



OC&C Market Analysis

July 2024

halfords

Earlier this year we commissioned market analysis from OC&C to test our expectations of recovery in Cycling and Tyres

CMD assumed:

- Cycling recovery to 10% below pre-Covid
- Tyres recovery to 3% below pre-Covid

OC&C had a similar conclusion but:

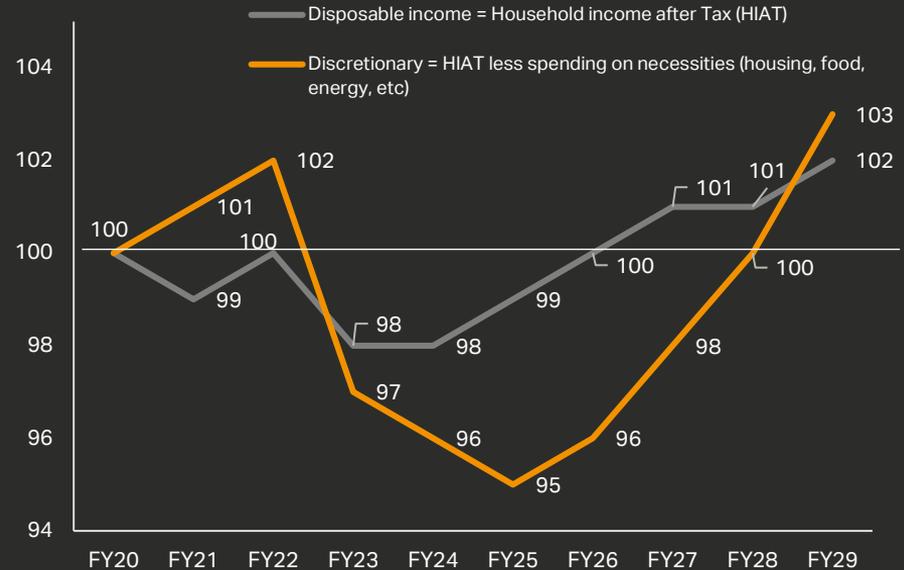
- Tyres better (+2%), Cycling worse (-14%)
- Longer recovery period: FY28/29

Key driver of forecasts is **disposable vs. discretionary** income:

- **Disposable**: modest recovery in FY25
- **Discretionary**: no recovery until FY26

Disposable and Discretionary Household Income

Real Income Forecast (2019 = 100)



Source: ONS, Oxford Economics, OC&C Market Model, OC&C analysis

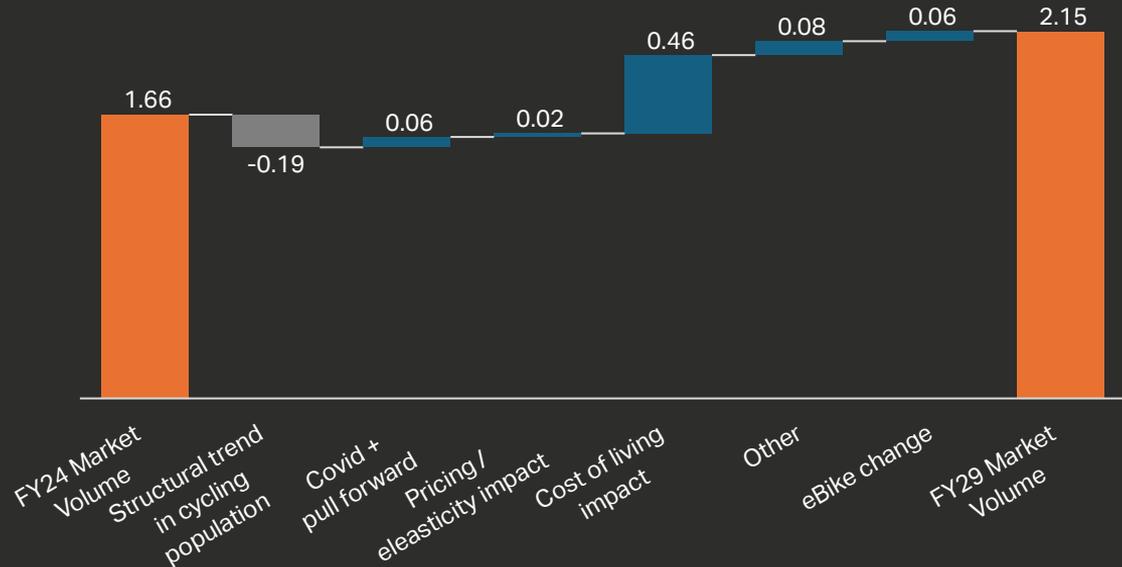
Cycling market recovers to 14% below pre-Covid in FY29

Currently c.33% lower than pre-Covid due to:

- i. Deferral of discretionary purchases
- ii. Structural decline in bike ownership
- iii. Pull forward of 'in-Covid purchases'

Recovery to structural trend in FY29 based on improving household incomes from FY26

Volume of New Bike Sales and Drivers of Change (millions of bikes)



Source: OC&C Market Model, Bicycle Association, OC&C analysis

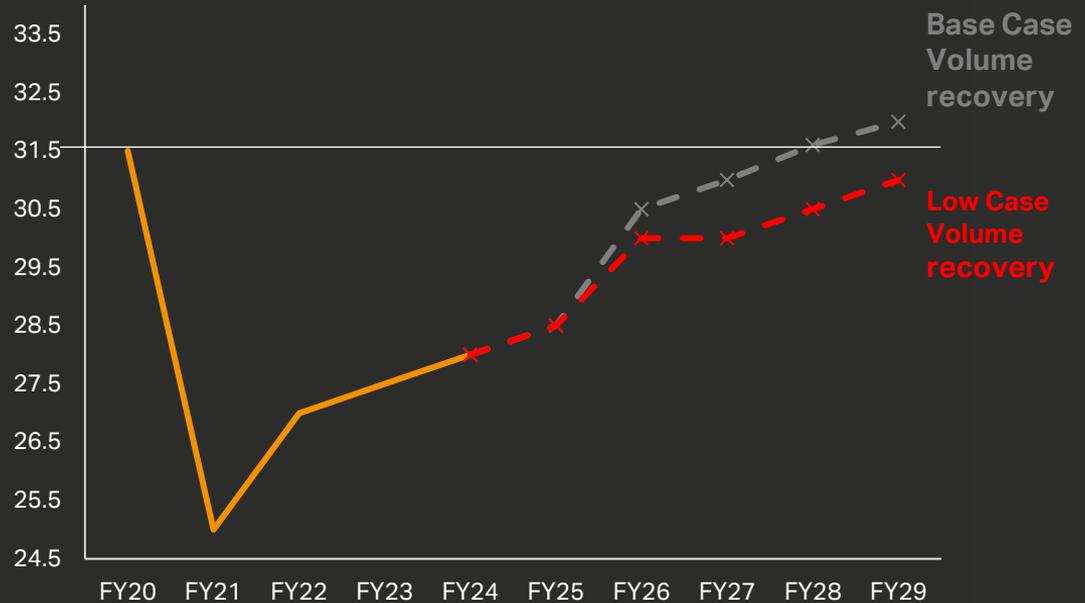
Tyres market recovers to pre-Covid in FY28, 2% higher in FY29

- Volume shortfall vs. size of car parc and miles driven
- Covid mileage reduction followed by cost of living
- 80% purchase delay, 20% second hand.

Recovery to pre-Covid in FY28, supported by:

- **Structural growth in car parc, vehicle weight and EV growth**
- **Improving macro**

New Replacement Tyre Volume (#m units)



Source: GfK, OC&C Market Model, OC&C analysis

For further information, please visit

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