FUSION
GARAGE SERVICES

Halfords Group plc
Investor Visit February 2025

INTRODUCING THE HALFORDS TEAM

Today's speakers:

Graham Stapleton
CEO

Jo Hartley
CFO

Anthony Caie
Transformation & Business Change Director

INTRODUCING THE HALFORDS TEAM

Also joining us today:

Karen Bellairs
Chief Customer Officer and Garages MD

Holly Cassell
Investor Relations & ESG Director

Paul Jacobs
Operations Director – Garages

Colin Morgan
Divisional Director Retail

AGENDA

1	HALFORDS & FUSION OVERVIEW	09:30 – 10:30	Unity Place, Milton Keynes
	- The service market - The Fusion model - Results & rollout		
	Travel time -15 mins		
2	RETAIL STORE VISIT	10:45-11:30	Milton Keynes Retail Store
	Travel Time -15 mins		
3	GARAGE VISIT	11:45 – 12:30	Halfords Garage Services, Bletchley
	Travel Time -15 mins		
4	QUESTIONS & LUNCH	12:45 – 13:45	Unity Place, Milton Keynes
5	CLOSING SESSION	13:45 – 14:00	Unity Place, Milton Keynes

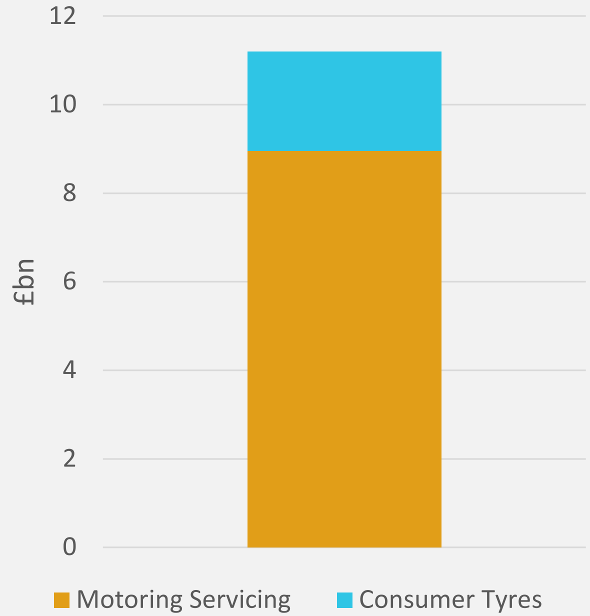
FUSION LEVERAGES OUR KEY DIFFERENTIATOR TO UNLOCK SUSTAINABLY PROFITABLE GROWTH

- The Motoring Services market is **vast and fragmented**: a clear opportunity
- Our offer is **unique**, enabled by **physical infrastructure, technology** and **data**
- **Retail is a critical differentiator** which is near-impossible to replicate:
  - High brand awareness and consideration, with reputation for specialism
  - c.30m known customers, many of whom don't yet engage with our garages
  - A key location for services - around 4x as many service events in car parks than garages
- Fusion amplifies these key points of difference, **leveraging the whole Halfords eco-system** to unlock sustainably profitable growth
- **Compelling returns** from c.30 sites driving plans for an **accelerated rollout** to c.150 locations

HALFORDS &
THE MOTORING SERVICES MARKET

MARKET SUMMARY

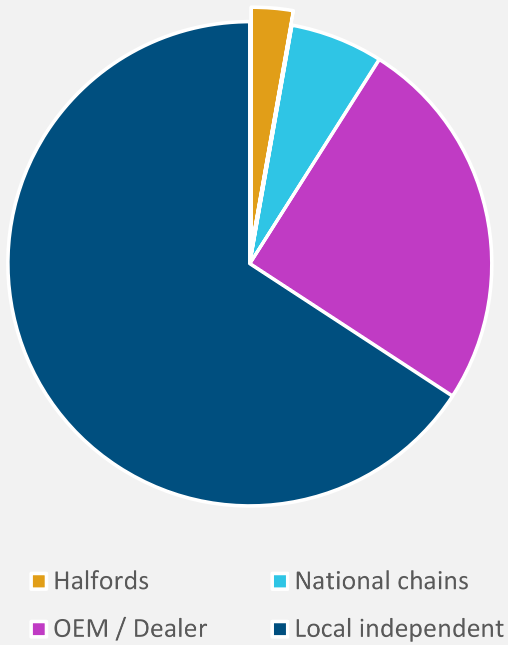
-MARKET-



The Motoring Services market totals over £11bn, with c.£9bn Motoring Servicing and c.£2bn Consumer Tyres

Source: GfK, DVSA, Halfords estimates

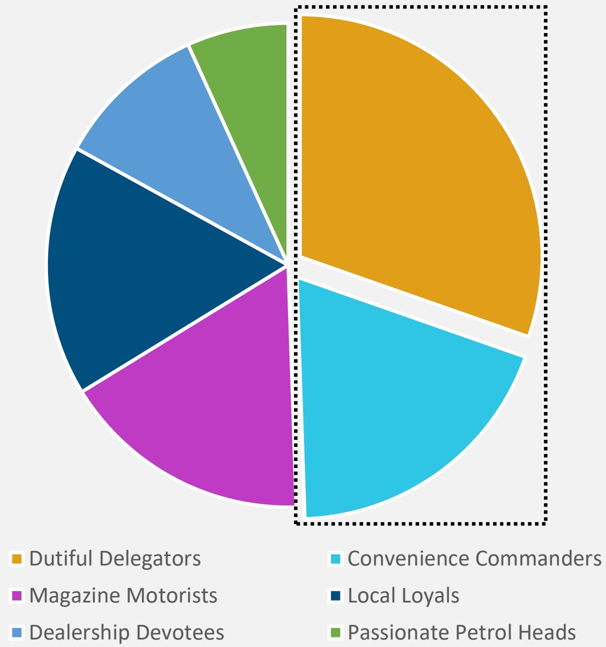
-SHARE-



The market is highly fragmented, with the opportunity for a major provider offering a differentiated proposition to grow

Source: Halfords estimates

-CUSTOMER-



50% of the market is in the "bullseye" of the Halfords proposition. These segments have a high Halfords consideration and propensity to use a major chain

Source: Halfords estimates

CUSTOMER SUMMARY

PRIMARY
CUSTOMER GROUPS

Dutiful Delegators

Convenience Commanders

	Dutiful Delegators	Convenience Commanders
Market size (vol)	12.5m	7.9m
Halfords Consideration	78%	69%
Gender	Female 59%	Male 51%
Age	<45 years	45-64 years
Top 3 needs	1. In garage – clean, welcoming, friendly 2. Convenience – simple booking, same day 3. Peace of mind – guarantees & aftercare	1. Online experience – convenient booking 2. Convenience – choice & availability 3. Value & price

FUSION GARAGES

HALFORDS WITHIN THE SERVICE MARKET

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.

Avayler TECHNOLOGY

Dedicated market leading motoring service technology platform

NEW CUSTOMER ACQUISITION

TRADITIONAL GARAGE BUSINESS

halfords garage services

Traditional advertising

Price promotion

Traditional advertising

Price promotion

Retail referrals

Loyalty & data

halfords motoring club

Fleet

Higher customer acquisition cost £££

Garages without the Halfords infrastructure will rely on higher cost, paid acquisition to drive demand (e.g. PPC)

Lower customer acquisition cost £

Through our unique combination of assets Halfords can generate a lower cost customer acquisition strategy

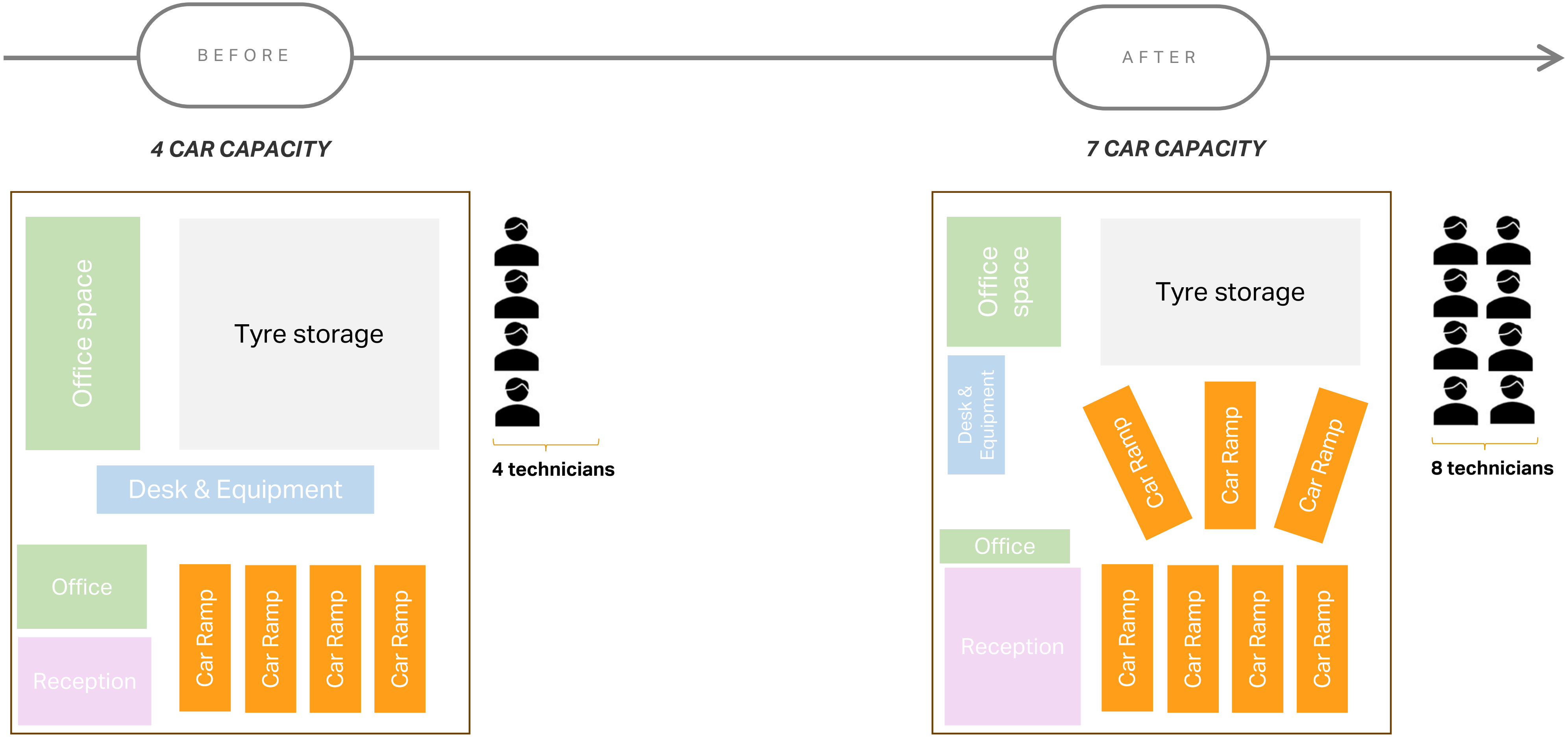
LEVERAGING OUR DIFFERENTIATORS:
THE FUSION MODEL

THE FUSION MODEL – BLETCHLEY EXAMPLE

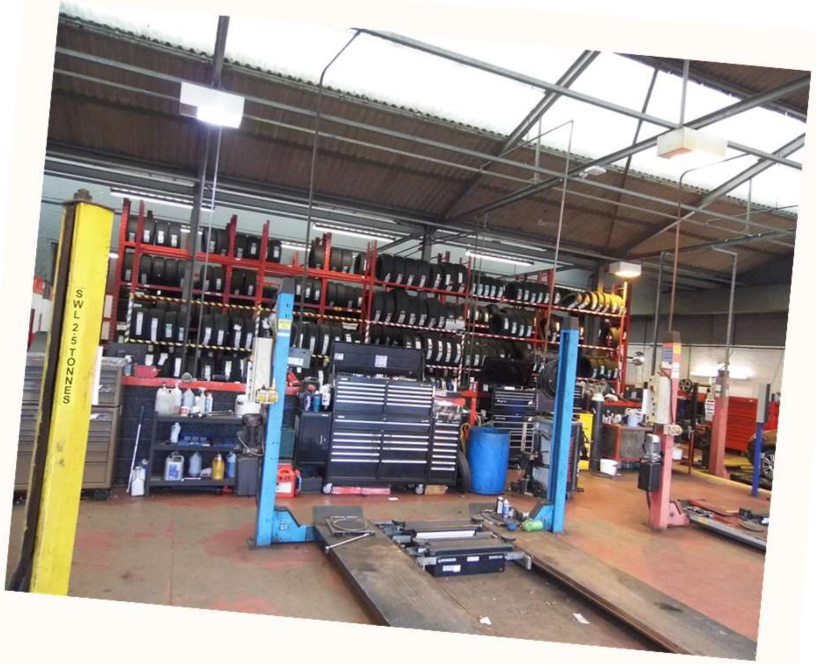
BEFORE

AFTER

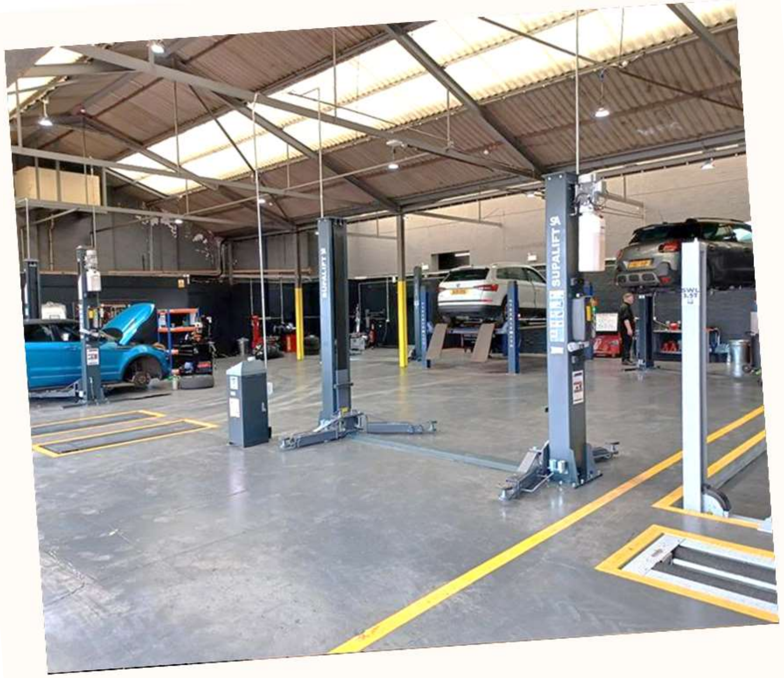
THE FUSION MODEL – BLETCHLEY SPACE UTILISATION



THE FUSION MODEL – BLETCHLEY WORKSHOP

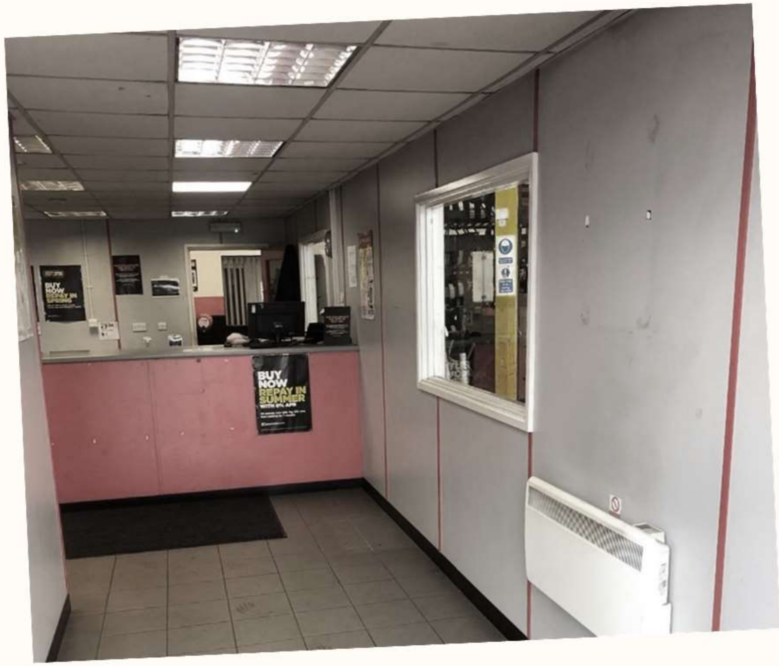


Before



After

THE FUSION MODEL – BLETCHLEY RECEPTION



Before

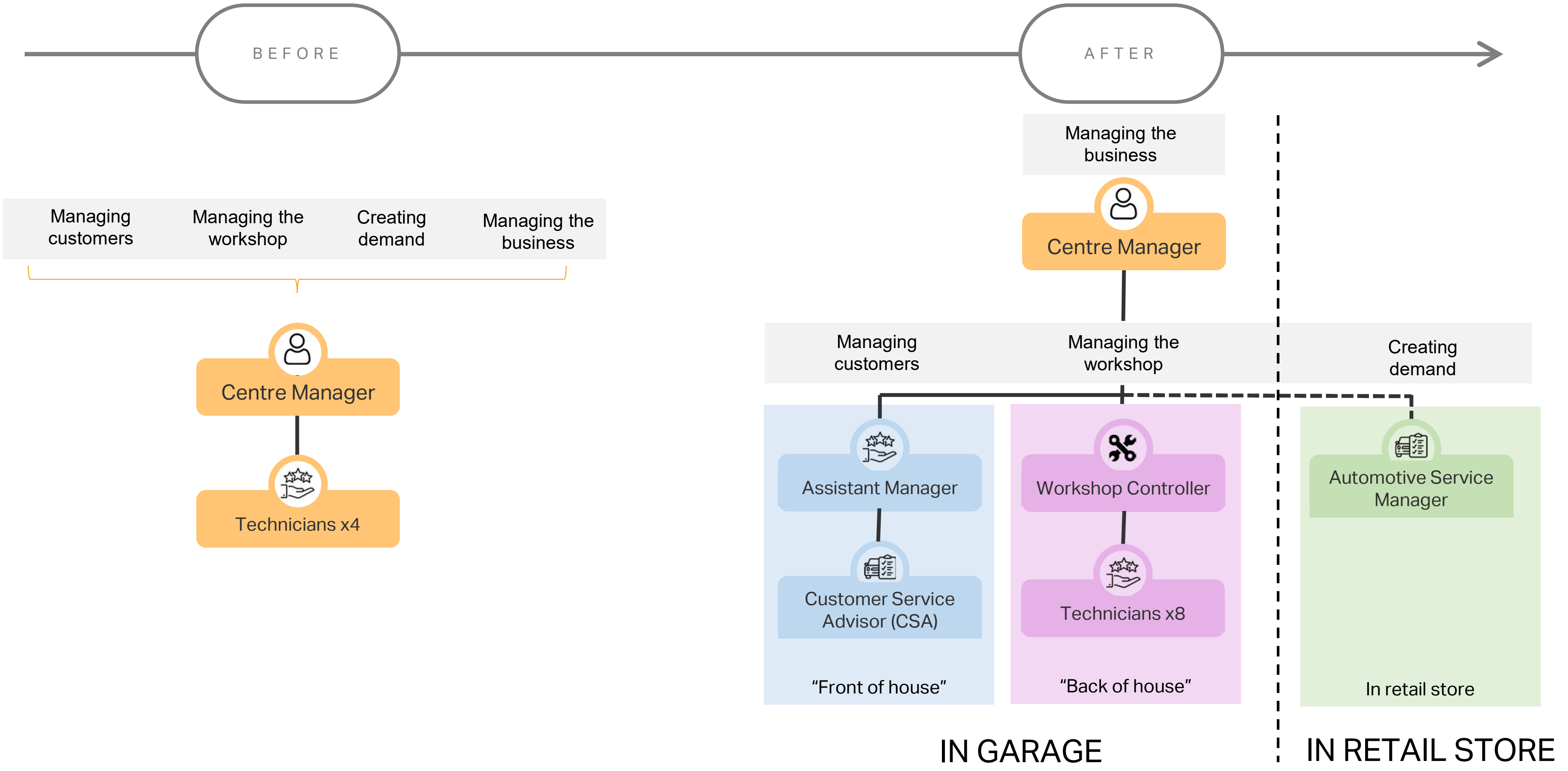
After

THE FUSION MODEL – RETAIL SITE

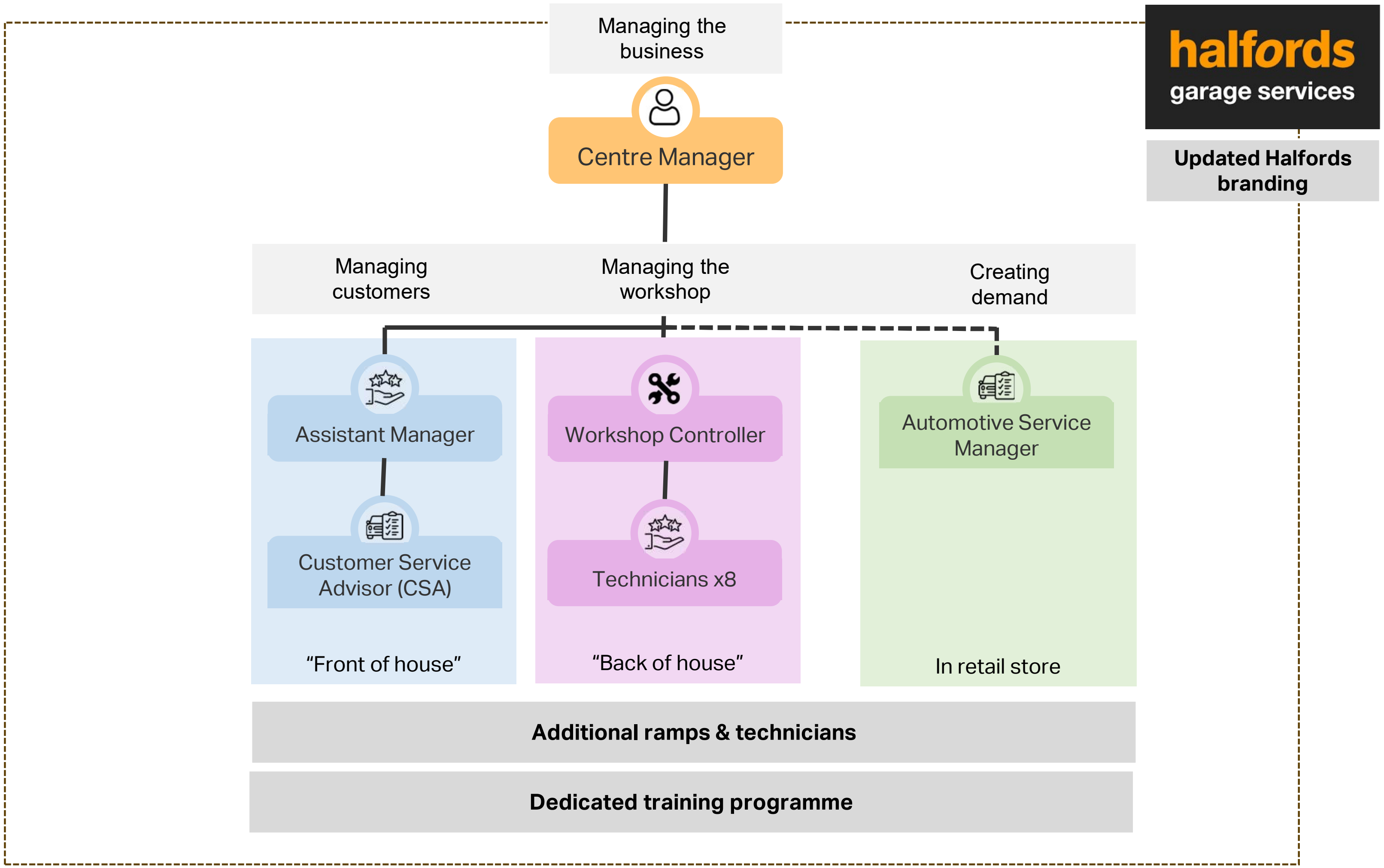
Before

After

THE FUSION MODEL – OPERATING MODEL



THE FUSION MODEL – SUMMARY OF FUSION

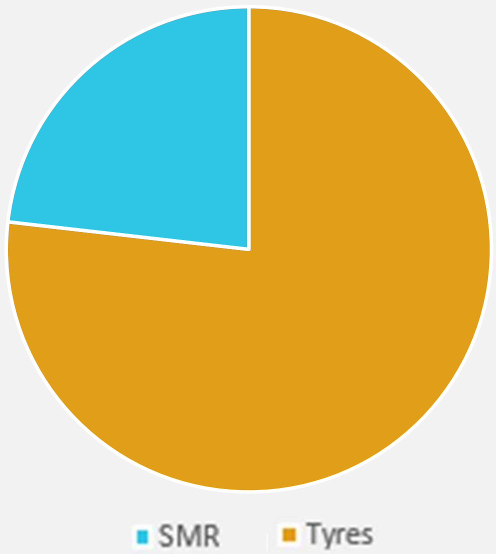


THE FUSION MODEL
– BLETCHLEY RESULTS

THE FUSION MODEL – BLETCHLEY SALES MIX

BEFORE

AFTER



Customer type	Year on Year sales
Fleet	+64%
Consumer	+42%

THE FUSION MODEL – BLETCHLEY P&L (PROVISIONAL)

BEFORE → AFTER → CHANGE

	Q3 FY24		Q3 FY25		Change YoY	
	£k	***% to sales***	**£k**	***% to sales***	%	*%pt*
Sales	204		299		46%	
Gross Profit	*106*	*52%*	*175*	*59%*	66%	*7%*
Variable costs	*-46*	*-23%*	*-85*	*-29%*	84%	*-6%*
Fixed Costs	*-34*	*-17%*	*-34*	*-11%*	0%	*5%*
Contribution	***25***	***12%***	***56***	***19%***	**121%**	***6%***

Approximate Fusion-specific capex investment: c.£220k

THE FUSION MODEL
– PROGRAMME RESULTS & ROLLOUT

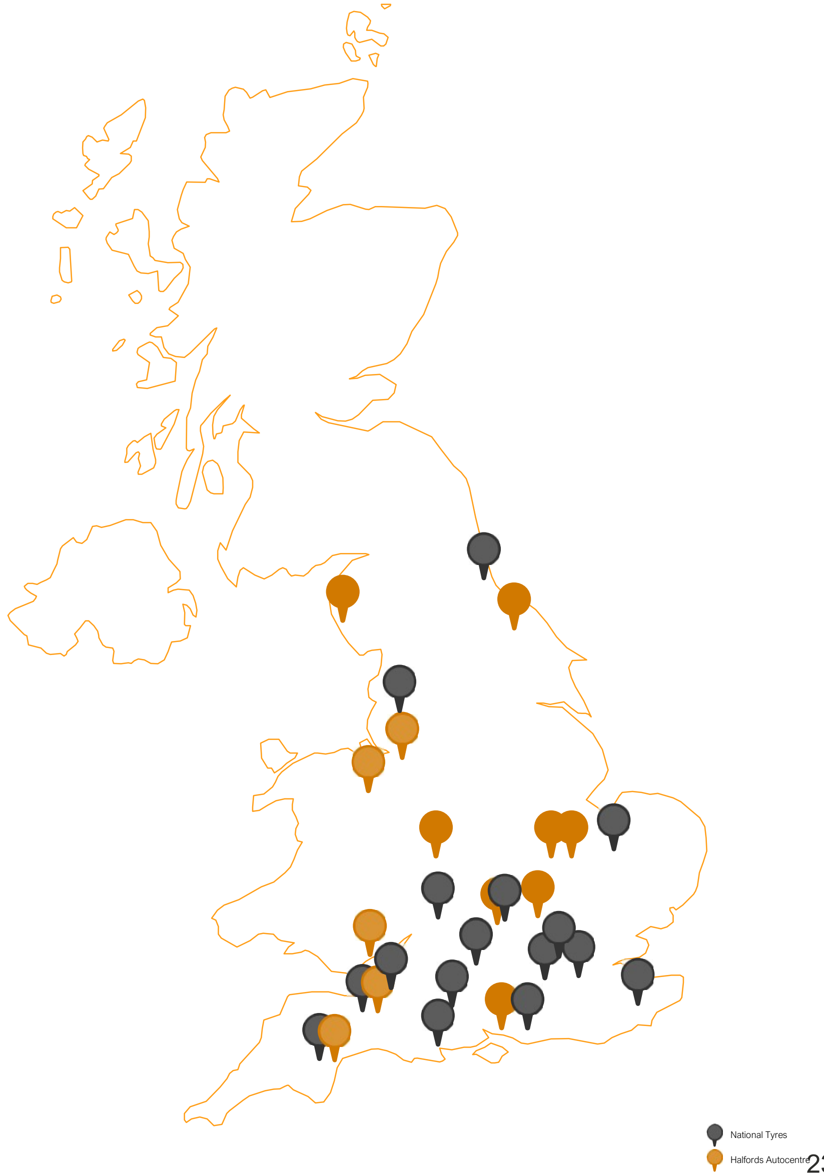
THE FUSION ROLLOUT TO DATE

-TO DATE-

	Live	April	Locations
National Sites	13	12	Sheffield, Widnes, Chester, Stockton-on-tees, Bridgwater, Blackpool, Bletchley, Exeter, Kidderminster, Peterborough (x2), Bedford, Portsmouth
Halfords Sites	17	2	Reading, Bridgwater, Canterbury, Kings Lynn, Exeter, Cheltenham, Sunderland, Milton Keynes, Charlton, Weston Super Mare, Bolton, Havant, Camberley, Harrow, Worthing, Borehamwood, Salisbury
Total	30	14	

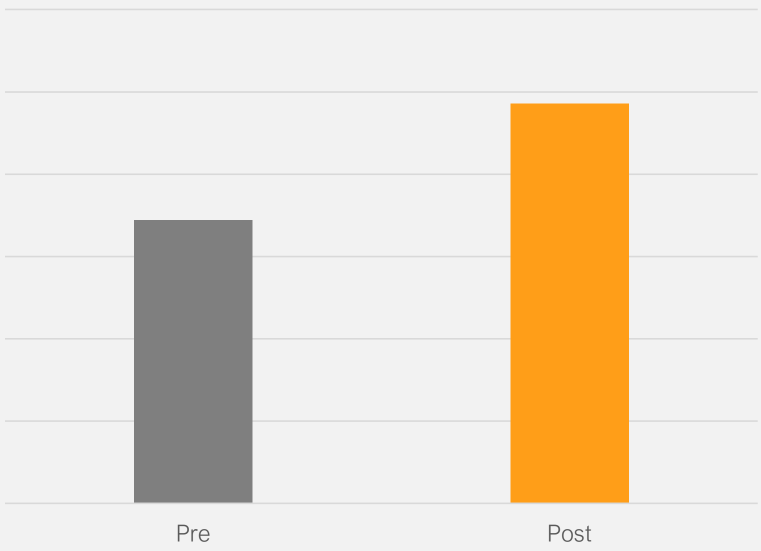
-SITE SELECTION-

- Potential for 6+ ramps supported by 8+ technicians
- Retail store within customer drive time
- Specific local considerations e.g. car parking, lease etc



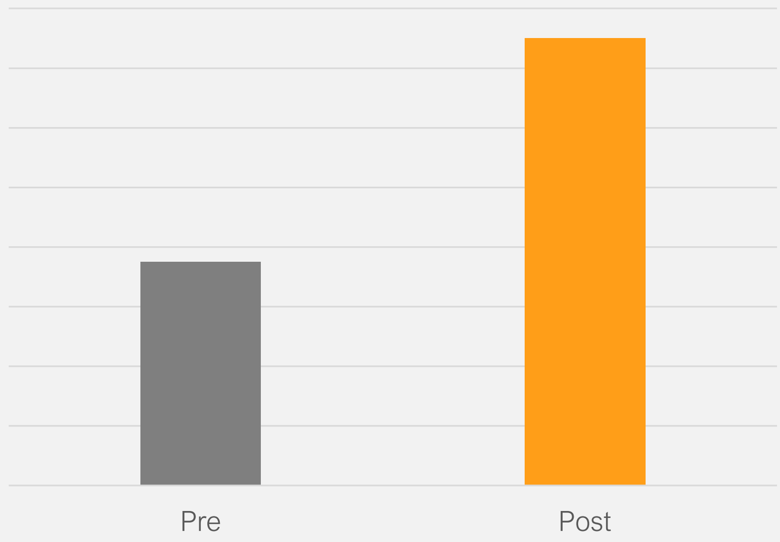
THE FULL FUSION RESULTS

-SALES-



Sales have improved by ***c.50% Year on Year***

-CONTRIBUTION-



Overall contribution forecast to ***improve by up to 100%***

THE FULL FUSION RESULTS

BEFORE

AFTER

Google

c3.5

Google

4.0+

Live examples from Bletchley:

"Fantastic service, Sophie was incredibly friendly and helpful. Easiest MOT + repairs I've had in a long time! Will definitely be going back :)"

"Excellent Service, Will be using them again. Sophie and Perry were so helpful!"

"The Halfords team were brilliant, they sorted everything ASAP (I was out of there within an hour) and explained everything thoroughly….. Everyone was so friendly and nice too. Definitely returning for my MOT and Service and any future work needed!"

FUSION GARAGES

FUTURE ROLLOUT – FY26 AND BEYOND

-SITE SELECTION-

- Potential for 6+ ramps supported by 8+ technicians
- Retail store within customer drive time
- Specific local considerations e.g. car parking, lease etc

-INDICATIVE POTENTIAL ROLLOUT-

Total anticipated sites likely to meet criteria: c.150

Provisional rollout capacity: 5-10 sites per month

Rollout approach – quarterly gated investment

SUMMARY

FUSION LEVERAGES OUR KEY DIFFERENTIATOR TO UNLOCK SUSTAINABLY PROFITABLE GROWTH

- The Motoring Services market is **vast and fragmented**: a clear opportunity
- Our offer is **unique**, enabled by **physical infrastructure, technology** and **data**
- **Retail is a critical differentiator** which is near-impossible to replicate:
  - High brand awareness and consideration, with reputation for specialism
  - c.30m known customers, many of whom don’t yet engage with our garages
  - A key location for services - around 4x as many service events in car parks than garages
- Fusion amplifies these key points of difference, **leveraging the whole Halfords eco-system** to unlock sustainably profitable growth
- **Compelling returns** from c.30 sites driving plans for an **accelerated rollout** to c.150 locations

Thank you.

For further information, please visit

www.halfordscompany.com

or contact

investor.relations@halfords.co.uk

Halfords Group Plc
Icknield Street Drive
Washford West
Redditch
Worcestershire
B98 0DE

halfords