Halfords Group plc: FY25 Preliminary Results

25 June 2025

Agenda

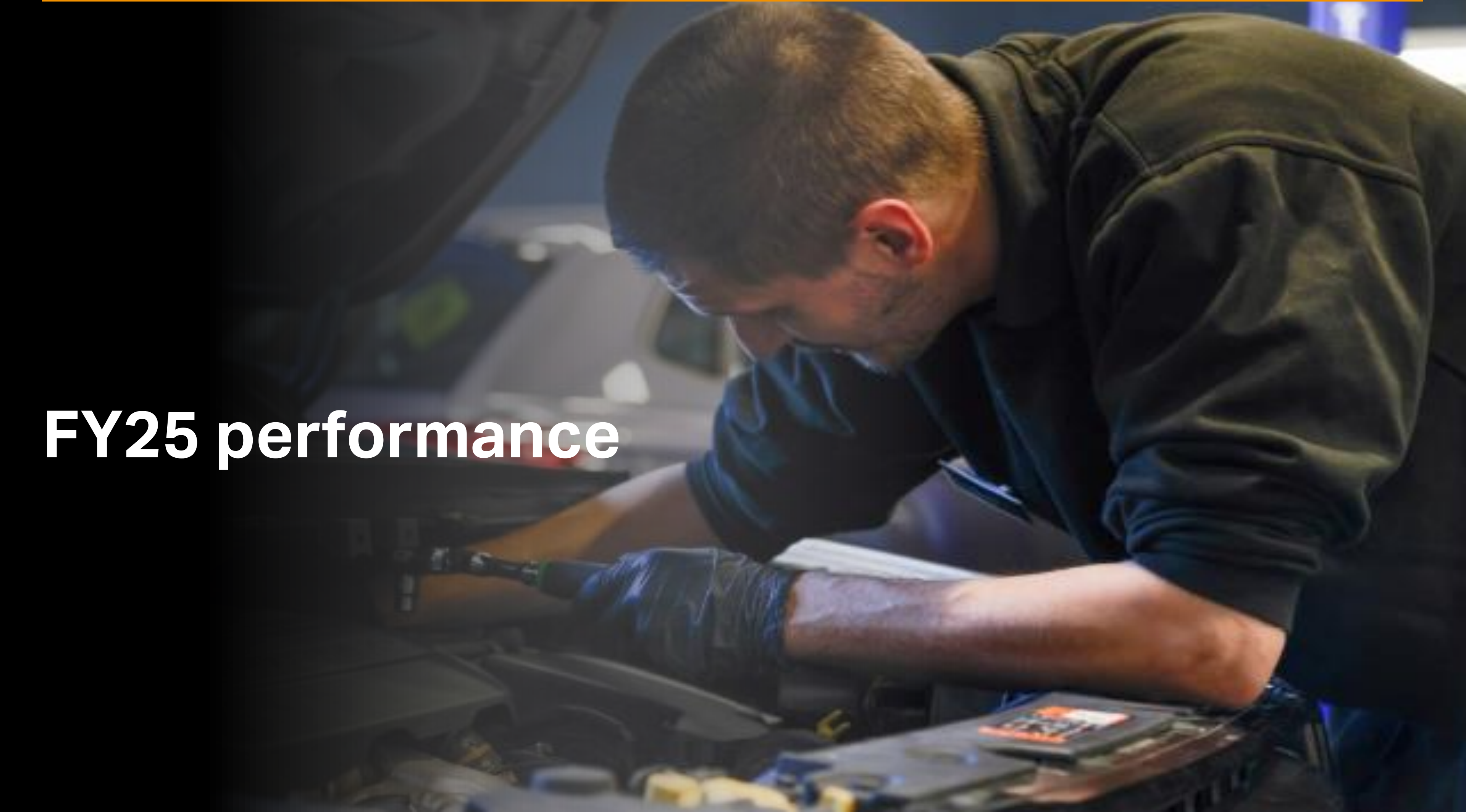
1. Introduction
2. FY25 performance
3. Strategic highlights
4. Current trading and outlook
5. Q&A

Introduction

Henry Birch, CEO: initial reflections

- ✓ Unique combination of assets
- ✓ Unmatched convenience of on-demand services
- ✓ Specialism in sales and services
- ✓ Rich data opportunity for growth and efficiency
- ✓ Committed colleagues and customer-focus
- ✓ Revenue synergy potential throughout the group
- ✓ Strong foundations to support future growth

FY25 performance



Basis of financial information

FY25 covers the 52-week period from 30 March 2024 to 28 March 2025.

Unless otherwise stated:

- Numbers are post-IFRS 16
- Prior year income statement numbers are based on total operations (i.e. including the discontinued tyre and wholesale operations of Viking and BDL)

FY25: underlying profit growth, gross margin expansion, cost control, and strong working capital and cash management

LfL sales:
+2.5% YoY
(FY24: +5.0% YoY)

Gross margin:
50.7%
(+250bps YoY)

Operating cost % of sales:
47.8%
(+230bps YoY)

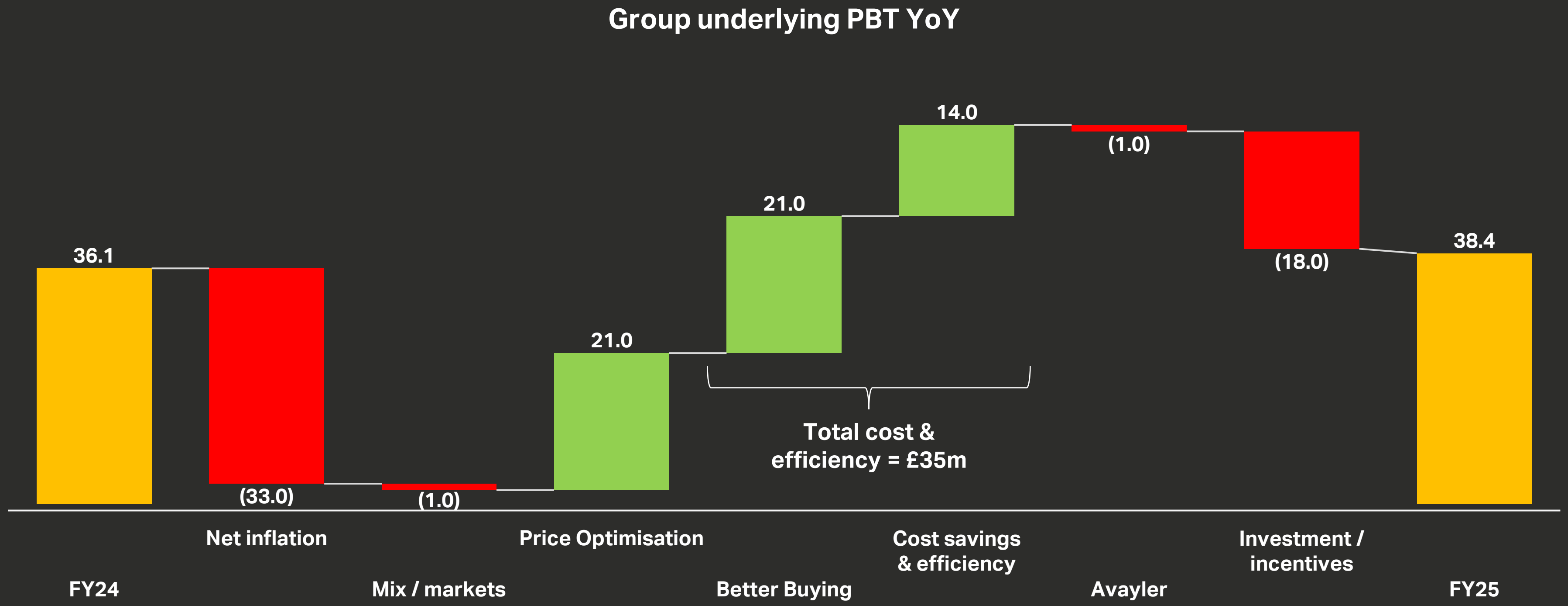
Underlying PBT:
£38.4m
(+£2.3m YoY)
(PBT as a % of sales +10bps YoY)

Free cashflow:
£43.0m
(£13.6m YoY)

Net cash*:
£10.1m
(+£18.2m YoY)

All prior year comparatives are on a Total Operations basis.
** Net cash / debt stated excluding lease liabilities.*

Cost savings and smart pricing offset inflation and investment in colleagues to deliver underlying profit growth



Strong results from Better Buying and other cost efficiencies more than offset inflation

Inflation: £33m

+£21m
labour costs

+£3m
freight costs

+£3m
Business Rates

+£6m
other inflation

Cost savings: £35m

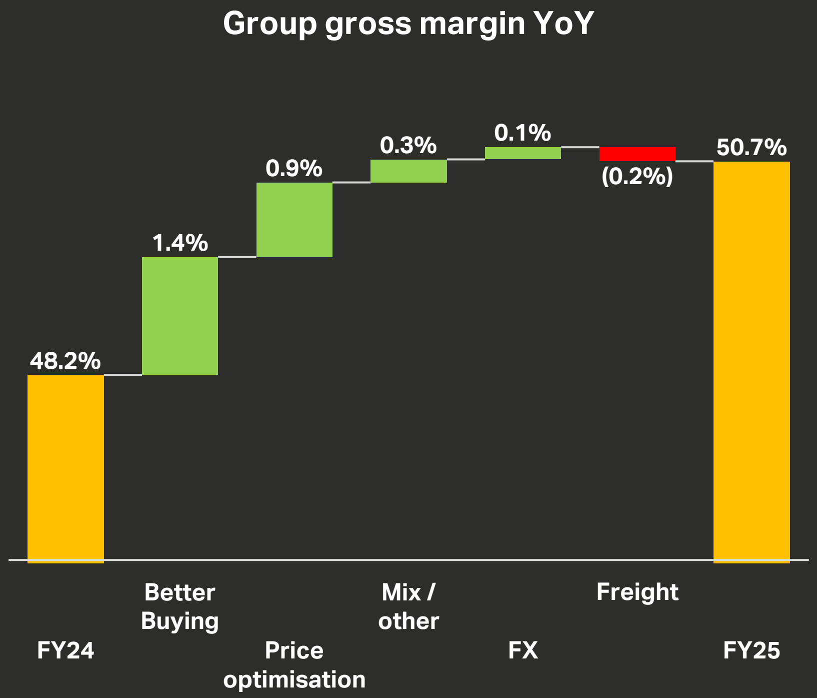
+£21m
Better Buying

+£4m
tyres restructuring

+£2m
interest savings

+£8m
other savings

Group gross margin reached 50.7%, the highest since FY22 with gains across both Retail and Autocentres



- Better Buying
- Price optimisation
- Mix into higher margin categories (e.g. SMR)
- Favourable hedged FX rate
- Freight headwind (lower than anticipated)

Underlying profit grew 6.4% YoY despite £33m of inflation and reinstatement of performance-related incentives

	FY25	FY24	Change vs. FY24
Revenue	£1,715.2m	£1,712.8m	0.1% YoY 2.5% LfL
Gross margin (%)	50.7%	48.2%	250bps
Operating costs	(£819.6m)	(£770.4m)	(£49.2m) (6.4%)
Underlying PBT	**£38.4m**	**£36.1m**	**£2.3m** **6.4%**
Non-underlying items	(£68.4m)	(£16.2m)	(£52.2m)
PBT inc. non-underlying items	(£30.0m)	£19.9m	(£49.9m)

- ✓ LfL sales +2.5% (FY24: +5.0%) with stronger trading in H2
- ✓ Gross margin +250bps: Better Buying, pricing strategy, sales mix and FX
- ✓ c.£35m of cost savings offsetting c.£33m of inflation, predominantly labour costs
- ✓ 6.4% growth in underlying PBT YoY to £38.4m despite reinstatement of colleague bonus
- ✓ Non-underlying items are mostly non-cash charges

The largest non-underlying item is a non-cash goodwill impairment materially driven by rising UK gilt yields

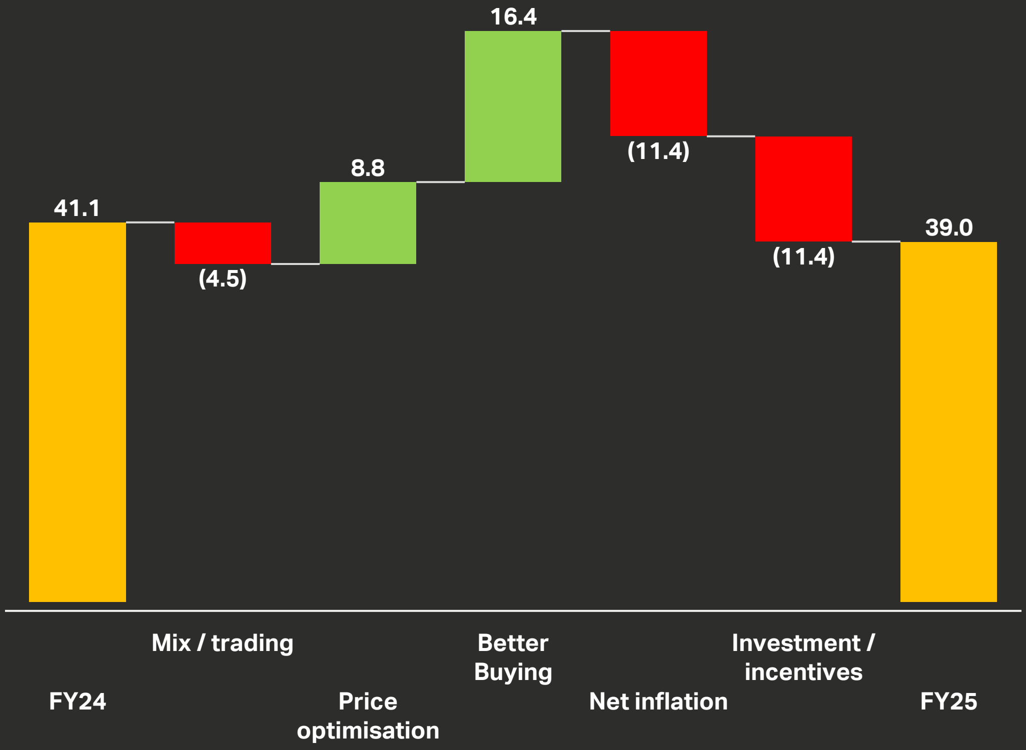
	Total £m	Cash £m	Non-Cash £m	Details
Closure costs	(14.9)	(1.3)	(13.6)	Predominantly non-cash costs associated with the closure of a small number of garages as we optimise our estate and progress the rollout of the Fusion motoring service model. Closures are expected to be immediately earnings accretive.
Impairment of non-current assets	(49.1)	-	(49.1)	Primarily a non-cash impairment of goodwill driven by changes in the discount rate used for impairment testing based on increased UK gilt yields over the last 12 months. Forecasts also reflect the impact of higher labour costs from the Autumn Budget.
Other non-underlying items	(4.4)	(4.4)	-	Other items include £1.5m of organisational restructure costs and £2.9m of cloud migration costs.
Net Non-Underlying Items Charge	**(68.4)**	**(5.7)**	**(62.7)**	

Segmental performance

In Retail, strong underlying performance was offset by reinstatement of performance-related incentives for colleagues

	FY25	FY24	Change vs. FY24
Revenue	£1,004.9m	£997.1m	0.8% YoY 2.1% LfL
- Motoring	£648.6m	£644.6m	0.6% YoY 2.3% LfL
- Cycling	£356.3m	£352.5m	1.1% YoY 1.7% LfL
Gross margin (%)	49.3%	47.3%	200bps
Operating costs	(£456.7m)	(£430.4m)	(£26.3m) (6.1%)
Underlying EBIT	£39.0m	£41.1m	(£2.1m) (5.9%)

Retail EBIT YoY

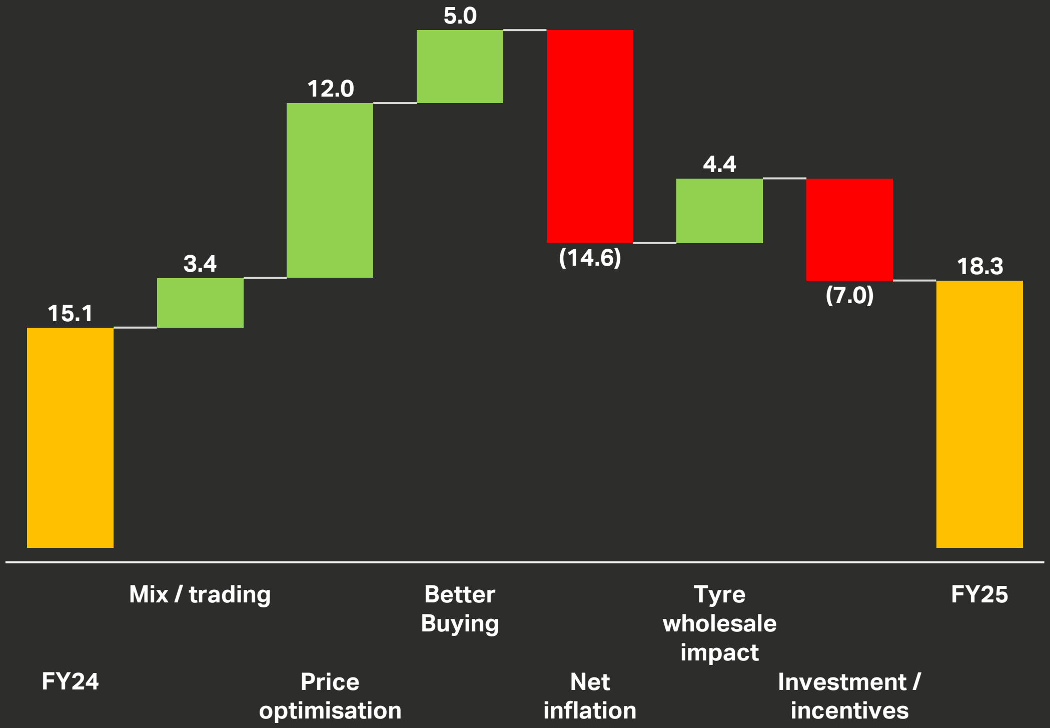


In Autocentres, gross margin expansion driven by smarter pricing and mix into SMR drove a 21% increase in underlying EBIT

Autocentres exc. Avayler	FY25	FY24	Change vs. FY24
Revenue	£707.6m	£713.4m	(0.8%) YoY 3.7% LfL
Gross margin (%)	52.5%	49.3%	320bps
Operating costs	(£353.1m)	(£336.8m)	£16.3m 4.8%
Underlying EBIT	£18.3m	£15.1m	£3.2m 21.2%

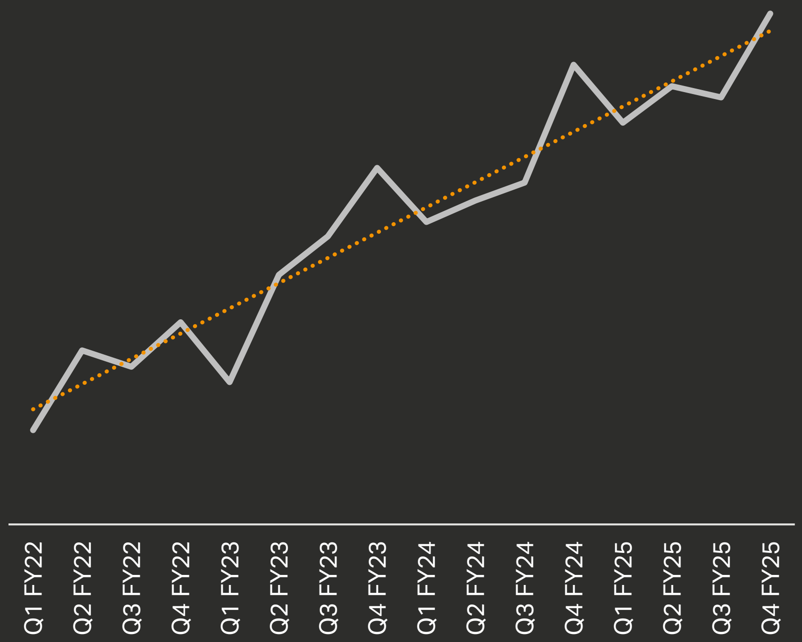
Avayler	FY25	FY24	Change vs. FY24
Revenue	£2.7m	£2.3m	£0.4m 17.4%
Avayler EBIT	(£2.6m)	(£1.3m)	(£1.3m) -

Autocentres EBIT YoY

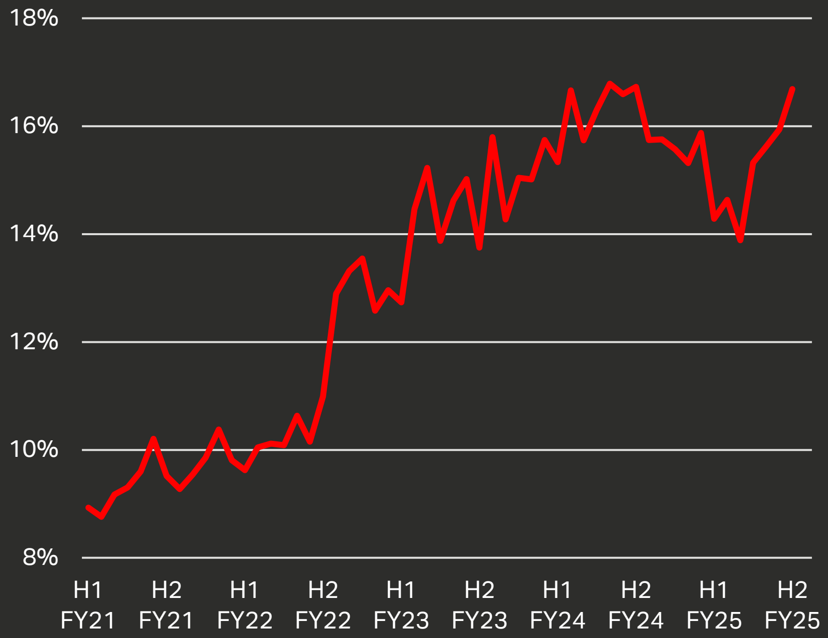


A strong performance in SMR offset a tyres market where customers continued to delay replacement despite safety risks

Number of Halfords SMR jobs (rolling 12 months)



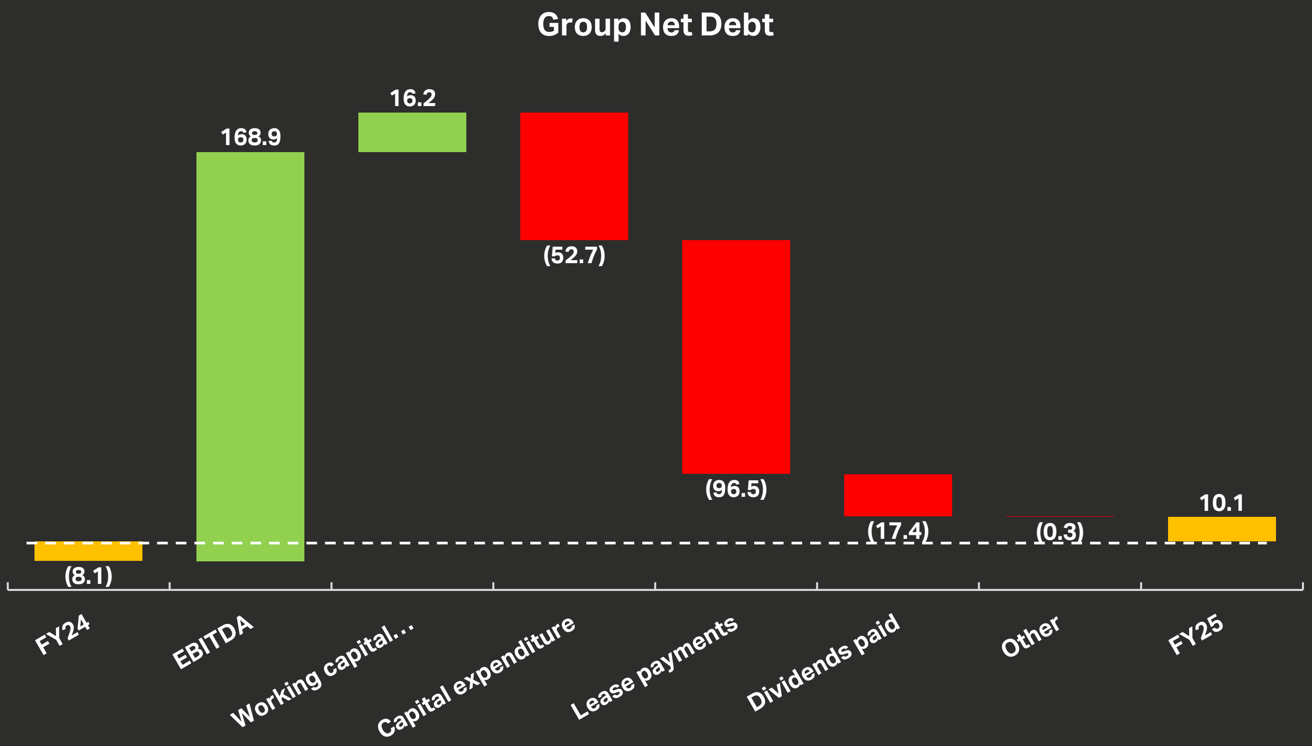
Share of tyre jobs where at least one tyre has <2mm tread



Source: Halfords data

Cash and balance sheet

Net cash of £10.1m reflects £18.2m improvement year on year, driven by strong working capital management and reduced stock



- Closing net cash of £10.1m, +£18.2m YoY
- Stock down c.5% YoY with reduction in both segments
- Cash capex of £52.7m, +£9m YoY largely due to Fusion
- Free cash inflow of £43.0m, +£13.6m YoY
- Net debt 1.4x EBITDA inc. leases / net cash ex-leases
- £180m RCF extended to April 2028 in H1

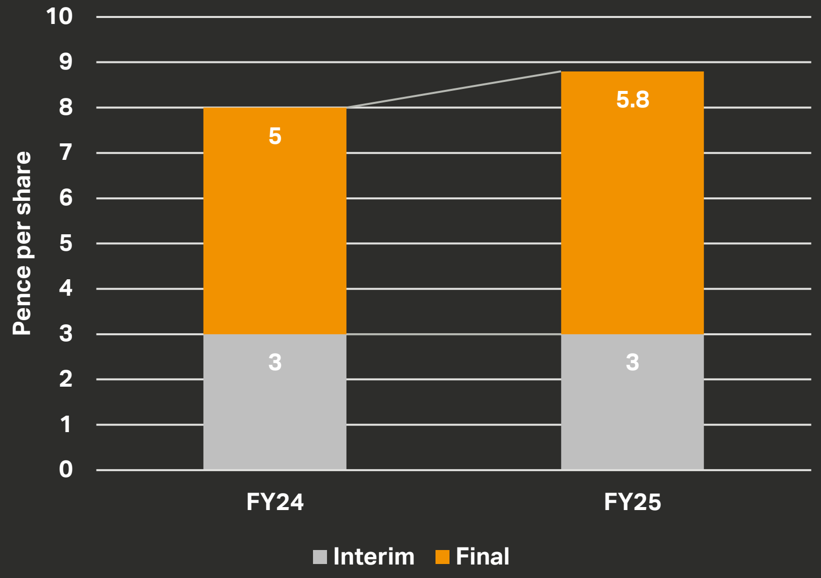
** Net cash / debt stated excluding lease liabilities.*

Capital allocation priorities are unchanged with a 10% increase in the total dividend, 1.5x covered by profit after tax

Capital Allocation Priorities

- Maintaining a prudent balance sheet
- Investment for growth
- M&A focused on Autocentres
- Dividend covered by 1.5x to 2.5x underlying profit after tax
- Surplus cash returned to shareholders

Dividend per share



Total dividend 1.5x covered by PAT

Summary

In FY25 we delivered on three key priorities…

- ✓ Optimised the unique platform we have created to deliver greater returns
- ✓ Mitigated headwinds by driving cost and efficiency
- ✓ Selectively prioritised existing and proven strategic initiatives

…and grew PBT despite external challenges.

…resulting in a strong financial performance and a solid base for the year ahead

- ✓ **Underlying PBT up 6.4% YoY** to £38.4m
- ✓ **250bps of gross margin expansion** across Retail and Autocentres
- ✓ **£35m of cost and efficiency savings**
- ✓ **£43.0m of cash generated** through excellent working capital management
- ✓ **Balance sheet net cash**, an £18.2m improvement YoY
- ✓ **Dividend increased 10%** to 8.8p
- ✓ **Increased momentum** through H2

Strategic update

Fusion leverages our differentiated assets to unlock profitable growth

- ✓ Halfords has a unique value proposition enabled by physical infrastructure, technology and data – with our retail business a critical differentiator that is very difficult to replicate
- ✓ Fusion amplifies these key points of difference, leveraging the whole Halfords eco-system to drive sustainably profitable growth

Our 350+ retail stores & single group website **generate millions of service interactions** annually.

halfords motoring club

Access to around half of the UK car parc, with a unique ability to utilise data to convert & retain customers within the **Halfords ecosystem.**

Our B2B partnerships with fleet operators provide a **stable, recurring revenue stream.**

With c550 garages and 260 vans we have the **scale** to deliver Motoring Services nationally.

Fusion is not just about increasing capacity

Managing the business

Centre Manager

halfords
garage services

Updated Halfords branding

Managing customers | Managing the workshop | Creating demand

Front of house
- Assistant Manager
- Customer Service Advisor (CSA)

Back of house
- Workshop Controller
- Technicians x8

Retail store car park
- Automotive Service Manager

Additional ramps & technicians

Dedicated training programme

BEFORE

AFTER

With 50 sites now trading, the results continue to be compelling

As we progress with the rollout, Fusion garages continue to:

- ✓ Pay back c.£200k initial investment in c.2 years
- ✓ Double site-level contribution at maturity
- ✓ Drive mix into higher margin Service, Maintenance and Repair (“SMR”)
- ✓ Provide more capacity for fleet and EV work
- ✓ Improve customer metrics (Google scores of 4.0+ vs. c.3.5)
- ✓ c.150 locations in total: 50 trading today, at least 60 more in FY26 and the remainder in FY27

The data collected by Halfords Motoring Club represents a significant opportunity for future growth

- ✓ **Free membership** attracts customers to stores and garages, reducing acquisition costs and providing an introduction to the club
- ✓ **Premium membership** drives incremental profit through more valuable behaviours and subscription revenue
- ✓ **Access to data** can generate significant future value through prediction, personalisation and recurring revenue

>5m
members

370k
premium members

£18m
subscription revenue

51%
MOTs from club members

c.70%
Premium retention

3x
annual spend by premium vs. non member

Adam Pay, Garages MD

Jessica Frame, Retail MD

Current trading and outlook

FY26 current trading and outlook

- Trading **in line** with expectations in FY26 to date
- Non-recurring costs in H1 associated with new **warehouse management system**
- Over £20m of **cost savings** identified to mitigate inflation
- **Investing for the future**, prioritising Fusion, digital customer experience and systems improvements
- As a result, profit expected to be **weighted to H2**
- **Capex** of £60m to £70m

Confident in plan for the year ahead and the future trajectory of the Group

Q&A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Motoring services
that come to you.
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Thank you.

For further information, please visit

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