people that we have were what attracted me to Halfords in the first place.

Moderator: Thank you, Henry. Next we have, it sounds like you had a great performance in cycling in the first half of the year. How sustainable is that recovery and are you expecting it to continue into next year?

Henry Birch: Yeah, so great question and we reported, as you'll know for the first half, 9% growth in our cycling business. Now, I should just qualify that cycling is about 20% of our overall business. So people know Halfords quite often because of our cycling heritage, but it's about 20% of our overall prisoners now. Nevertheless, we were delighted with that 9% growth in cycling in terms of what we can expect going forwards. Again, I won't be telling people anything new here, but COVID saw a big spike in terms of cycling a lot of sales and then post COVID, we've had various kind of aftershocks from that spike in sales. I think we are now back to a more normal level and I think things are kind of equalizing. Having said that, we're still probably about a third below pre COVID level, so we were delighted with that 9% growth and we continue to see strength in our cycling business, but bearing in mind as we go forwards, we'll be lapping more challenging comparables in terms of 9% growth this year will make growth next year more challenging, but we have every confidence in our cycling business, I should add.

Moderator: Thank you. Are you happy with the budget and the fact that it did not impact the cycle to work scheme?

Henry Birch: Yes and yes. I think above all else we're probably relieved to be the other side of the budget like everyone else in the UK. I think the speculation and anticipation for many months ahead of it was unhelpful, particularly in terms of consumer spending and consumer confidence. And that was seen particularly in October in terms of aggregated retail sales, which were I think at best, flat, if not down a bit. I think now we're the other side of the budget I think we can focus on or the whole country can focus on the task in hand. And for us that's about growing our business. The budget, I think when you look at it probably didn't penalize those people on basic rate taxpayers, people who are basic rate taxpayers, and I think that is good news for us because the majority of our customers are those basic rate taxpayers.

In terms of cycle to work, I mean there was speculation that it might get impacted by the budget, that obviously didn't materialize, and I have no idea as to whether it was properly under consideration, but we had some confidence in as much as the treasury themselves through HMRC, which is a part of the treasury, had done a review of Cycle to work and concluded that it was actually achieving its aims and not least that 67% of people who benefited from Cycle to work were in fact basic rate taxpayers. So the challenge that Cycle to work was somehow a benefit just directed at higher rate taxpayers. I think the treasury's own analysis showed that that wasn't the case. So we're pleased that it hasn't been impacted and I think rightly so.

Moderator: Thank you, Henry. Our next question is what are the main sources of the margin expansion you have reported and what's the biggest lever in delivering improved profitability?

Henry Birch: So at this point, I'm going to take a break, and I'm going to ask Jo our CFO to answer that question.

Jo Hartley: Thank you. We were really pleased with the 200 basis points of margin expansion that we delivered in the first half of the year, and probably the biggest contributor to that was our better buying program, which saw significant reduction in the cost of goods that we sold through re-tendering, some of our own label product ranges, and also through partnering closely with some of our strategic suppliers. One of the other strengths we have is the amount of our product that's own label, which enables us to negotiate really the best prices on those products and indeed to grow our margin.

Moderator: Thank you, Jo. You've taken out an awful lot of cost over the last few years. How much further can you go?

Henry Birch: Do you want to take that one Jo as well?

Jo Hartley:

Yeah, no, we are really pleased with the cost savings that we've managed to deliver over the last three years, over 90 million of cost savings, which has been necessary to offset 98 million of inflation that we've seen in the last three years. The big cost savings have been those better buying savings that I just described, as well as a number of initiatives that have driven operating cost efficiency. I think it's fair to say that the lower hanging fruit has been taken, but we do see opportunities going forward to drive out more structural cost savings. And earlier today we talked about our strategy in three phases, an optimized phase followed by an evolved phase where we described opportunities to invest to drive incremental returns through optimizing our supply chain and also driving a reduction in our central cost through the implementation of a new enterprise resource planning system that will simplify and streamline our operations. So, still more opportunity but more structural cost savings as we look forward.

Moderator:

Thank you. Our next question is what exactly does your Fusion program entail?

Henry Birch:

So I'll take that one. So, Fusion has been an enormously successful program in our garages business, and to date we have implemented 79 fusion garages with the ambition of doing 150 fusion garages. Now, fusion is a garage concept which really looks to leverage Halfords footprint across a town or a city. So, using the retail store as well as the garage. And the idea is that we get more customers crossing the threshold of our stores than we do of our garages, but the vast majority of those customers are car owners. So Fusion looks to drive the customers from retail into garages. Now within garages we've made a few changes. We have updated and upgraded the customer service areas, so making them looking modern and professional. And then we've also invested in more customer facing colleagues such that actually a customer walking in has somebody who is dedicated to customer service rather than dual hating of being a technician and a customer services manager. That has meant though overall, and this is the key thing, that when we have implemented a fusion garage, it typically costs us about £200,000 in CapEx, but we will double the profitability of a fusion site and get that return within two years. So it's a really compelling model for customers and it's a really compelling model for us as Halfords.

Moderator:

Thank you. We're now going to switch onto the strategy more after the first few being about the interims. So, can you briefly summarize the strategy update that you gave earlier?

Henry Birch:

Sure. So we talked earlier today about our strategy being based around three phases of optimize, evolve, and scale. And those are three phases that are sequential as in one comes after the other, albeit there's some overlap between them. And principally, optimize is focusing on what we do today but executing better. Now that may sound fairly simplistic, but we have a business that is brimming with potential today and we are not yet firing on all cylinders. So, if we look at our garages business, that is about ensuring that we increase our utilization ratios within garages. So in terms of making sure that all of the hours that our colleagues are working in garages are being used for revenue

generating work. In retail, it's about ensuring that we drive better category management, that we have a focus on services and advice led selling and that we improve our digital, our e-commerce capabilities.

So those are just some examples, but in essence it's making sure that we prioritize and focus on the areas where we feel that there is real short-term potential to drive both top line and bottom line growth. The evolve piece, which is more about laying the foundations for the future, we've been very clear that we'll move into that evolve phase and start to invest more in the business, only, when we have earned the right. Now what we mean by earned the right is show progress in terms of that optimized stage. So show improved financial performance, improved returns on capital, and then secondly, when we're talking about investing, that we can show a clear line between investment and return. So, that is, the evolve stage is about laying the foundations, particularly in terms of data, particularly in terms of technology. Jo mentioned before supply chain, we see an opportunity there to structurally improve our cost base.

And then the third stage is scale, which is really saying that once we have optimized and evolved our business, that there is the opportunity to increase our speed of growth and ultimately scale up. Now on the garages side, that will inevitably mean more garages because clearly there's a limit in any one garage, how much work you can put through that. And on the retail side, it is more likely to be growth through our digital channel, so through e-commerce, but we also see the ability to actually expand what we do today we've got a highly successful Halfords motoring club, which is a loyalty program. And over the course of time we believe there is a really interesting model to be a one-stop shop for all things motoring and cycling. So today we offer retail, we offer services in terms of service, maintenance, repair tires over the course of time we see no reason why we can't offer and potentially in partnership things like breakdown insurance, car financing, parking even, but to have a single destination where customers can come and by paying a monthly or annual fee, they sort out all of their life in terms of motoring and cycling.

So that is a longer term vision, but very much part of our scale ambitions.

Moderator:

Thank you Henry. And for anyone who would like to look into the strategy update in more detail, there is now a recording available on [Halfords company.com](http://Halfords.com). Our next question is, you've highlighted the importance of garages and services. What's the customer feedback been like so far and what makes this such an attractive growth area for you?

Henry Birch:

So the customer feedback has been great, and actually if you look at Google reviews in particular, and Jo will remind me, but I think we've gone from a 4.2 to a 4.6 Google rating across our garages. We've seen a big increase in the volume of reviews, so we feel that we're delivering for customers, but it's not just us. We're seeing that back in evidence on Google reviews. And I think particularly our fusion model, we get rave reviews from our customers because of that kind

of enhanced customer service environment. Was there an additional part to that question, Evie? Sorry, apologies.

Moderator: So the next bit I mentioned was, what makes this such an attractive growth area for you?

Henry Birch: Okay, so I think the answer is probably what I was talking about before. The fusion model is really something that's driving that, but beyond that, clearly we have other garages and we're really focused on driving a better customer environment and more efficient garages.

Moderator: Thank you. Next we have, can you talk a bit more about what you see as opportunities from AI and how quickly do you think you can see the benefits of what you do here?

Henry Birch: Yeah, so look, and we've done a lot of thinking, a lot of talking to people about ai, and I think there are two things that are clear to me. The companies that are going to reap the most benefit from AI are those who have large amounts of usable data on the one hand, and then secondly, large amounts of processes and particularly repeatable processes that can be automated or tackled with ai. And I think Halfords has plenty of both of those. We have about 20 million customers coming through our doors every year. We have 6 million people in our Halfords motoring club and crucially in Halfords Motoring Club. It's not just the data we get from them, it's enhanced data in terms of all of their transactions, but we also have marketing permission so we can really use that data.

There's a lot more we can do, I think, on the data side, but we're starting from a really strong position. And then in terms of processes, there's a lot that we can do in terms of back office in particular, but I think the other point to make on ai, and I made this earlier in the presentation, was that we don't see the core of what Halfords does, in danger of being made redundant or obsolete or in some way kind of disintermediated by artificial intelligence. So what I mean by that is actually there will always need to be garage technicians. People will always want to walk into a Halfords and get specific advice about their issue and their particular car and want to get that from a Halfords colleague. And I mentioned this before, Microsoft did a piece of work and published a study in October this year, which listed the 40 jobs most likely to be made obsolete by AI and the 40 jobs least likely, and on the least likely list was tire and auto technician. So I think there is some comfort there that Halfords will be around for many years to come.

Moderator: Thank you. Our next question is, the share price doesn't seem to reflect the value creation opportunity that you have described this morning. What do you think the market is most skeptical about and how do you plan to address that?

Henry Birch: So look, I always hesitate to get drawn into share price discussions and obviously as the chief executive, I'm parentally thinking that our company is undervalued and our share price doesn't reflect the full potential of the company. I think what you've got going on at the moment is many different moving parts, in the economy, in the retail sector, and frankly, in terms of our Halfords investor base, we're very lucky in that we've got a great shareholder register with long-term supportive shareholders. And, sometimes on any day-to-day you can have different levels of liquidity, you can have strange movements up and down, but fundamentally, we are more delivered or I'm more focused on delivering long-term value for Halfords than looking at short-term share price.

Moderator: Thank you, Henry. What do you see as the biggest competitive advantage today and what's the biggest threat?

Henry Birch: So I would say our biggest competitive advantage is the fact that over half of what we do is service related. So now clearly if you go to a garage, you will get a service in terms of if your car's being serviced or repaired or having an MOT, but actually on the retail side of things, we have a large number of the retail sales that we carry out, actually have a service or advice attached to them. And by that I mean someone may come in to buy a roof box or a wiper blade and as well as actually buying that, they're getting it fitted on their car, which in the case of a wiper blade, not sure I could do that. I have fitted a roof box, it took me about five hours and had I known I could have gone to Halfords and got it done quickly and cheaply, I would've been down there in a flash.

But my point is a lot of what we sell has a service or advice attached to it, and again, most people who walk into our stores are looking either for a service or advice, which car cleaning product should I use for my car? I've got a diesel car, which oil goes in it, et cetera, et cetera. Now that is something which if you are Amazon or one of the supermarkets, you don't provide that service or that advice. So I think that is something which is genuinely a lasting competitive advantage that I think is a real strength.

Moderator: Thank you. Our next question is can you talk us through your plans for the dividend going forward?

Jo Hartley: So we declared today an interim dividend of three pence per share in line with the interim dividend that we paid this time last year. Our dividend policy is to pay a dividend of one and a half to two and a half times, that is one and a half to two and a half times covered by underlying profit after tax. We said today that we expect profits to progress each year through the different phases of our plan, and as such, assuming we deliver that, we would expect the dividend to move accordingly.

Moderator: That brings us to our final question for today. If there's anything we didn't have chance to address, please feel free to email the team and they'll be happy to follow up after the session. Looking ahead to the second half of the year and beyond, how are you feeling about the company's prospects going forward?

Henry Birch: So we are confident in our progress, confident in the future ahead, and you will have seen in our interims presentation and our statement today that we are comfortable with our forecast for the remainder of our financial year. So our second half of the year. Clearly, there will always remain a bit of uncertainty in terms of economic outlook, in terms of consumer environment, but I come back to what I said before, that actually a lot of what we sell and what we perform is needs based. If somebody's car won't start, if they need a new wiper blade, they don't have a choice as to whether they want to buy that or not. They have to, it is needs-based. So, I think we are slightly different as a retailer and as a services-based provider, and therefore I think we have the ability to navigate any kind of economic backdrop. But fundamentally, we have confidence in Halfords and we look forward to delivering for all our shareholders moving forward.

Moderator: Thank you. And as that was our final question for today, I'll now hand back to the management team for any closing remarks.

Henry Birch: Brilliant. Thank you Evie. Just to say thank you everyone for participating and listening and asking questions today. As I said, more information can be found on the company and the presentation that I referenced, the webcast can be found there at halfordscompany.com. But thank you for listening and have a great rest of the day.

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