



**HALFORDS GROUP PLC**  
***FY21 INTERIM RESULTS***  
**18<sup>TH</sup> NOVEMBER 2020**

**halfords**



## ***FY21 H1 Financial Performance***

Loraine Woodhouse, CFO

## ***FY21 H1 Strategic Update***

Graham Stapleton, CEO

## ***FY21 Current Trading & Summary***

Graham Stapleton, CEO

## ***Q&A***





halfords  
James

# ***FY21 H1 FINANCIAL PERFORMANCE***

***Lorraine Woodhouse, CFO***

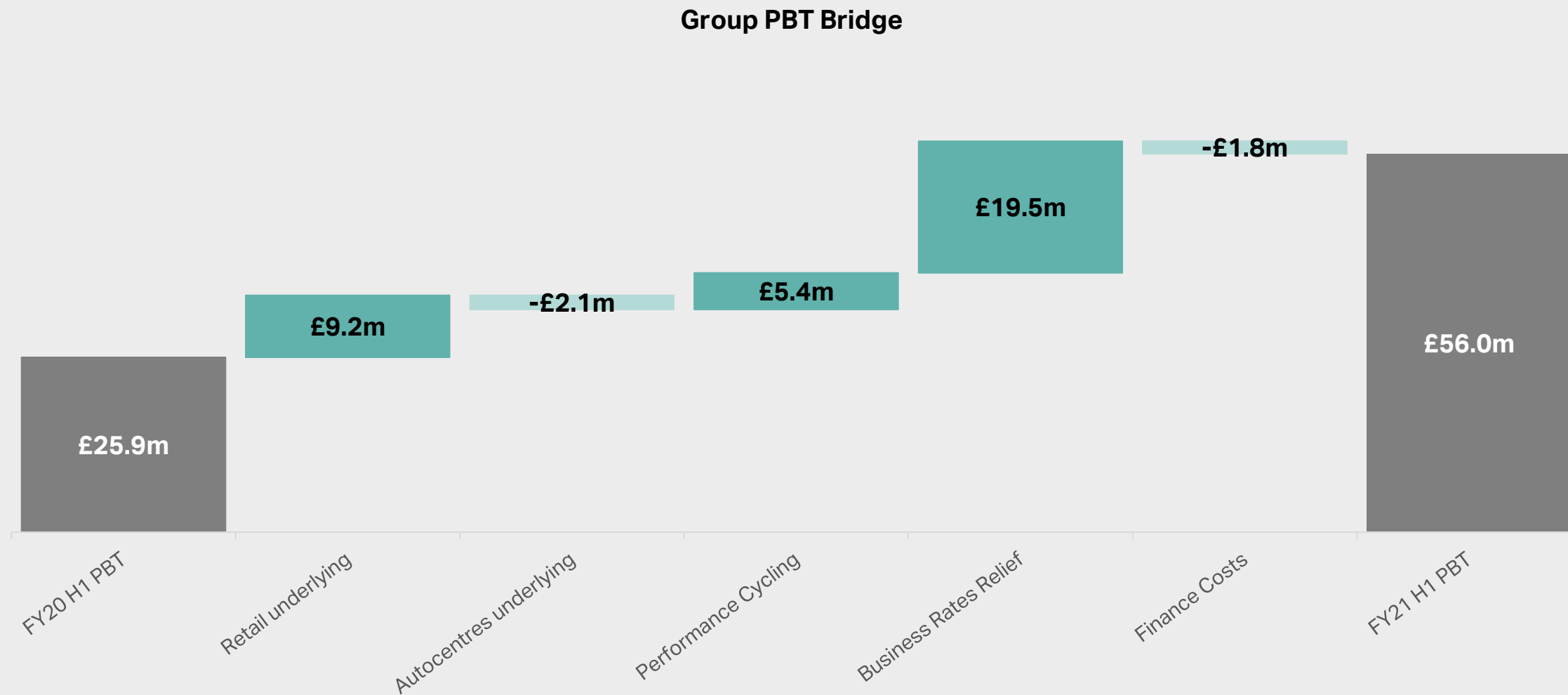


## 4 **FY21 H1 Group Financial Highlights**

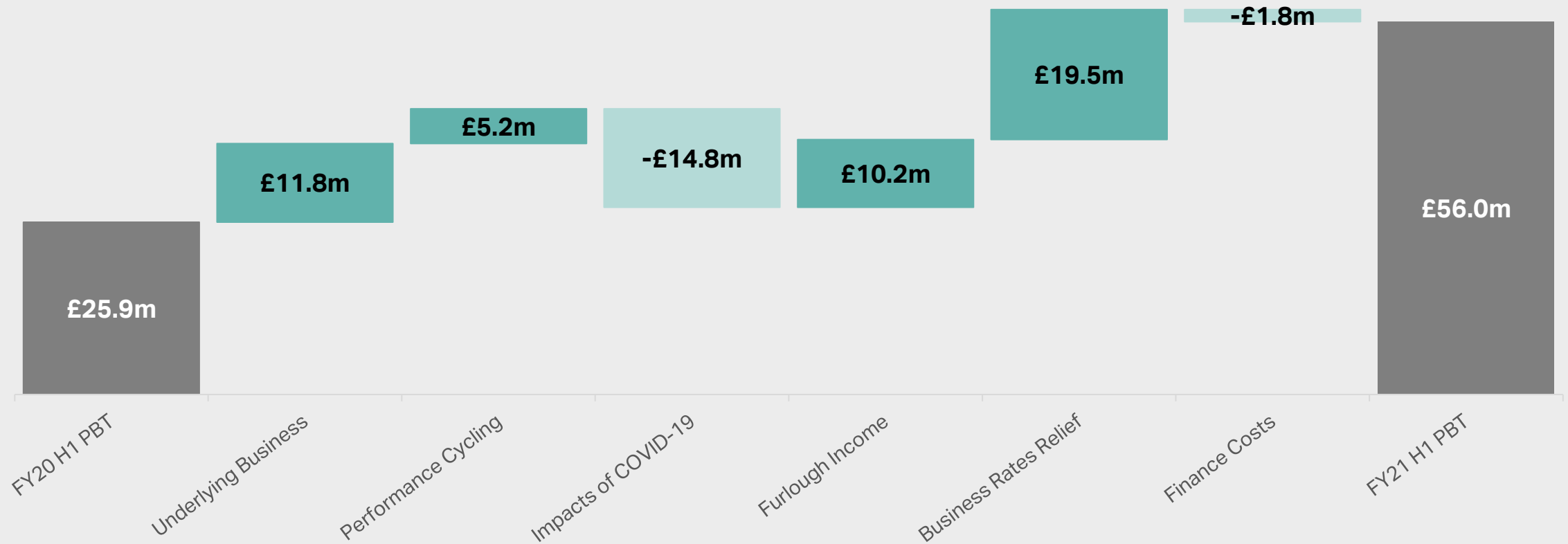
- Strong revenue growth of +9.6%, +6.7% LFL with an accelerating trend in Q1 followed by a strong and stable Q2
- Autocentres growth strong at +38.7% boosted by our acquisitions of McConechy's and Tyres on the Drive
- Group PBT of £56.0m, +£30.1m above last year, +£15m ahead excluding business rates relief, furlough income and the additional costs of operating under COVID-19
- Gross Profit % decrease of -63bps. Strong underlying performance in motoring and cycling offset by exceptional sales and mix into cycling.
- Costs -2.9% below last year with our ongoing efficiency programme, business rates relief and furlough income, offset by our year-on-year acquisition costs, and costs of trading under COVID.
- The Group finished with net cash pre-IFRS 16 of £97.8m, £160m above last year



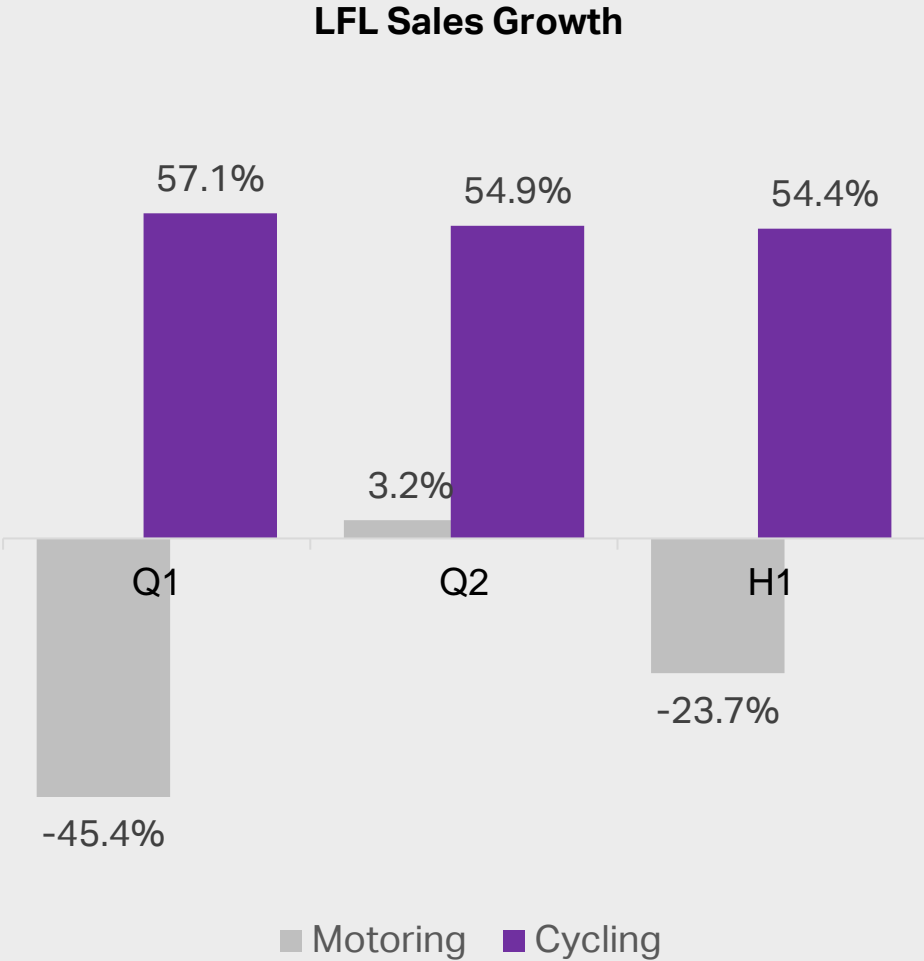
	FY21 H1	vs. FY20
Revenue	£638.9m	+9.6% YoY +6.7% LFL
Underlying PBT pre-IFRS 16	£56.0m	+116.2% YoY
Non-Underlying items	(£0.6m)	
PBT after Non-Underlying items post-IFRS 16	£55.4m	
Basic Underlying EPS pre-IFRS 16	23.0p	121.2% YoY
Free Cash Flow	£169.2m	+£125m YoY
Net cash	£97.8m	+£160m YoY



## Group PBT Bridge

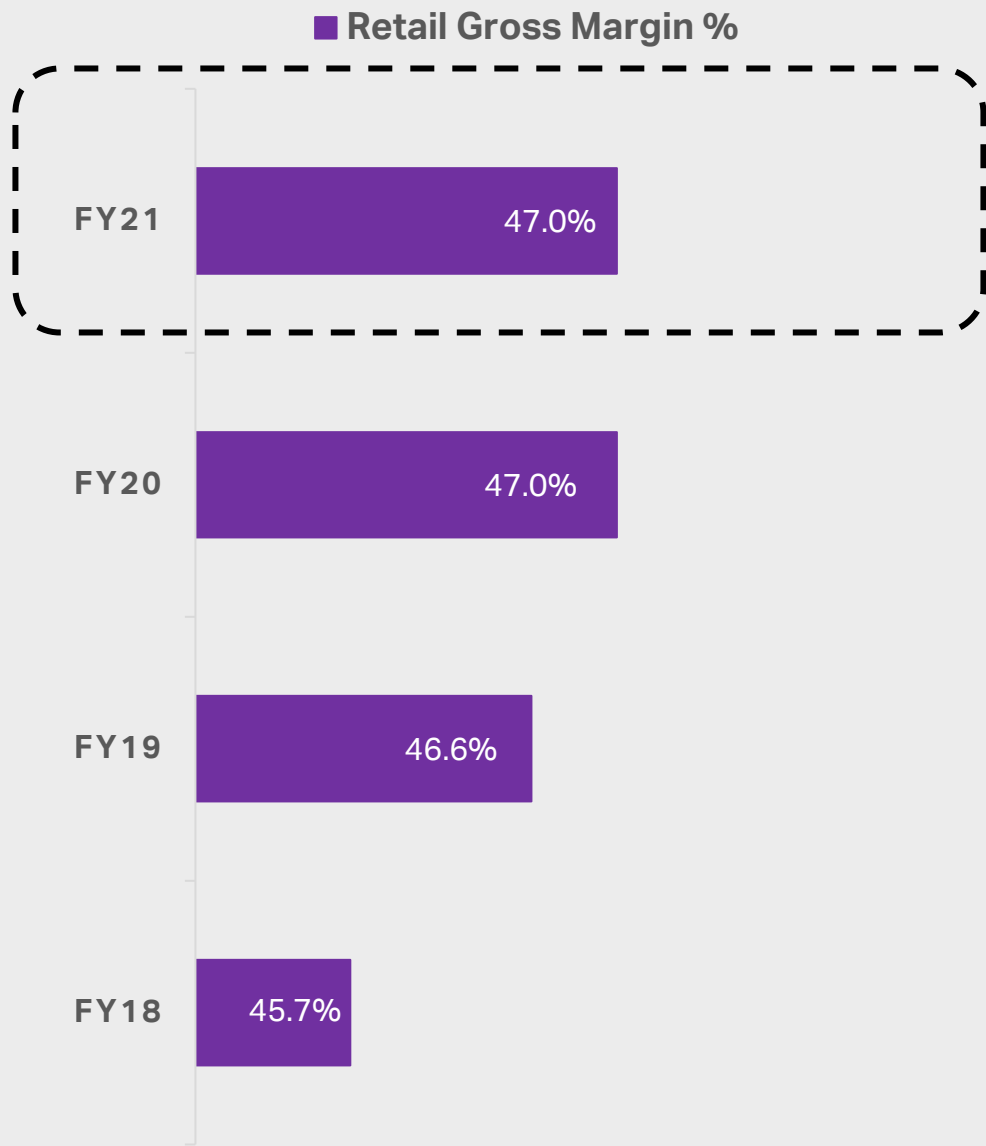


Revenue	£524.2m	+4.8% YoY +8.1% LFL
Gross Margin	47.0%	-1 bps
Operating Costs*	£190.1m	-9.5% YoY
Underlying EBIT*	£56.2m	+124.8% YoY

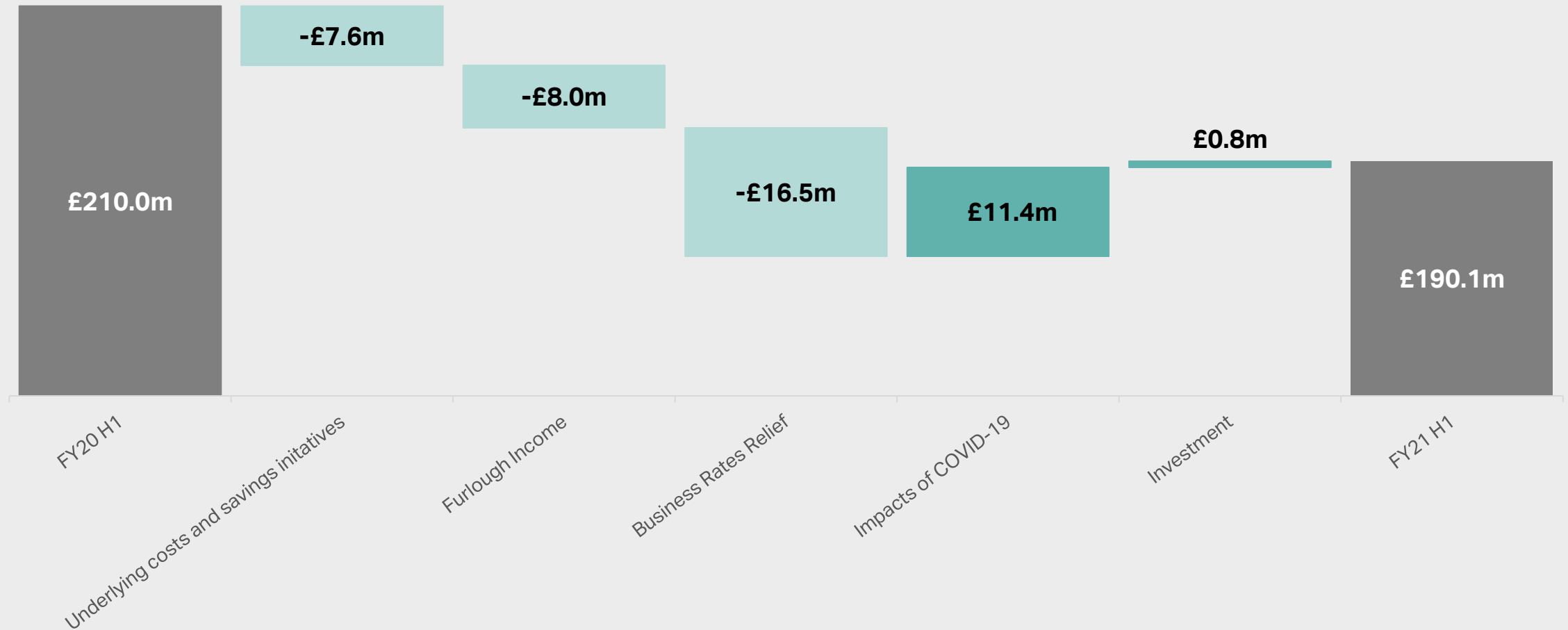


**Note:** \*numbers are reflected on a pre-IFRS 16 basis

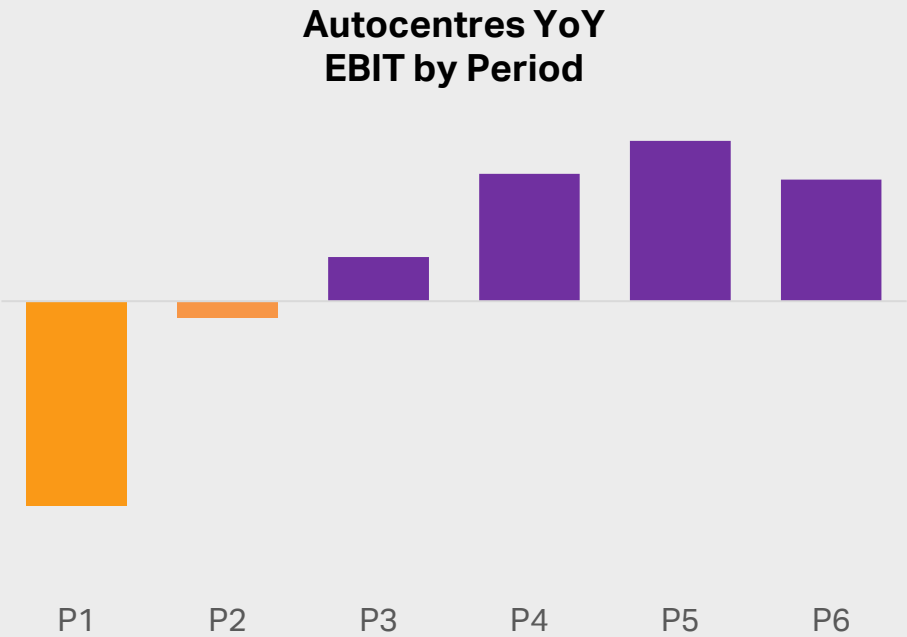




Retail Operating Costs Bridge

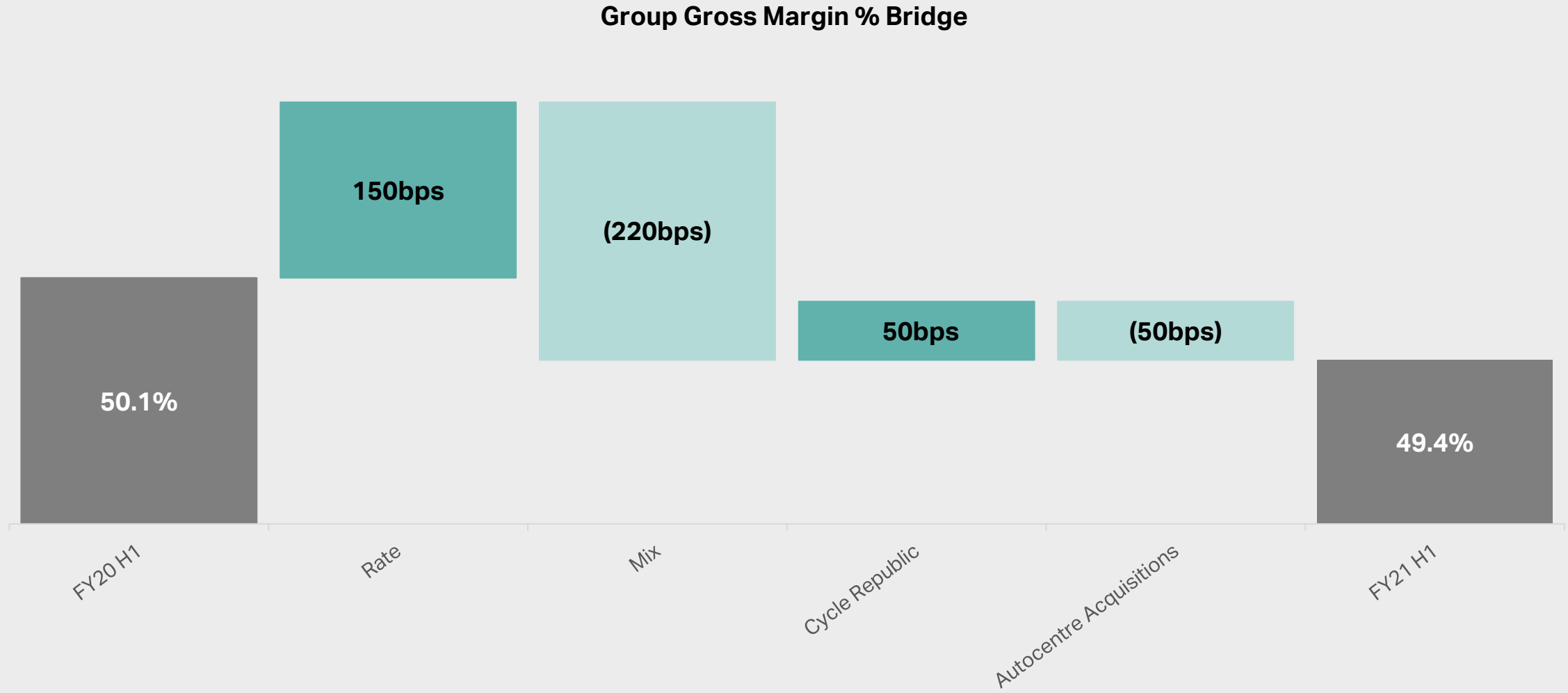


Revenue	£114.7m	+38.7% YoY -2.0% LFL
Gross Margin	60.6%	-797 bps
Operating Costs*	£65.4m	+22.2% YoY
Underlying EBIT*	£4.1m	+28.1% YoY



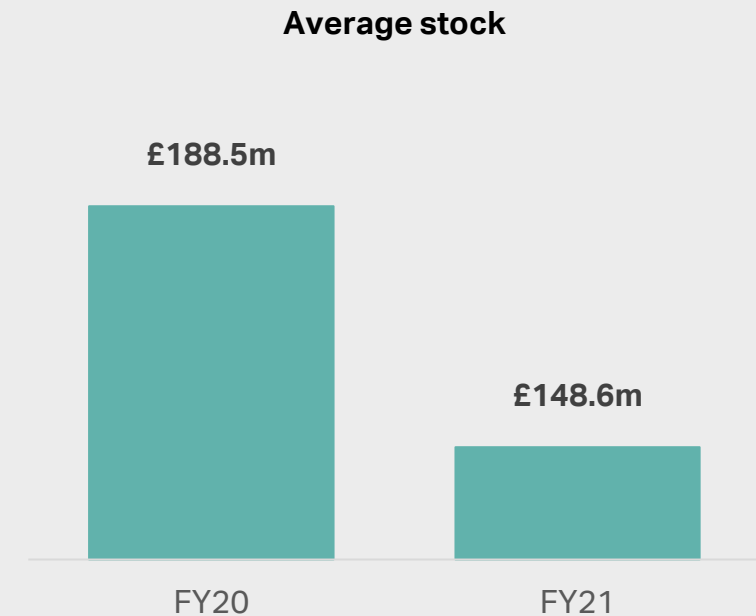
**Note:** \*numbers are reflected on a pre-IFRS 16 basis



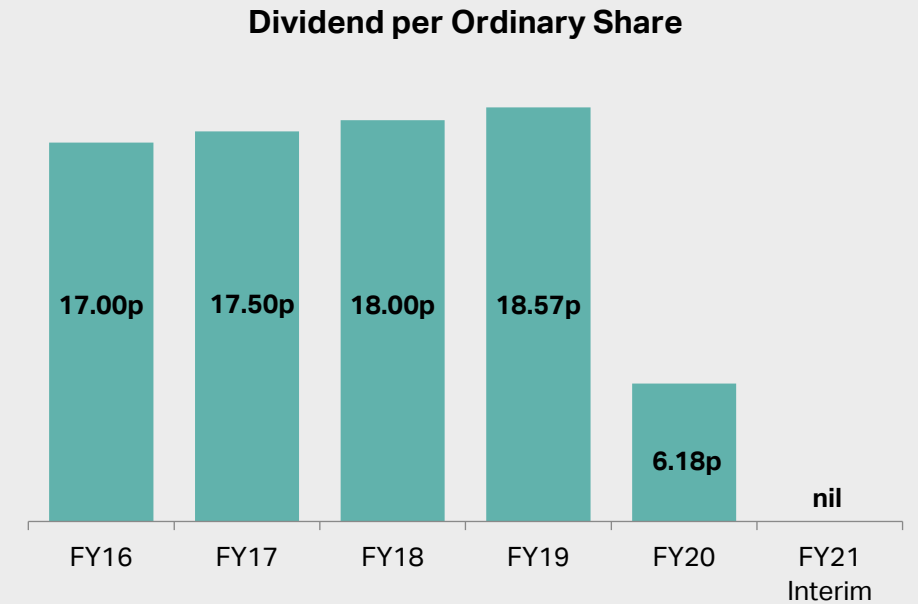
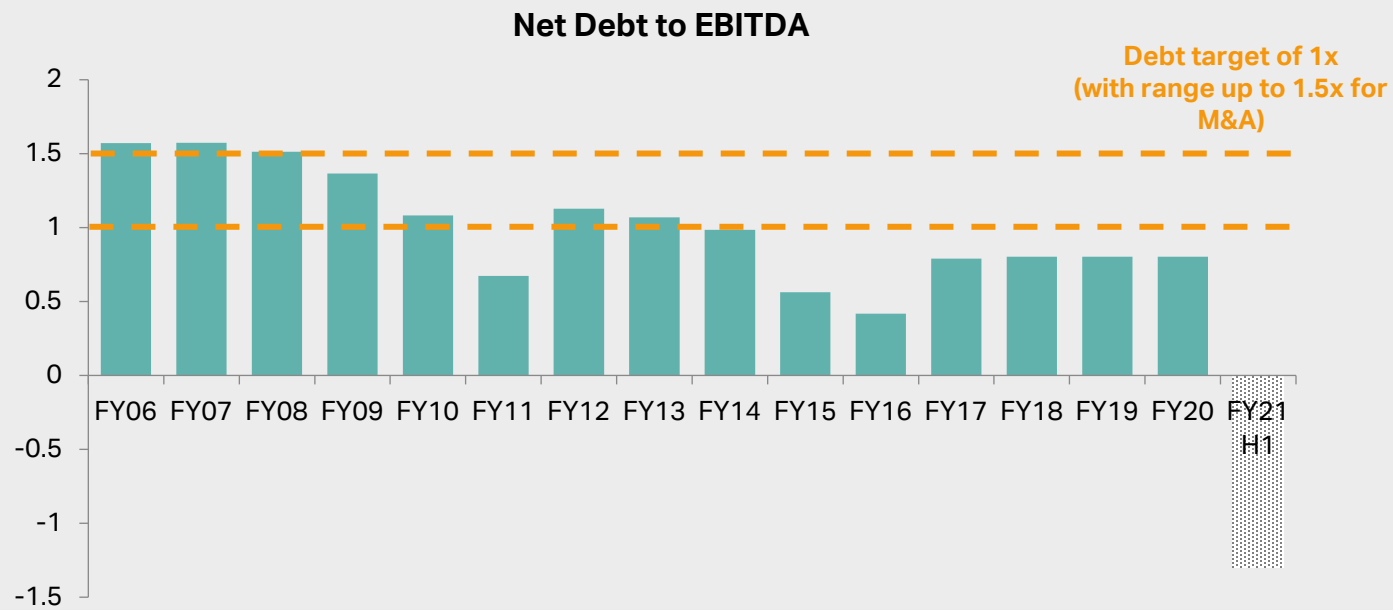
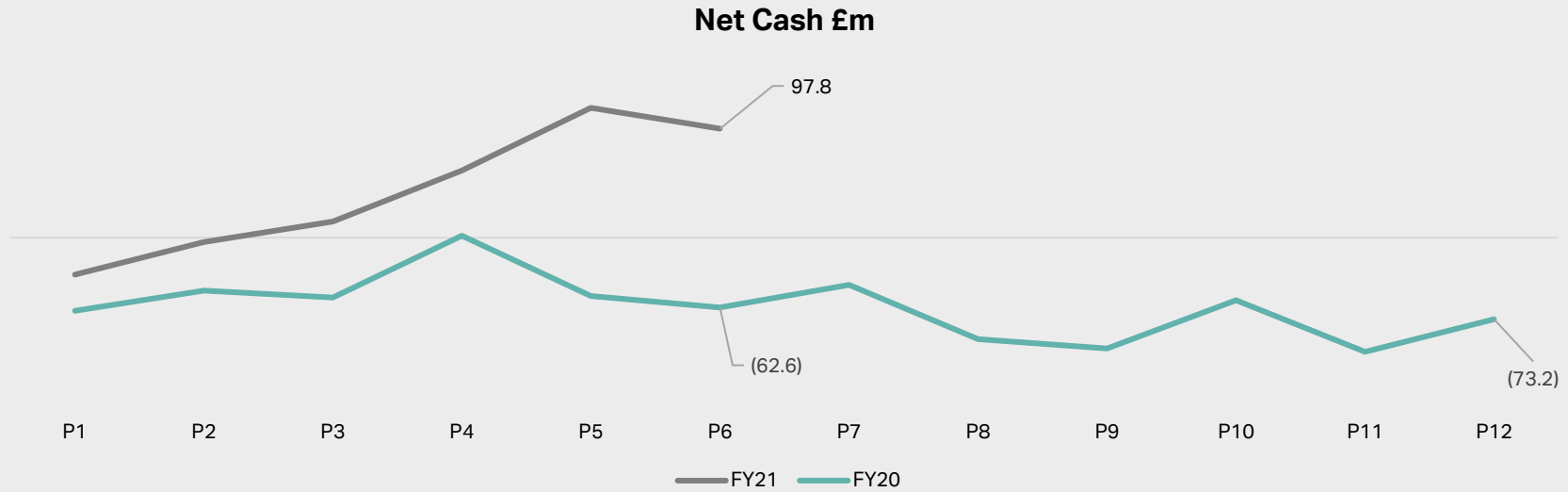


**Note:** On slide 9, Cycle Republic is included within the overall Retail bridge. Commissions on this slide are included within Rate.

	FY21 £m	FY20 £m	YOY £m
<b>EBIT</b>	<b>58.4</b>	<b>24.4</b>	<b>34.0</b>
Depreciation & Amortisation	18.0	19.4	-1.4
Working Capital*	98.1	33.5	64.6
Provisions Movement*	9.9	-1.5	11.4
Employee Share Scheme	1.6	1.1	0.5
<b>Operating Cash Flow</b>	<b>186.0</b>	<b>76.9</b>	<b>109.1</b>
Capex	-11.9	-16	4.1
Net Finance Costs	-2.8	-1.0	-1.8
Taxation	-3.0	-14.7	11.7
Other	0.9	-1.0	1.9
<b>Free Cash Flow</b>	<b>169.2</b>	<b>44.2</b>	<b>125.0</b>



**Note:** \*numbers are calculated pre IFRS 16 and on a comparable basis





# ***STRATEGY UPDATE***

***Graham Stapleton, CEO***

- Proven operational agility and resilience
- Capitalised on tailwinds
- Mitigated headwinds
- Good financial performance
- Strong progress against our FY21 strategic priorities
- Positive customer response

Group PBT

**£56m**

(+116% YoY)

Group sales growth

**+9.6%**

Cycling GP%  
Improvement

**+300bps**

(on-track for full year)

Growth of Group  
service-related sales

**+16.0%**

Online sales growth

**+148.2%**

Total Group sales  
through B2B channels

**16.6%**

(+3.4ppts YoY)



- Accelerated shift to online and home delivery channels

Growth of Group online sales

**+148%**

Group sales through online

**49%**

(+26.7ppts YOY)

- Convenience and safety playing a more significant role in decisions

Average growth in jobs through each Halfords Mobile Expert van

**+20.6%**

Autocentre sales through Halfords Mobile Expert

**11.8%**

(+10.7ppts YOY)

- Market-leading Cycling business

Own brand adult bikes refreshed

**54%**

Cycle2Work sales growth

**+70%**



**To *Inspire* and *Support*  
a *Lifetime*  
of *motoring* and *cycling***

**1** **Inspire** our customers through a differentiated, super-specialist shopping experience



**2** **Support** our customers through an integrated, unique and more convenient services offer




**3** Enable a **lifetime** of motoring and cycling



**Underpinned by:**

Focus on **Cost and Efficiency**

Investment in our **Colleagues**

A background image showing two women in Halfords uniforms. The woman on the left is wearing a dark jacket with the Halfords Autocare logo and is looking at a tablet. The woman on the right is wearing a dark jacket over a striped shirt and is also looking at the tablet. The image is dimmed to serve as a background for the text.

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



A man with glasses, wearing a dark Halfords uniform jacket and a high-visibility yellow and orange safety vest, is smiling while working on the interior of a car. He is holding a grey car seat. A name tag on his vest reads "halford" and "Rob".

# ***OUR STRATEGIC FOCUS FOR FY21***



A **focus on cost and efficiency**, creating a leaner and more profitable business

Continue to build a unique and market-leading position for **motoring services**

Enhancing our Group web platform and **digital customer experience**, to create an even more differentiated and specialist proposition

Double the number of customers shopping across the Group through further development of our **CRM capabilities and cross-shop opportunities**

## 23 *Strategic Highlights*

A focus on cost and efficiency, creating a leaner and more profitable business

- On track to deliver cycling profitability improvements of +300bps
  - Simplifying our ranges and componentry
  - Improvements in buying terms
  - Promotional effectiveness
  - Lower working capital requirements
- Delivered cost savings through:
  - Continued focus on procurement practices saving £5m on an annualised basis
  - Rent reductions
  - Closure of 33 sites across the Group





## 24 *Strategic Highlights*

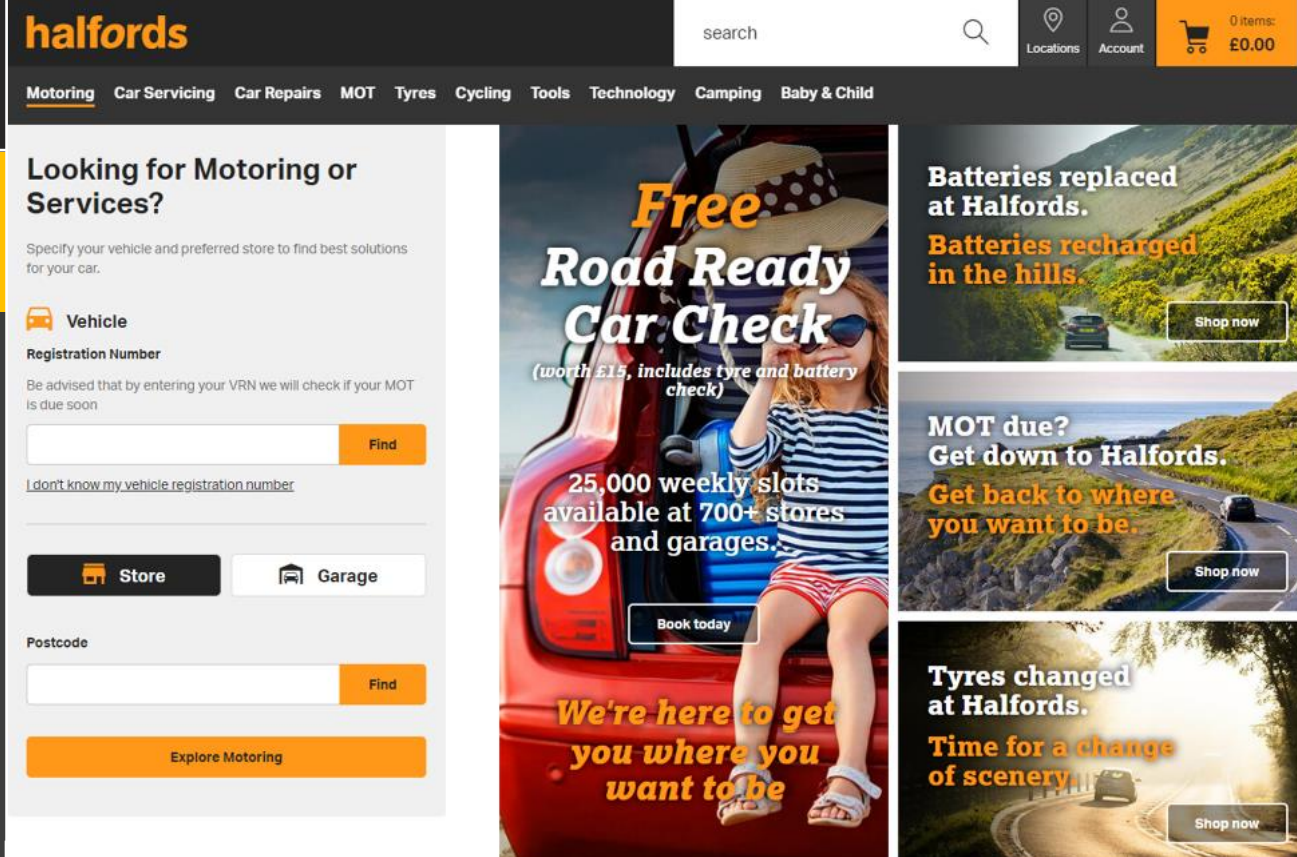
Continue to build a unique and market-leading position for **motoring services**

- Increased the scale of our Halfords Mobile Expert proposition by adding more vans, more technicians and hubs to serve a wider geographic reach.
- Rolled out our upgraded 'PACE' system, our in-garage digital operating platform, to all our sites including all McConechy's sites.
- McConechy's sites now integrated on our single Group website, allowing customers to book at all 368 garage locations.
- Almost 100 Autocentre sites operating Sunday to serve the greater demand.



Enhancing our Group web platform and **digital customer experience**, to create an even more differentiated and specialist proposition

- Conversion improvements of +47% driven by;
  - New stock availability comms – “Email me when back in stock” and registration for new ranges
  - “Frequently bought with” increasing average transaction size
  - Self-service portal and chatbots launched
  - Bookable bike collection slots and SMS
- Reduced customer contact and improved NPS;
  - Retail NPS +4 YoY
  - Autocentres NPS +7 YoY



## Halfords Mobile Expert

Reviews 3,093 • Excellent



4.8



## 26 *Strategic Highlights*

Double the number of customers shopping across the Group through further development of our **CRM capabilities and cross-shop opportunities**

- Launched our 'WeCheck' app to digitally capture information from our motoring WeCheck services
- Integration of Tyres on the Drive to our Group website meaning our entire portfolio of products and services now available on our Group website
- Launched a media campaign to drive awareness of our integrated motoring services offer resulting in a 40% uplift in consideration scores





- **Fusion**

- New store and garage formats, aligning physical locations with our mobile capability and digital experience

- **Lifetime**

- Initiate a meaningful step towards playing a broader more engaged role in customers lives, ultimately driving relevance around existing and new products, services and the Brand

- **Contact Strategy**

- Enhanced digital experience to reduce contact, providing efficient and meaningful support at every customer touchpoint





### Investment in our **Colleagues**

- Large scale recruitment programme underway to fill motoring and cycling service-related roles across the Group
- Investment in skills and training
- Focus on colleague safety
- Frontline Colleague Support Scheme paying over £2.3m to colleagues working through the initial lockdown
- Halfords Here to Help fund, investing £1.5m to support colleagues financially impacted by the pandemic
- Wellbeing hub launched to provide support to colleagues
- Funded flu vaccines across the Group





A man wearing a helmet, a blue denim jacket over a grey t-shirt, and khaki pants is riding a silver Carrera bicycle. He is carrying a blue bag over his shoulder. The background is a blurred stone wall and a brick wall, suggesting motion. The text "CURRENT TRADING AND SUMMARY" is overlaid in the center.

# ***CURRENT TRADING AND SUMMARY***



- Halfords continues to operate as an essential retailer – all stores and garages remain open
- Colleague and customer safety remains our number one priority
- Shape of trading was strong over 5 weeks to the 5<sup>th</sup> of November
- Trading has been impacted since lockdown;
  - Cycling growth remains strong
  - Demand for mobile services is high
  - Shift to online delivery propositions
  - Motoring products impacted by downturn in traffic



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Q&A





### ***Contact and Newsflow***

For further information, please go to  
[www.halfordscompany.com](http://www.halfordscompany.com)  
or contact:

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[neil.ferris@halfords.co.uk](mailto:neil.ferris@halfords.co.uk)

Next newsflow:

14<sup>th</sup> January 2021: FY21 Q3-week trading update