



halfords

CAPITAL MARKETS DAY 2023

LEVERAGING OUR PLATFORM

Welcome

halfords

Graham Stapleton

Group Chief Executive Officer



Let's meet
today's presenters...



Jo Hartley
Group Chief
Financial Officer



Karen Bellairs

Group Chief Customer
& Commercial Officer



Rob Keates
Group Chief Operating
Officer



Chris McShane

Director, Avayler



Today's Agenda

1

Our journey
since 2018

2

Mid-term plan:
leveraging the
platform

3

Mid-to-long-term
plan: further
transformation

4

Avayler

5

Summary
and Q&A



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CAPITAL MARKETS DAY 2023

LEVERAGING OUR PLATFORM

Underlying PBT forecast to grow to £90m-£110m over the mid-term, and to £130-150m in the mid-to-long-term with positive free cashflow throughout the period

£50-60m PBT

- £1.6bn sales
- 3-4% operating margin

FY23

c.£90-110m PBT

- £1.9bn sales
- Gross margin maintained
- 5.5% operating margin
- Positive free cash flow generation
- Growth in ROCE >15%

Mid-term

c.£130-150m PBT

- £2.2bn sales
- 6.5% operating margin
- Positive free cash flow generation
- Growth in ROCE >20%

Mid-to-long-term

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Our journey since 2018

In 2018 Halfords was a store and industry-focused, traditional retailer

2018

Predominantly a *retail products* business with a low services mix

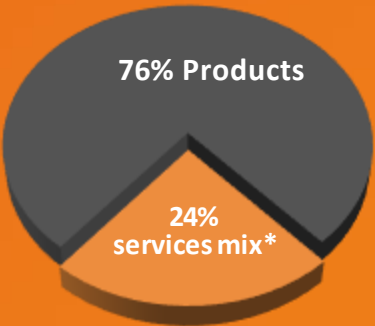
A *small B2B and commercial* business

Separate *collection of brands* across disconnected and fragmented channels

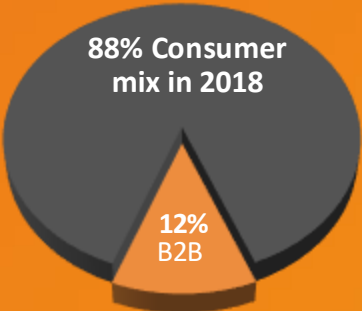
A great brand with *strong heritage* and *good awareness*

Fantastic, *engaged colleagues*

Predominantly a products business



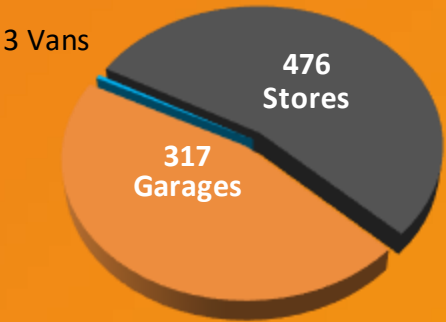
Small B2B and commercial business



Disconnected and fragmented channels



Store-focused operating model



*Revenue from the services and attached product.

After significant customer, competitor, and market research, we set out our new purpose...

“

To *inspire* and *support* a
lifetime of motoring and cycling.

”

We have a clear strategy that we are delivering...

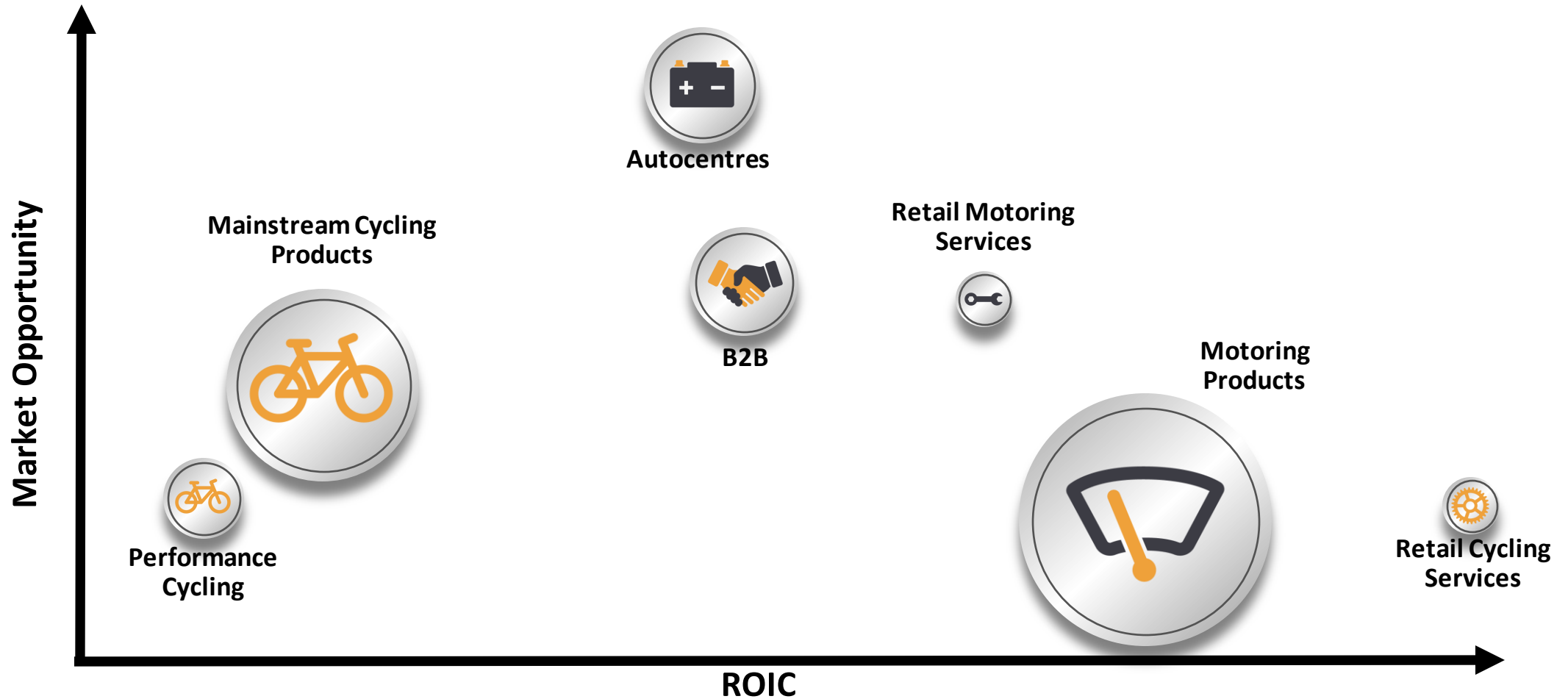
“

To evolve into a *consumer and B2B services-focused* business,
with a greater emphasis on *motoring*,
generating higher and more sustainable financial
returns.

”

Our strategy was designed to drive more compelling financial returns

Reminder of the 2019 segment bubble chart



Bubble sizes are indicative of scale of business in FY19

Since 2018, we have transformed the way customers are able to shop for Halfords products and services

2018



Halfords Autocentre website



Halfords Mobile Expert website

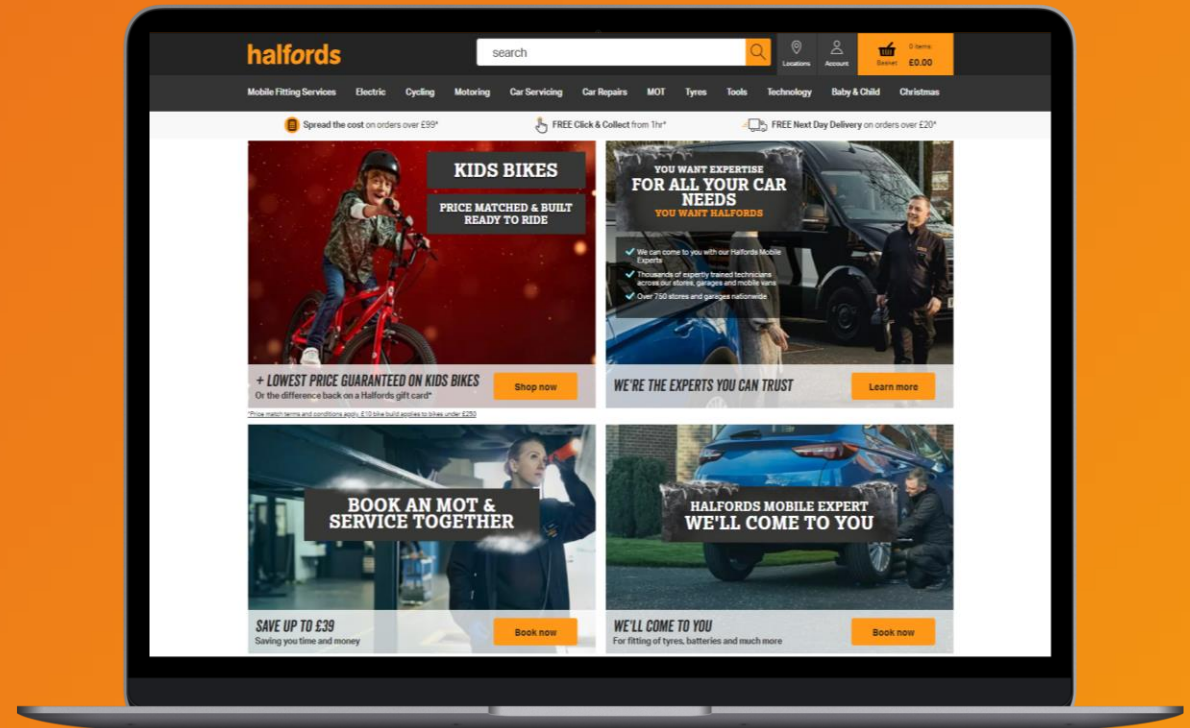


Halfords Retail website



Today

One Halfords Group website



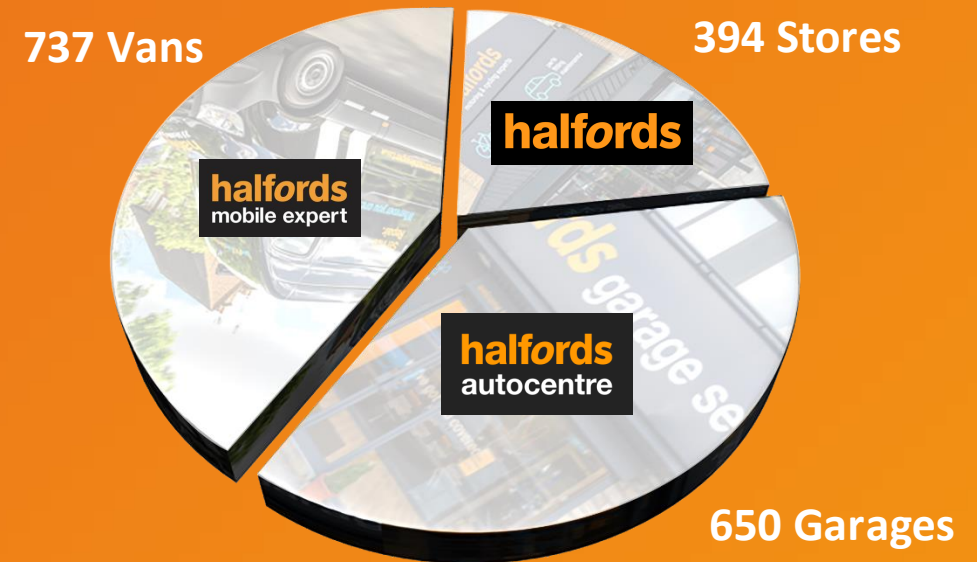
We have significantly changed our channel mix and halved drivetime for services

2018



796 service locations
30-minute drivetime

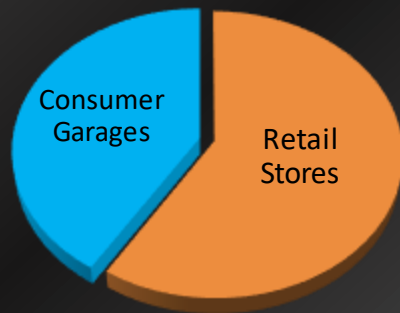
Today



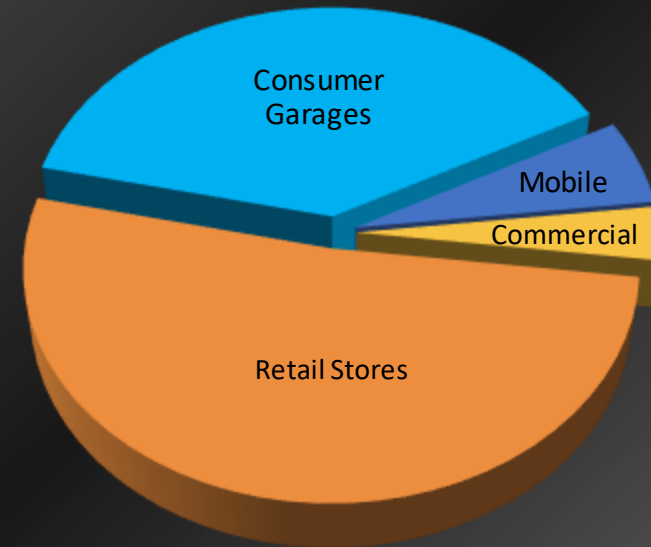
1,781 service locations
Under 20-minute drivetime

We are the UK's biggest motoring and cycling services provider

2018
7m service jobs



Today
10m+ service jobs



Unique, own-brand product innovation



Biggest...

One of the UK's
biggest engine
oil brands

Largest...

Apollo and
Carrera are two of
the UK's largest bike
brands

Fastest...

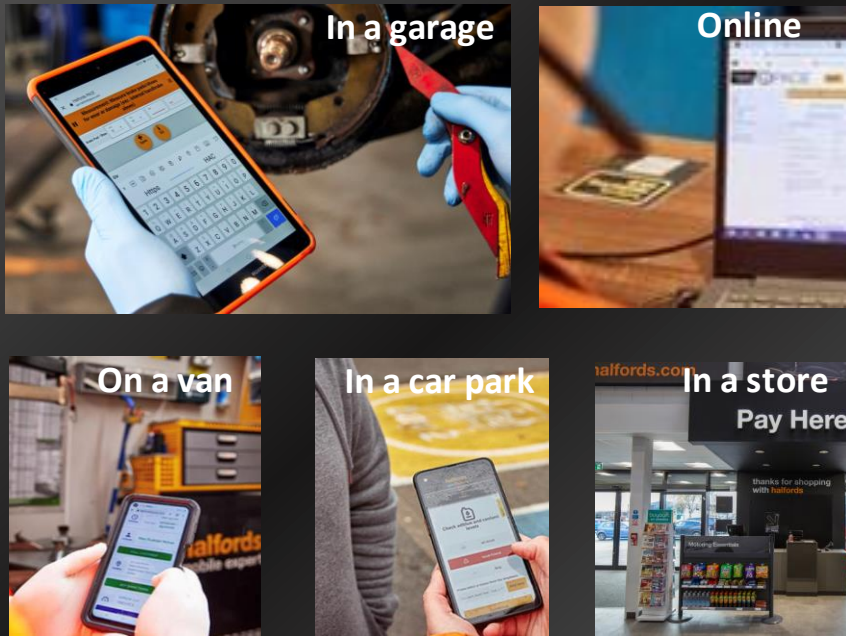
One of the fastest
growing budget
Own-brand tyres
in the UK

Multiple awards for our own-brand propositions



Having invested in our data platform, we can get to know our customers' cars and bikes better than they do

Collecting customer and vehicle data cross-channel

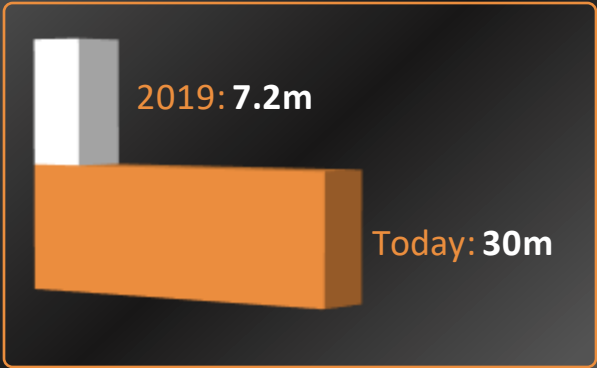


Analysing data

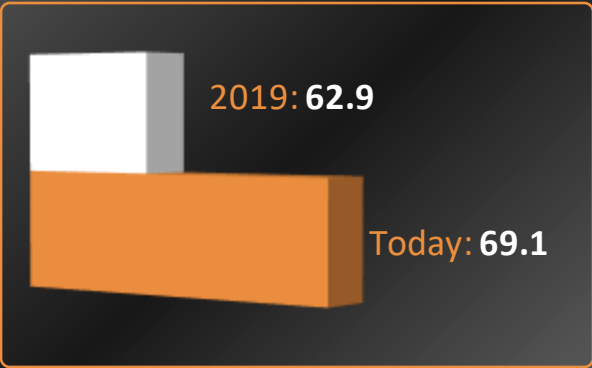
Single Customer View
CRM
Group Data Platform

Our customer and data strategy is delivering

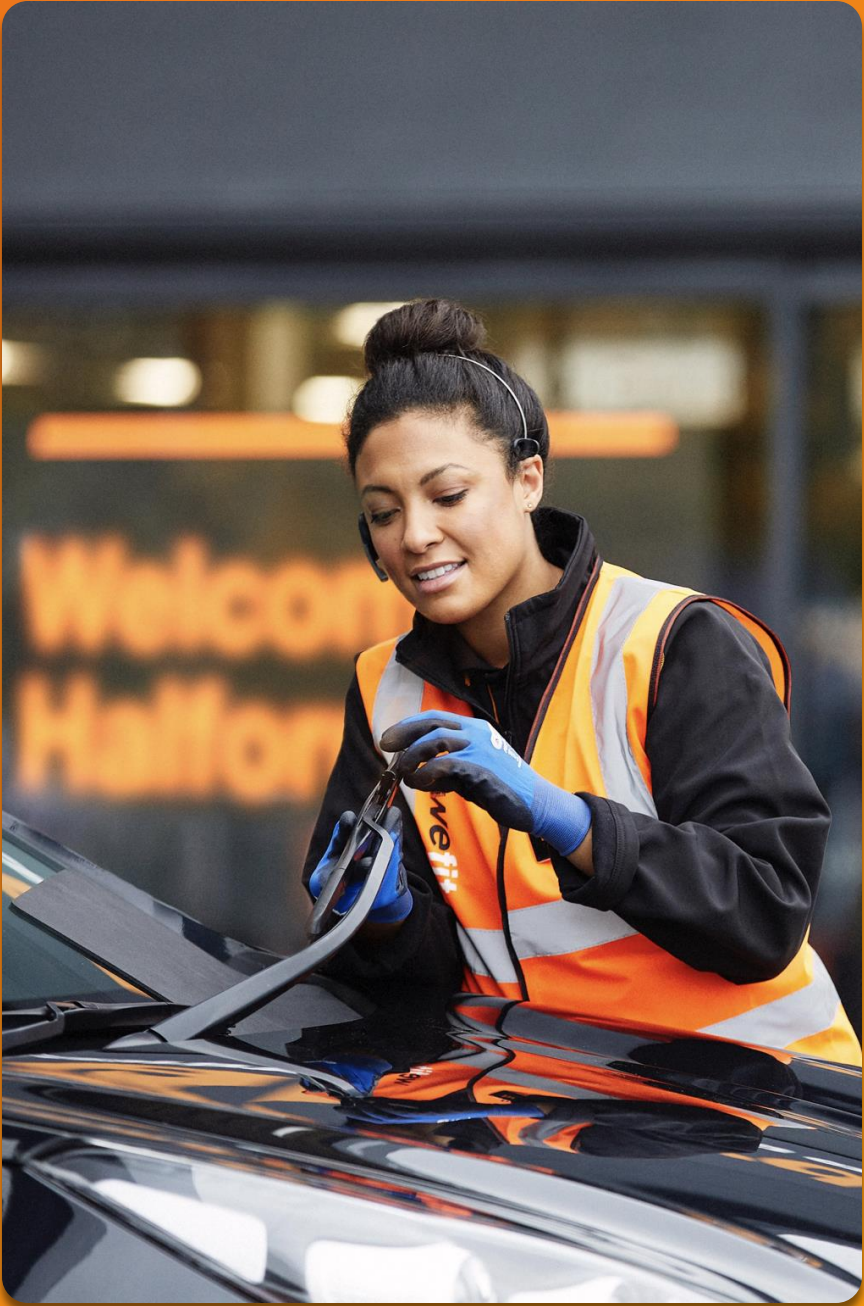
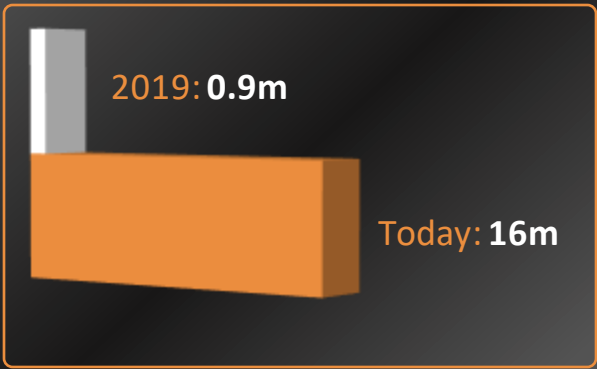
Known Customers



Net Promoter Score



Vehicle Records



We have a track record of delivering a more cost-effective and efficient business since 2018



£20m
savings

From retail rent and rates savings, closing over 80 retail stores.

+7% sales densities



>£10m
saving

From restructure and organisational design.




>£30m
savings

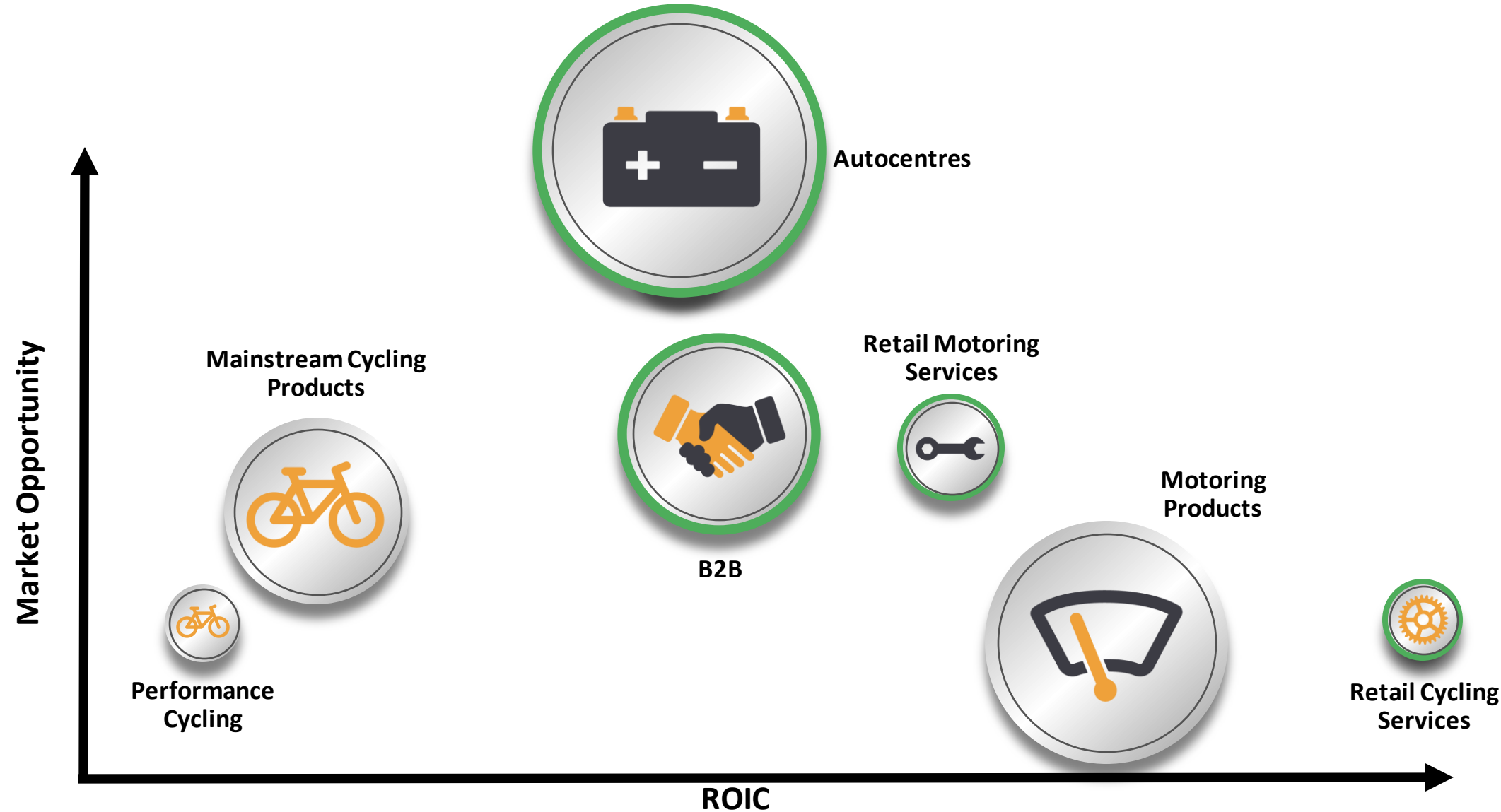
Through our “goods not for re-sale” efficiency programme.

We have significantly grown our revenue, particularly in the more profitable parts of our business

	<i>FY19</i>	<i>FY23</i>
Group Revenue	£1.1bn	c.£1.6bn
Revenue from Services	24% of Group	c.47% of Group
Revenue from Motoring	66% of Group	c.77% of Group
Revenue from B2B	12% of Group	c.22% of Group



Autocentres and B2B now represent a more significant proportion of the Group



Bubble sizes are indicative of scale of business

We have created a much more resilient operating platform



% of B2B revenue

FY19: 12%
FY23: 22%



% of needs-based revenue

FY19: 49%
FY23: 62%



% of Group COGS bought in USD \$

FY19: 35%
FY23: 23%



A reminder of the key messages.....

1

We have *increased revenues by 40%* and more than *doubled the size* of our B2B and services business.

We have developed a *unique, digital and data-enabled* omnichannel platform.

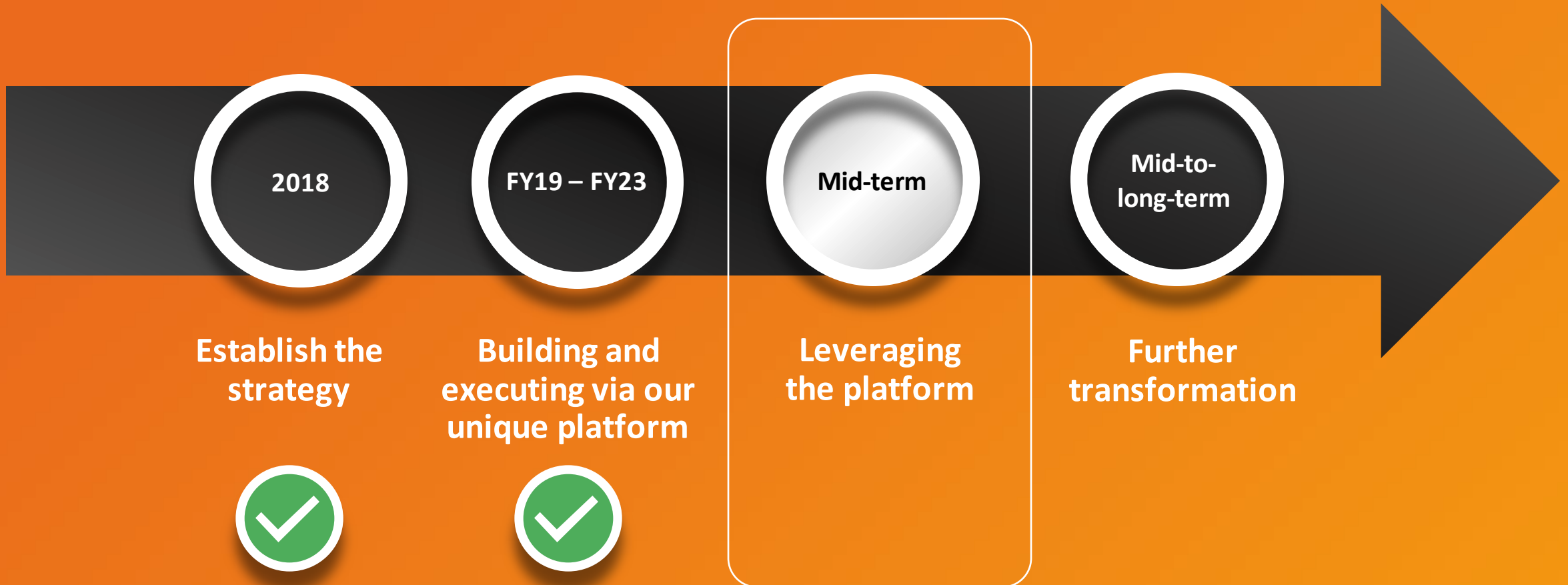
2

A combination of core market recovery, and leveraging our investments and platform will deliver *£1.9bn of revenue, £90-£110m PBT, and 5.5% operating margin* in the mid-term.

3

There is potential for *further significant transformation* in the mid-to-long-term, *increasing revenues to £2.2bn, PBT to £130-£150m, operating margin to 6.5%, and ROCE to >20%.*

**The next phase of our plan will leverage our platform
– with a focus on operating margin and return on capital**



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Mid-term plan: leveraging the platform

Our mid-term plan – leveraging the platform

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Jo Hartley

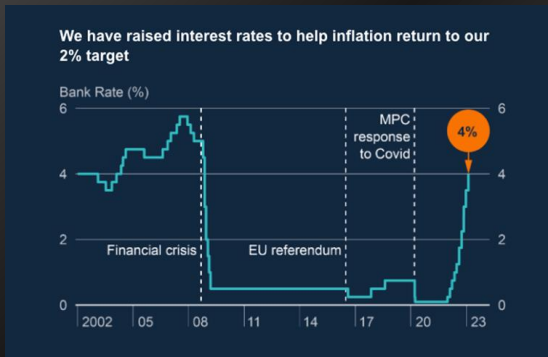
Group Chief Financial Officer



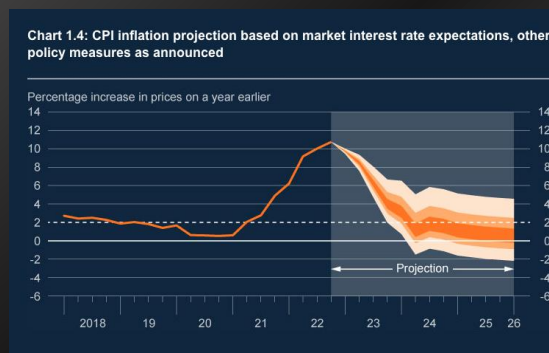
It has never been harder to forecast...

The recent Monetary Policy Report highlighted how uncertain the macro-economic environment remains. Forecasting, therefore, remains particularly challenging.

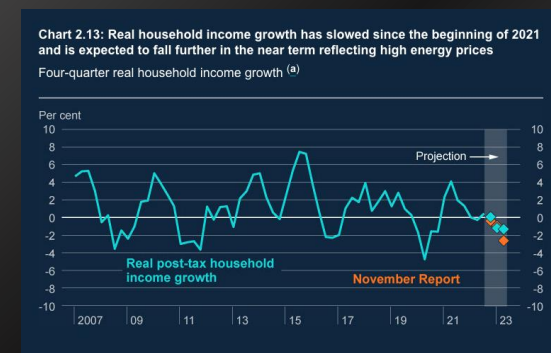
1



2



3



Note: all references to FY23 should be taken as **indicative and** are not a “pre-close”.
All references to future years should not be taken as formal company guidance.

Forecast mid-term growth is supported by external forecasts of how markets will behave and factors that are more within our control

British Cycling Association

Used to quantify cycling market size, and forecast.

GFK

Used to quantify motoring product and tyre market sizes.

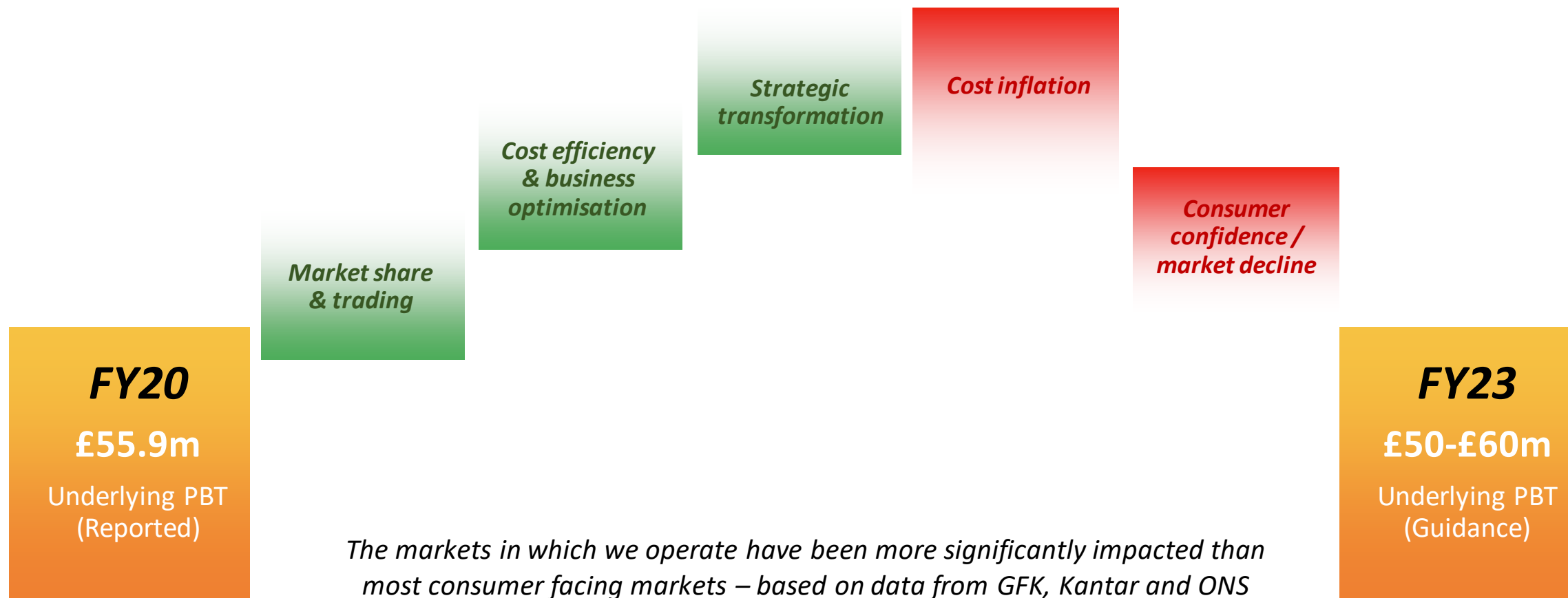
GIPA & SMMT data

Used for motoring product, motoring servicing market, and tyre market forecasts.

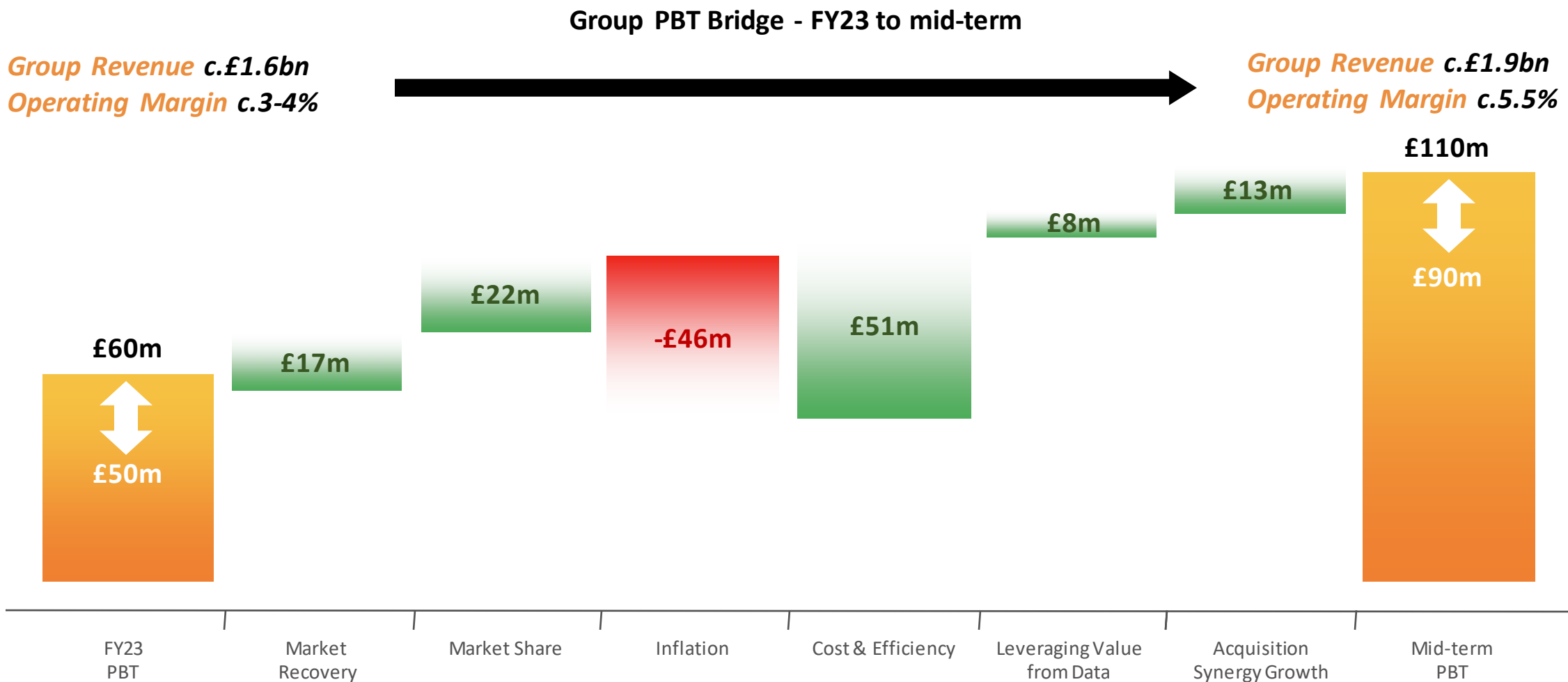
Cost-saving plans

Supported by strong track record of cost delivery over the last 5 years.

Our significant growth since FY20 has been offset by exceptional cost and market headwinds

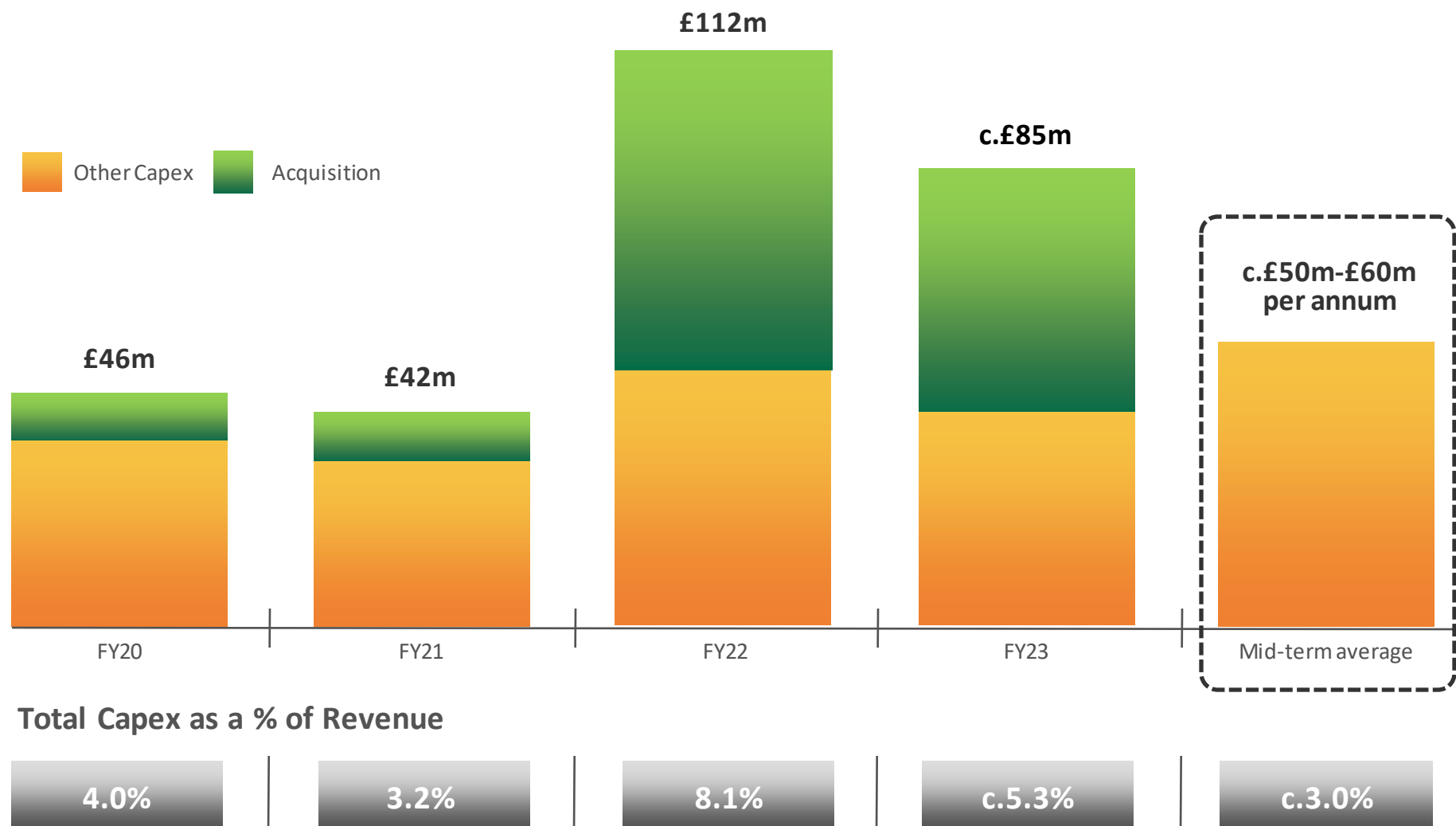


Underlying PBT forecast to grow to £90m-£110m over the mid-term

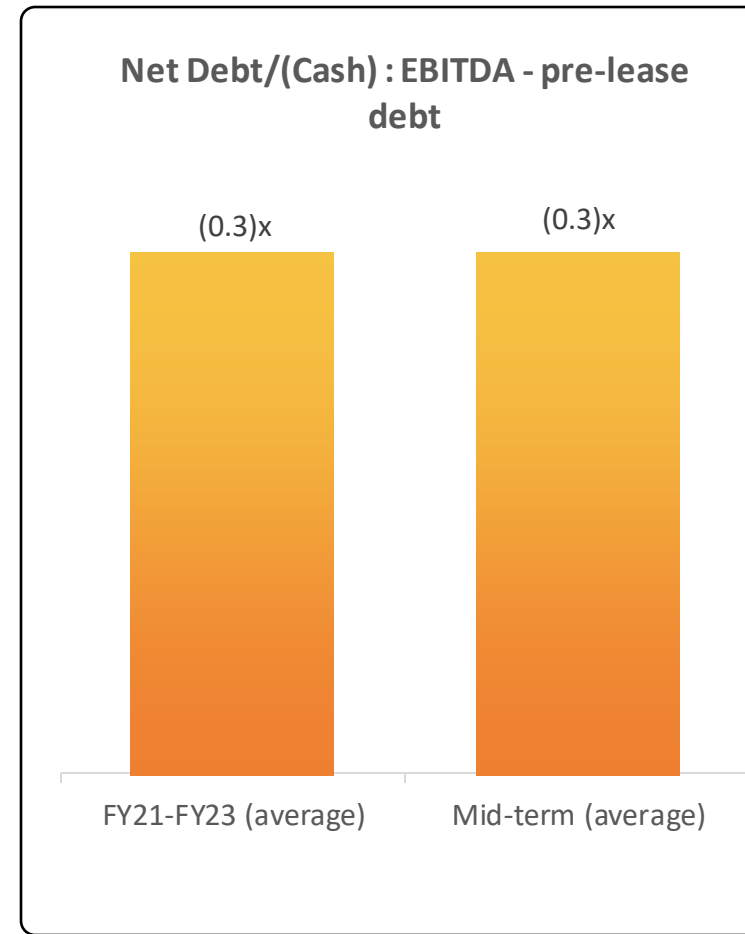
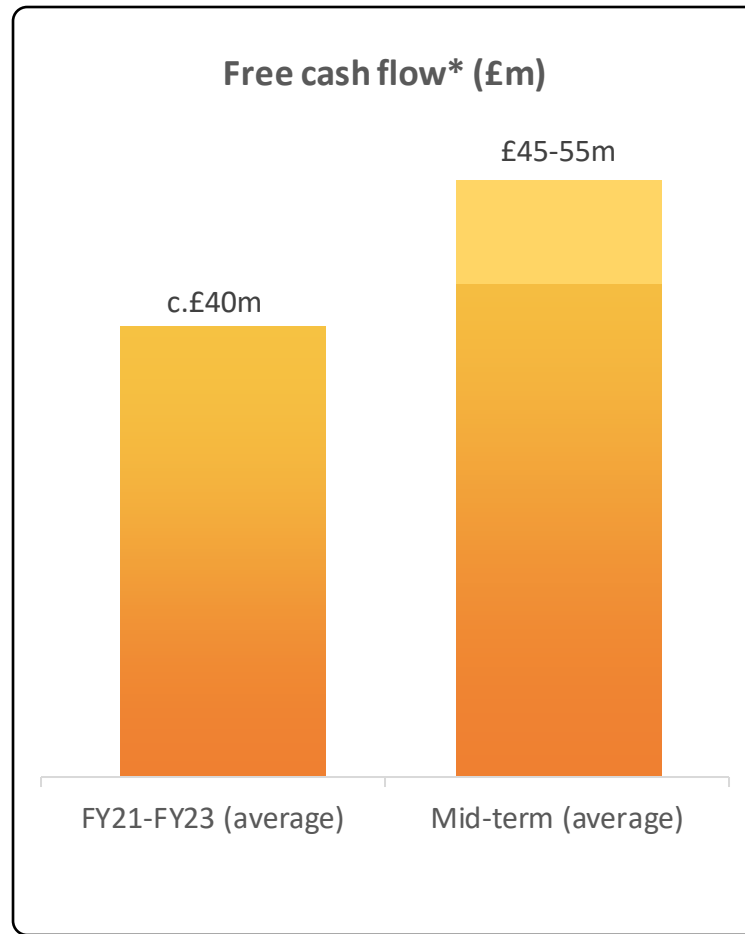


*FY23 as per current guidance

Looking forward, capital expenditure is expected to fall from the transformational peaks in FY22 and FY23

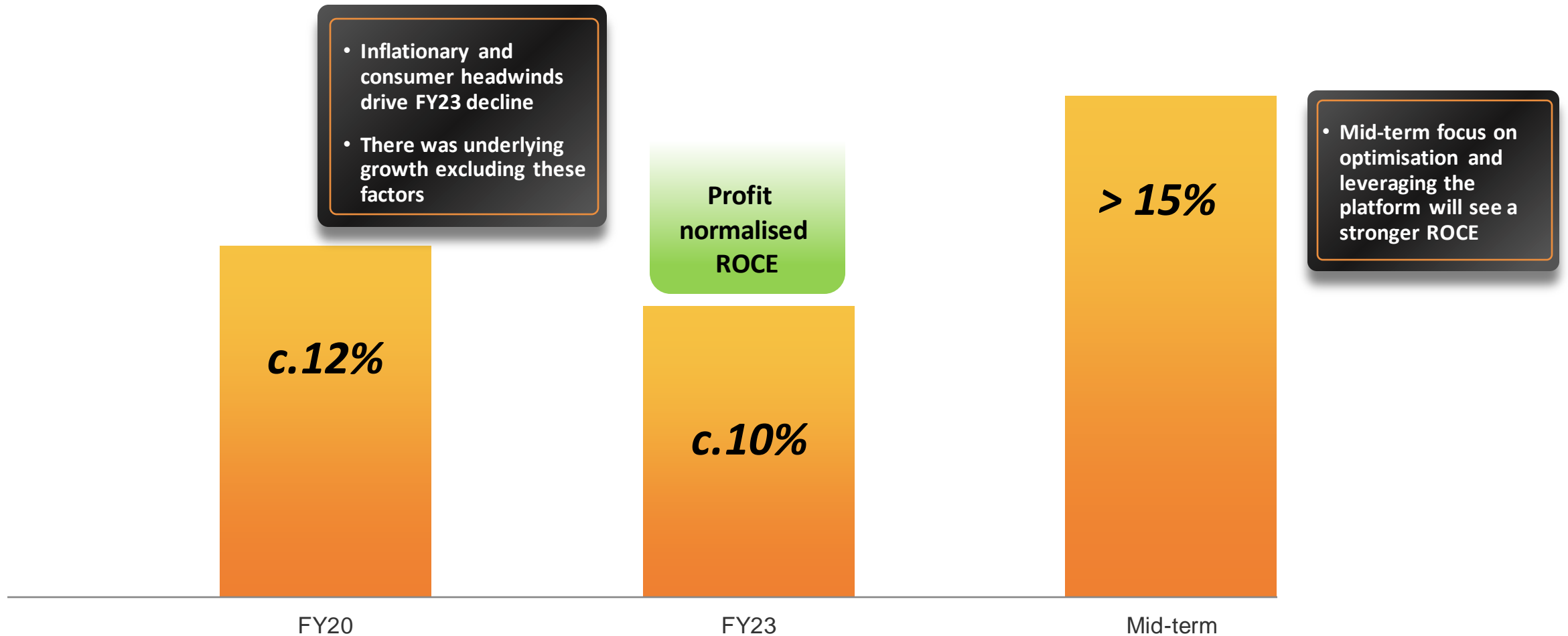


We expect strong cash generation in the mid-term



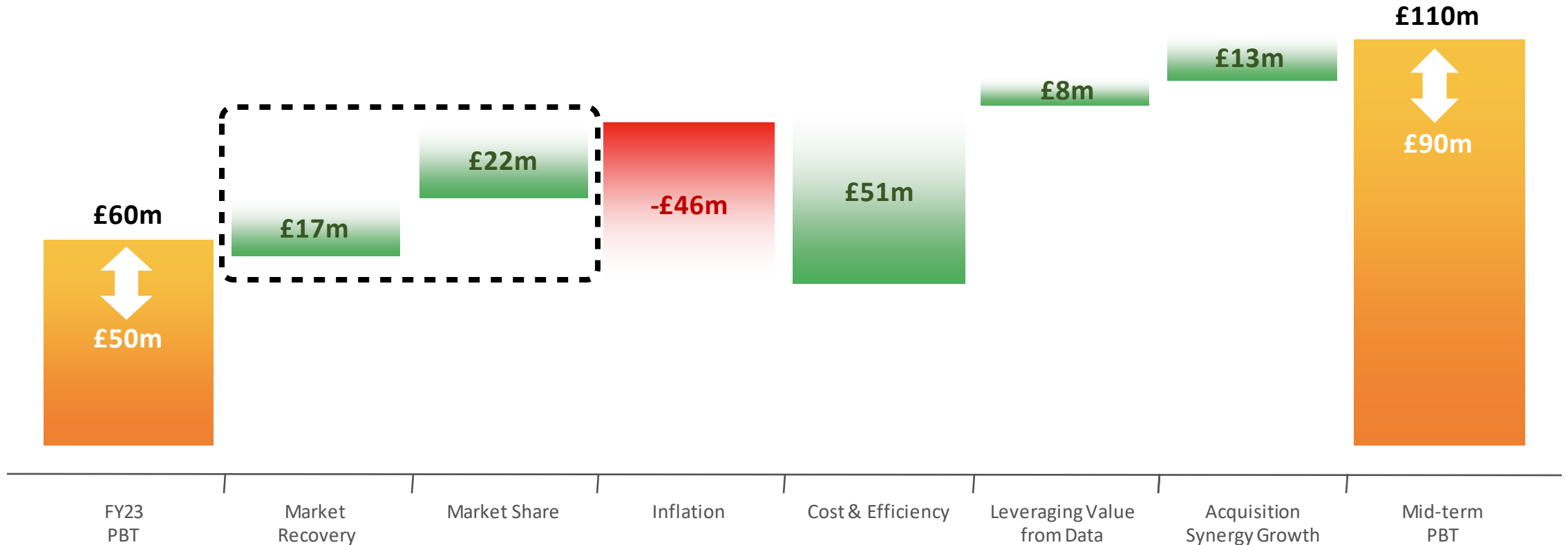
(Cash flow before dividends and acquisition expenditure)

ROCE is expected to reach over 15% in the mid-term







Market recovery and market share growth

Group PBT Bridge - FY23 to mid-term



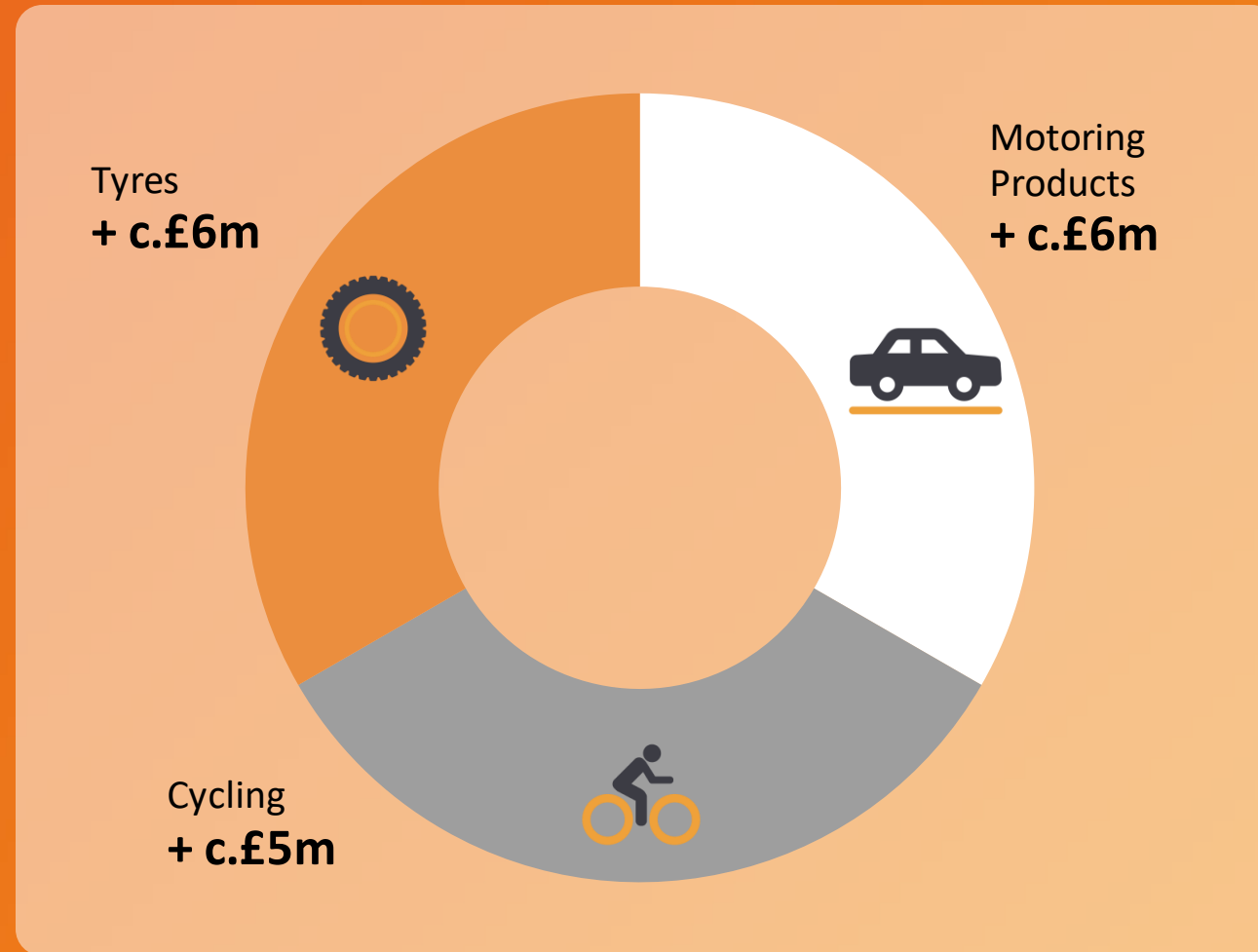
The cycling and consumer tyre markets remain significantly depressed compared to pre-COVID

	<i>Retail</i>		<i>Autocentres</i>	
	Retail Motoring 	Cycling 	Consumer Tyres 	Motoring Servicing 
Market Size	c.£4bn	c.£1.2bn	c.£2.2bn	c.£9bn
Market Volumes vs pre-COVID	Broadly flat	c.-24%	c.-14%	c.+4%
Approximate Volume Share	c.41.8%	c.37.0%	c.9.5%	c.3.5%

Source - British Cycling Association, GFK, GIPA, SMMT, DVSA, Halfords estimates

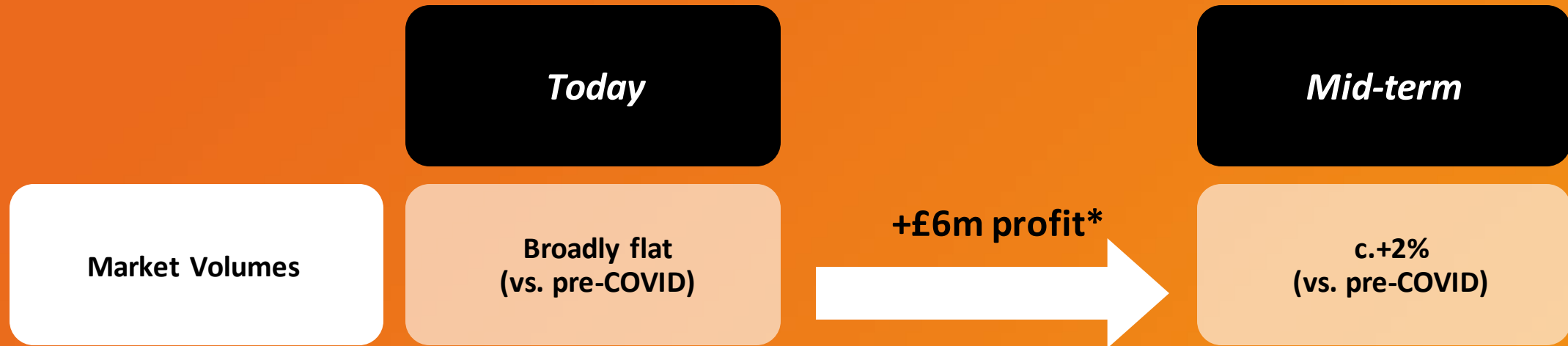
Retail motoring share as per GFK data, which audits 7 categories in which we participate. We have recently started participating in Kantar's wider survey of the motoring market, in which Halfords currently accounts for less than one third of customers yearly spend on motoring products.

We expect c.£17m of profit growth as markets recover





Modest growth in the **motoring products** market forecast to deliver c.£6m profit growth in the mid-term

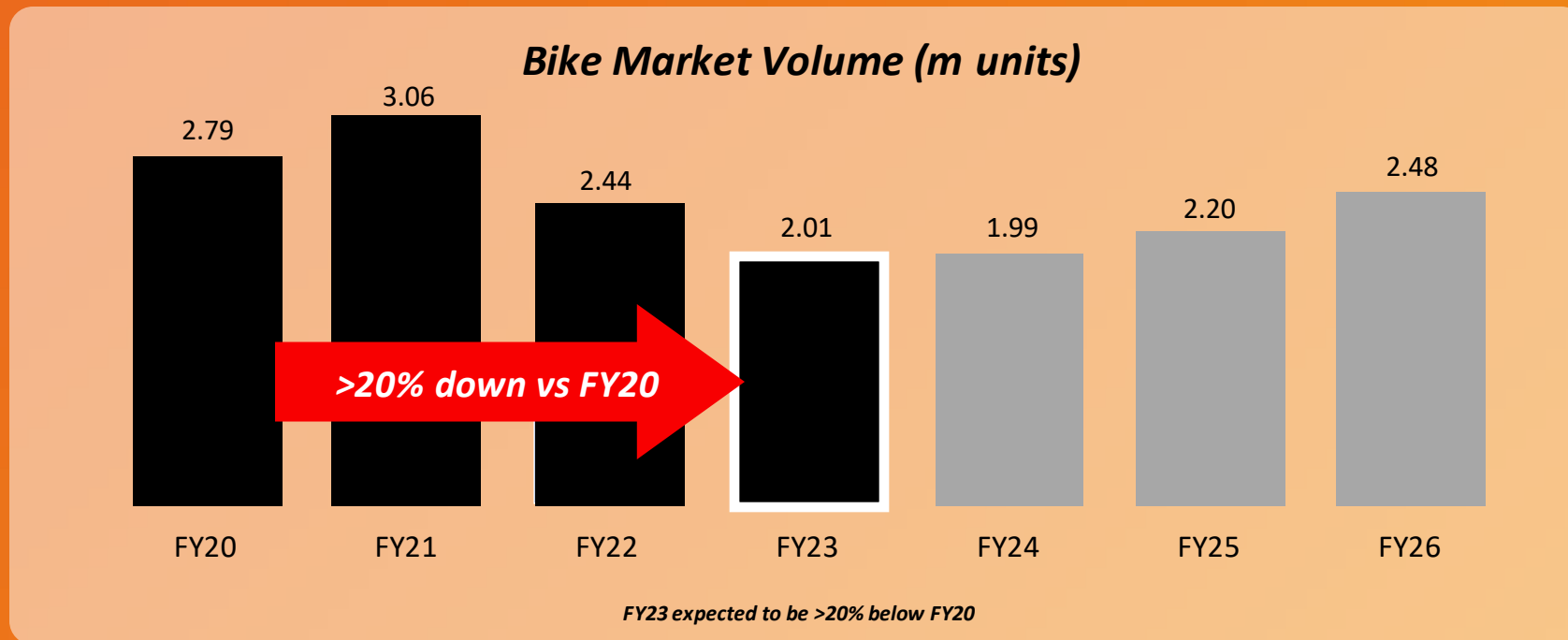


- Market Overall market grows +2% vs pre-COVID levels by the mid-term.
- GIPA indicates the car parc ages from 7.9 years to 9.7 years, leading to more cars within aftermarket segment and an expanding market for motoring products.

*Sensitivity - every 1ppt market change equal to approximately +/-£3m profit
Source – GFK / GIPA, Halfords estimates

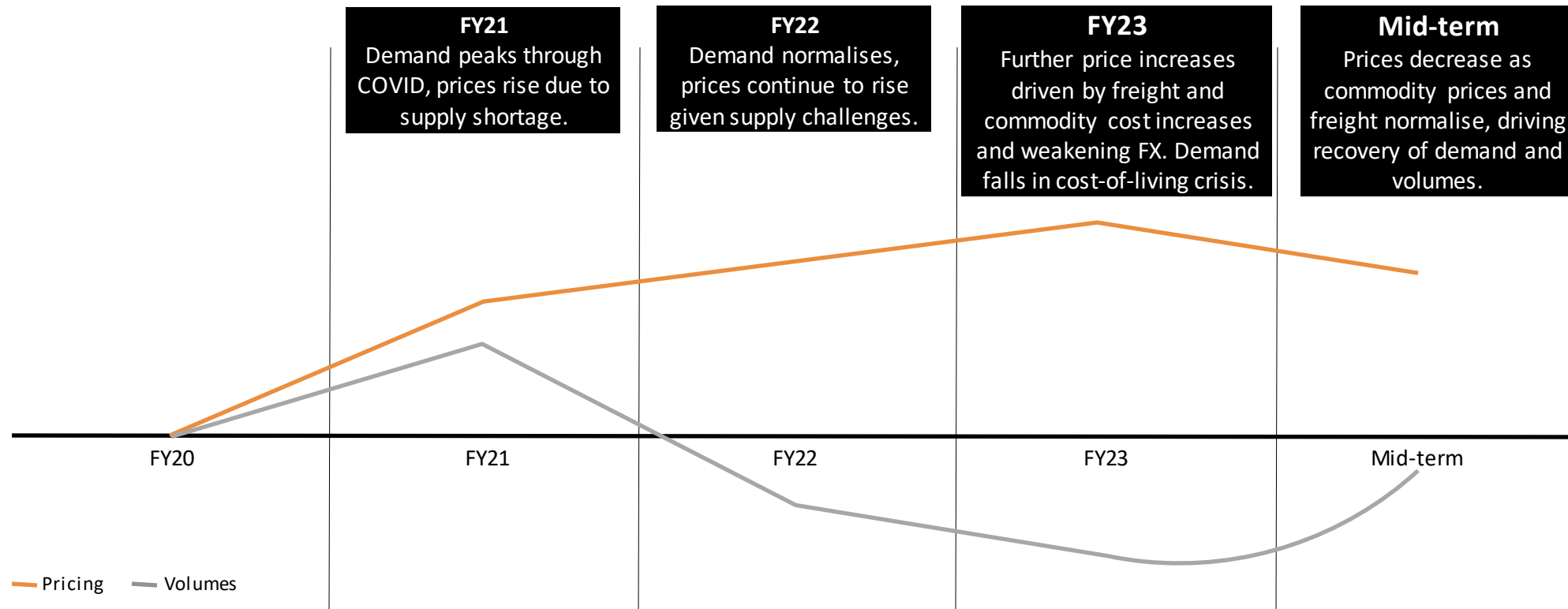


The **cycling market** is currently experiencing a deep depression.
External forecasts indicate it will materially recover.





Cycling volumes have declined vs FY20 while prices have increased materially. Looking forward we expect market recovery will require some price deflation.

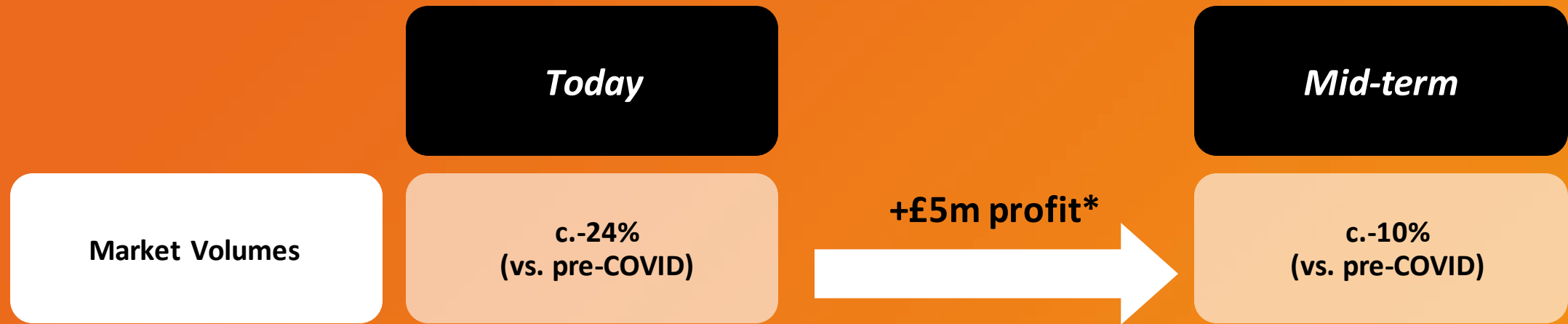


Cycling Market - Price and Volumes indexed to FY20

Source - British Cycling Association, Halfords estimates



Recovery in the **cycling market** is expected to drive c.£5m profit growth in the mid-term

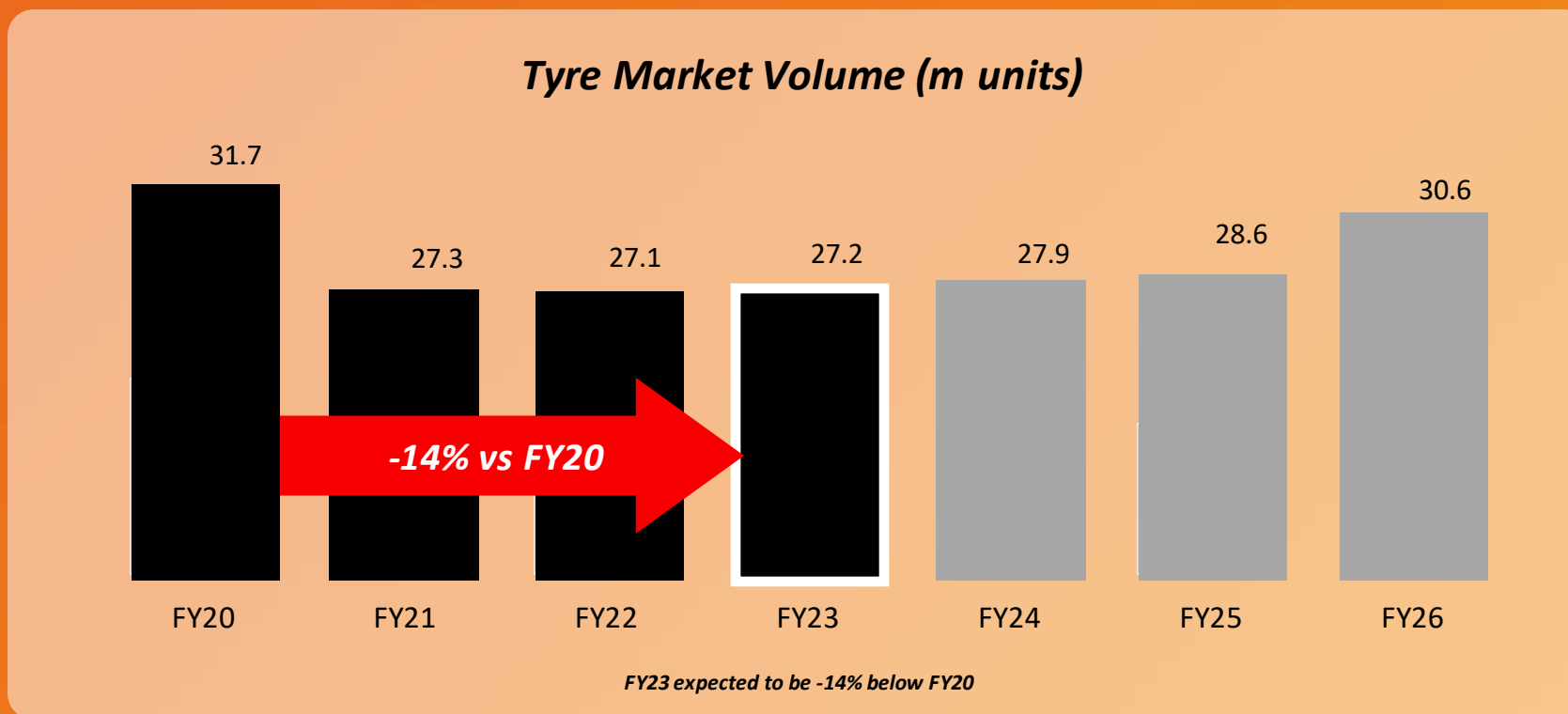


- Price investment drives volume growth across the market.

**Sensitivity - every 1ppt market change equal to approximately +/-£0.4m profit
Source - British Cycling Association, Halfords estimates*

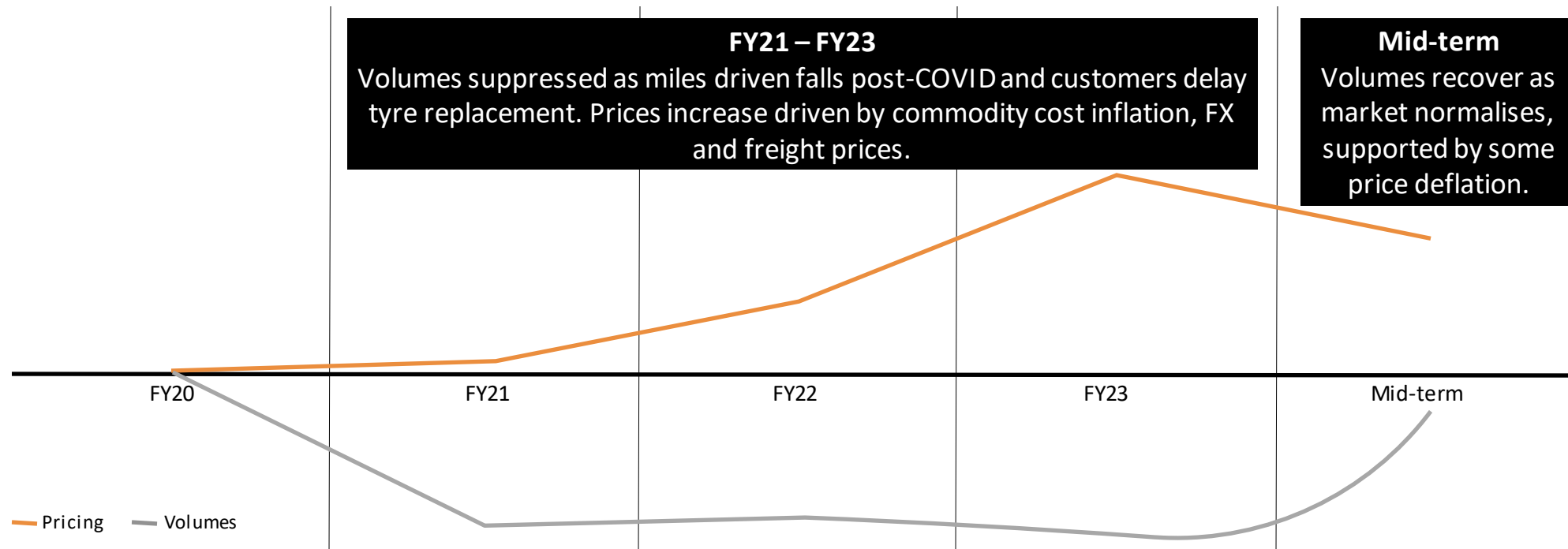


The **consumer tyre market** is currently experiencing a deep depression. External forecasts indicate it will materially recover.





Consumer tyre volumes have remained consistently below pre-COVID levels. Since FY20 there has been significant retail price inflation. Some market deflation is assumed to drive mid-term volume recovery.

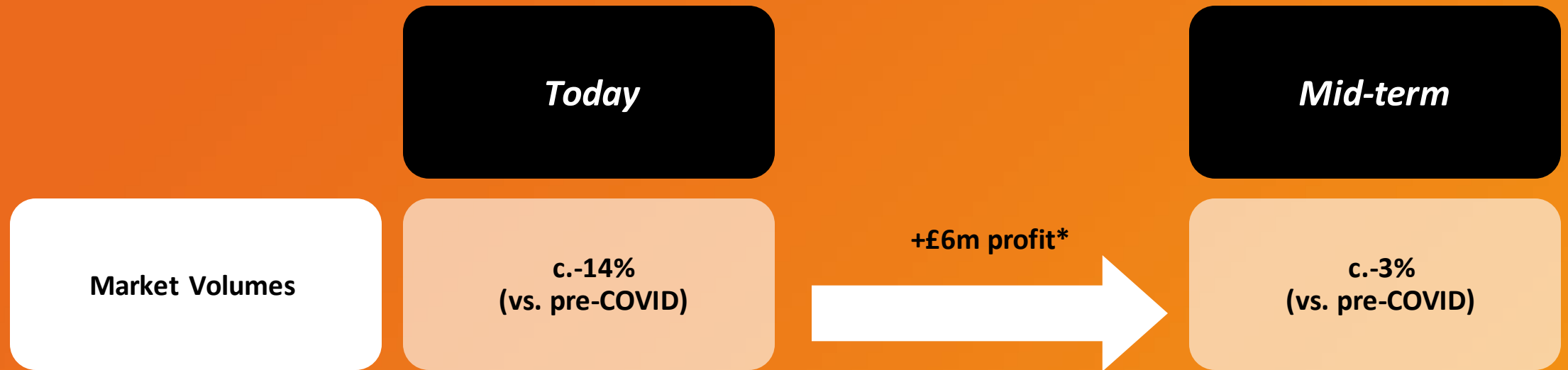


Tyre Market - Price and Volumes indexed to FY20

Source - GFK, GIPA, SMMT, DVSA, Halfords estimates



Recovery in the **consumer tyre market** is expected to drive c.£6m of profit growth in the mid-term

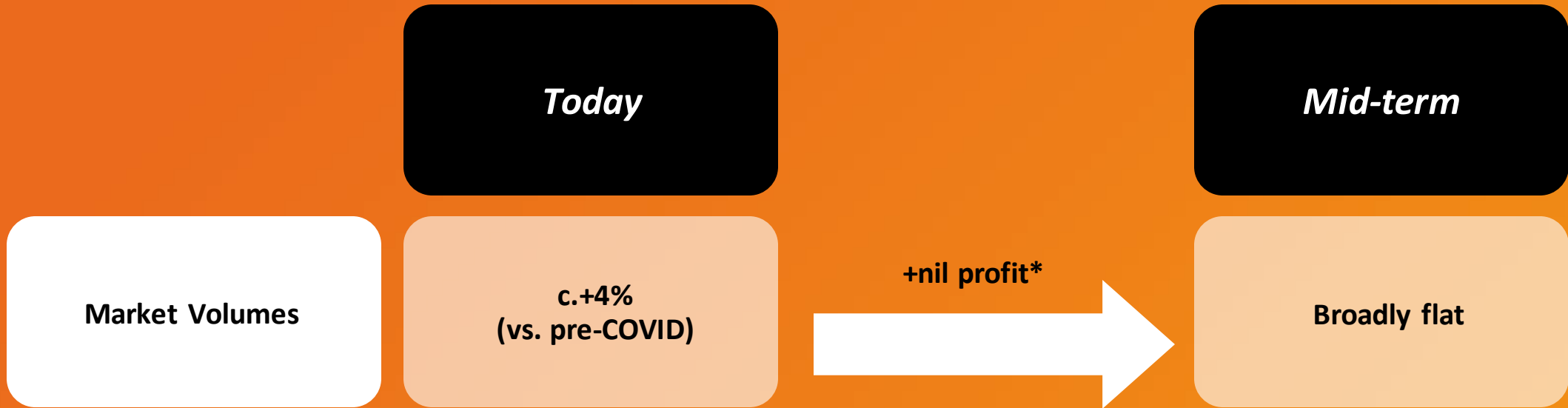


- Market recovers to -3% vs pre-COVID in the mid-term
- Based on GIPA forecast of miles travelled reaching 97% of pre-COVID levels

**Sensitivity - every 1ppt market change equal to approximately +/-£0.6m profit*
Source - GFK, GIPA, SMMT, DVSA, Halfords estimates



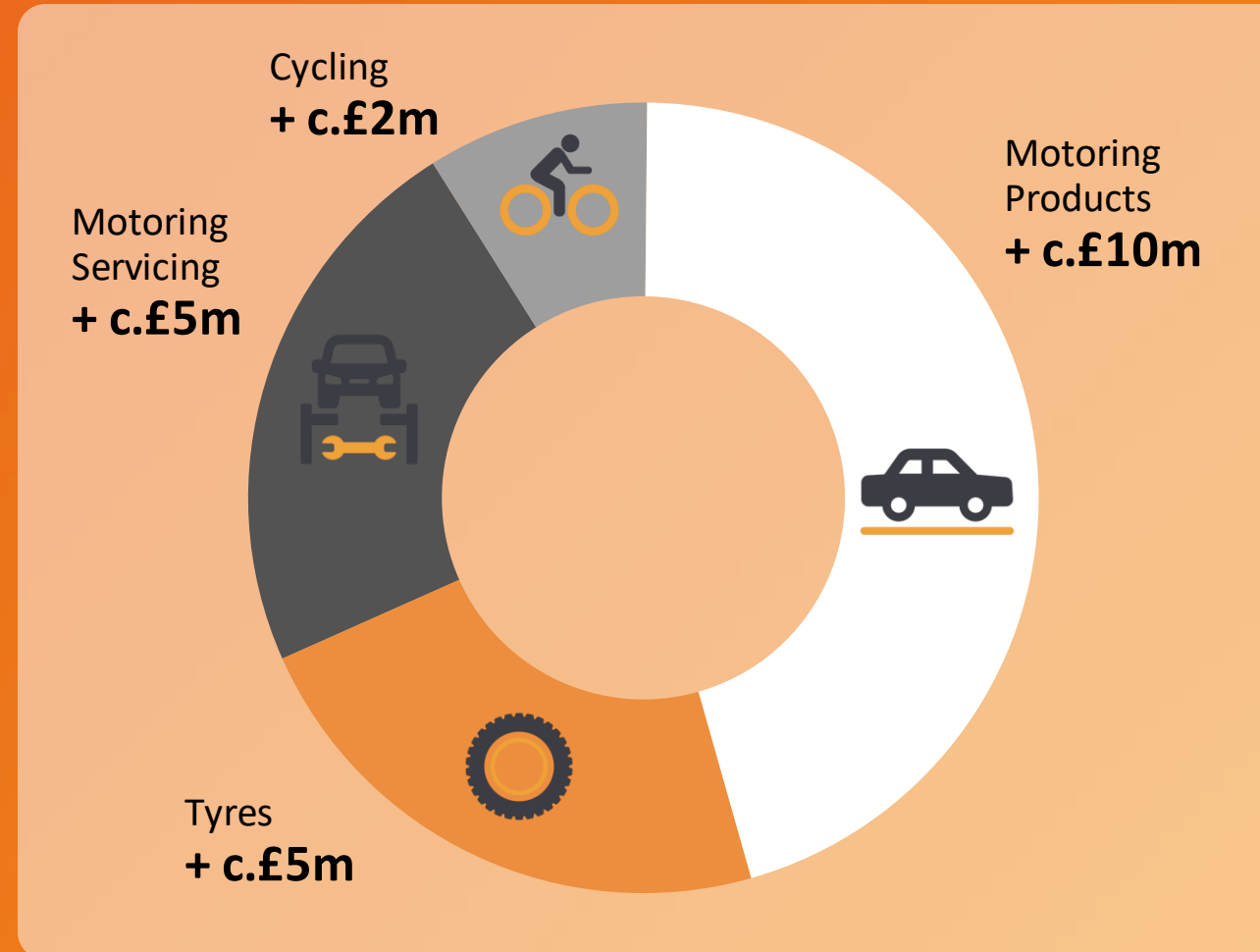
The resilient **motoring servicing** market is expected to stay broadly flat



- SMMT forecast the car parc to remain broadly flat in the mid-term.

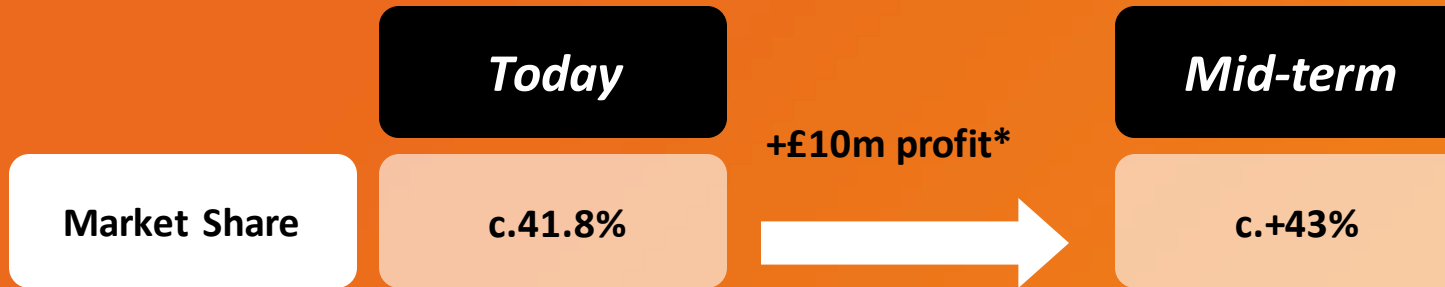
**Sensitivity - every 1ppt market change equal to approximately +/-£1m profit
Source - DVSA, Halfords estimates*

A further c.£22m of profit growth is expected from volume market share gains

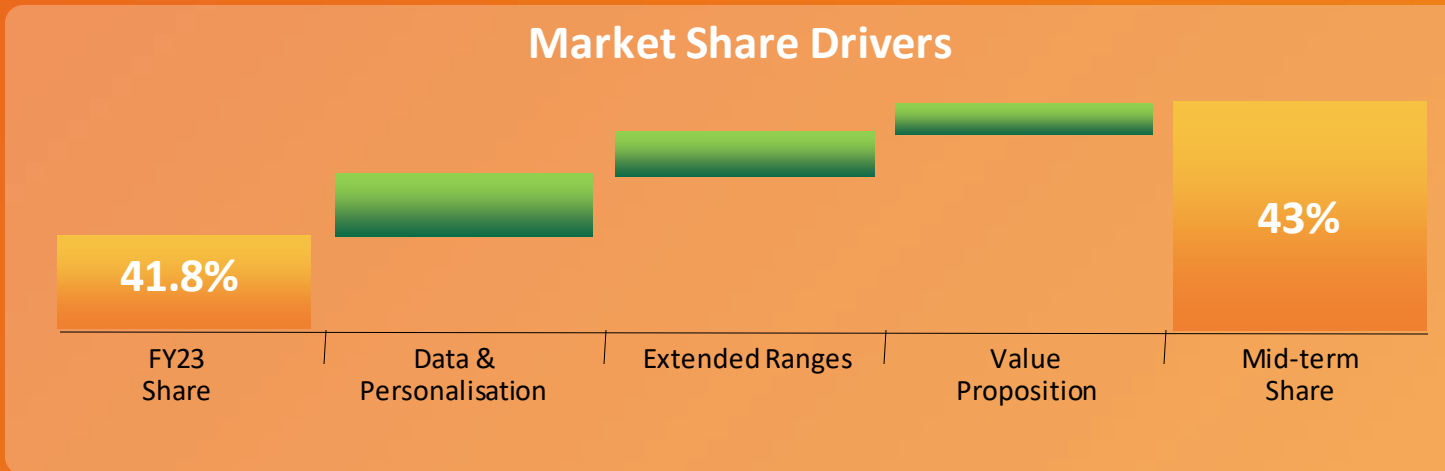




Market share growth in **motoring products** is forecast to deliver c.£10m profit growth in the mid-term



Share Gains From	
General Retailers	✓
Online Retailers	✓✓



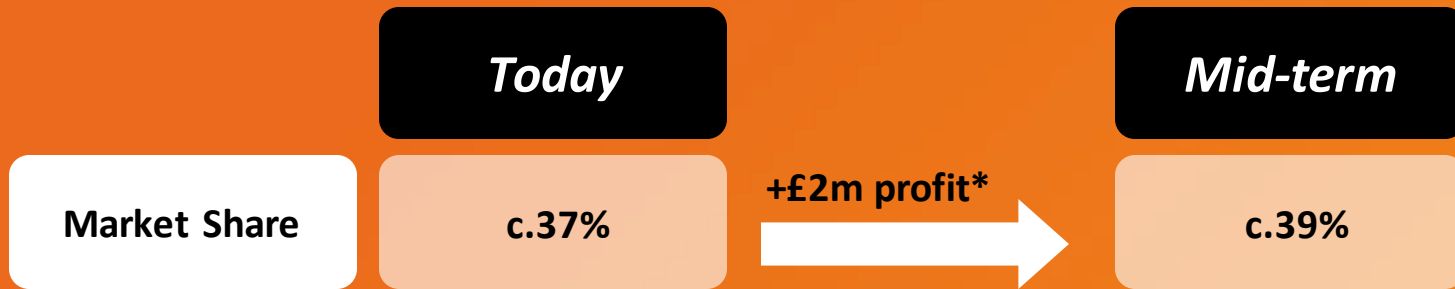
- Improved personalisation and CRM, supported by Motoring Club, drives incremental spend and visit frequency.
- Extended ranges launched in low share categories at competitive prices e.g., car parts.
- Improved value proposition through growth of own brand, enhanced promotional activity and increasing proportion of products sold with fitting or other services.

*Sensitivity - every 1ppt market share change equal to approximately +/-£10m profit

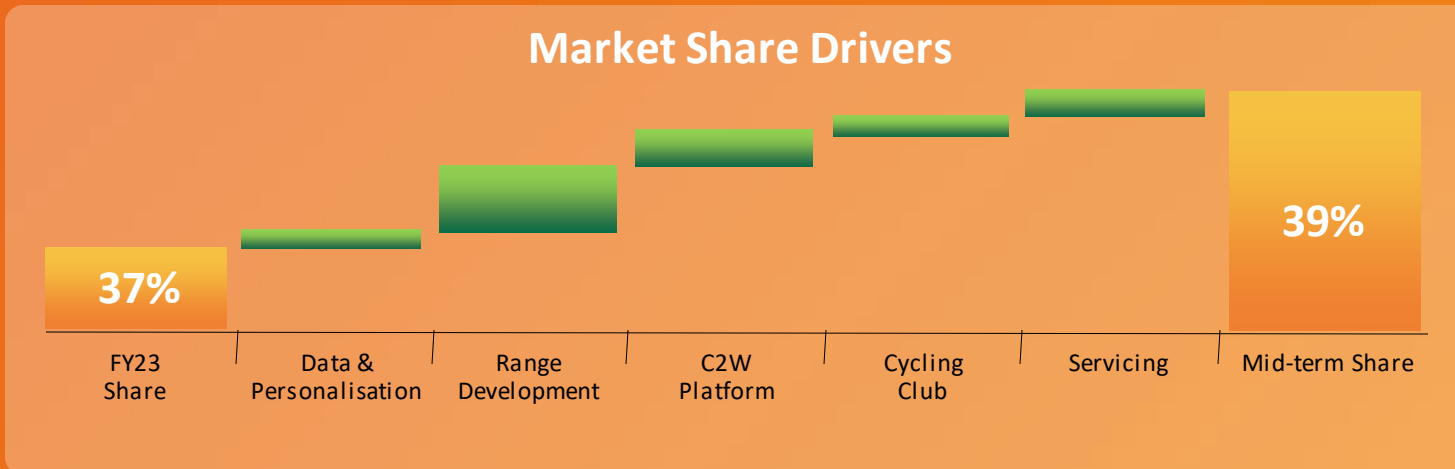
Source – GFK, Halford estimates



Cycling market share growth is forecast to deliver £2m profit growth in the mid-term



Share Gains From	
Independents	✓✓
Generalists	✓
Mid Market	✓

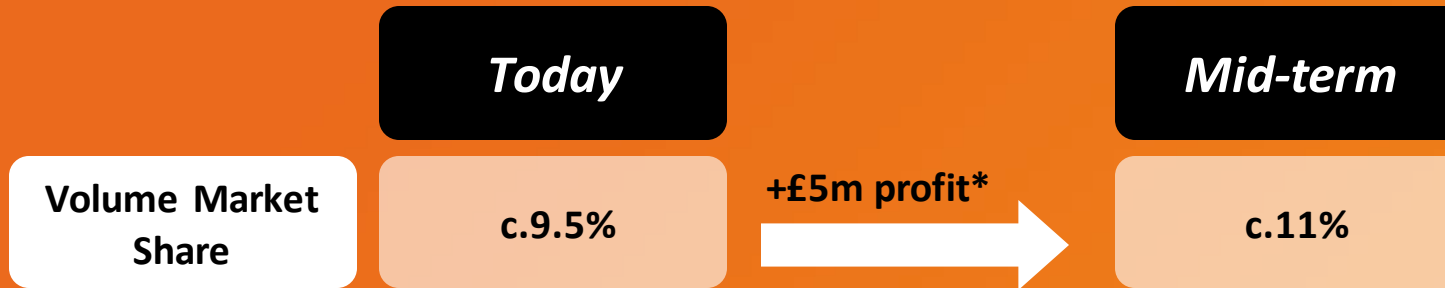


- Improved personalisation and CRM drives greater spend and visit frequency.
- Range development and premiumisation of adult and E-bikes. No change to legal status of E-scooters assumed.
- Growth in Cycle To Work through digital platform enhancements, making it easier for companies and employees to benefit from the scheme.
- Launch of cycling loyalty club.
- Enhanced cycle servicing proposition.

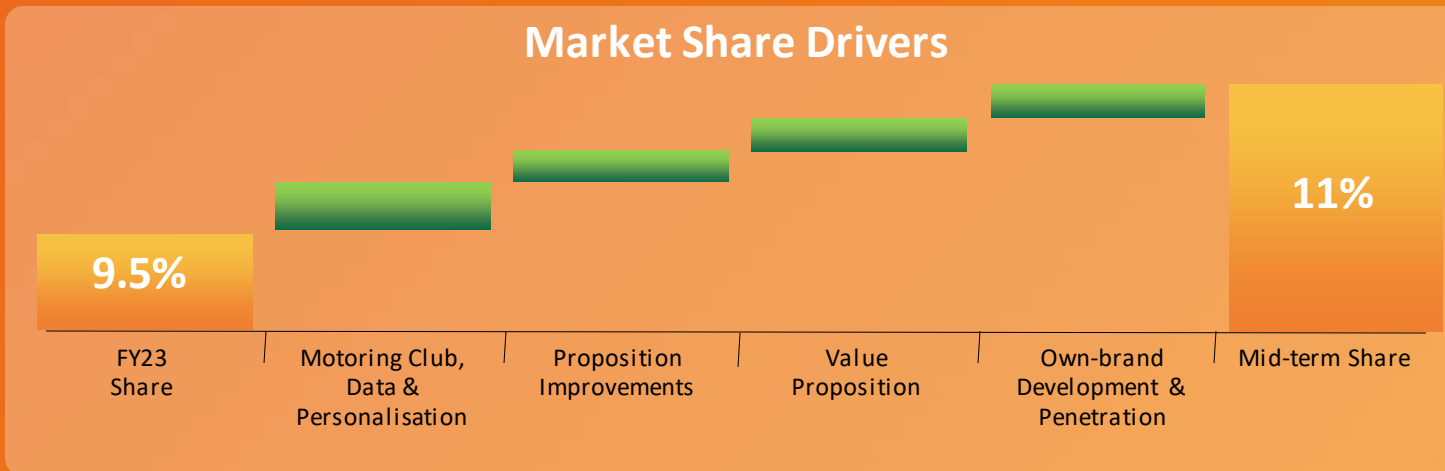
**Sensitivity - every 1ppt market share change equal to approximately +/-£1m profit*
Source - British Cycling Association, Halfords estimates



Consumer tyre market share growth is forecast to deliver £5m of profit growth in the mid-term



Share Gains From	
National Garage Chains	✓
Local Garages	✓✓



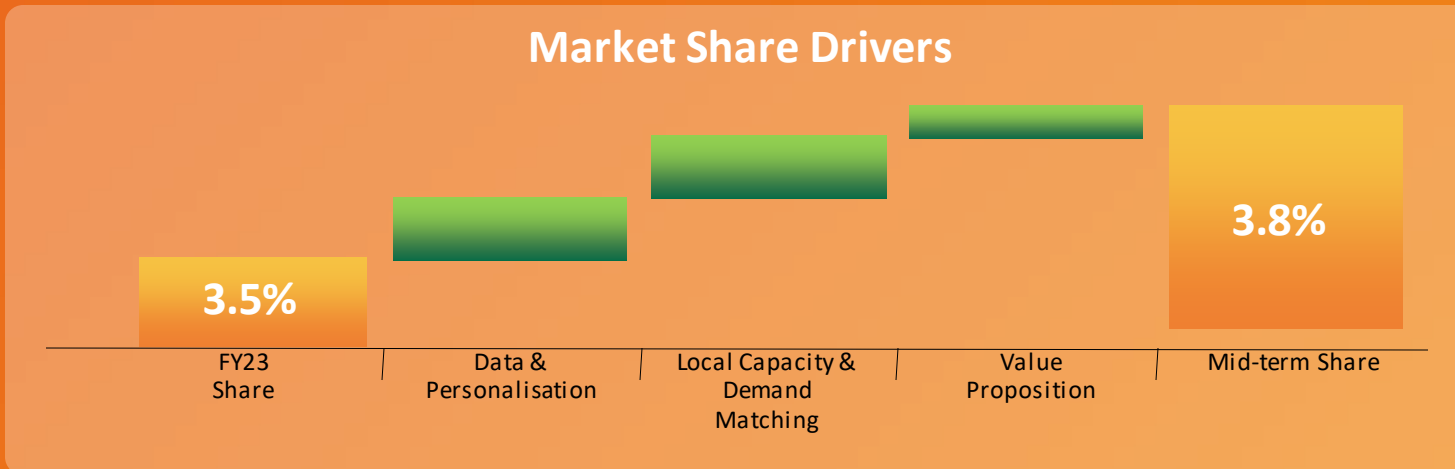
- Data and personalisation expands customer base, supported by Motoring Club.
- Propositional changes including “same day” tyre fitting (bookable online).
- Improved value proposition through enhanced promotional activity and increasing financial services penetration.
- Development of own-brand tyres, growing customer accessibility and choice.

*Sensitivity - every 1ppt market share change equal to approximately +/-£3.5m profit

Source - GFK, Halfords estimates



Share growth in the resilient **motoring servicing** market is forecast to deliver £5m profit growth



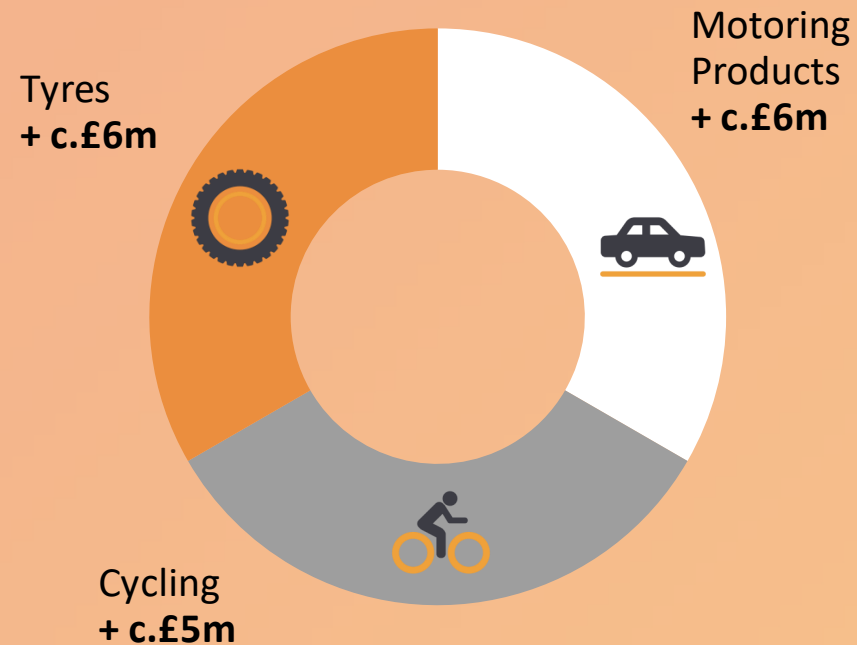
- Demand growth driven by rewarding loyalty through Motoring Club, car park referrals from retail estate and driving personalisation through CRM.
- Matching local demand and capacity through a new utilisation model.
- Improved value proposition through enhanced promotional activity and increasing financial services penetration.

* Sensitivity - every 1ppt market share change equal to approximately +/-£16m profit

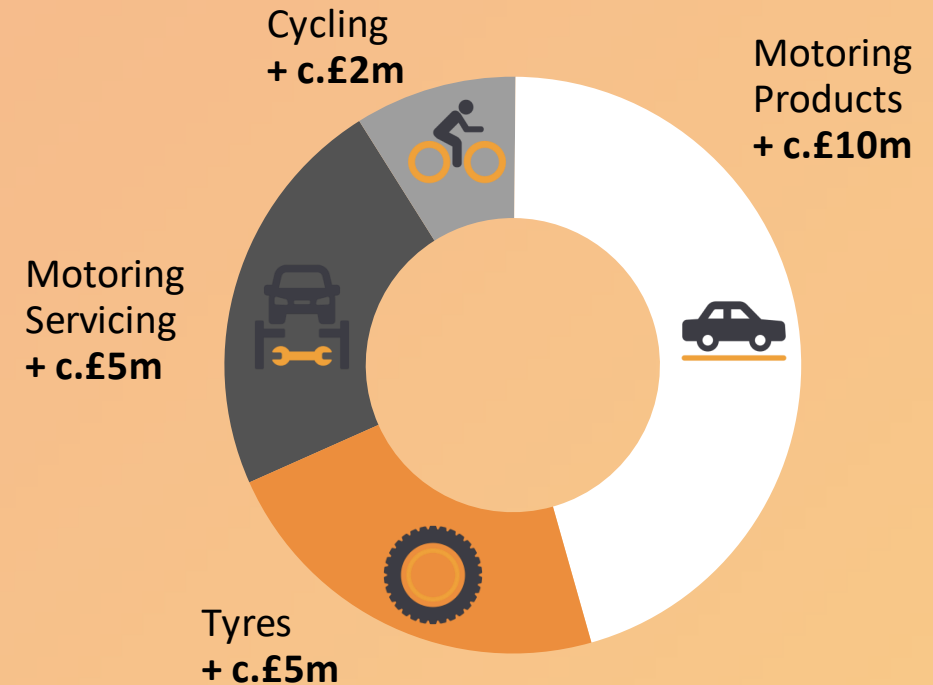
Source - Halfords estimates

£39m of profit growth expected from externally forecast market recovery, and increasing market share

Market Recovery - +£17m profit growth

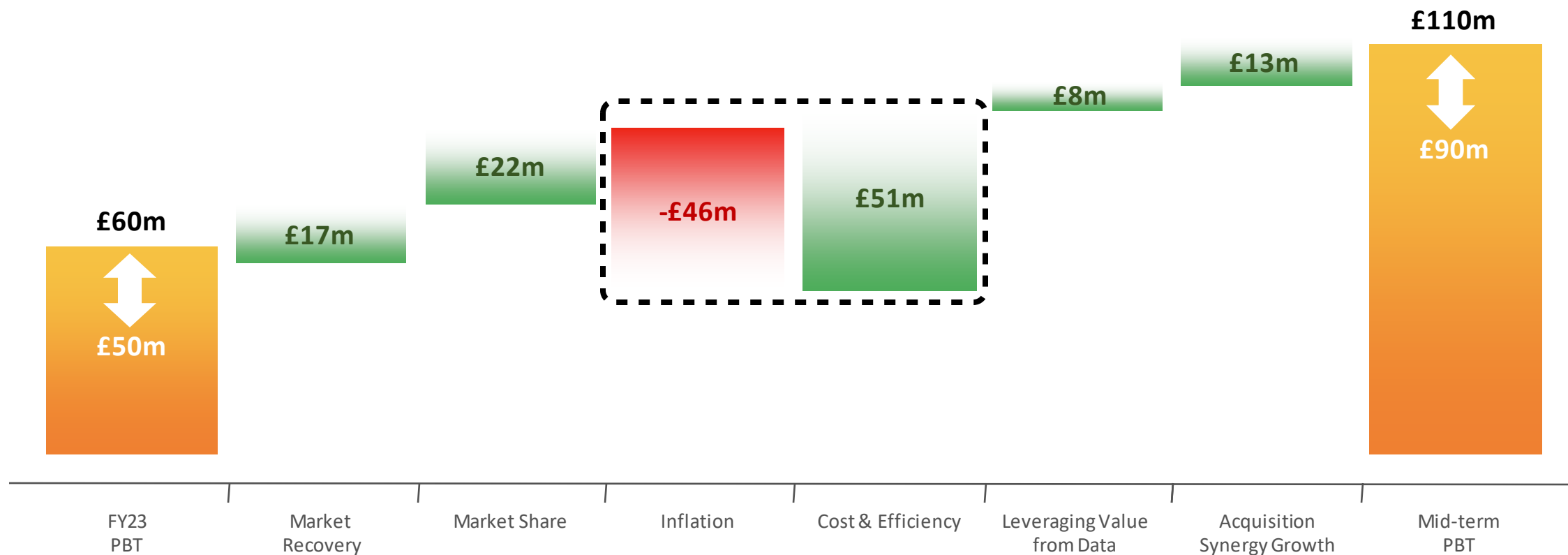


Market Share - +£22m profit growth



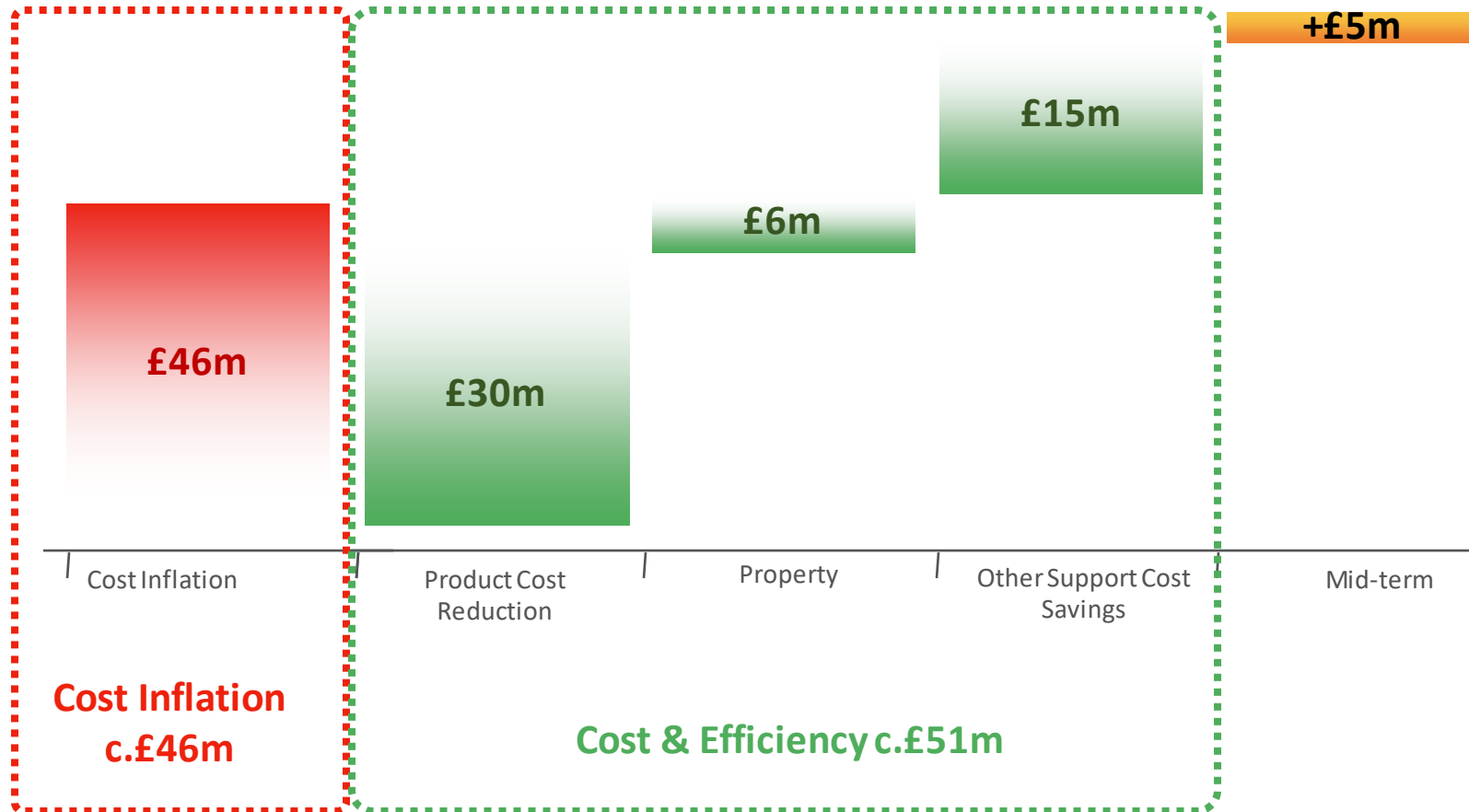
Cost and efficiency

Group PBT Bridge - FY23 to mid-term



*FY23 as per current guidance

Cost efficiencies more than offset inflation over the mid-term



We expect c.£46m of cost increase in the mid-term...



FX Rate

Assumed at \$1.23
throughout plan



Utilities

Broadly back to
FY22 levels



Wages

4% average per
annum vs FY23



Freight

Assumed -20%
reduction vs FY23



...offset by c.£51m of cost savings



***Product cost
reduction***

c. 3.5% cost
of goods



***Retail
property savings***

Up to 20 closures
10% saving on lease
renewals



***Other efficiency
programmes***

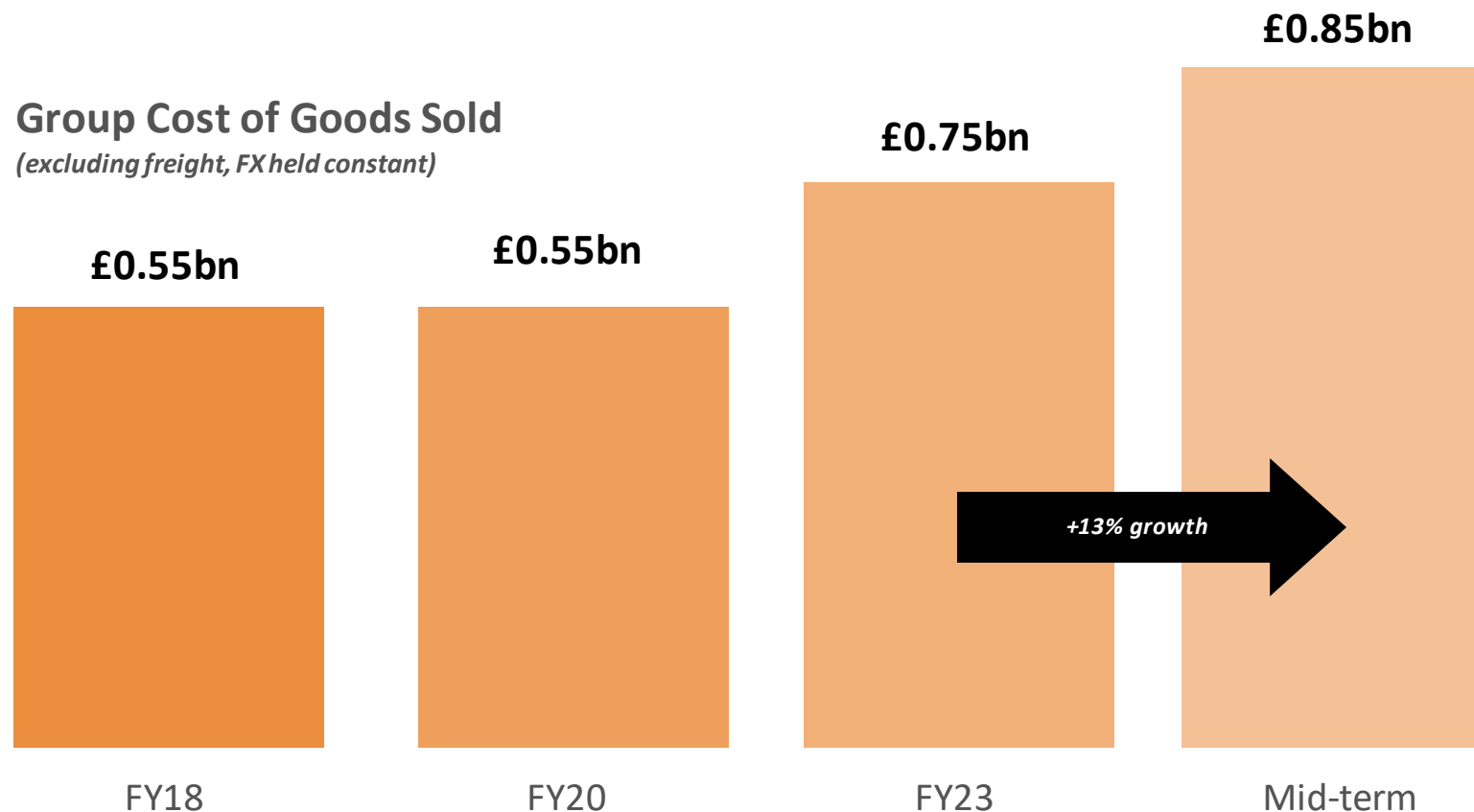
Support costs, org
design, W&D, store and
garage costs



Product costs represent the largest part of the cost base and the most significant opportunity looking forward



Group Cost of Goods Sold
(excluding freight, FX held constant)



400+
Suppliers

£0.8bn+
Spend p.a.

+6%
Product cost inflation
vs FY21



An externally supported group-wide better-buying programme is in place to deliver targeted savings



Strategic Supplier Partnerships

Partnering with key suppliers over the long-term to drive:

- Growth and value – more for more
- Innovation and creativity
- Supply chain flexibility
- Sustainability supporting ESG agenda

***Top 20 suppliers represent
50% of the cost of goods
sold***

Value Engineering

Revisiting the formulation and componentry of own-brand products to reduce cost.

***4% reduction in costs
delivered historically
through individual product
re-engineering***

Underpinned by investment enhancing a data-based approach to supplier management and negotiation.



An externally supported group-wide better-buying program is in place to deliver targeted savings



Own-Brand Growth

Targeted increases in own-brand penetration, delivering lower COGS and higher margin through:

- Increasing the proportion of goods sourced directly through Halfords' Hong Kong sourcing office
- Increased use of supplier tenders

***Own-brand margins
>2%pts higher due to
lower cost of goods sold***

Group-Buying Synergies/scale

Leveraging the enlarged scale of the group to reduce cost prices:

- Consolidation of the supply base
- Group-wide agreements across retail/garages/mobile

***Our supplier base have
seen 36% increases in the
cost of goods purchased
since FY20***

Underpinned by investment enhancing a data-based approach to supplier management and negotiation



Compelling reasons to believe in significant opportunity to reduce the cost of goods that we sell



Data-enabled better-buying program underway, supported by 3rd party consultants



Negotiations strengthened as Halfords offers suppliers unparalleled growth opportunities following investment in physical and digital infrastructure and launch of loyalty club



Targets supported by external benchmarks

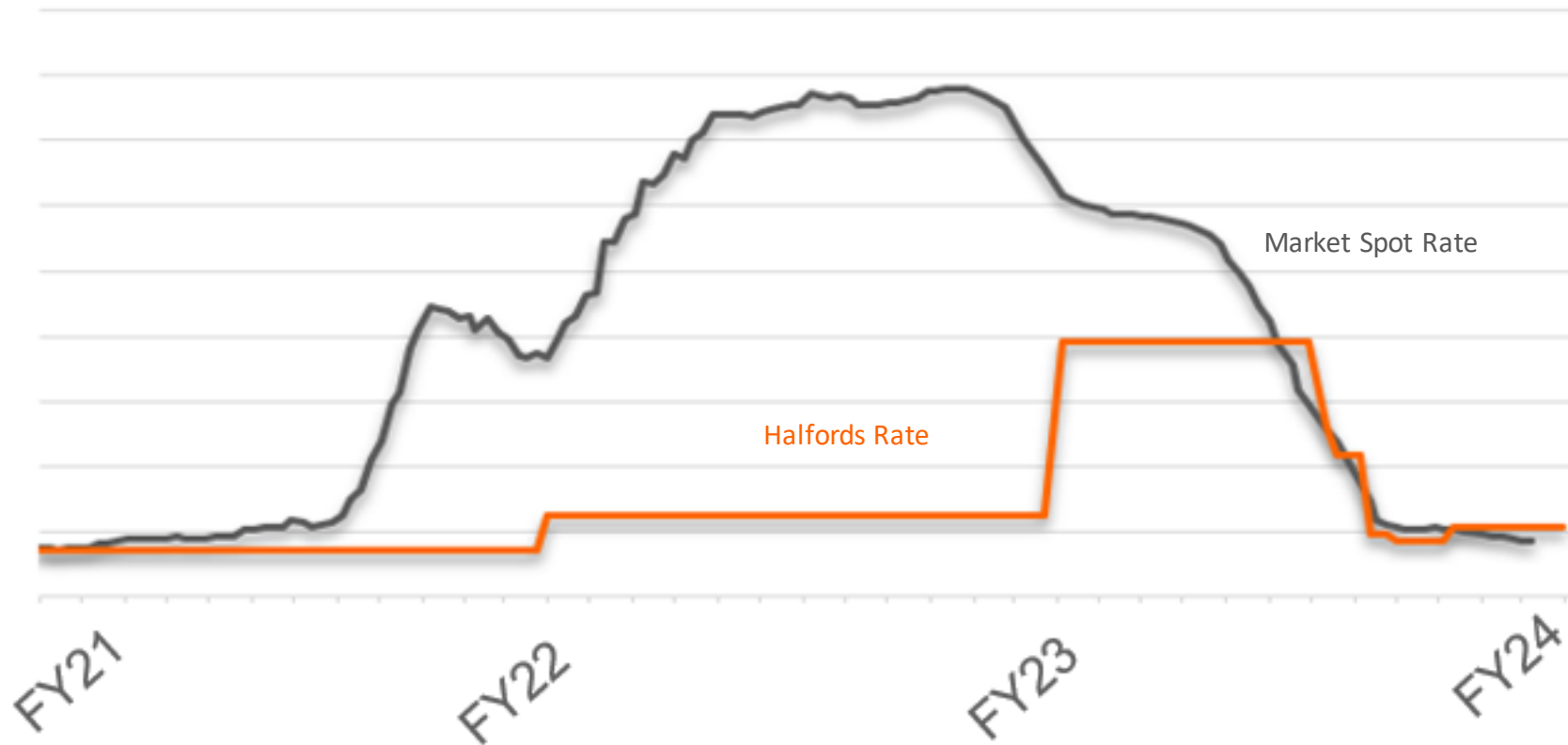
£30m

**Targeted reduction
over mid-term**

3.5%

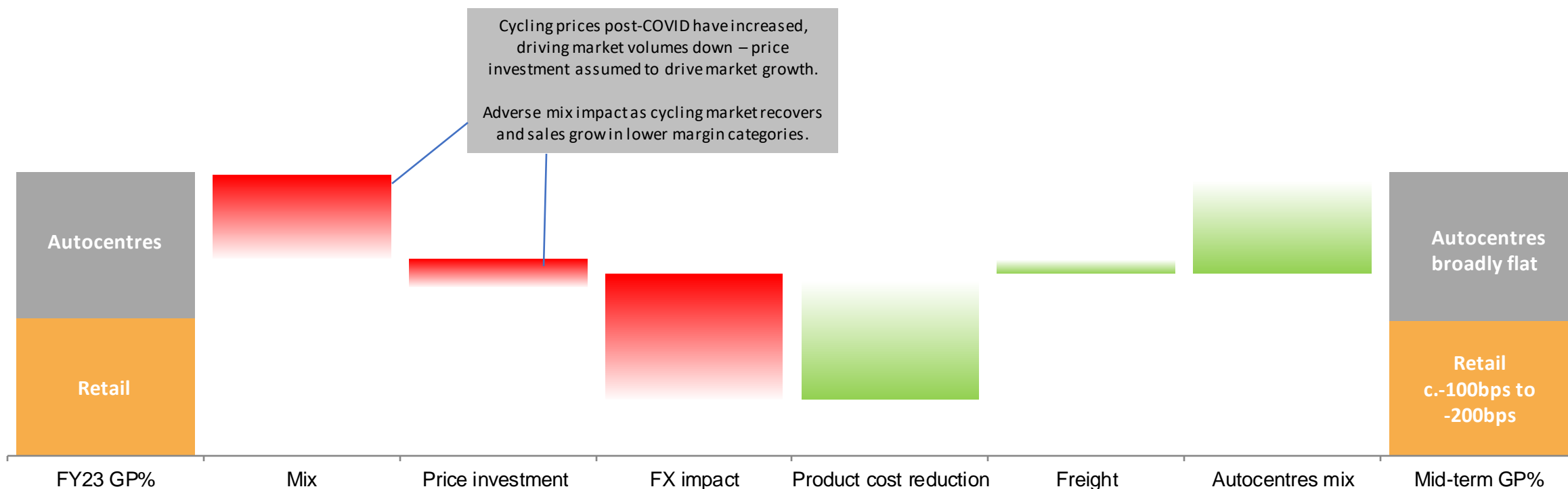
**Cum. mid-term
COGS reduction**

Freight markets are forecast to normalise close to pre-COVID levels



We expect to maintain gross margin % over the mid-term

Group Gross Margin (%) Bridge - FY23 mid-term



£6m of savings from reducing the rent of our retail store portfolio

	Stores		
	FY18	FY23	Mid-Term
Locations	480	c.394	c.380
Lease Renewals p.a.		c.40	c.45
Average Saving (%)		c.-15%	c.-10%
Average Lease Length	>5.7yrs	c.3yrs	c.<3yrs

- Retail portfolio costs will be reduced through lease renewals and/or closures.
- Flexibility will be retained within the store base.
- Our assumption on garages is that we will broadly hold the number of garages flat, and have not assumed a saving on rent.
- Retail densities expected to improve by >15% following a double-digit increase in sales, and c.4% reduction in store numbers.



Our strong track record of over-delivering on cost and efficiency targets means we're well placed for the mid-term



Central Support Costs

- Rationalisation of GNFR supplier base
- Introduction of Group Data Platform and related efficiencies
- Consolidation and efficiencies in organisational design
- Optimisation of contact centres

c.£8m



Warehouse & Distribution

- Warehouse Management System
- Customs and Duty Platform
- Small, frequent-pick automation

c.£3m

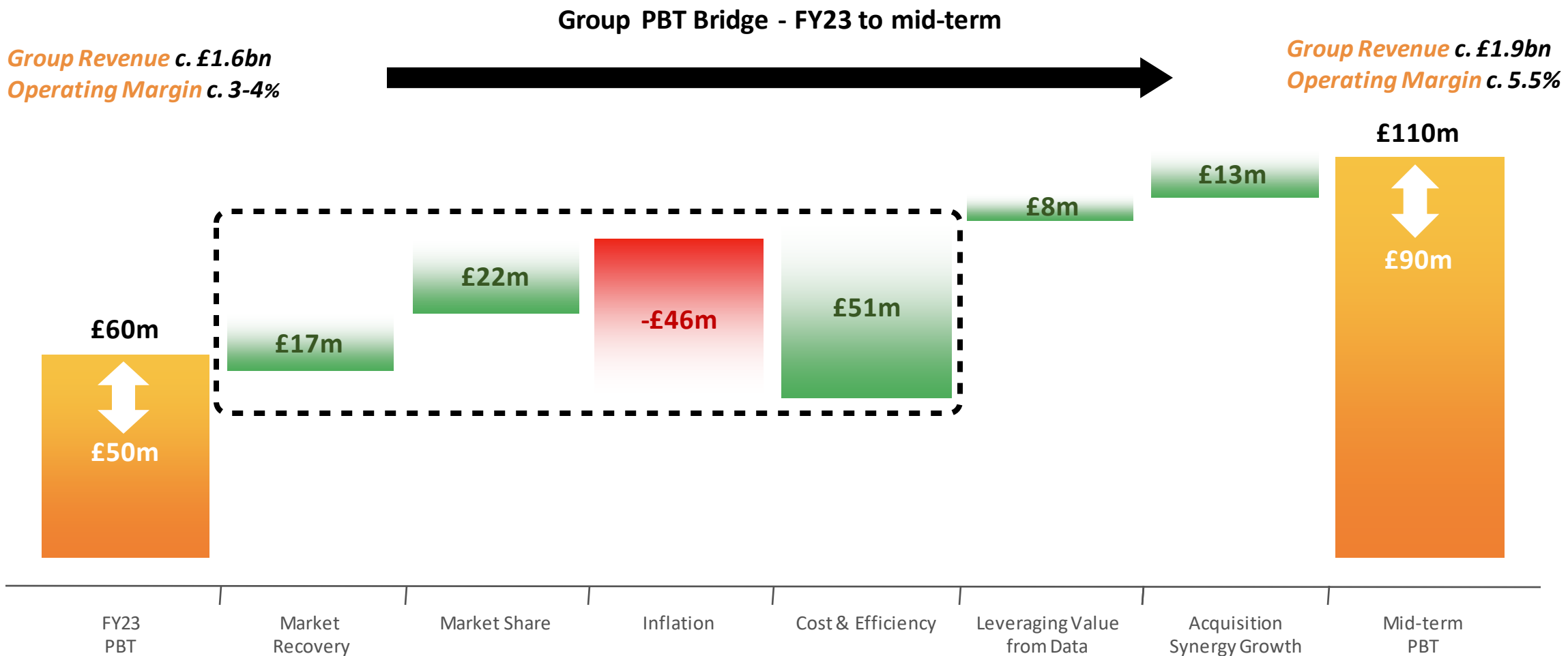


Store & Garage Operating Costs

- Energy consumption reductions through building management systems and LED
- Continuation of established "We Operate For Less" program
- Improved garage utilisation

c.£4m

Our cost and market assumptions drive >£40m of profit growth in the mid-term



*FY23 as per current guidance

Mid-term plan: leveraging the platform - summary

1

FY23 & FY24 expected profit suppressed by market and inflationary headwinds.

Mid-term PBT forecast to grow to £90m-£110m as markets recover, we grow market share, and focus on cost reduction.

2

Capex expected to fall to £50-60m per annum in the mid-term (c.3% of revenue).

No significant M&A expected as we focus on leveraging the platform we have created.

3

Investment returns have been suppressed by current market and inflationary pressures.

Return on Capital Employed is expected to grow to over 15% in the mid-term, supported by stronger cash generation.

Leveraging data and lifetime value

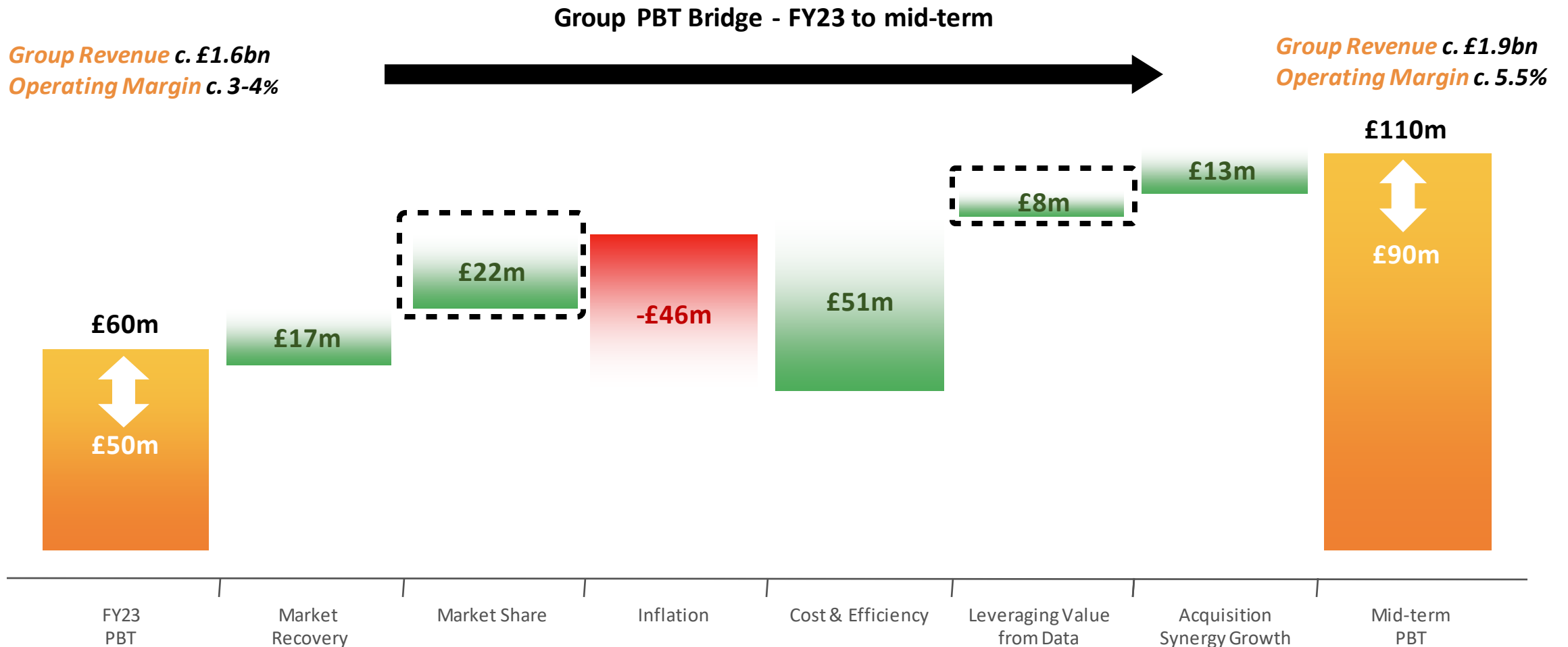
halfords

Karen Bellairs

Group Chief Customer & Commercial Officer



The value that data and lifetime is expected to have on our mid-term performance



Sophisticated data collection with multiple feeds from our customers and their vehicles



Name
Address
Email
Phone
Mailable status
Age
Income
Gender
Life stage
CRM engagement levels
Purchase history
Products purchased
Channels shopped
Payment method
Car and bike service history
Products fitted

Service work recommendations
Service work taken
Value of service work taken
Nearest store, garage
Most used store, garage
Web browse history
Web conversion
Vehicle registration number
Motoring Club membership details
Motoring Club engagement
Motoring Club redemption
Customer service interactions
NPS scores
Propensity to respond
Propensity to spend on category
Segment type

Sophisticated data collection with multiple feeds from our customers and their vehicles

Vehicle condition

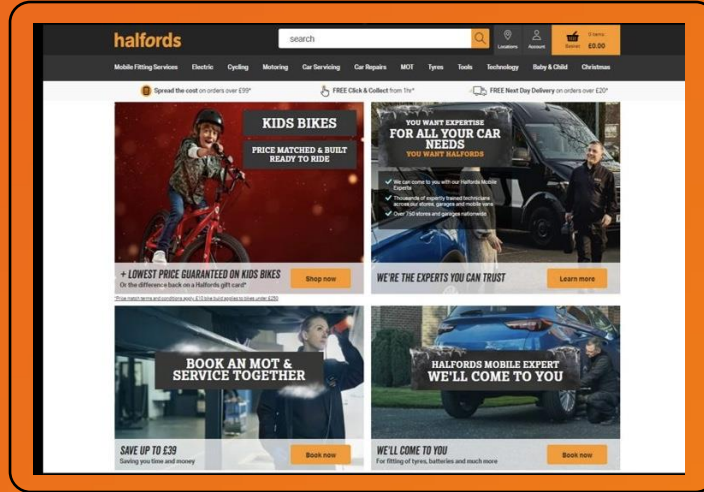
- Car make model mileage
- Vehicle registration number
- MOT advisories
- Tyre tread
- Mileage
- MOT due
- Service due
- MOT fail criteria
- Brake pad condition
- Wiper blade condition
- Bulb condition
- Body condition e.g., chips
- Wheel alignment



Engine health diagnostics

- Fluid levels
- Suspension
- Service history (Halfords delivered)
- WeCheck assessments
- Fitting needs related to product purchase
- Purchase history
- Next likely product purchase
- Compatible product for car – what you need
- Car seats that fit your car
- WeFit health assessment
- WeFit history – how we've changed your car

How we collect our data is diverse and unique

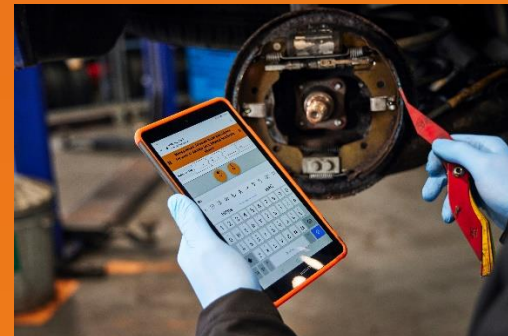


Capturing the sheer volume and scale of customers to our stores and website

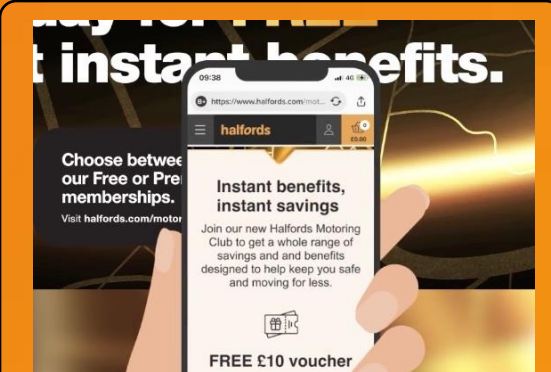
Web: 131m annual visits

Retail stores: 31.5m annual transactions

How we collect our data is diverse and unique



Investment in
infrastructure systems
and software to enable
collection, including
our own technology
Avayler



How we collect our data is diverse and unique



The unrivalled quality of data captured from being inside customers' cars differentiates us from our competitors

**Garages & mobile vans:
5m annual service jobs**

**Retail car parks:
3.8m annual service jobs**

How we collect our data is diverse and unique

35m

vehicle records checked

16m

vehicle registration numbers



Nearly half the U.K. car parc.

The growth in data collection over the past 5 years has been truly transformative

Vehicle registration numbers



Email records



Visible customers



Sales linked to customer records

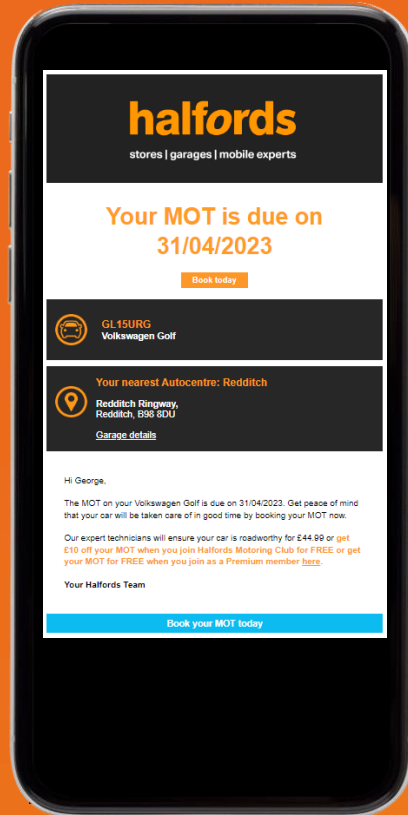


Our advancing analytics capability and data science transforms this unique data

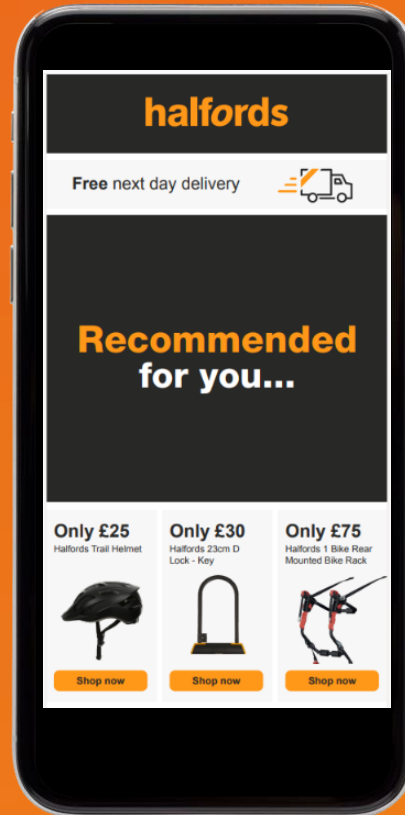


Data science and analytics

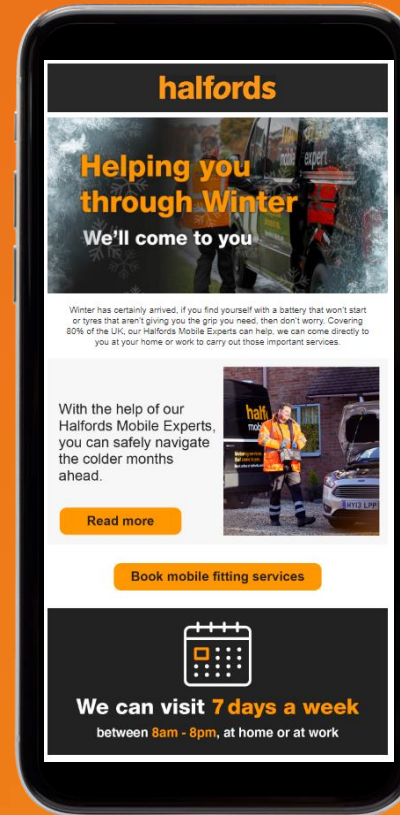
Powering intelligence and personalisation across our customer touchpoints



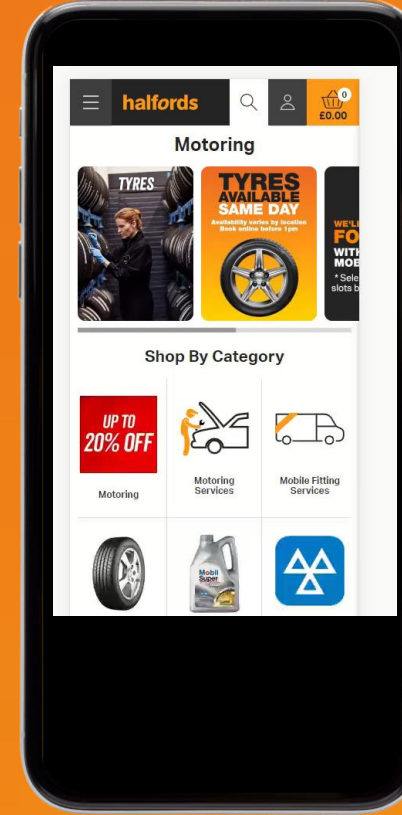
MOT reminder email



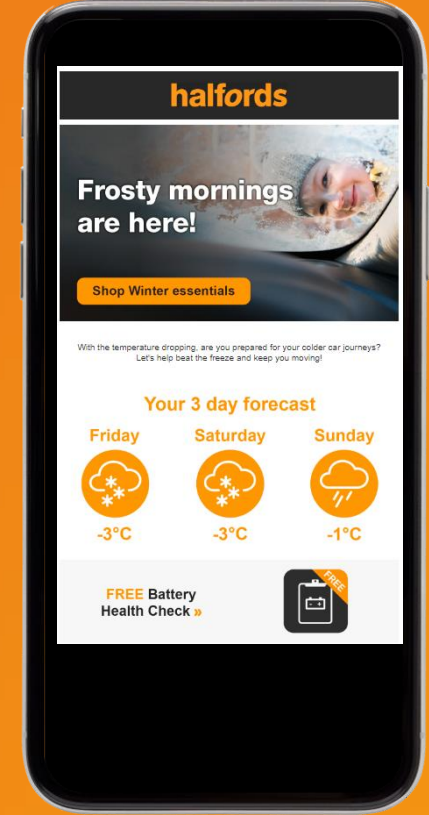
Cycling product recommender



Halfords Mobile Expert email



Tyre web personalisation



Weather personalisation email

Using data to create personalised experiences is growing significant value for the Group

1.5x

Increase in conversion
of web pages

£282m

CRM sales v £60m FY19

1.5x

Spend per customer
with opt-in*

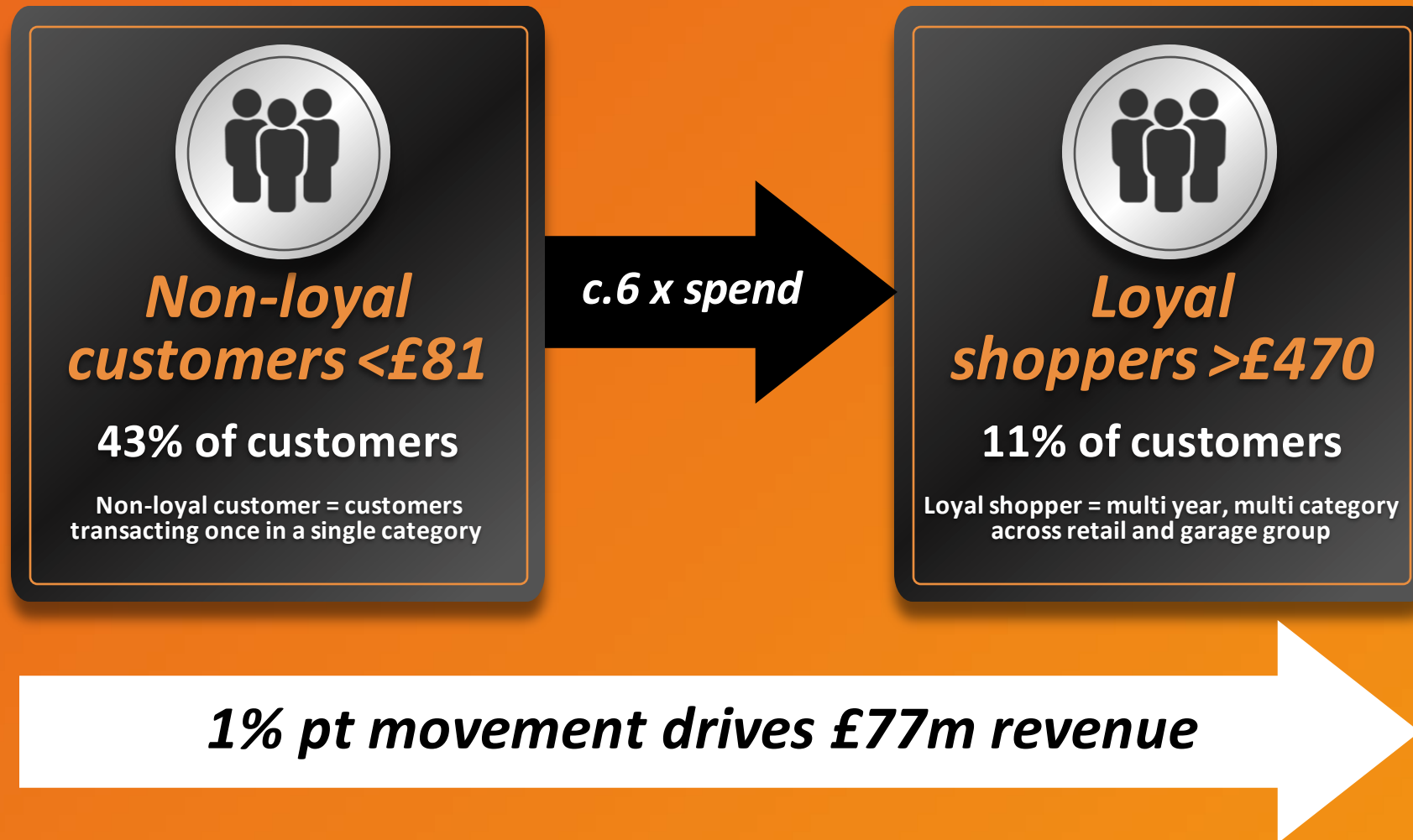
2.4x

Spend per customer
with opt-in and VRN
capture*



**vs email only*

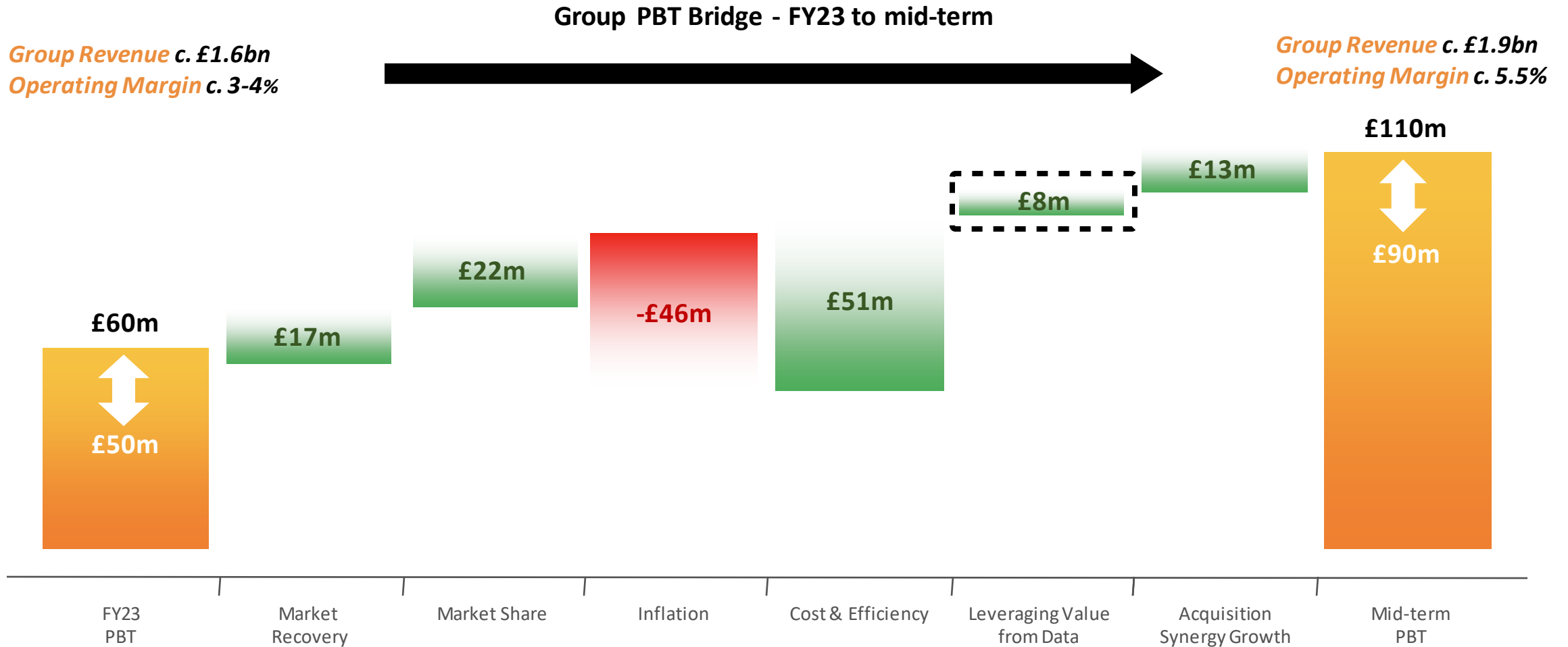
Growing lifetime value is key to our strategy, and we have both headroom to grow and confidence in the prize



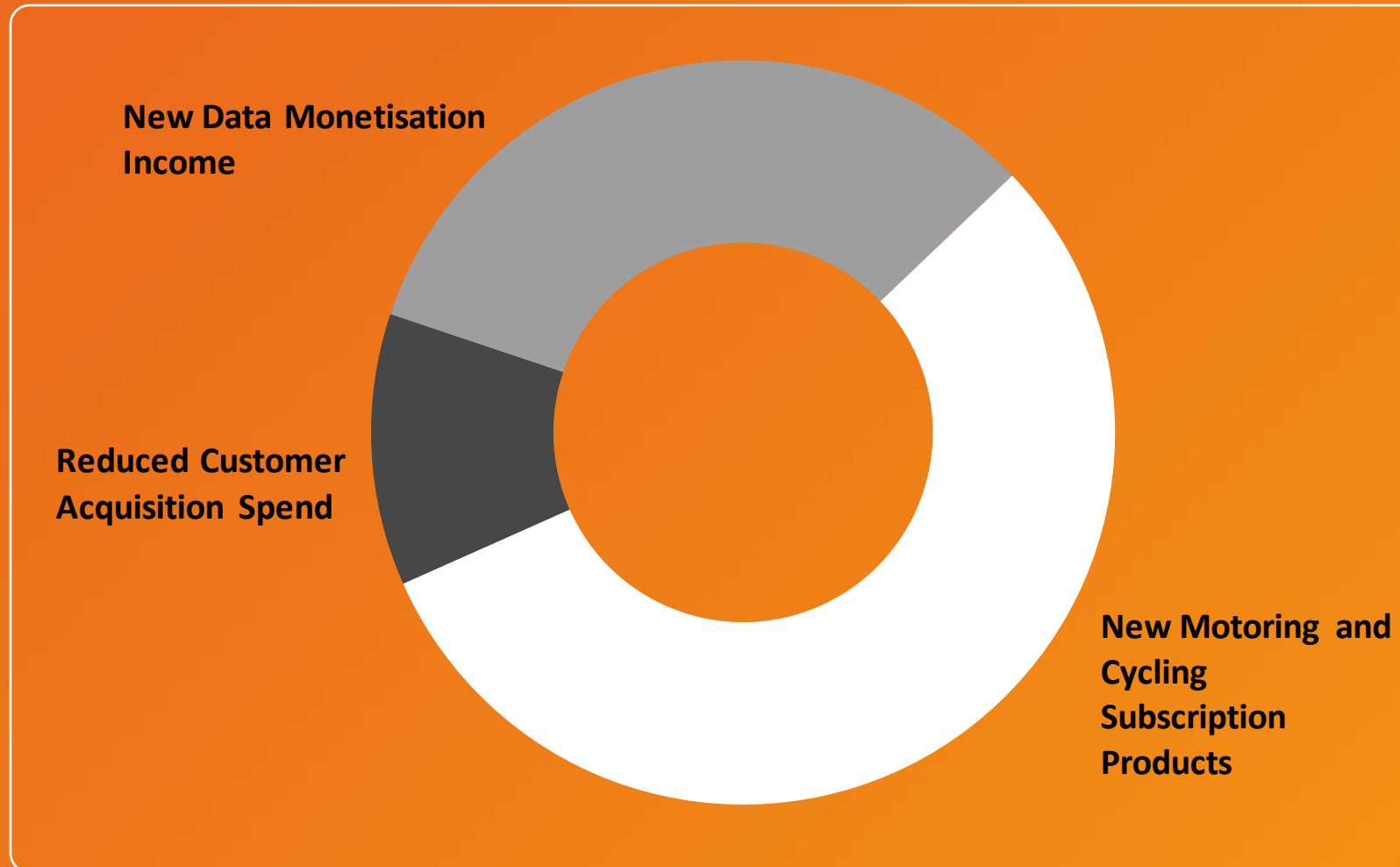
All figures measured over a 3-year period



The value that data and lifetime will have on our mid-term performance



Leveraging data over the mid-term is expected to unlock a discreet and incremental £8m PBT



Club Membership will unlock lower acquisition costs for the Group

From...

Spending on expensive traditional advertising such as outdoor and paid Google listings.



Higher cost per acquisition



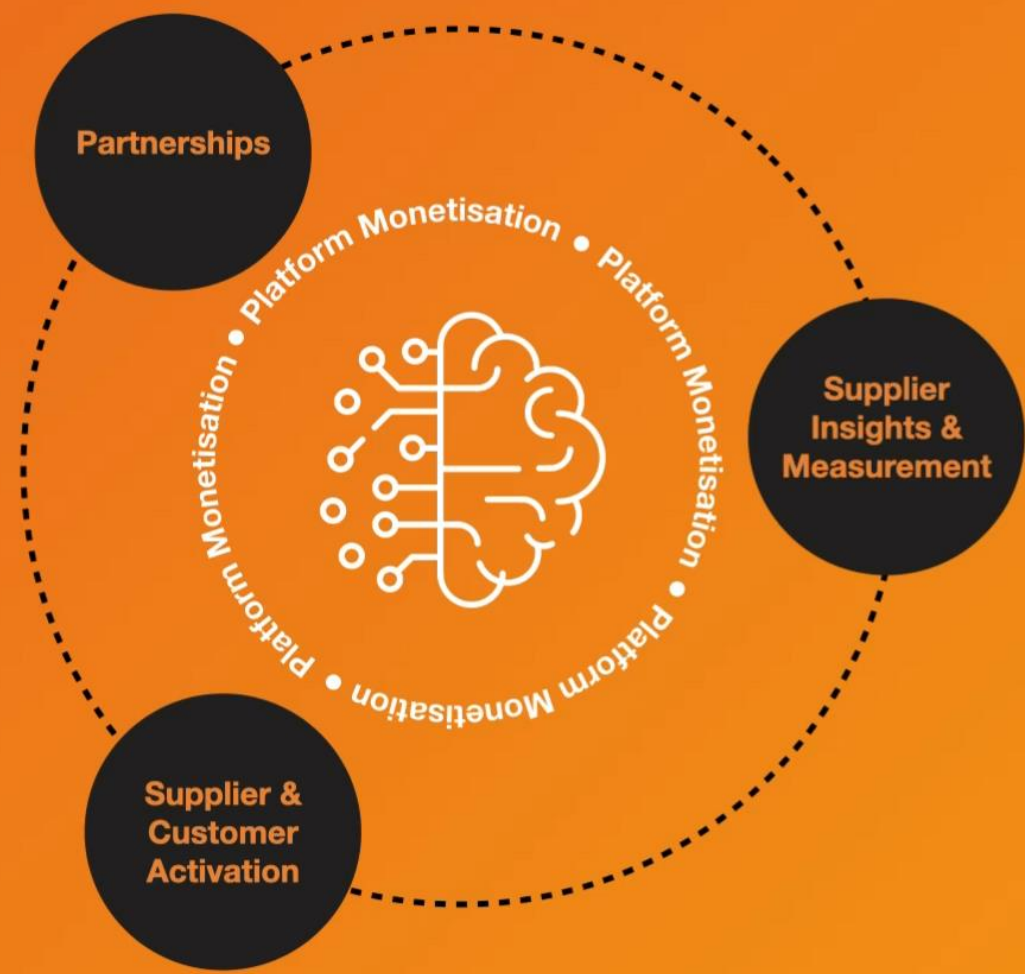
To...

Using Halfords stores & website to refer customers to our garage services business through the Motoring Club.



Lower cost per acquisition

A new monetisation income from leveraging our unique data platform



A roadmap for future subscription propositions

Motoring consumables



Cycle care service



Cycling Club

**halfords
cycling
club**

A case study: Motoring Club

Great savings that keep you moving.

**halfords
motoring
club**
Great savings that keep you moving.

Join for **FREE**

Join today for **FREE** and get instant benefits.

**halfords
motoring
club**
Great savings that keep you moving.

Choose between our Free or Premium memberships.
Visit halfords.com/motoringclub or scan here










Club Benefits	Free	Premium
MOT deals		Just £4.99/month
10-Point vehicle health check	£10 OFF MOT	FREE MOT
£10 welcome voucher	1 x FREE	2 x FREE
Priority phone & email contact	✓	✓
Your personal digital garage	✓	✓
Digital wallet loyalty card	✓	✓
FREE fitting (includes pair of labour battery)	✓	✓
5% OFF member pricing in motoring	✓	✓
FREE next day delivery (online orders)	✓	✓
Priority booking slots with HME	✓	✓

In its first year, Motoring Club is delivering strong results



Numbers for full financial year

We are enjoying tangible benefits from valuable Motoring Club members

Customer Type	Subscription Revenue	Shop Frequency	Average Spend per Visit*	Customer Numbers	Revenue Uplift per Customer	Revenue Vs Non-Loyalty
 Non-Member	£0	2.1x 	£36 			
 Free Member	£0	3.2x 	£44 	1.58m	£63	+£98.8m
 Paying Loyalty Member	£44	5.1x 	£65 	116k	£245	+£30.7m

*Excludes subscription revenues. All values exclude VAT. Customer numbers for full financial year. All other numbers from customers signing up during first 6 months and behaviour up to week 52.

We have high ambitions for future membership growth

Now

1.7m members

7.4% subscription



Mid-term

4-6m members

8-10% subscription

Data and lifetime summary

1

We have built a **Unique Data Platform**.

With **30m** visible customers, and **16m** vehicle registration numbers, we know more about our customers and their vehicle needs than they do.

2

Driving breadth of shop and multi-year retention from **personalisation drives value**.

c.6 x more value from a loyal cross-shopper.

Underpinning **market share growth**.

3

Incremental £8m PBT from reducing cost per acquisition, monetisation and subscriptions.

Motoring Club is a case study for changing customer behaviours and is expected to grow to **4-6m members** in the mid-term.

Leveraging garage services

halfords

Rob Keates

Group Chief Operating Officer



Key headlines

1

Grow garage services
annual EBIT to

£40-50m

in the *mid-term*.

2

£13m

Of this profit growth
delivered from synergy
growth in *National and
Lodge acquisitions*.

3

Drive *utilisation* in
both acquired and existing
garages, underpinning
profitable market share
growth.

Our garage services business is at the very centre of our strategy

“

To evolve into a *consumer and B2B services-focused* business, with a greater emphasis on *motoring*, generating higher and more sustainable financial returns.

”

We have transformed our autocentres business over the last four years

Original Core Autocentre Model



- Paper-based systems
- Decentralised buying
- Autonomous and separate business
- Inconsistent customer journeys and operational practices

2018

New Core Autocentre Model



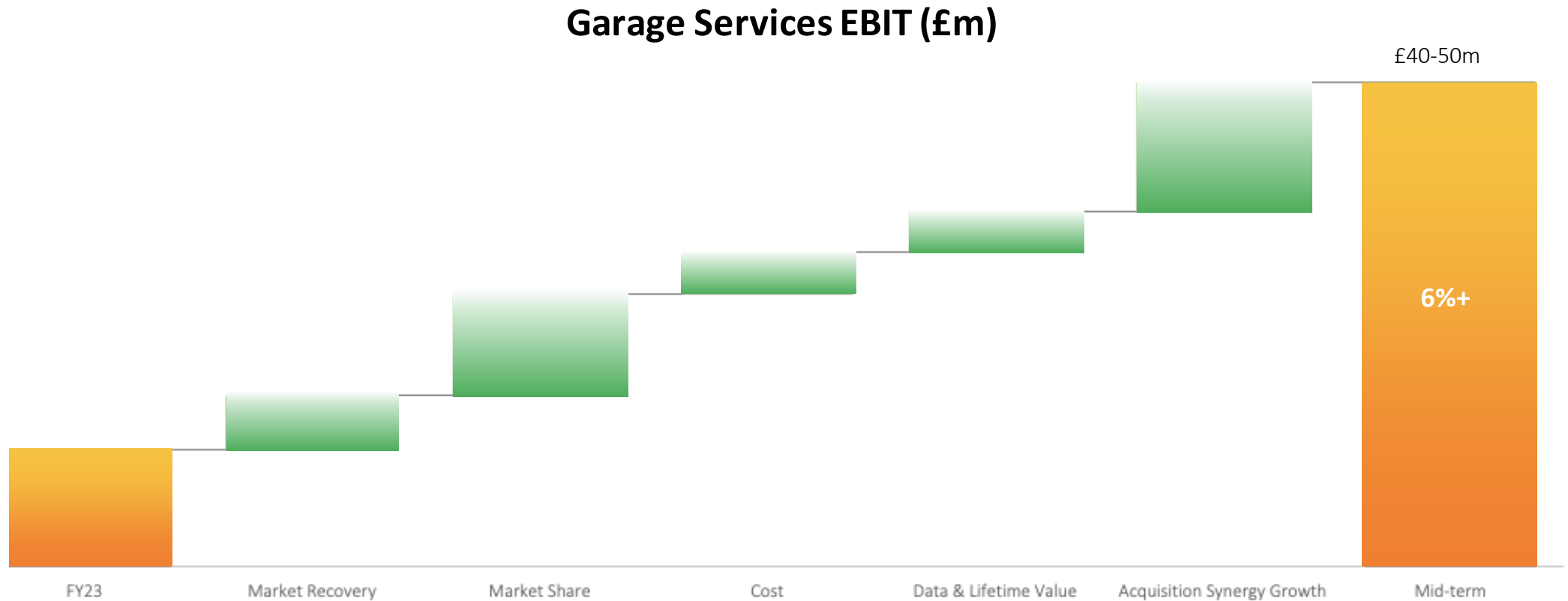
- Digital platform - Avayler
- Centralised, aggregated buying
- Integrated into the Halfords Group single website
- Consistent, digitalised, customer and operational practices

Today

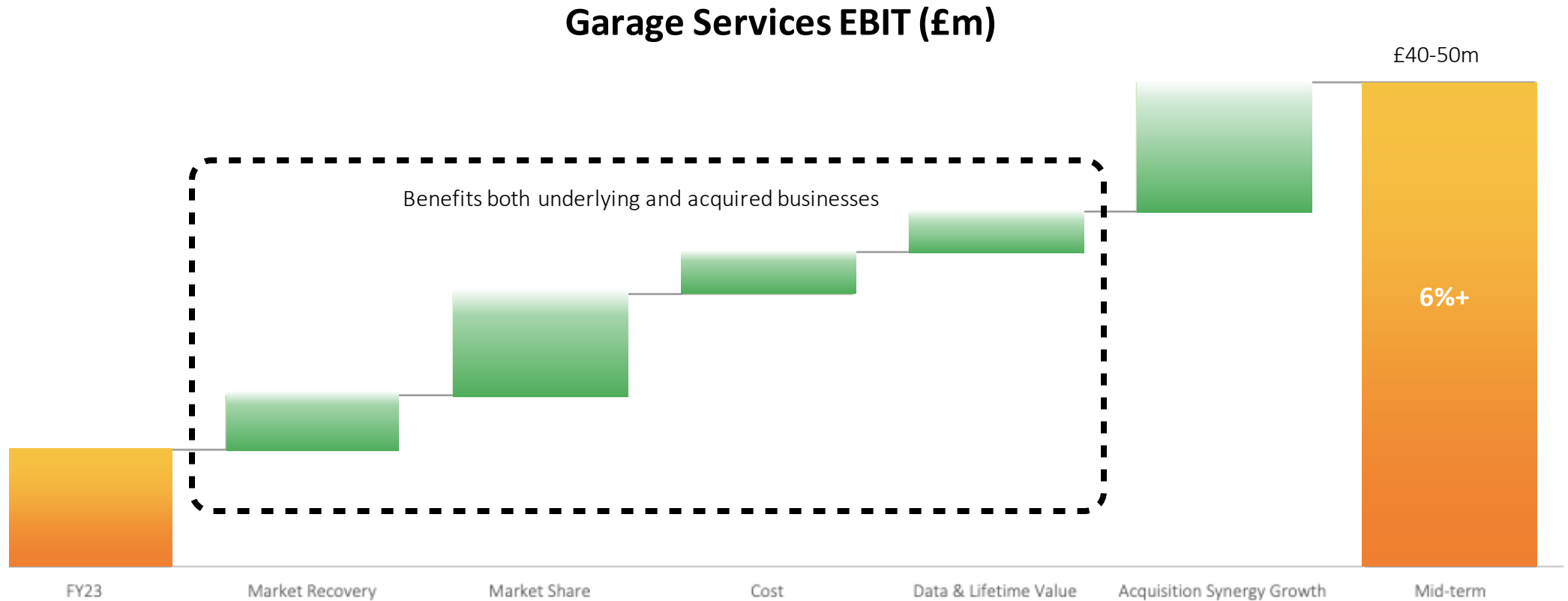
In our core Halfords autocentres business, we have a proven blueprint for profit growth

halfords autocentre	FY18 316 garages	FY22 306 garages
Sales	£158m	£196m
Margin	£45.6m	£55.8m
Costs	£41.5m	£44.4m
Costs %	26.3%	22.7%
EBIT	£4.1m	£11.3m
EBIT %	2.6%	5.8%

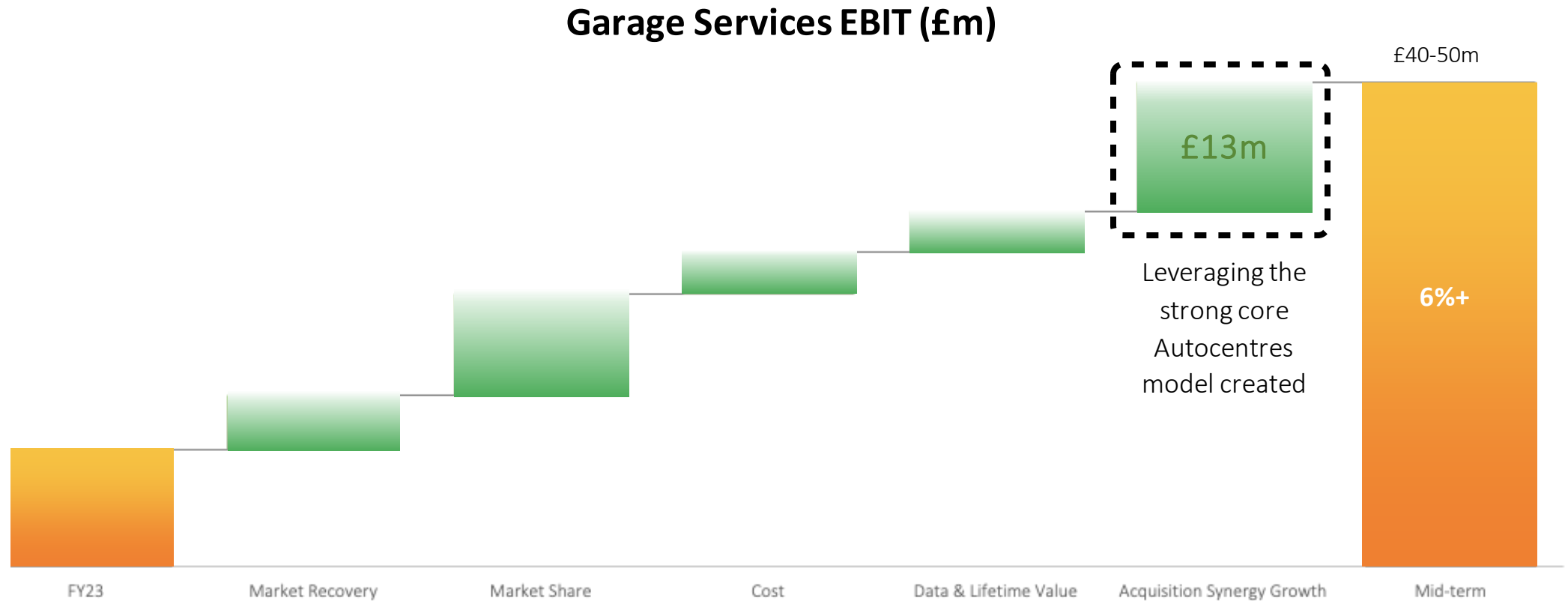
**Our ambition is to grow garage services to £40-50m EBIT
in the mid-term, with an operating margin of 6%+**



Garage services are expected to benefit from the key pillars of the mid-term plan



We will first focus on the £13m we are expecting to be contributed from our acquisition synergy growth over the mid-term



Key headlines

1

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Drive **utilisation** in
both acquired and existing
garages, underpinning
profitable market share
growth.

We have a clear vision on how we believe our acquisitions will create value

Grow
scale



Increasing our scale is expected to create **buying and cost synergies.**

National
coverage
- reduced
drivetime



Creating more convenience through more locations is expected to **increase our share.**

Leverage
core
Autocentres
platform



Implementing our operating model and Avayler is expected to **transform the performance** of garage services.

Expand
capabilities



Expanding our capabilities is expected to give us an **improved offer and a bigger market** to exploit our platform.

To achieve growth we have successfully completed a series of strategic acquisitions



We expect to deliver against the acquisition business case in the mid-to-long-term



1 Acquisition business case

“Our base case expected EBITDA for National in the first full year..., assuming the tyre market returns is c.£5.9m pre-synergies”

“Synergies of c.£18m by year 5, with a **third achieved in year 1.**”

2 Current progress

Objective

A third of synergies in year 1

£18m of synergies by maturity

£5.9m base case EBITDA

Status

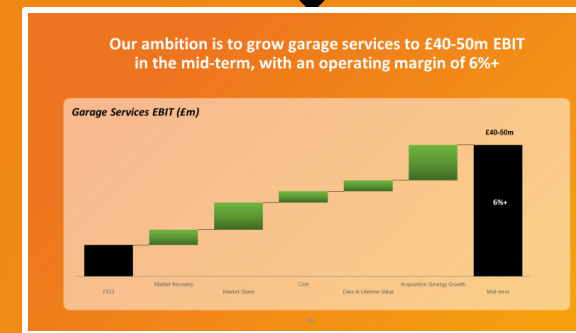
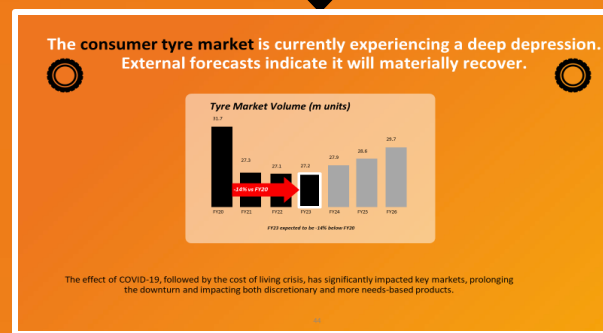
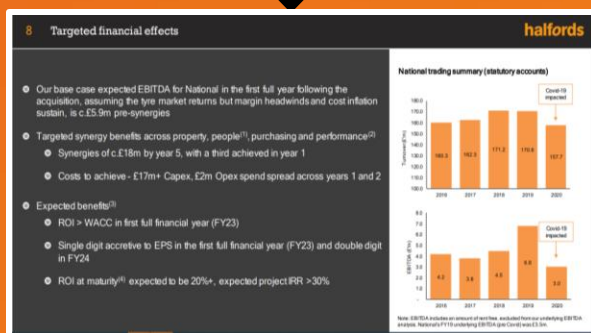
Complete

On track

Delayed

3 Updated forecast

Delivery of the acquisition business case **will be achieved**, but now in the **mid-to-long term**. We will focus on both **synergies** and **improving the underlying business performance**.



Our synergy plan is on track and has delivered over £6m of benefit, in line with our original plan

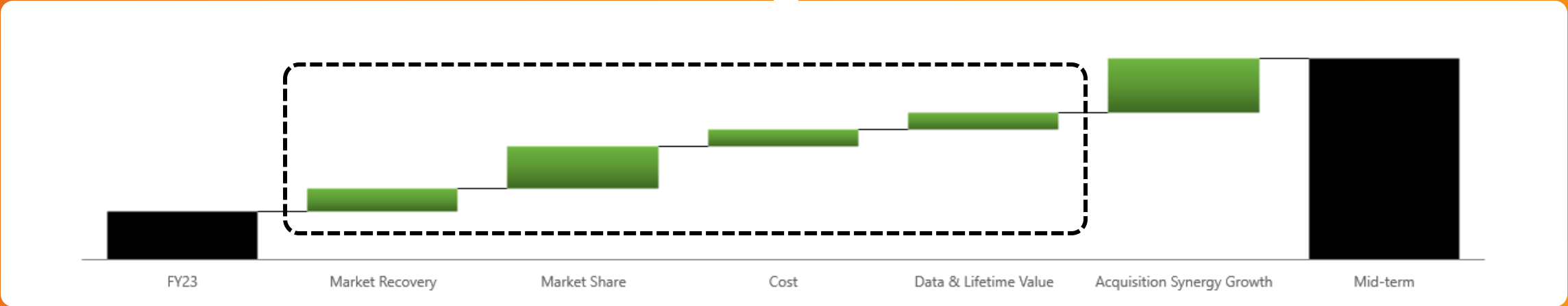


	Value area	Synergy plan	Progress	Key successes		FY23 synergy delivered	Mid-to-long term synergy value
	Grow scale (Purchasing)	Tyre & parts economies of scale	<div><div></div></div>	£5m+ Annualised savings negotiated	128,000 Wholesale tyres to HAC group	£6m+	£18m+
		Halfords to use Viking network	<div><div></div></div>				
		Halfords GNFR contracts	<div><div></div></div>				
	National coverage (People & property)	Exit underperforming sites	<div><div></div></div>	£1m Annualised head office saving	26 Sites merged or closed		
		Technician redeployment	<div><div></div></div>				
		Consolidation of central support roles	<div><div></div></div>				
	Leverage core platform (Performance)	Integration into Halfords.com	<div><div></div></div>	100% Garages using Avayler	27% Growth in National SMR		
		Rollout of Avayler system	<div><div></div></div>				
	Expand capabilities Other synergies	Synergies from group fleet business	<div><div></div></div>	17% YoY growth in fleet revenue	SAME DAY Tyre booking		
		Improved Halfords tyre proposition	<div><div></div></div>				

We also have a range of initiatives for National to drive the recovery of the underlying business



Market recovery	Market share	Cost initiatives	Data
<div>1. Recovery of market from -14% in FY23 to c.-3% pre-COVID by the mid-term</div>	<div>1. Increase SMR growth & install more MOT lanes 2. Implement local demand & capacity matching 3. Expanded B2B group fleet offering</div>	<div>1. Further GFR & GNFR tenders 2. Acquisition cost savings from local retail referrals</div>	<div>1. Rollout of Halfords Motoring Club 2. Specific tyre based loyalty offers</div>



Lodge performance in-line with business case, with the commercial tyre market proving resilient



1

The Market



- Replace and manage tyres on large commercial vehicles
- Total market value >£800m
- Primarily a B2B market serviced by mobile technicians

2

Synergies Delivered



- Commercial tyre UK market leader
- Combined and consolidated infrastructure
- Deeper tyre manufacturer partnerships
- Nationwide coverage

3

What's Next



- Further expansion to grow reach
- Implement Avayler software
- Build our brand execution
- On plan to deliver the acquisition business case



In summary our synergy plans are on track, with £13m anticipated in the mid-term

1 National

c.£6m synergies delivered in FY23

c.£10m additional synergy growth in mid-term

c.£18m total synergies delivered by the mid-to-long term

2 Lodge tyre

Synergy plan on track (FY23 acquisition)

c.£3m of synergy growth in mid-term

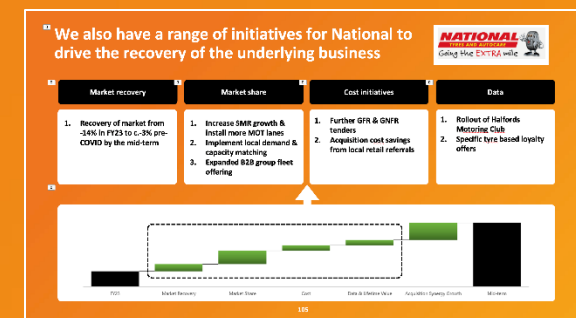
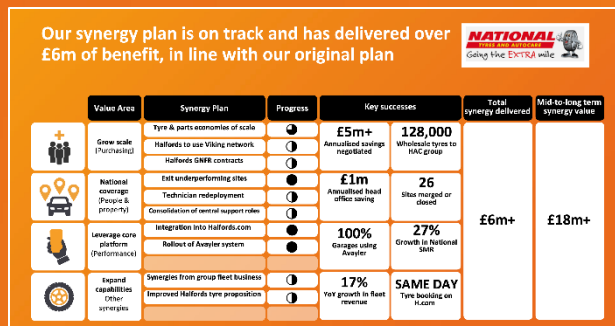
c.£4m total synergies delivered by the mid-to-long term

3 Combined outlook

c.£13m of additional synergy growth in mid term

c.£22m of total synergies delivered by the mid-to-long term

Full acquisition business case delivered for both businesses in mid-to-long-term



Key headlines

1

Grow garage services
annual EBIT to

£40-50m

in the *mid-term*.

2

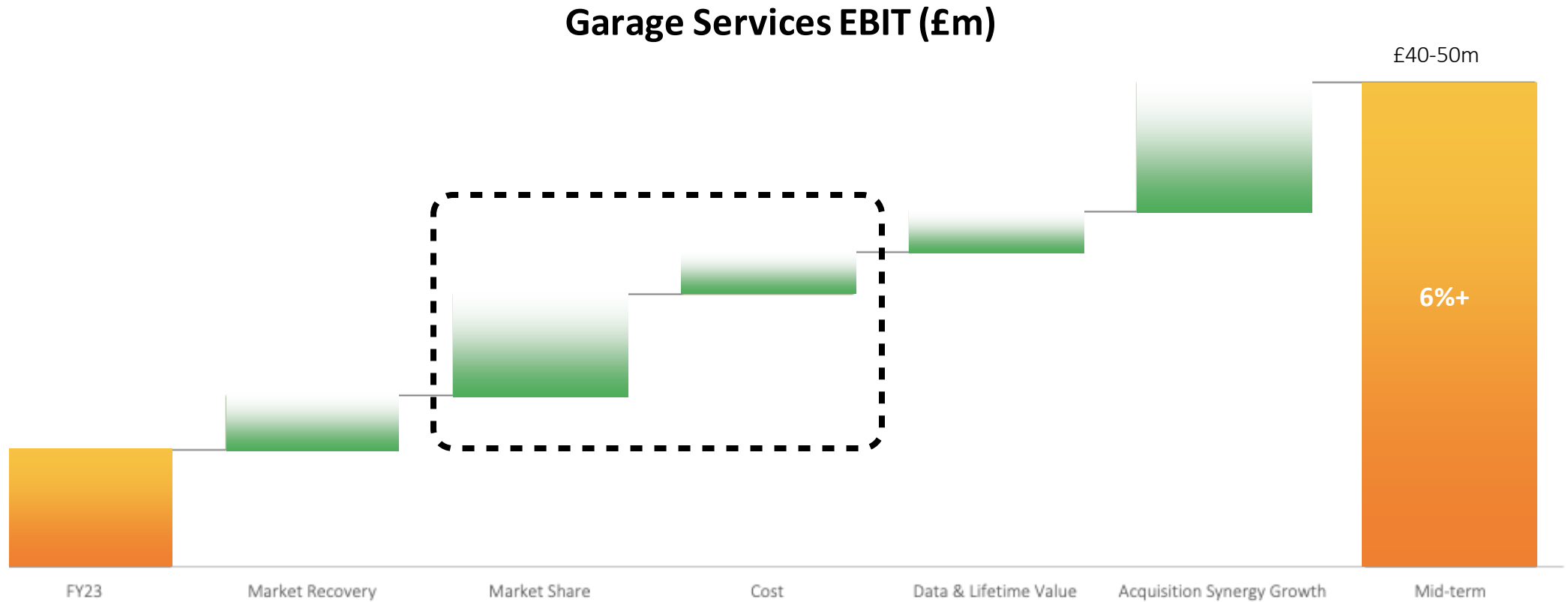
£13m

Of this profit growth
delivered from synergy
growth in *National and
Lodge acquisitions*.

3

Drive *utilisation* in
both acquired and existing
garages, underpinning
profitable market share
growth.

Utilisation underpins the profit growth driven by cost savings and market share increases



We are focused on local utilisation as a core driver of profit growth in both our acquired and existing garages

Converted demand



Supply of labour



Utilisation

Amount of time

spent on jobs completed
in garages

Technicians

total hours available

Increasing utilisation

drives revenue through
same cost base,

**increasing profit £'s
and %**

McCONECHY'S
TYRE & EXHAUST CENTRES

Universal
TYRE & AUTOCENTRES

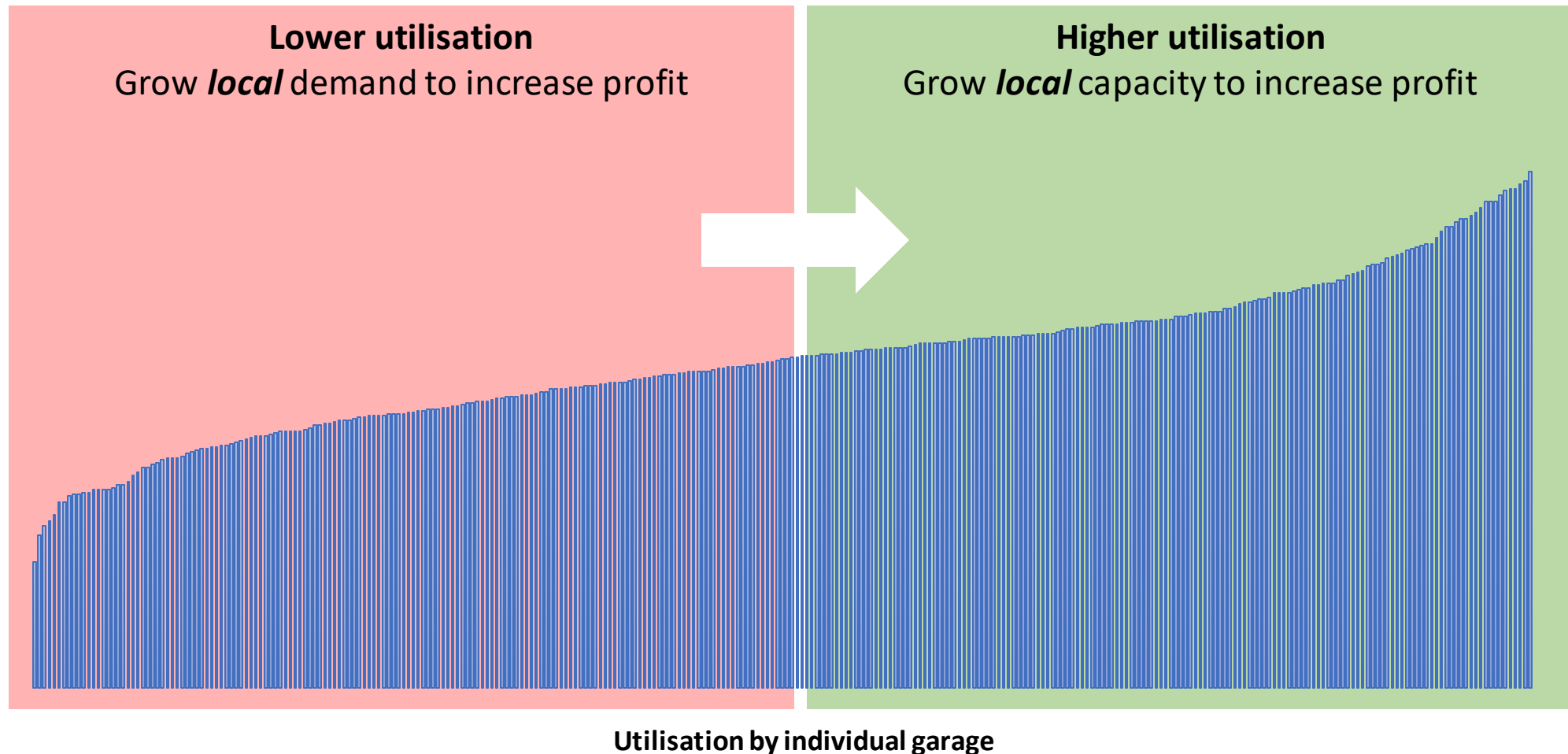
halfords
autocentre

LODGE TYRE
EST 1968

NATIONAL
TYRES AND AUTOCARE
Going the EXTRA mile

halfords
mobile expert

Utilisation drives profit performance, and we can measure at a garage level to enable **local-level** plans focused on capacity and demand



Our platform gives us a unique ability to execute capacity and demand growth at a local level



Leveraging garage services - summary

1

Grow garage services
annual EBIT to

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£13m

Of this profit growth
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3

Drive **utilisation** in
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Summary:
***Our mid-term plan –
leveraging the platform***

halfords

Graham Stapleton

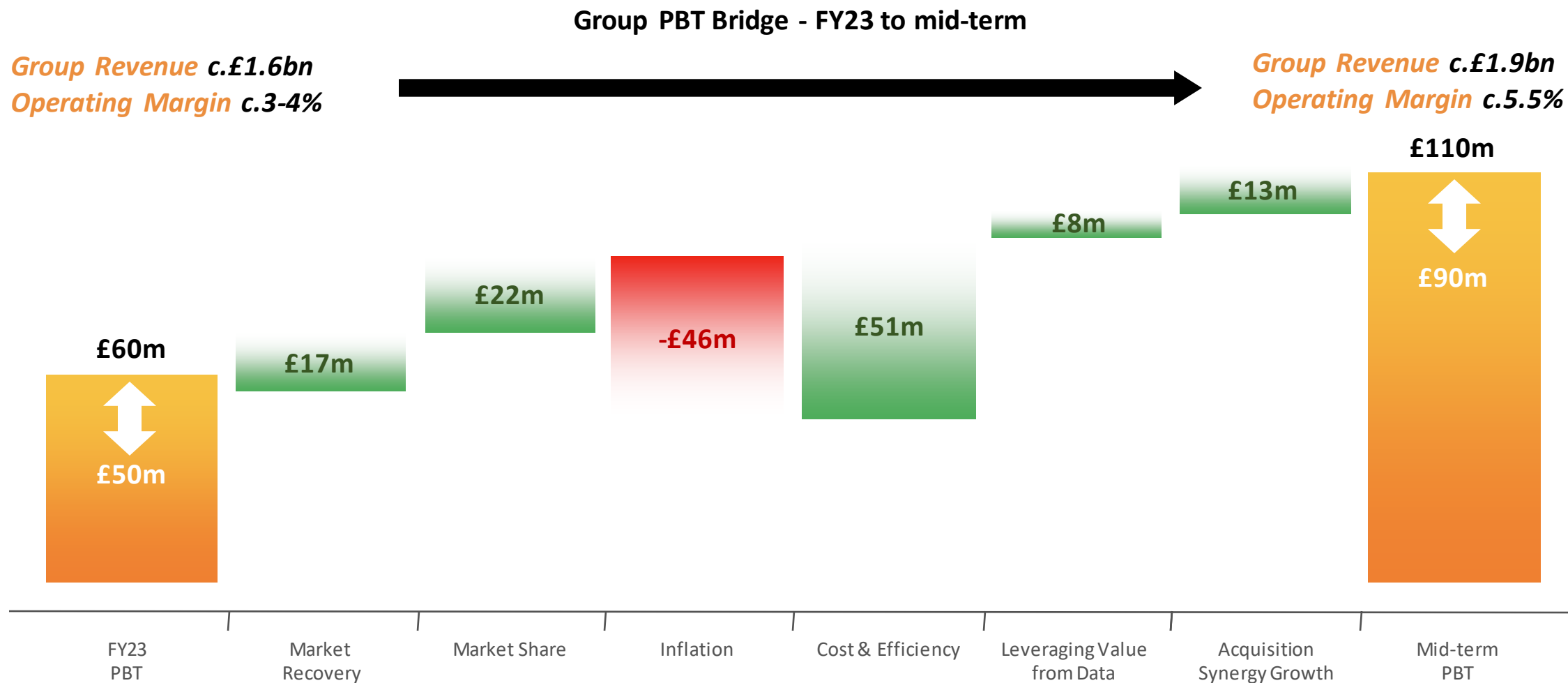
Group Chief Executive Officer



Our mid-term plan is compelling and built on clear assumptions

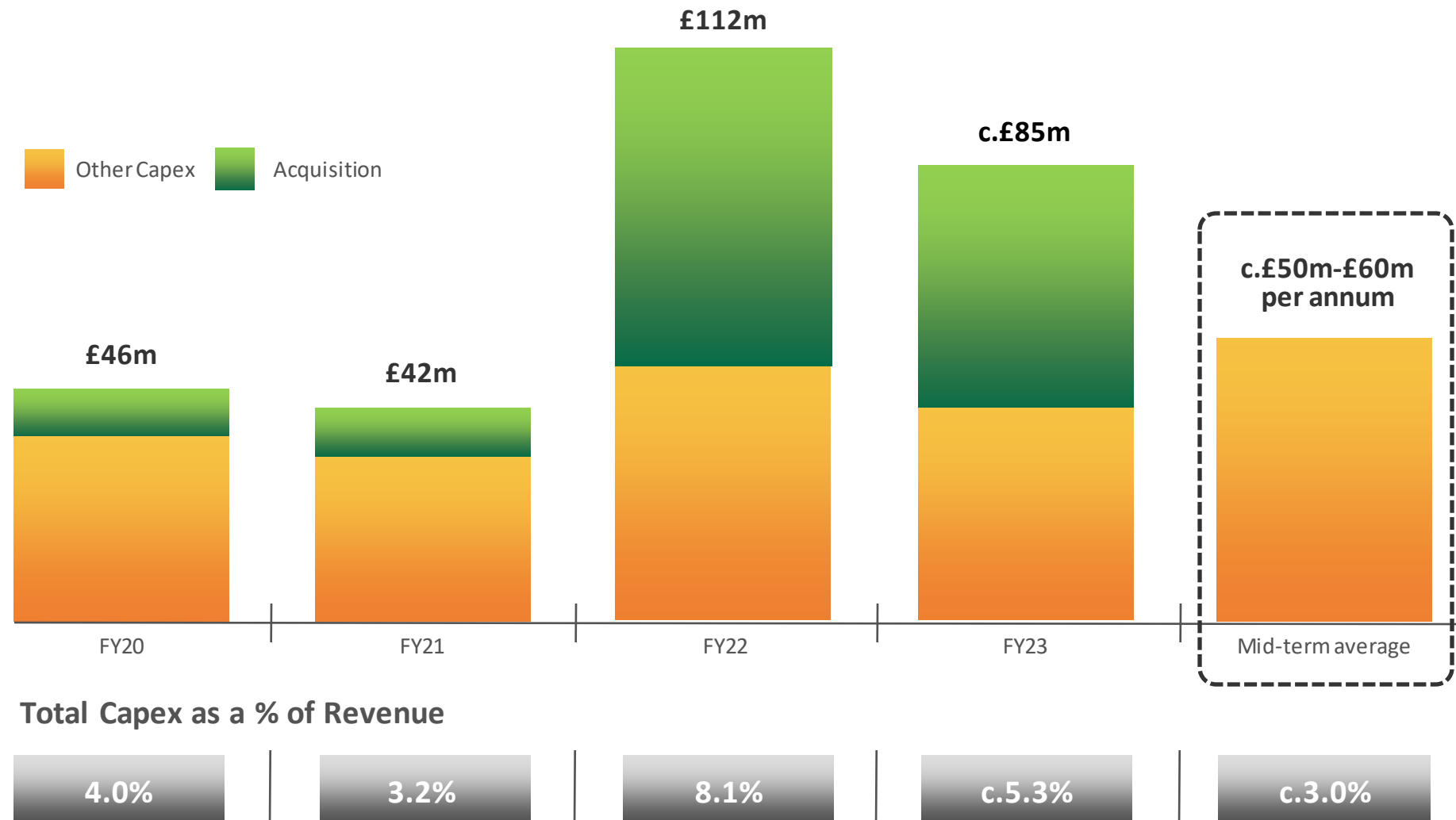


Leveraging our current platform will deliver strong returns in the mid-term

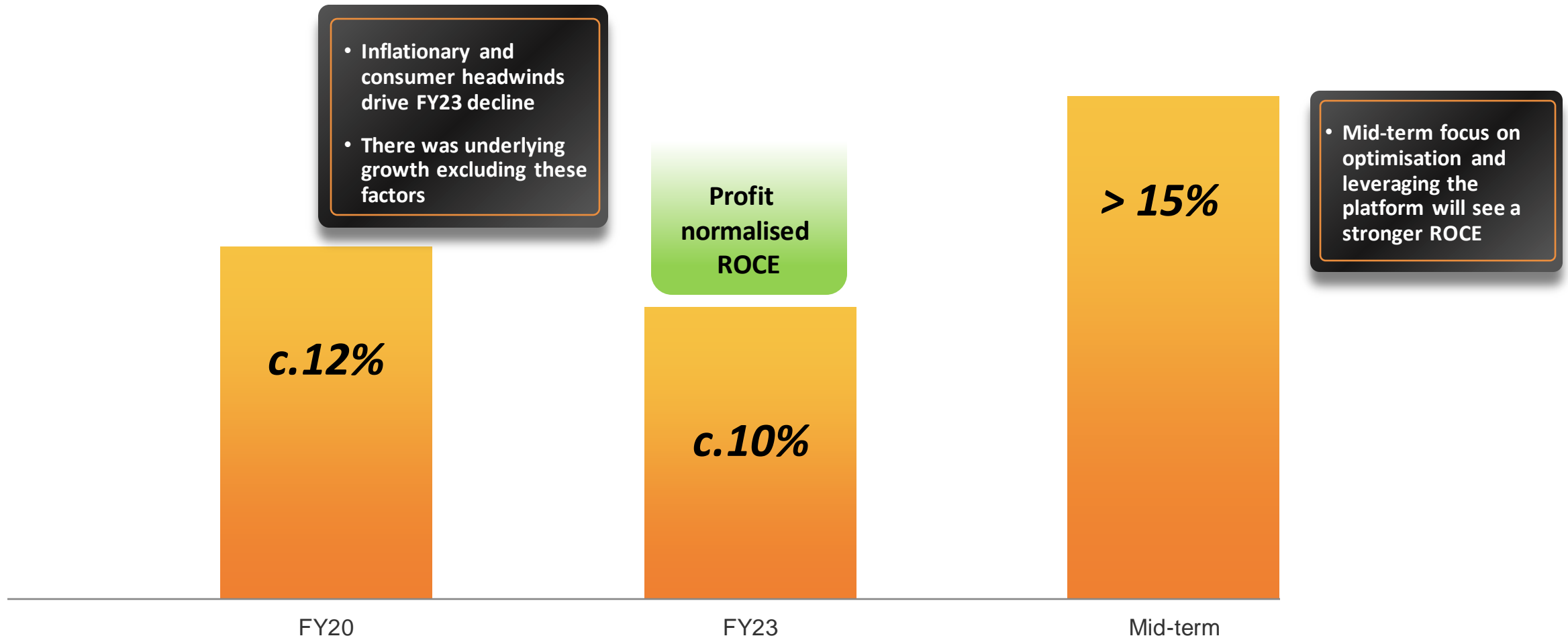


*FY23 as per current guidance

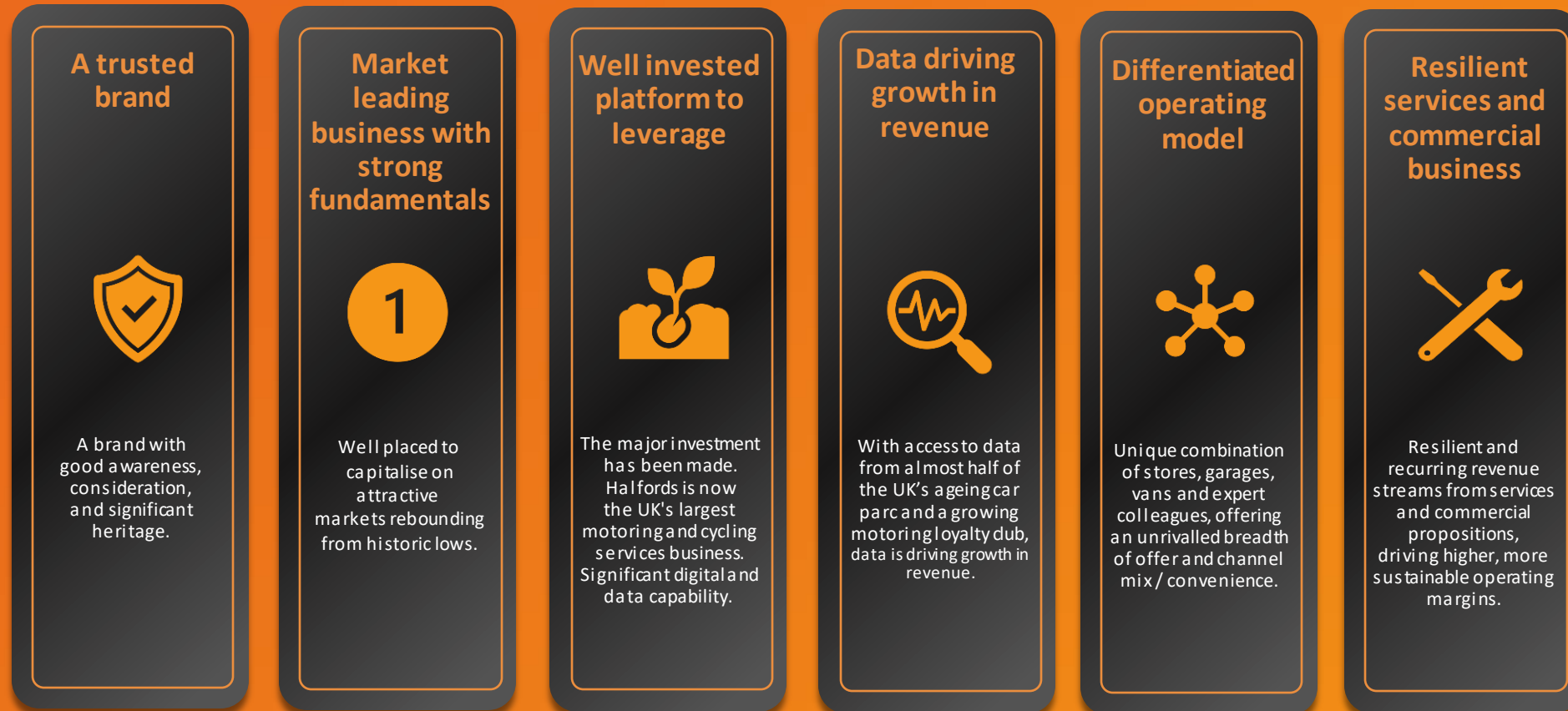
Leveraging our current platform will deliver strong returns in the mid-term



Leveraging our current platform will deliver strong returns in the mid-term



We believe Halfords represents an attractive investment case in the mid-term



Underpinned by further opportunities to drive cost and efficiency, and generate cash, leading to a strong balance sheet and supporting the distribution of dividends to shareholders.

halfords

1

2

3

4

5

Mid-to-long-term plan: further transformation

The business and platform we have created lends itself to even more significant opportunity in the mid-to-longer term



Research has highlighted trends that are important to our customers



Customers want convenience

Customers are looking for ultimate convenience and to access products and services at a time and location to suit them.



“Do It For Me”

Many customers do not have the time, desire or know-how to carry out repairs and maintenance on their cars and bikes.



Value

Customers today want the best combination of quality, service and price.

Halfords are well placed to capitalise on the key market trends



Transition to electric

As the UK moves to more sustainable modes of transport, all forms of electric mobility are increasing.



Changing UK car parc

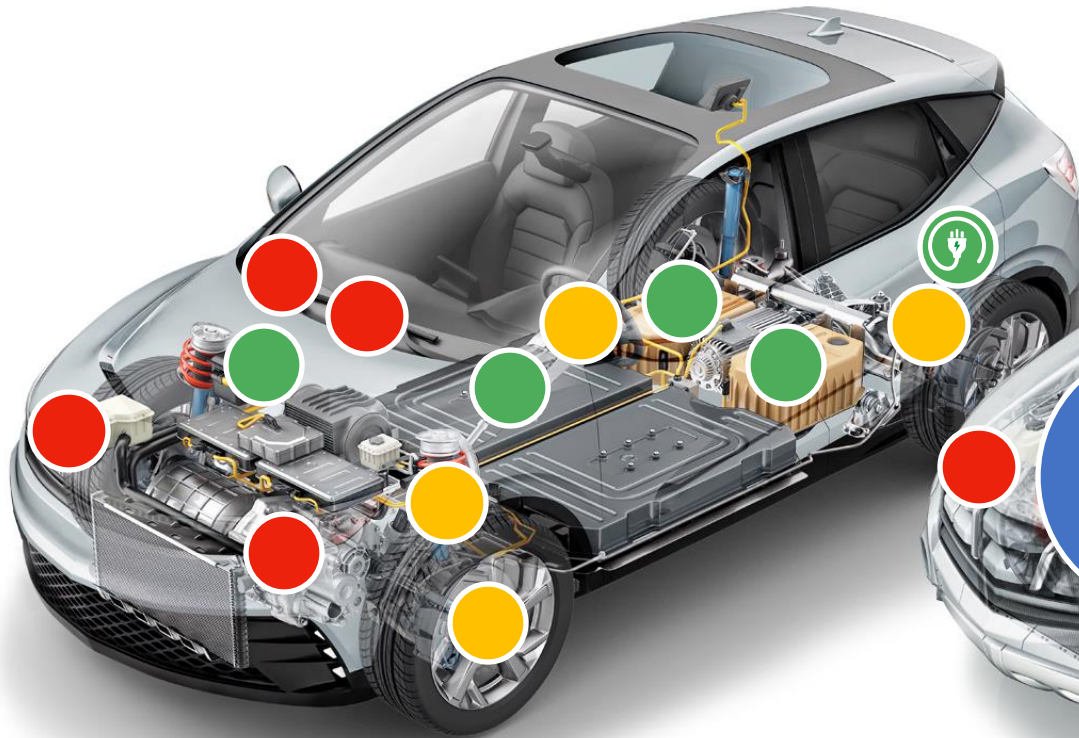
The age of the UK car parc is increasing from 7.9 years in 2019 to a forecast 9.7 years in 2026. In addition, cars will increasingly be owned and operated by businesses, rather than consumers, meaning B2B relationships will be key.



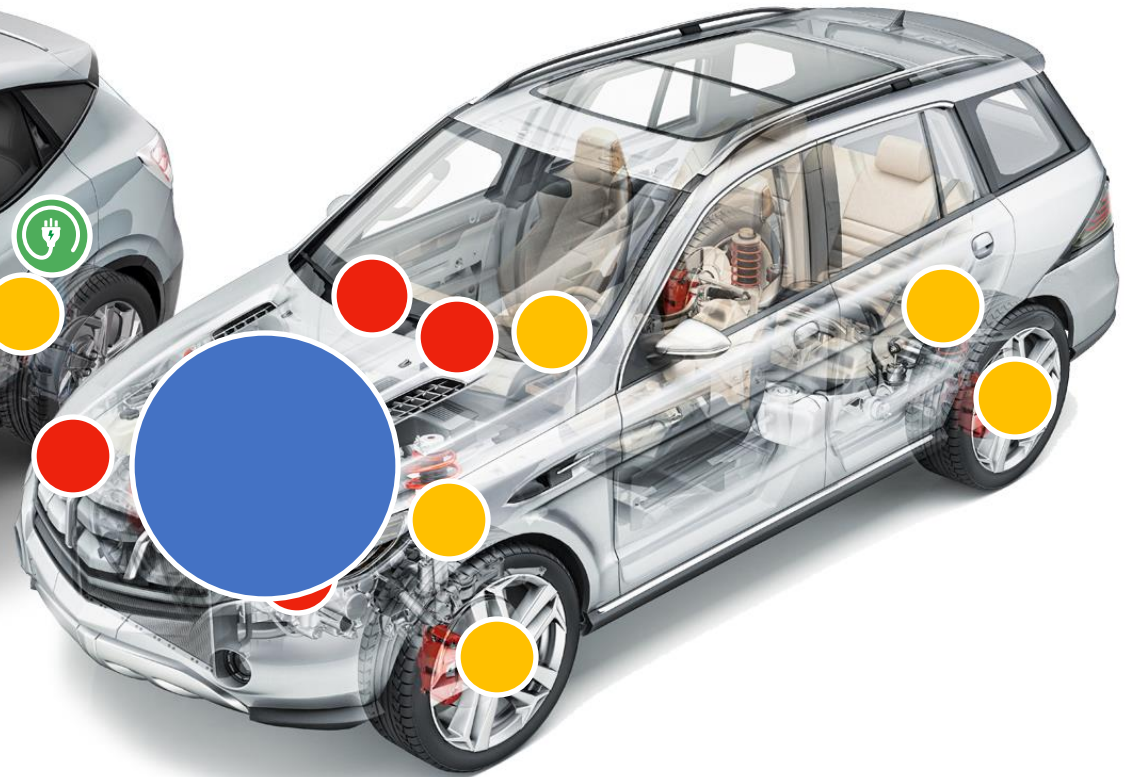
Cycling infrastructure

Government investment in cycling infrastructure underpins the future strength of the cycling market.

Electric car



Traditional mechanical car



Halfords are well placed to capitalise on the key market trends



Transition to electric

As the UK moves to more sustainable modes of transport, all forms of electric mobility are increasing.



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Cycling infrastructure

Government investment in cycling infrastructure underpins the future strength of the cycling market.

Three key areas of opportunity in the longer term

1

The *UK's one-stop-shop* for motoring ownership.



2

The *UK's servicing destination* for all types of electric transport.



3

A *unique local* motoring and cycling offer.



The platform we have created enables us to expand into more areas of the motoring market - something customers both want and expect from us

1

The *UK's one-stop-shop* for motoring ownership.



2

The *UK's servicing destination* for all types of electric transport.



3

A *unique local* motoring and cycling offer.



Customers today must interact with multiple businesses to operate their cars. This adds both complexity and cost to the customer journey.



A customer's ownership journey	What a customer has to do	Who they have to do it with	Annual cost (£)*
On day one, to drive away	<div>Car leasing</div> <div>Car insurance</div>		<div>£2,800-£4,600</div> <div>£250-£600</div>
In the first week	<div>Re-fuelling</div> <div>Breakdown cover</div> <div>Buying a child seat</div>		<div>£900-£2,700</div> <div>£25-£90</div> <div>£50-£260</div>
In the first year	<div>Service and MOT</div> <div>Breakdown recovery and battery replacement</div> <div>Repair after small crash</div> <div>Replacement of flat tyre</div> <div>Extended warranty, windscreen</div> <div>Chip repair and replacement</div>		<div>£50-£350</div> <div>£60-£185</div> <div>£60-£300</div> <div>£50-£200</div> <div>£160-£500</div> <div>£50-£200</div>
Total			~£4,500 – £10,000

Customers today must interact with multiple businesses to operate their cars. This adds both complexity and cost to the customer journey



A customer's ownership journey	What a customer has to do	Who they have to do it with	Annual cost (£)*
On day one, to drive away	Car leasing Car insurance	carwow Money Factor Finance Admiral	£2,800-£4,600 £250-£600
In the first week	Re-fuelling Breakdown cover Buying a child seat	bp AA halfords	£900-£2,700 £25-£90 £50-£260
In the first year	Service and MOT Breakdown recovery and battery replacement Repair after small crash Replacement of flat tyre Extended warranty, windscreen Chip repair and replacement	Ford AA WhoCanFix MyCar.com XSnet KwikFit warrantydirect AUTOGLASS	£50-£350 £60-£185 £60-£300 £50-£200 £160-£500 £50-£200
Total			~£4,500 – £10,000

Customers like the concept of a 'one-stop-shop' for motoring and believe the Halfords brand is a good fit

75%

of customers found the proposition of a 'one-stop-shop' appealing.

Majority

of customers saw Halfords as a good brand fit for this proposition.

“

A brand that provides a range of products and services to meet all of your motoring needs.

”

The motoring market is fragmented, disjointed and confusing for customers



In the future, we intend to provide products and services that provide a one-stop-shop for all vehicle ownership needs





£3.5bn

Warranty market



£1.8bn

Breakdown market

“

We believe Halfords **can support motoring customers throughout their vehicle ownership** – broadly doubling our addressable motoring market.

From £15bn to £28bn.

”



£0.4bn

Pass-through insurance market



£3.2bn

Body repair market

We cover all aspects of bike ownership...



Finance



Build



Insurance



Recycle
halfords
for life's journeys
GIFT CARD

Service



Repair

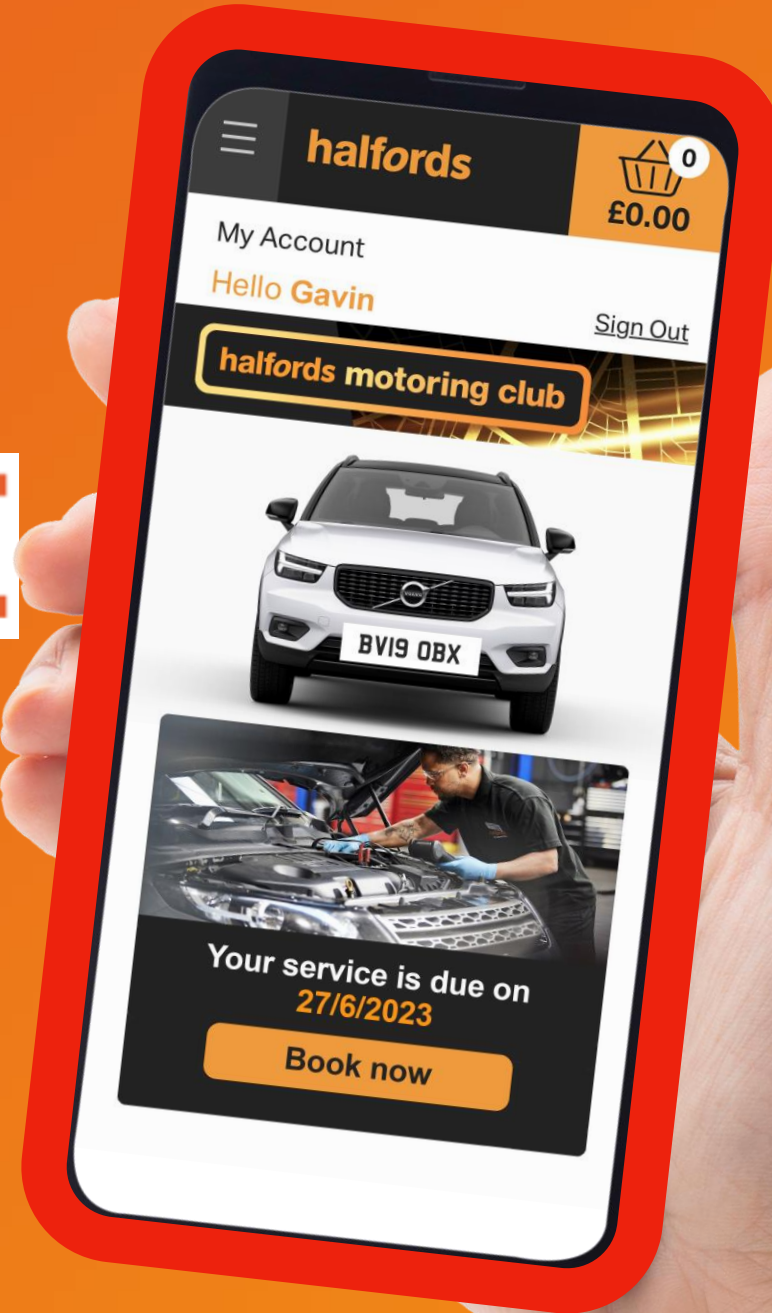


Accessories



“
Using **Motoring Club** to
drive future revenue
through new ‘**one-stop-
shop**’ categories.
”





'One-stop-shop' unlocks significant value



Economies of scale

and even greater
relevance to supply
partners.



Better leverage fixed costs

Enables us to better
leverage the fixed
costs and investments
we have made.



Increases our brand relevance

and proportion of
services, recurring and
predictable revenue.

Next, is establishing a market-leading position in the servicing of electric mobility

1

The UK's one-stop-shop for motoring ownership.



2

The *UK's servicing destination* for all types of electric transport.



3

A *unique local* motoring and cycling offer.



We already have significant scale, capability and expertise for servicing electric mobility

Scale
UK's biggest
electric/hybrid servicing
network.



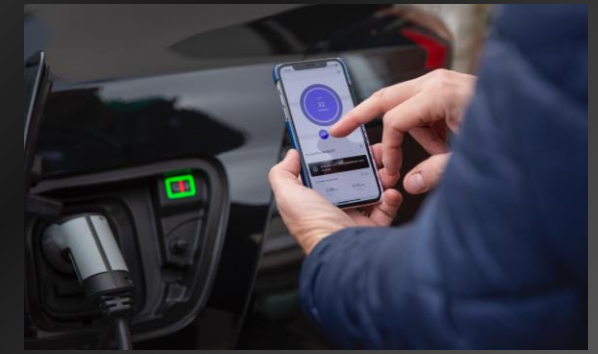
Capability
2,000 trained technicians
For e-servicing, maintenance
& repair.



Operational Infrastructure

Diagnostic **software** and **equipment** for the majority of our consumer garages.

4 Automotive **training** academies.



Our mid-to-long-term ambition to build a market-leading position is clear



Resource and Capability

We plan to increase resource & capability in our stores & garages with **100% of our technicians** trained in EV.



Mobile Servicing

We intend to **leverage** capabilities, offering electric servicing and maintenance at **locations convenient to our customers.**



e-Bike & e-Scooter Retailer

We believe we will **grow** our market-leading position and associated services. Further enhanced through Cycling Club.

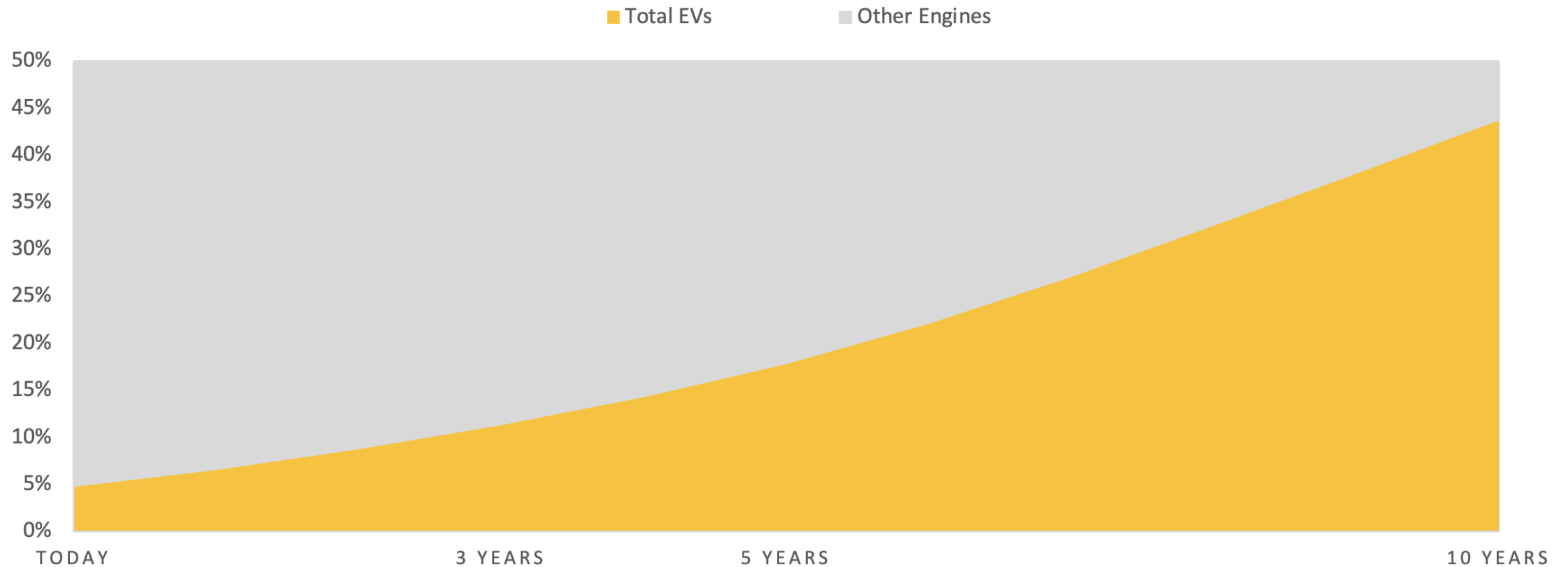


Halfords Brand

As the used EV car parc increases, we aim to build a **Halfords brand position** as the destination for **servicing** all types of electric transport.

In the mid-to-long-term, we believe the electric car parc will have aged enough to present a scaled independent servicing aftermarket

UK car parc



Through Project Fusion, we have learnt the value of town-based shopping for both our customers and our business

1

The *UK's one-stop-shop* for motoring ownership.



2

The *UK's servicing destination* for all electric mobility.



3

A *unique local* motoring and cycling offer.



In FY23 we rolled out the most capital-efficient parts of Fusion to 50 towns in our estate

Upgrading the retail car park service provision and introducing a referral model



Solution selling



We believe there is an opportunity for a Fusion town experience in more than half of our locations across the UK

FY22

Fusion town concept tested in Halifax and Colchester.



Today

Capital-efficient elements of Fusion rolled out to 50 towns.



Mid-term

Capital-efficient elements expected to be rolled out to a majority of UK towns/geographies in the estate, taking the total to 150.



Mid-to-long-term

50 of our towns expected to become full Fusion (lite) destinations. 25 towns per year in the outer years of the plan.



 Fusion test stores  Capital efficient elements  Fusion Lite destinations

In the mid-to-long-term, our consumer channels are expected to play even more distinct roles and offer even greater servicing convenience

350 Stores



- A reduction in the estate is anticipated, with the remaining stores ensuring that **86%** of the population are within a 20 minute drive.

>800 Garages



- Our current garage estate already serves **90%** of the population within a 20 minute drive.
- Growth to **800** will enable us to grow our market share across SMR and tyres.

>800 Vans

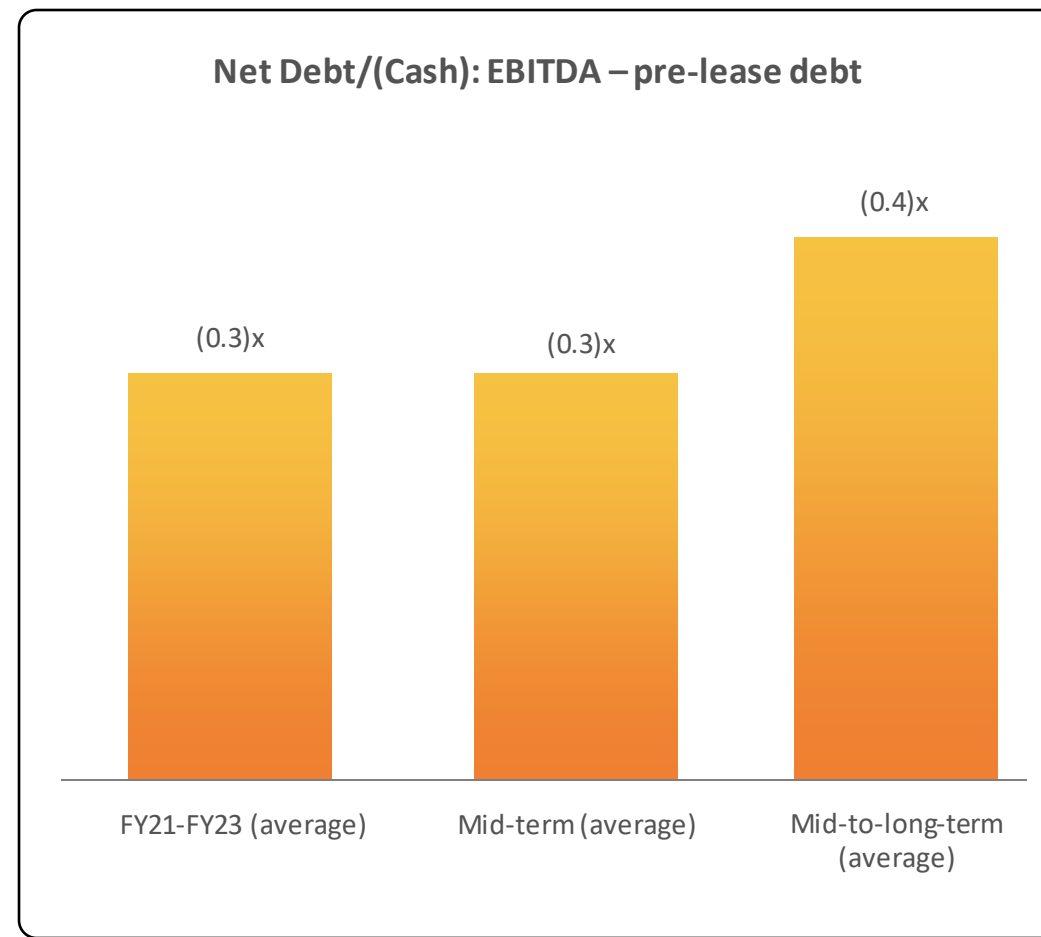
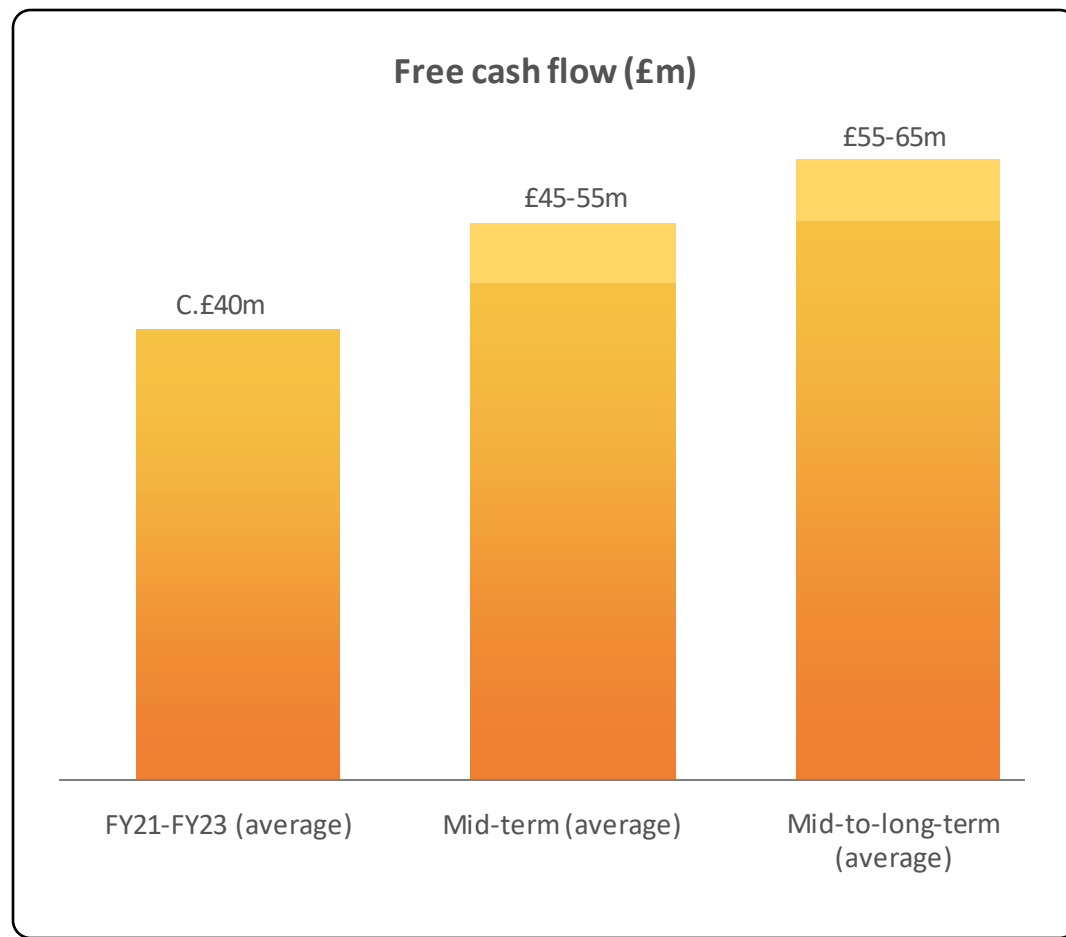


- To ensure over **90%** of the population are within reach of our vans.

In the mid-to-long-term, capital expenditure is forecast to increase to £90m-£110m per annum - as we invest in Fusion Lite and further garage openings

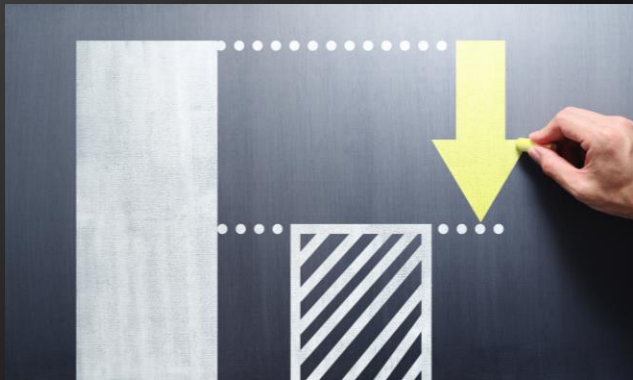


Despite our increase in capital expenditure, we will continue to generate positive free cash flow in the mid-to-long-term



Our strategy continues to be underpinned by a relentless focus on cost, and support for our outstanding colleagues

Cost and efficiency



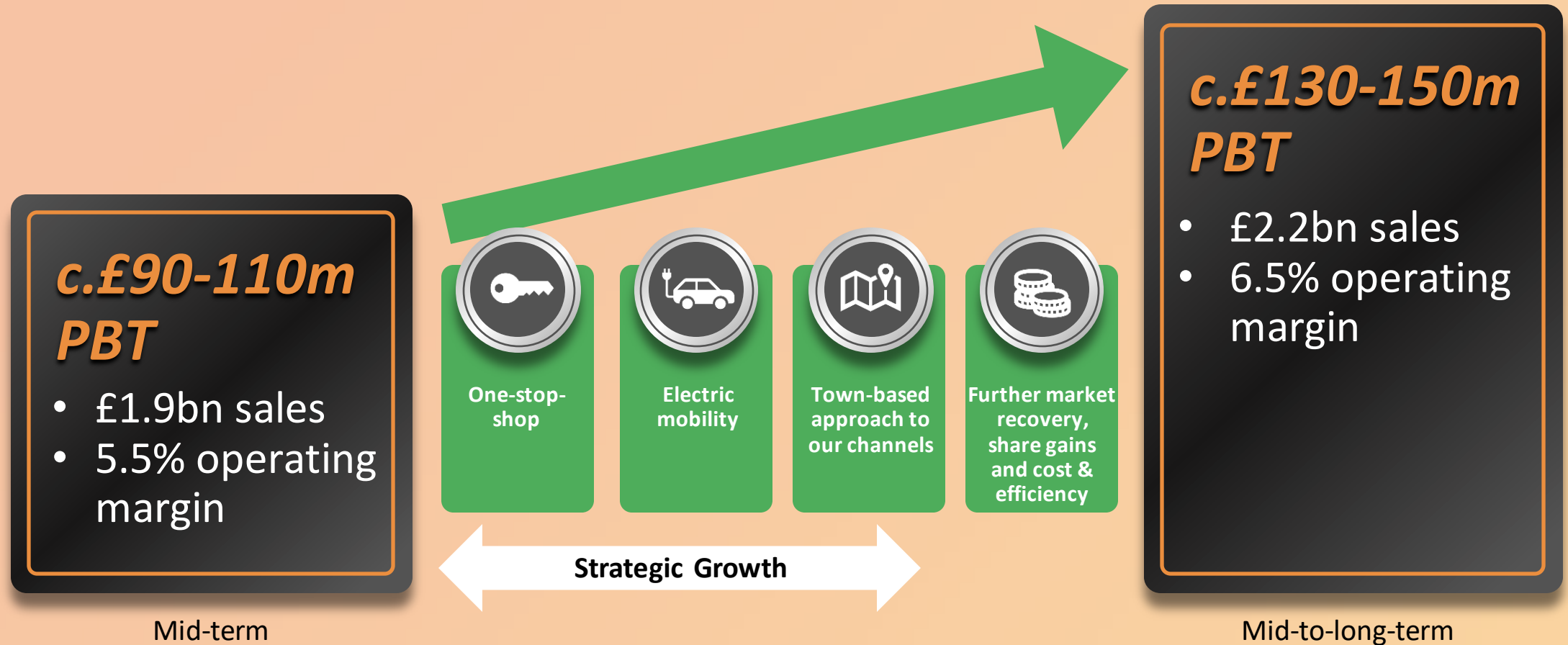
- Outsourcing
- Automation and Artificial Intelligence
- Strategic review of supply chain

Our colleagues

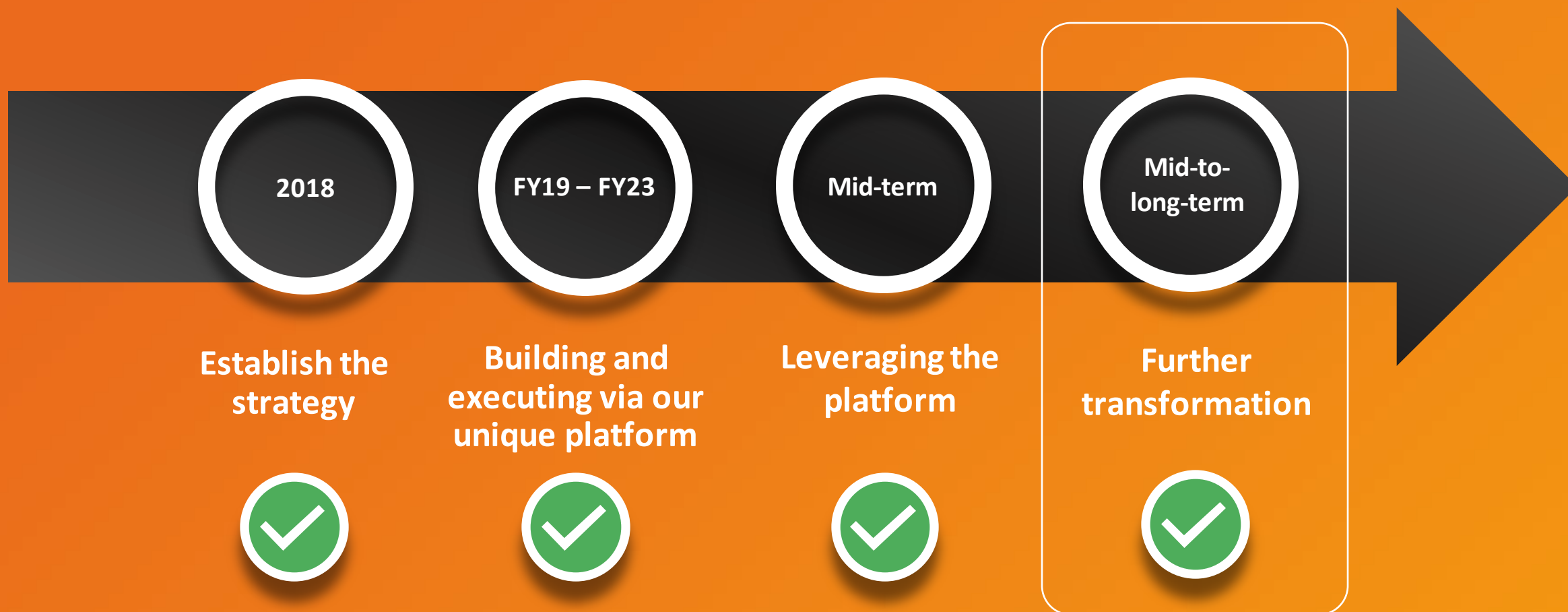


- Rewarding and retaining our existing talent and their skills and expertise
- Investing in colleagues' further training and development

The mid-to-long-term strategic opportunities are expected to deliver further growth



**We are clear that there are further transformation opportunities
that will create additional shareholder value**



halfords

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Avayler

Introducing Avayler Halfords' SaaS business

Avayler

Chris McShane

Director, Avayler



The background of the slide is a wide-angle aerial photograph of a winding asphalt road that curves through a vast, hazy landscape. The terrain appears to be a mix of low-lying vegetation and hills, with the entire scene bathed in the warm, golden light of a low sun, creating a soft, atmospheric glow. The sky is a pale, hazy blue, and the overall mood is one of quiet exploration and forward movement.

Avayler

Tech-powered transformation

What is Avayler?

Customer Centric Service Management Software – Built from Halfords Autocentre PACE & Tyres on the Drive Technology

Our mission is to help ambitious businesses put their customers at the heart of their operations by digitalising service delivery, optimising processes and facilitating new routes to market.

Built by the Automotive Industry, For the Automotive Industry

What does Avayler deliver for its customers:

Deliver fully digital customer journey

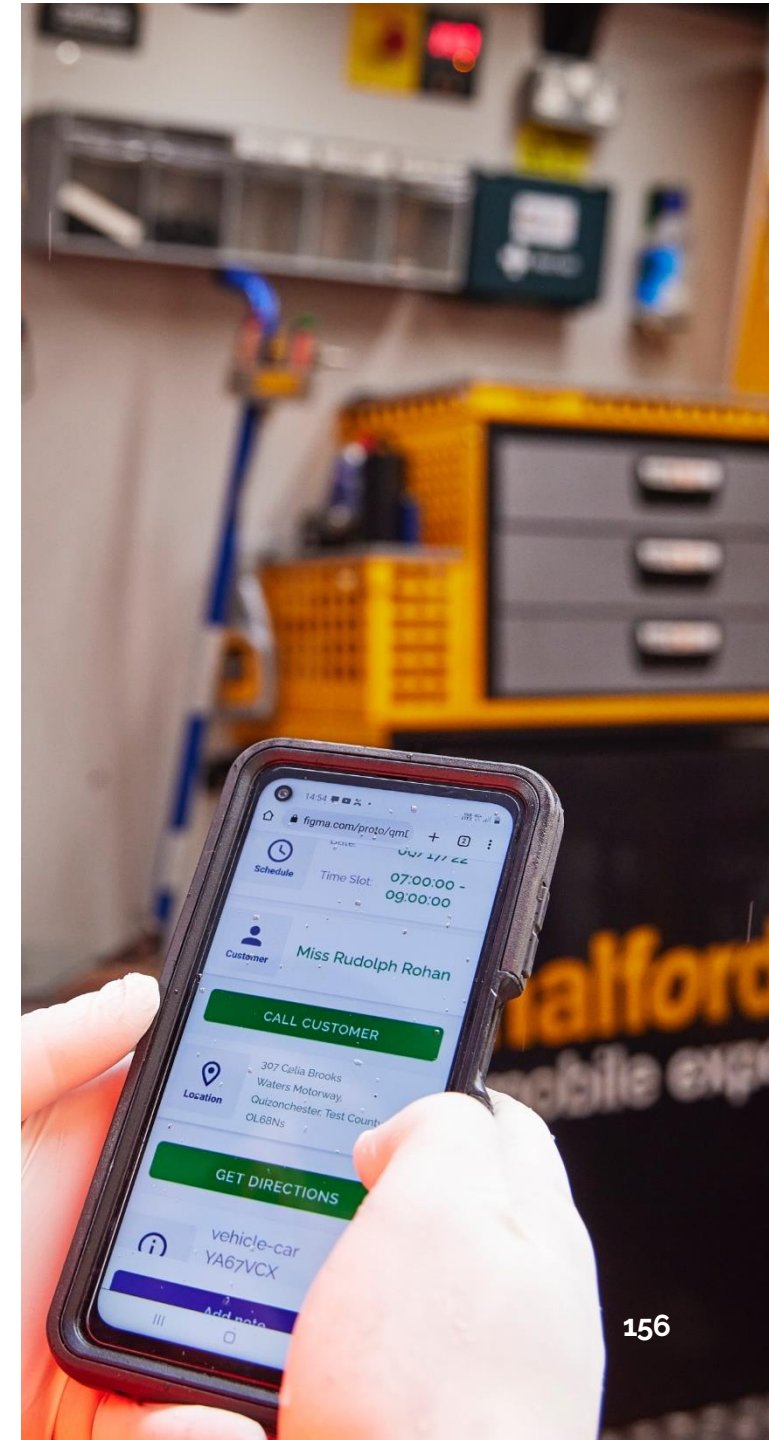
Increase transparency & visibility across business

Streamline processes related to service delivery

Increase service margin & offset ops costs

Be an industry leader with greater market share

Avayler



The automotive service/aftermarket industry faces many challenges and market forces that Avayler can help solve



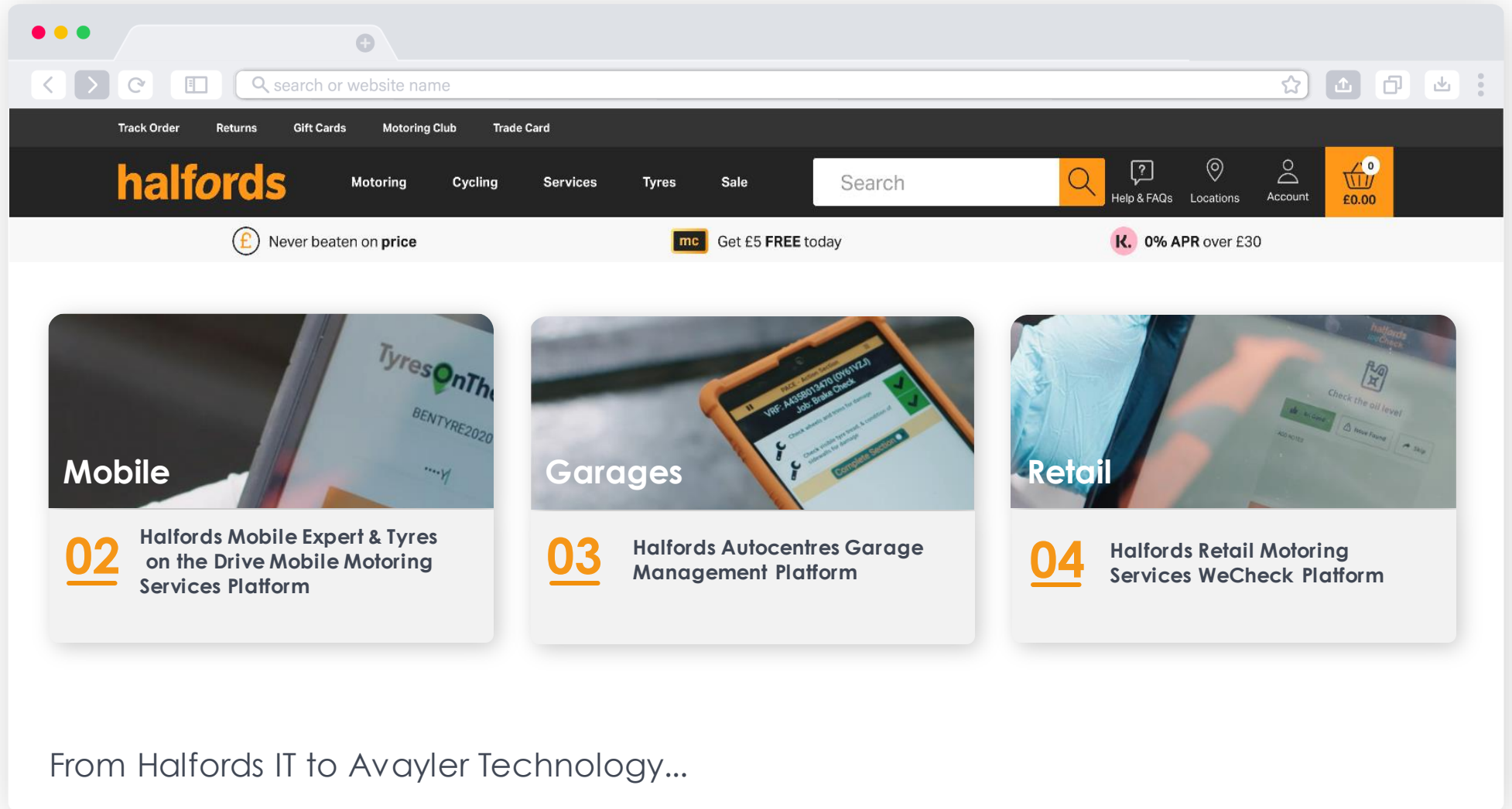
Halfords creates compelling customer experience and delivers operational excellence with an end-to-end, developed in-house platform

01

Halfords.com eCommerce Platform

(The online
Customer Journey)

Offers customers the
ability to omni-channel
shop for and book
automotive services



The screenshot displays the Halfords website interface. At the top, there's a navigation bar with links for Track Order, Returns, Gift Cards, Motoring Club, and Trade Card. Below this is a dark header with the Halfords logo, category links (Motoring, Cycling, Services, Tyres, Sale), a search bar, and user account links (Help & FAQs, Locations, Account, and a shopping cart icon showing £0.00). A promotional banner below the header features three offers: 'Never beaten on price' with a pound symbol icon, 'mc Get £5 FREE today', and 'K. 0% APR over £30'. The main content area is divided into three columns, each representing a different platform:

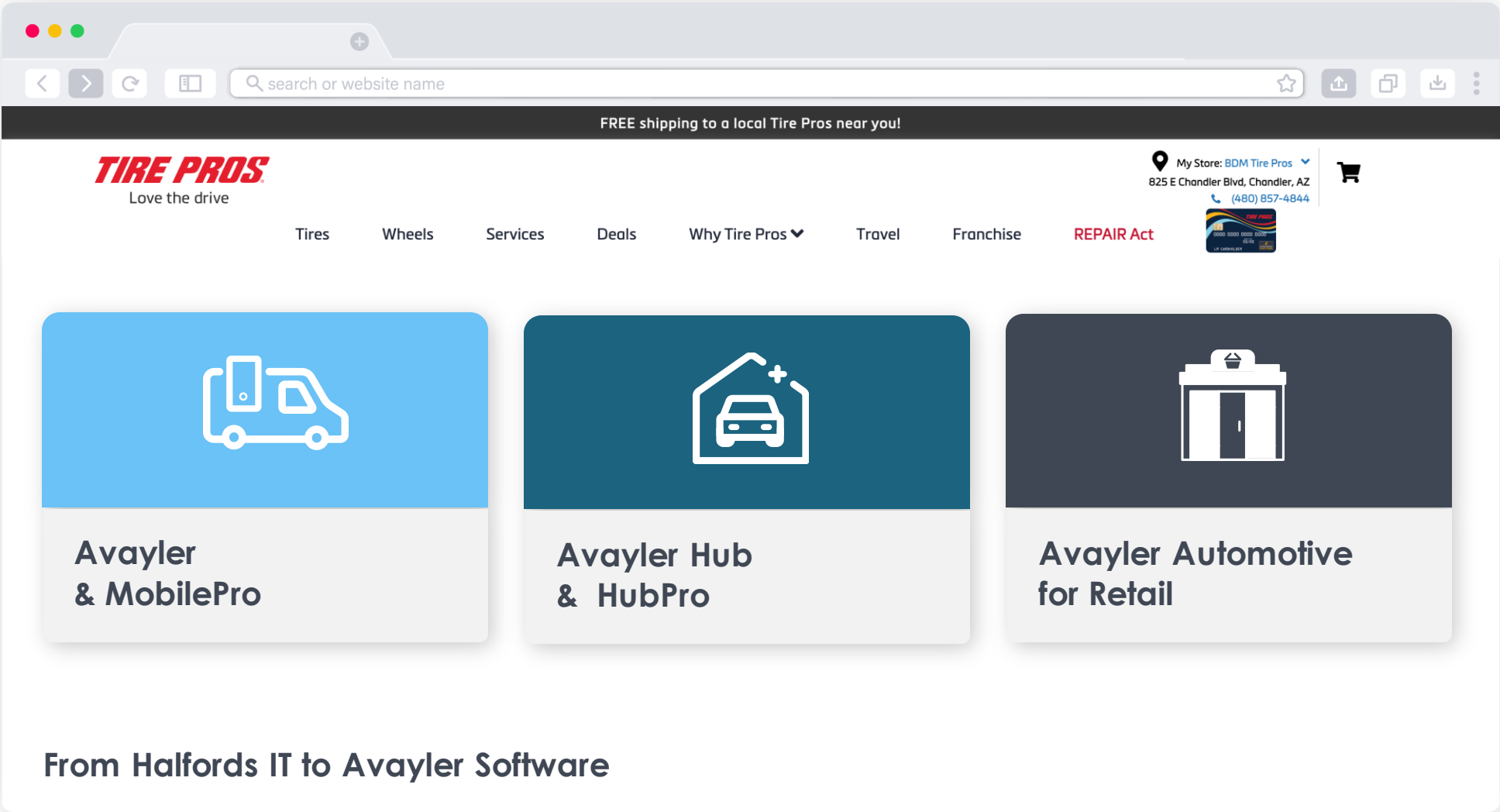
- Mobile:** Features a smartphone displaying the 'TyresOnTheDrive' app. Below the image is the number '02' and the text 'Halfords Mobile Expert & Tyres on the Drive Mobile Motoring Services Platform'.
- Garages:** Features a smartphone displaying the 'Halfords Autocentres Garage Management Platform' app. Below the image is the number '03' and the text 'Halfords Autocentres Garage Management Platform'.
- Retail:** Features a smartphone displaying the 'Halfords Retail Motoring Services WeCheck Platform' app. Below the image is the number '04' and the text 'Halfords Retail Motoring Services WeCheck Platform'.

At the bottom of the screenshot, the text 'From Halfords IT to Avayler Technology...' is visible.

Avayler is born from Halfords technology

Customer
eCommerce
Platform

(can integrate into any customers' front end online customer journey)



Avayler's unique selling points make the solution highly attractive to large automotive service businesses

Industry Unique Selling Points



Omni-Channel

The only solution on the market that manages & optimises automotive services at any location – mobile, garages, retail store & fleet locations



Built By Operators
(In the Automotive Industry)

Avayler was built by a garage & automotive service business to directly solve their pain points

Feature / Product Unique



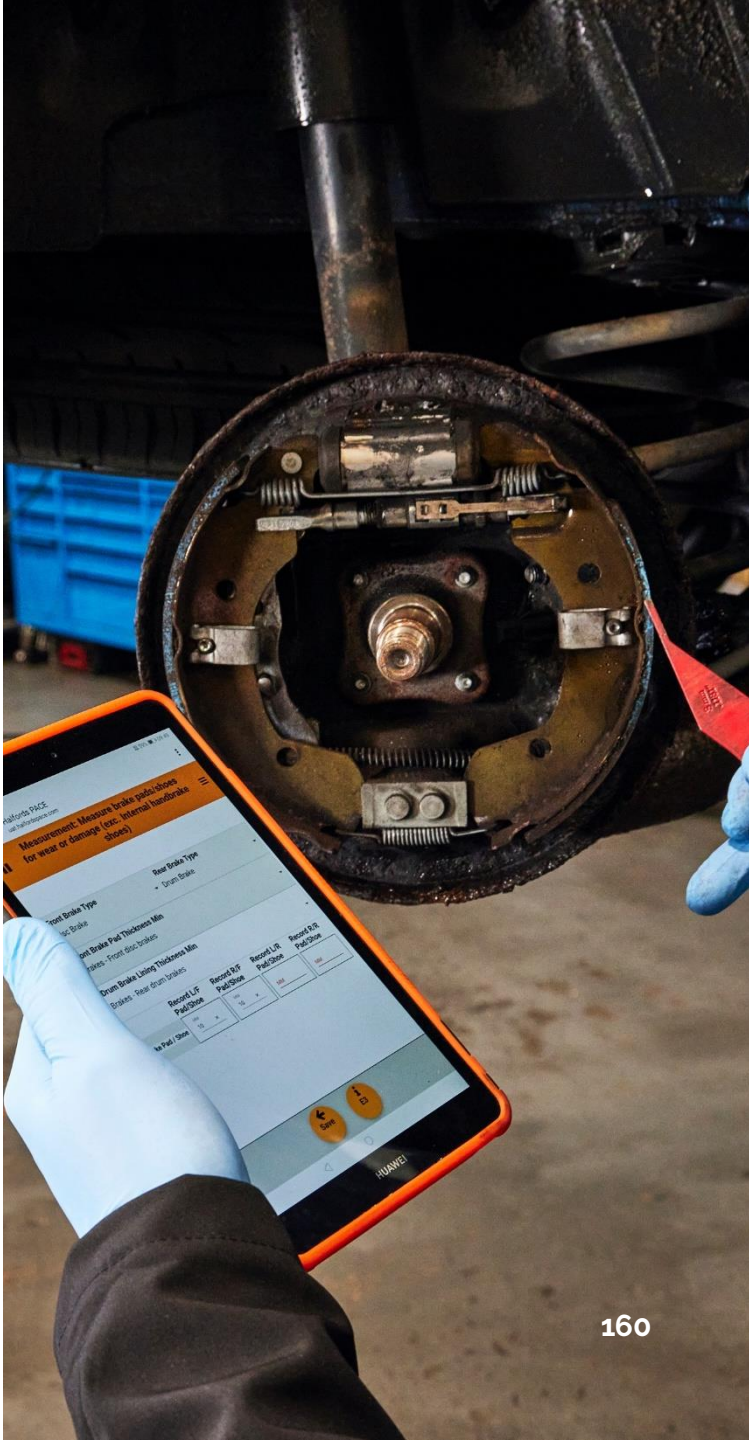
Dynamic Pricing

While other solutions offer dynamic pricing, Avayler's dynamic pricing is the only automotive solution that leverages technician location, job times & other factors to optimise route density & job profitability



Automatic Parts Bidding

Avayler is the only automotive solution to provide automotive price bidding, sourcing parts from multiple vendors & surfacing best prices and delivery SLA for customers



The automotive software competitive landscape is disparate, where Avayler is an omni-channel end-to-end solution

Avayler enables the automotive service journey end-to-end with touchpoints across all automotive operational technologies

	Automotive Front of House	Automotive Order Management Systems (OMS)	Garage Management Systems	Digital Vehicle Inspection (DVI)	Mobile Delivery	Retail Garage Service Enablement
Garages					N/A	N/A
Mobile		N/A	N/A			N/A
Retail			N/A	N/A	N/A	

The Market Opportunity

And why we are well placed to deliver it

Avayler

Over 500,000 automotive repairers in EU, US and UK alone provide significant market opportunity for Avayler

Data provisioned for Avayler by:



Further expansion opportunities in other automotive territories



United States

Total Automotive Repairers:
278,532



United Kingdom

Total Automotive Repairers:
33,335



Total

Total Automotive Repairers:
>500,000
(as per slide data)



Europe

Total Automotive Repairers:
206,722

37,817 - France	9,629 - Portugal
49,626 - Germany	40,182 - Spain
47,345 - Italy	
22,123 - Poland	



**...even more
opportunity in
mobile & retail**

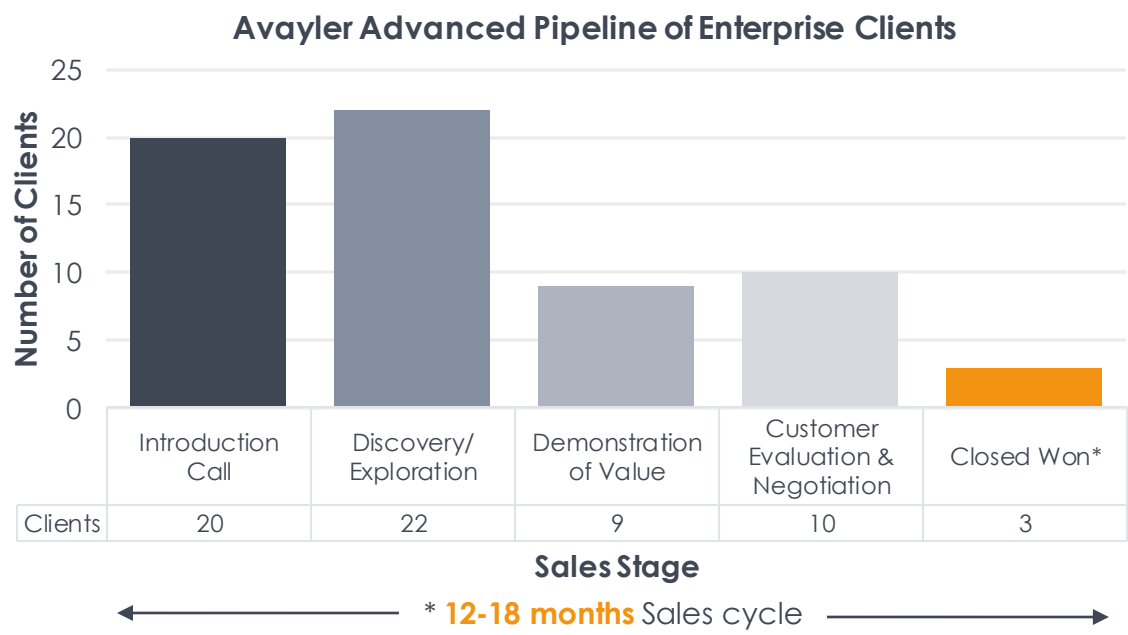
Economic Model Growth Plan

And why it is accretive
to Halfords

Avayler

Avayler's targeted enterprise sales strategy ensures large client wins

-  Enterprise clients of >£250m turnover & >300 garages
-  English Speaking Territories & Existing Relationships
-  Land and Expand Strategy, Clients with Existing & Planned Mobile & Garage Services
-  Future State: Partnership Model targets non-English speaking territories



Current Avayler Clients:



80,000 garages
United States



18,000 installers
United States



1,970 garages
Germany, Spain, France, Portugal



**Garage numbers stated are each clients' total estate, and not number of garages Avayler is currently implemented in*

Avayler economic model brings Halfords committed, recurring & profitable revenue



Long Term Contracts
3+ years



Monthly Per Van/Garage Fee
or Per Transaction Fee



Fixed Set Up & Configuration
Fees



Minimum Committed
Revenues

Committed Revenue

License Revenues

- Monthly licences options – per van or per transaction
- Minimum # of licences or transactions per contract per year
- Long term contracts (3+ years)

Configuration & Setup

- Upfront configuration & integration cost
- Customizable additions paid for by customer
- Hypercare add-on paid for by customer (24/7 support)

Additional / Optional Revenue

Consultancy

- Operational & technology consultancy
- Project based work
- Scope of work agreed up front with customer

Secure, profitable SaaS recurring revenue

Why are we ringfencing our software business?



Enable entrepreneurial start up business mentality.



Create optionality for future investment potential.



Talk to shareholders more effectively.



Create innovative and distinct software culture.



Ring fence investment to support early-stage growth.



Attract the best software talent.



Report Avayler financials separately to clearly demonstrate its value.

Avayler is forecast to deliver significant value to Halfords in the mid to long term

Avayler mid to long term forecast

Metric	FY23	FY24 (in forecast)	Mid-term	Mid-to-long-term
Annual Recurring Revenue (ARR)	c£2m	£5-6m	£14-20m	£25-35m
EBIT	£-	£(2-3)m	£2-4m	£5-8m
EBIT Margin %	0%	(20)-(40)%	15-20%	20-25%
Number of Enterprise Clients	3	5	10	14
Number of Territories	2	3	4	5
Number of Employees	c.70	c.100	c.120	c.120

Capital Expenditure

- In total Halfords has invested c.£11M to date (last 3 years) on development of Avayler technology and supported garage growth and profitability from £4.1M-£11.3M
- Halfords historic annual capex spend on Avayler platforms on average is c.£4m per year
- Avayler annual capex spend on Avayler platforms going forward, including Halfords internal spend, on average c.£6m per year

Avayler positioned to add significant value to Halfords Group



Halfords have invested **significant capital** in developing an industry leading automotive technology platform which provides a **unique omnichannel** industry solution to the market.



Avayler now has **major clients** across the US and Europe and an **advanced pipeline** of enterprise clients enables further growth.



With **strong Annual Recurring Revenue (ARR)**, **high operating margins** and a **good return on capital**, Avayler is expected to **add significant value** to the Halfords business in the mid to long term.



GREG BELL

P R E S I D E N T , T I R E P R O S

halfords

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Summary and Q&A

Summary

halfords

Graham Stapleton

Group Chief Executive Officer



We have a clear set of financial aspirations for the mid-to-long term...

	FY23		Mid-term		Mid-to-long-term
Group revenue	£1.6bn		£1.9bn		£2.2bn
PBT	£50-60m		£90-110m		£130-150m
Operating margin (%)	c.3-4%		c.5.5%		c.6.5%
Capex including M&A (average per annum)	c.£85m		£50-60m		£90-110m
ROCE (%)	c.10%		>15%		>20%
Free cash flow (average per annum)	c.£40m (FY21-FY23 average)		£45-55m		£55-65m
Net debt/(cash):EBITDA (pre-lease debt, average p.a.)	(0.3)x (FY21-FY23 average)		(0.3)x		(0.4)x

Updated capital allocation priorities

FY23 full year dividend intended to be 10p per share

FY23 dividend intended to be 10p per share (3p + 7p).

This reflects balance sheet strength and confidence in mid-to-long-term prospects.

Dividend policy going forward targets dividend cover of 1.5x-2.5x (based on underlying profit after tax).

Capex expected to be in the range of £50-60m p.a. in the mid-term, assuming no material acquisitions.

Mid-to-long-term, capex (including acquisitions) expected to grow to an average of £90-110m p.a.

Capital allocation priorities



Maintaining a prudent balance sheet



Investment for growth



M&A focused on Autocentres



Dividend covered by 1.5x – 2.5x underlying profit after tax



Surplus cash returned to shareholders

The investment case for the mid-to-long-term reflects further exciting growth opportunities as we continue our transformation



Underpinned by further opportunities to drive cost and efficiency, a strong balance sheet and capital discipline

Summary

Since 2018 we have increased revenues by 40% and doubled the size of our B2B services business.

We have developed a unique, digital and data-enabled omnichannel platform.

We plan to deliver £1.9bn of revenue, £90-£110m PBT, and 5.5% operating margin in the mid-term, through a combination of our core markets recovering; growing market share; acquisition synergies maturing; and using scaled and rich customer and vehicle data to drive customer lifetime value.

There is significant scope for further transformation in the mid-to-long-term by unlocking the full potential of the Halfords brand in adjacent markets; electric servicing; and a unique local town experience.



Q&A

halfords

Contact and Newsflow

For further information, please go to

www.halfordscompany.com

or contact:

Andy Lynch

Head of Investor Relations and Corporate Finance

andrew.lynch@halfords.co.uk



Appendix

Cautionary statements

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All forward-looking statements contained in this presentation reflect the knowledge and information available to Halfords’ directors at the date of its preparation, and, other than in accordance with its legal or regulatory obligations, Halfords undertakes no obligation to update any forward-looking statement contained herein. Investors should, however, consult any additional disclosures that Halfords may make in accordance with its legal and regulatory obligations. All oral and written forward-looking statements made on or after the date of this presentation and attributable to Halfords are expressly qualified in their entirety by the above cautionary statements. Any references to FY23 financial performance should be considered “estimates” only.

Nothing in this announcement should be construed as a profit forecast. Halfords’ past performance cannot be relied upon as a guide to future performance, and persons needing advice should consult an independent financial adviser.

Glossary of Terms

Term Used	Meaning
“Free cash flow”	Cash flow before dividends and acquisition expenditure
“Return on Capital Employed” or “ROCE”	Return on capital employed defined as underlying EBIT / capital employed (including goodwill, pre-IFRS16)
“Gross Margin”	Sales, less cost of goods sold (including freight and FX movements)
“PBT”	Underlying profit before tax, before exceptional items
“EBIT”	Underlying earnings before interest and tax, before exceptional items
“Car parc”	The number of cars in the UK
“SCV”	Single Customer View
“CRM”	Customer Relationship Management
“Needs-based revenue”	Sales that are considered “less discretionary” based on Halfords assumptions
“SaaS”	Software as a Service
“SMR”	Service, Maintenance and Repair
“National Tyres” or “National”	Axle Group – including National Tyres, Viking, etc.
“Garage Services”	The Group of Autocentres companies, including Halfords Mobile Expert, and our consumer and commercial garage businesses
NPS	Net Promoter Score
VRN	Vehicle registration number
“2018”	References to “2018” financial information are as at FY19 unless otherwise stated
“Platform”	Our physical and digital infrastructure