

A woman with brown hair tied back, wearing a black jacket and blue nitrile gloves, is inspecting the underside of a car. She is holding a black, cylindrical handheld device, possibly a thermal imager or a high-magnification camera, up to the car's chassis. The car is elevated on a blue hydraulic lift. A yellow component of the lift is visible with the text "RATED LOAD 2.8 TONNES". In the background, there are blue storage cabinets. The scene is dimly lit, with the primary light source being the device she is holding.

OC&C Market Analysis

July 2024

halfords

Earlier this year we commissioned market analysis from OC&C to test our expectations of recovery in Cycling and Tyres

CMD assumed:

- Cycling recovery to 10% below pre-Covid
- Tyres recovery to 3% below pre-Covid

OC&C had a similar conclusion but:

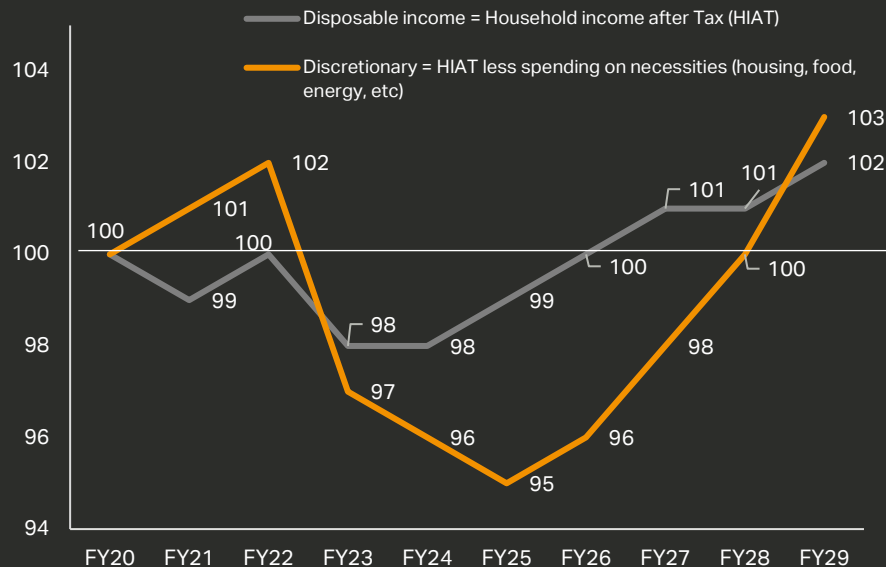
- Tyres better (+2%), Cycling worse (-14%)
- Longer recovery period: FY28/29

Key driver of forecasts is **disposable vs. discretionary** income:

- **Disposable**: modest recovery in FY25
- **Discretionary**: no recovery until FY26

Disposable and Discretionary Household Income

Real Income Forecast (2019 = 100)



Source: ONS, Oxford Economics, OC&C Market Model, OC&C analysis

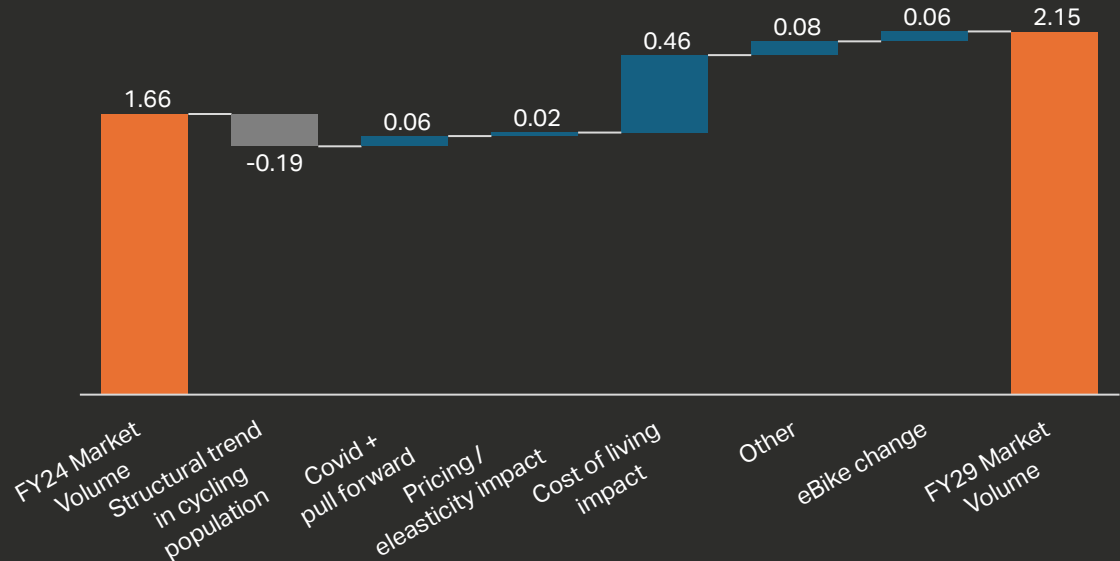
Cycling market recovers to 14% below pre-Covid in FY29

Currently c.33% lower than pre-Covid due to:

- Deferral of discretionary purchases
- Structural decline in bike ownership
- Pull forward of 'in-Covid purchases'

Recovery to structural trend in FY29 based on improving household incomes from FY26

**Volume of New Bike Sales and Drivers of Change
(millions of bikes)**



Source: OC&C Market Model, Bicycle Association, OC&C analysis

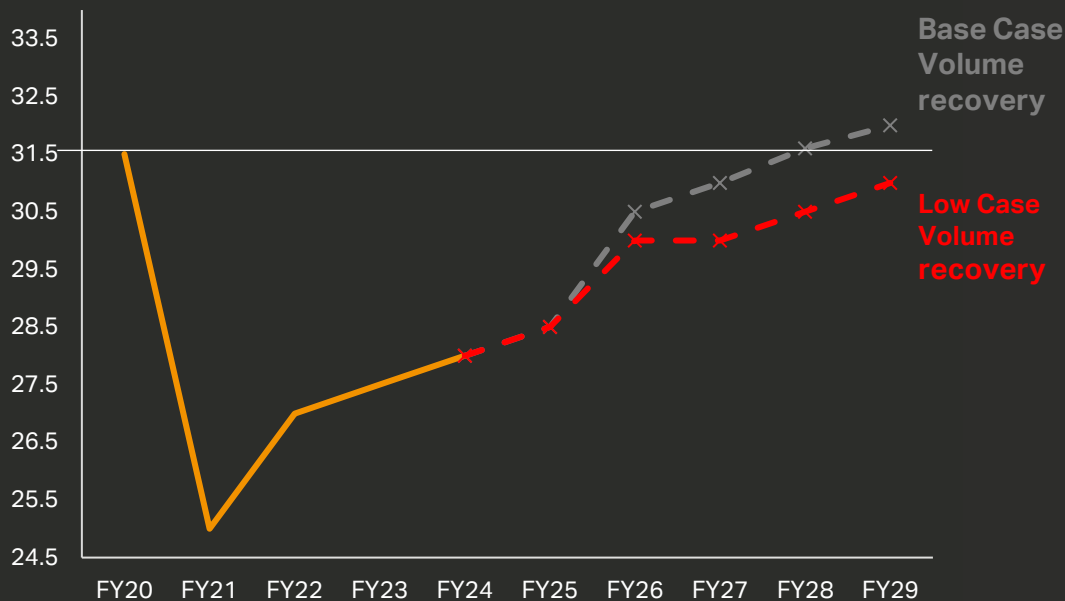
Tyres market recovers to pre-Covid in FY28, 2% higher in FY29

- Volume shortfall vs. size of car parc and miles driven
- Covid mileage reduction followed by cost of living
- 80% purchase delay, 20% second hand.

Recovery to pre-Covid in FY28, supported by:

- **Structural growth in car parc, vehicle weight and EV growth**
- **Improving macro**

New Replacement Tyre Volume (#m units)



Source: GfK, OC&C Market Model, OC&C analysis

For further information, please visit

www.halfordscompany.com

or contact

investor.relations@halfords.co.uk