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22 October 2024

Halfords Group plc
Trading update for the 26 weeks to 27 September 2024 (“H1 FY25”)

“Controlling the controllables” strategy delivering to plan

H1 FY25 performance

- Group like-for-like (“Lfl”) sales broadly flat (-0.1%) vs. strong prior year comparatives (H1 FY24: +8.3%).
- Expansion in gross margin from price optimisation and gains from Better Buying as FX headwinds abate.
- On track to deliver £30m of targeted full year savings to mitigate c. £35m of expected inflation.
- The Group has two reporting segments: Autocentres (c.40% of Group revenue) and Retail (c.60%, across Motoring and Cycling). Motoring across both segments represents c.80% of total sales.
 - Autocentres (ex-Avayler) delivered Lfl sales +0.8% against an exceptionally strong Lfl of +18.0% in H1 FY24. Strong growth in Services, Maintenance and Repair but Tyres remained challenging with price-conscious customers trading down into budget ranges and elevated promotional activity in the premium market. High levels of technician wage inflation persisted.
 - Following the UK’s wettest spring since 1986, Retail momentum grew through H1 to deliver Lfl sales -0.7%. Motoring Products proved more resilient than expected. Leisure Cycling remained challenging, albeit with a positive reception for our new premium bike ranges, while Performance Cycling continued to outperform with positive Lfls in Tredz.
- Lower stock and strong cash generation further improved an already strong balance sheet.
- Encouraging strategic progress in the period, including:
 - 17 of the 25 Fusion towns originally planned for FY25 have been delivered with the remainder due to complete this calendar year, improving the garage experience for customers and consistently performing ahead of business case.
 - Motoring Loyalty Club continues to resonate reaching over 4 million members (FY24: 3.4m).
 - Avayler’s landmark contract with Bridgestone reached a key milestone in progressing beyond test phase with an imminent pilot go-live date scheduled for its first new format site in the US.

Outlook

- Despite pockets of improving consumer sentiment, the short-term outlook remains uncertain, particularly for big ticket, discretionary purchases. Our outlook for FY25 is unchanged.
- In the second half, our focus remains on optimising our market-leading platform in the face of continued wage inflation and end-market variability, positioning us for future growth.
- As such we are prioritising investment where we have high confidence in strong near-term returns, including delivery of 14 additional Fusion locations before year-end based on excellent results to date.

Our next scheduled update will be the interim results announcement planned for late November 2024.

Graham Stapleton, Chief Executive Officer of Halfords, commented:

“While consumers remain cautious in their discretionary spending compounded by uncertainty around the contents of the upcoming Autumn Budget, we have continued to focus on controlling the controllables and I am pleased with our performance in the first half of FY25. Our services and B2B-led strategy has supported Halfords’ growth despite two of our core markets remaining significantly below pre-Covid levels, enabling us to absorb more than £130m of inflation since FY20 while maintaining a strong balance sheet. In this environment we are focused on optimising the existing platform to drive near-term returns, while accelerating our investment in the Fusion concept to position us for growth in the coming years.”

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Halfords is the UK’s leading provider of motoring and cycling services and products. Customers shop at 377 Halfords stores, two Performance Cycling stores (trading as Tredz), 546 garages (trading as Halfords Autocentres, McConechy’s, Universal, National Tyres and Lodge Tyre) and have access to 273 mobile service vans (trading as Halfords Mobile Expert and National) and 510 commercial 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. Through its subsidiary Avayler, Halfords also sells the Group’s bespoke, internally developed software as a SaaS solution to major clients in the US and Europe.

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.

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