

6 September 2023

Halfords Group plc

20-Week Trading Update: Financial Year 2024

Strong market share gains across the Group with +7.8% Group LFL revenue performance.

Halfords Group plc ("Halfords" or the "Group"), the UK's leading provider of Motoring and Cycling services and products, today announces its trading update for the 20 weeks to 18 August 2023 (the "Period").

Headlines

- Strong trading across the Group with total revenue up +14.1% driven by needs-based categories, with Autocentres +34.6% and Retail +3.7%.
- Strong Services and B2B performance accounting for 48% of Group revenue (+6ppts YOY) and 29% (+5ppts YOY) respectively, with B2B winning a significant nationwide contract with Yodel.
- Market share gains across all categories and in line with expectations as set out at our Capital Markets Day ("CMD") in April.
- Underlying Services markets remain robust, whilst discretionary categories have been softer in Q2 to-date vs Q1.
- Trading year to date in line with expectations. Full underlying profit before tax ("PBT") expected to be between £48m and £58m⁽¹⁾.

Graham Stapleton, Chief Executive Officer, commented:

"It's been a good start to the year for Halfords, and our ongoing focus on essential maintenance and servicing is driving a strong performance in our Autocentre and Retail Motoring business. Group Motoring, which now accounts for over 75% of our total sales, is a resilient sector and we're progressing with our long-term plans to become a one-stop-shop for motoring ownership."

"We're continuing to do everything that we can to support our customers through the cost-of-living crisis and are determined to offer them unrivalled value. For instance, our research shows that motorists who use manufacturers' franchised dealerships can pay over 50% more for repairs compared with Halfords. With the average cost of car ownership pushing £300 a month, the last thing hard pressed motorists need, is to pay over the odds for repairs. That's why, today, we're launching a campaign called Dealer or No Dealer, designed to raise motorists' awareness of the choice and cost savings available to them for servicing and repairs, and that any work carried out by Halfords will not affect their manufacturer warranty."

Group revenue summary

Group Financial Summary	1-Year vs FY23	
	Total	LFL
Halfords Group	+14.1%	+7.8%
Autocentres	+34.6%	+16.6%
Retail	+3.7%	+3.4%
Motoring	+7.7%	+7.5%
Cycling	-1.7%	-2.7%

Financial performance:

- The Group produced a strong like-for-like performance of +7.8%, with Autocentres +16.6% and Retail +3.4%, despite the unfavourable weather conditions throughout Spring and July to August.
- Within Retail, needs-based products and services drove a strong Motoring LFL of +7.5% whereas the more discretionary areas of Cycling, Car Cleaning and Touring were adversely impacted by unfavourable weather and low consumer confidence. Cycling, which now only represents 25% of total revenue, was down -2.7% LFL.
- Growth in market share across all categories and ahead of the year one targets underpinning our CMD projections set out in April.
- Market conditions were more varied, with Services stronger than CMD assumptions, but Tyres, Motoring products and Cycling tracking behind. Our strong market share performance helped mitigate the market under-performance.
- Group service-related sales accounted for 48% of Group revenue (+6ppts YOY).
- B2B sales accounted for 29% of Group revenue (+5ppts YOY), with particularly strong performance in Cycle2Work and Commercial Fleet Services.
- Stock continues to be well managed across the business and in line with expectations.

Strategic and operational update:

- Cost and efficiency programme on track to deliver year one target of £30m across product cost and operating cost reductions.
- Following the Lodge Tyre acquisition in October 2022, our enlarged Commercial Fleet Service business has won a significant nationwide contract - with Yodel, the UK parcel carrier, providing service support for its entire UK truck and van fleet.
- Ongoing focus on garage utilisation has driven a year-on-year improvement in utilisation in every month so far this year. A targeted local marketing approach has supported a 40% reduction in the number of under-utilised garages.
- Our Motoring Loyalty Club is continuing to perform well, now exceeding 2.5m members. Club members continue to shop with greater frequency, and greater spend per visit, at +£266 versus non-club members.

Outlook:

- Trading year to date in line with expectations with services remaining robust but discretionary markets softer. Full year PBT expected to be between £48m and £58m⁽¹⁾.
- As communicated at our FY results in June, we expect our H1 underlying profit to be significantly below last year due to changes in the valuation of foreign exchange contracts that are not hedge accounted, and the fact that a greater proportion of our targeted £30m cost savings will be delivered in the second half, helping to offset material cost inflation present throughout FY24.
- H2 profit is expected to be significantly ahead of last year, with Autocentres making up a higher proportion of Group PBT alongside increased cost and efficiency savings versus FY23.

⁽¹⁾ At our Preliminary results presentation in June 2023 we shared our expectation that PBT would grow in FY24 (from FY23 PBT of £51.5m) and that we were comfortable with the analyst consensus of £53.3m. Current analyst consensus of PBT is £53.7m, with analyst forecasts ranging between £51.0m and £57.7m.

Enquiries

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Results presentation

A conference call for analysts followed by Q&A will be held today, starting at 09:00am UK time. Attendance is by invitation only. A copy of the transcript of the call will be available at www.halfordscompany.com in due course. For further details please contact Powerscourt on the details above.

Next trading statement

On 22 November 2023 we will report our FY24 Interim results for the period ending 29 September 2023.

Notes to Editors

www.halfords.com

www.avayler.com

www.tredz.co.uk

www.halfordscompany.com

Halfords is the UK's leading provider of motoring and cycling services and products. Customers shop at 393 Halfords stores, 2 Performance Cycling stores (trading as Tredz and Giant), 643 garages (trading as Halfords Autocentres, McConechy's, Universal, National Tyres and Lodge Tyre) and have

access to 264 mobile service vans (trading as Halfords Mobile Expert, Tyres on the Drive and National), 479 commercial vans and 5 HME Cycling vans. Customers can also shop at halfords.com and tredz.co.uk for pick up at their local store or direct home delivery, as well as booking garage services online at halfords.com.

Cautionary statement

This report contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of Halfords Group plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Halfords Group plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.