



HALFORDS GROUP PLC
FY21 INTERIM RESULTS
18TH 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





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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

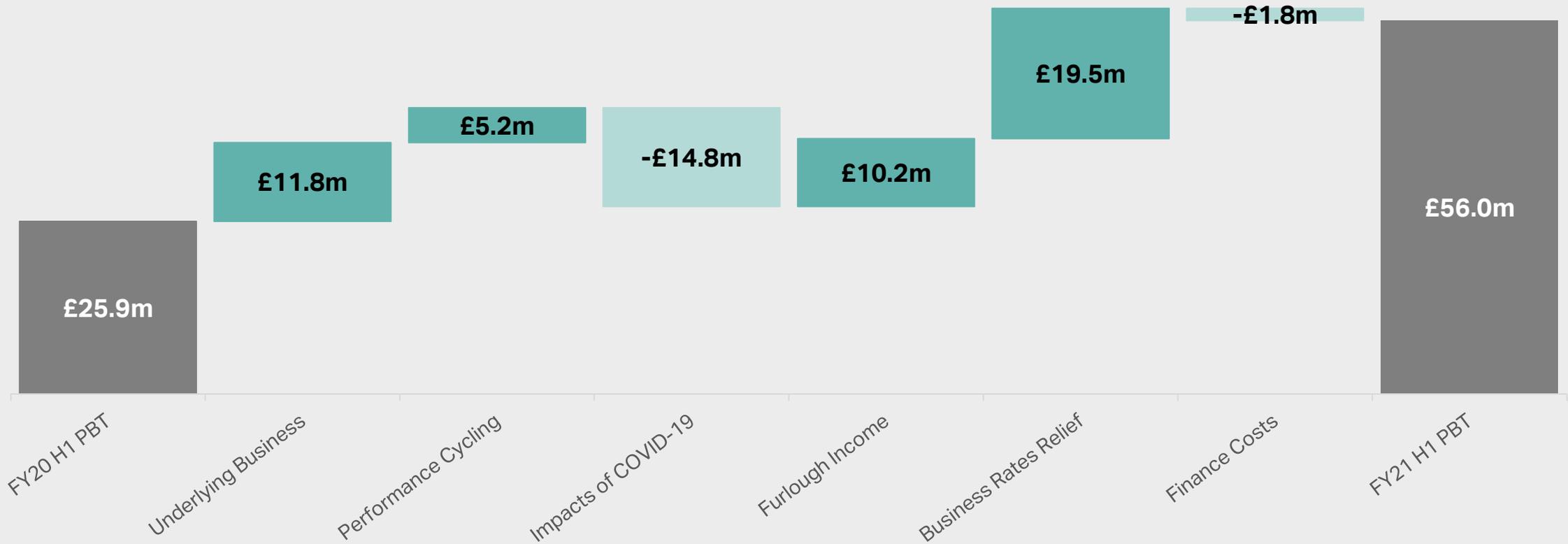


	FY21 H1	vs. FY20
Revenue	£638.9m	+9.6% YoY +6.7% LFL
Underlying PBT pre-IFRS 16	£56.0m	+116.2% YoY
Non-Underlying items	(£0.6m)	
PBT after Non-Underlying items post-IFRS 16	£55.4m	
Basic Underlying EPS pre-IFRS 16	23.0p	121.2% YoY
Free Cash Flow	£169.2m	+£125m YoY
Net cash	£97.8m	+£160m YoY

Group PBT Bridge



Group PBT Bridge

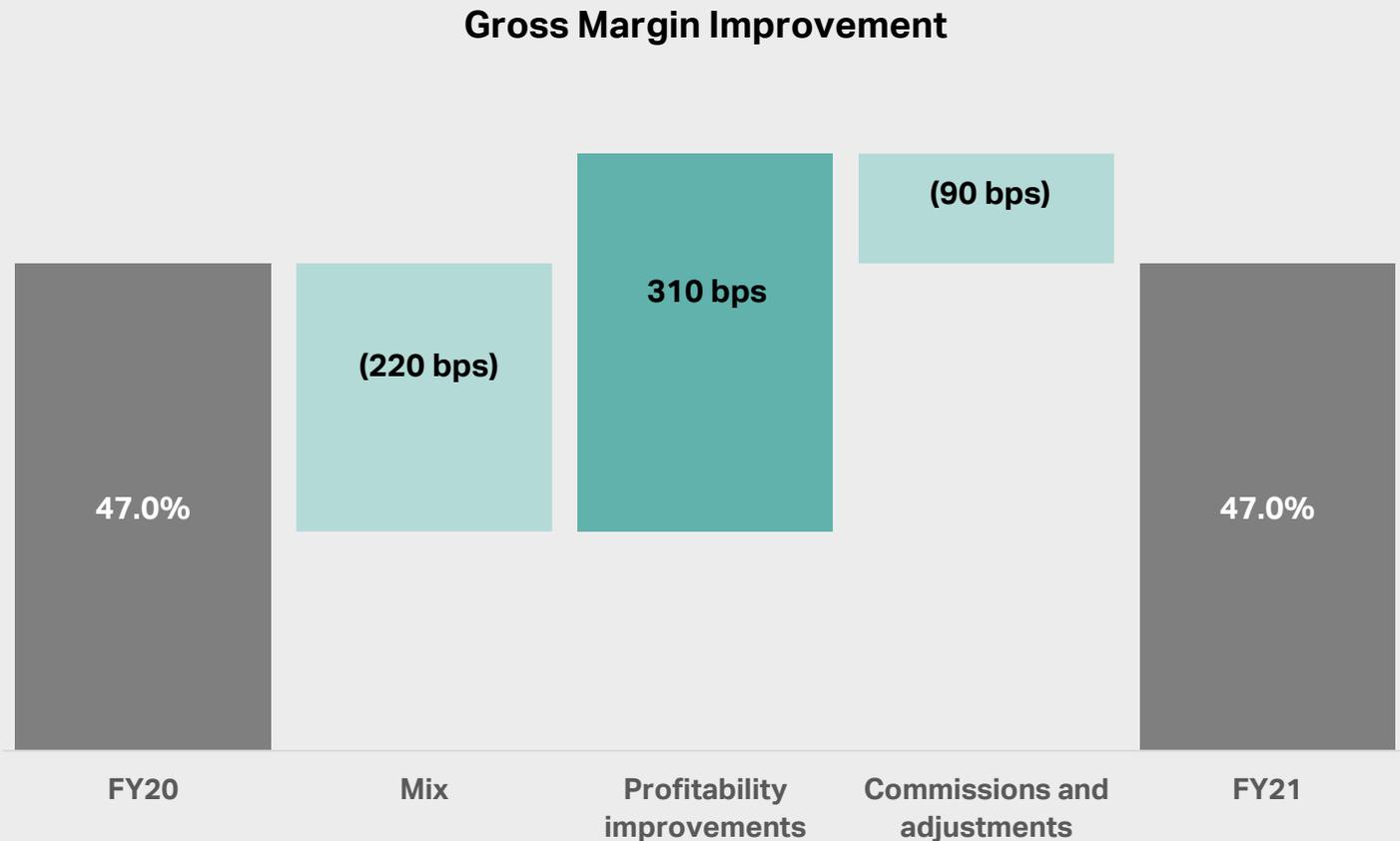
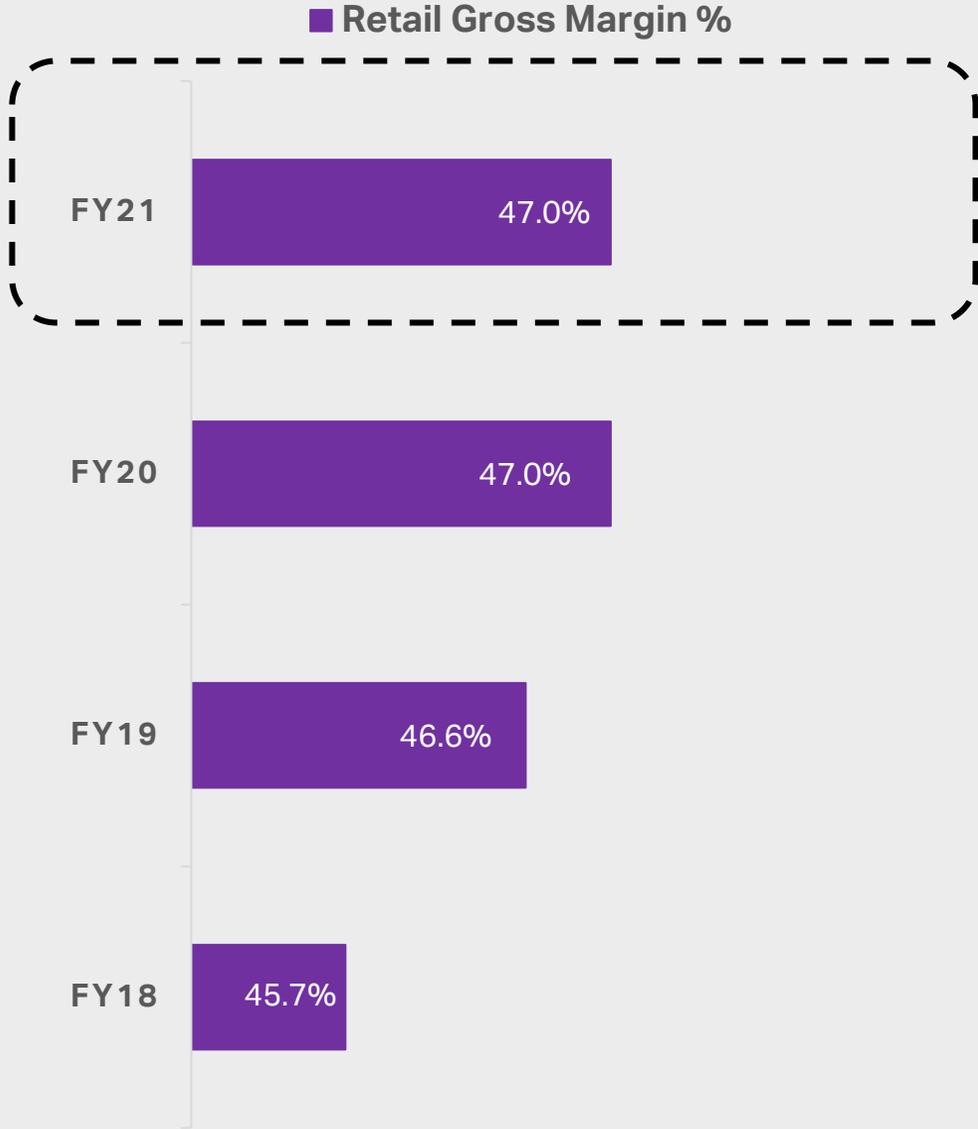


Note:

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



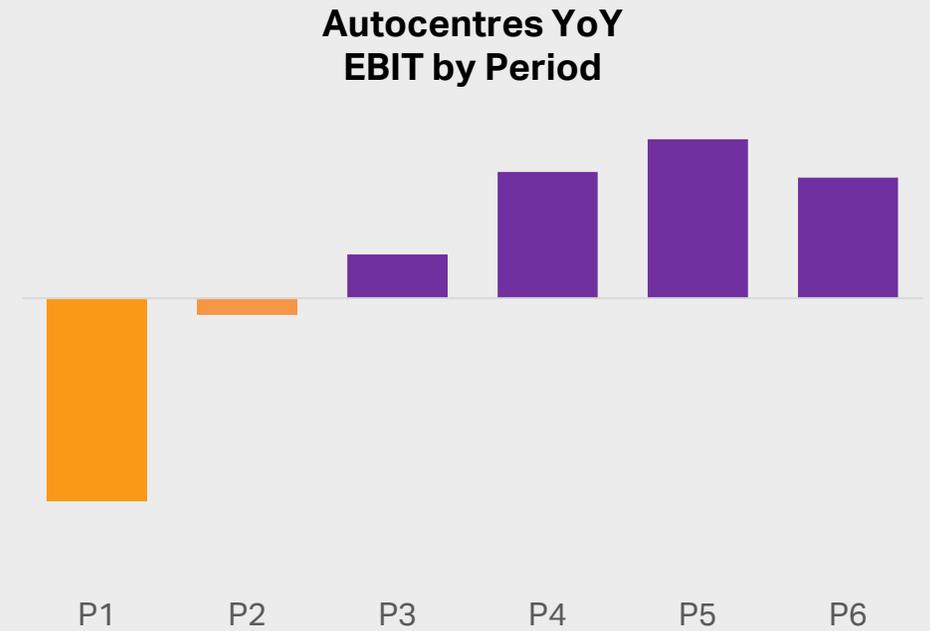
Note: *numbers are reflected on a pre-IFRS 16 basis



Retail Operating Costs Bridge

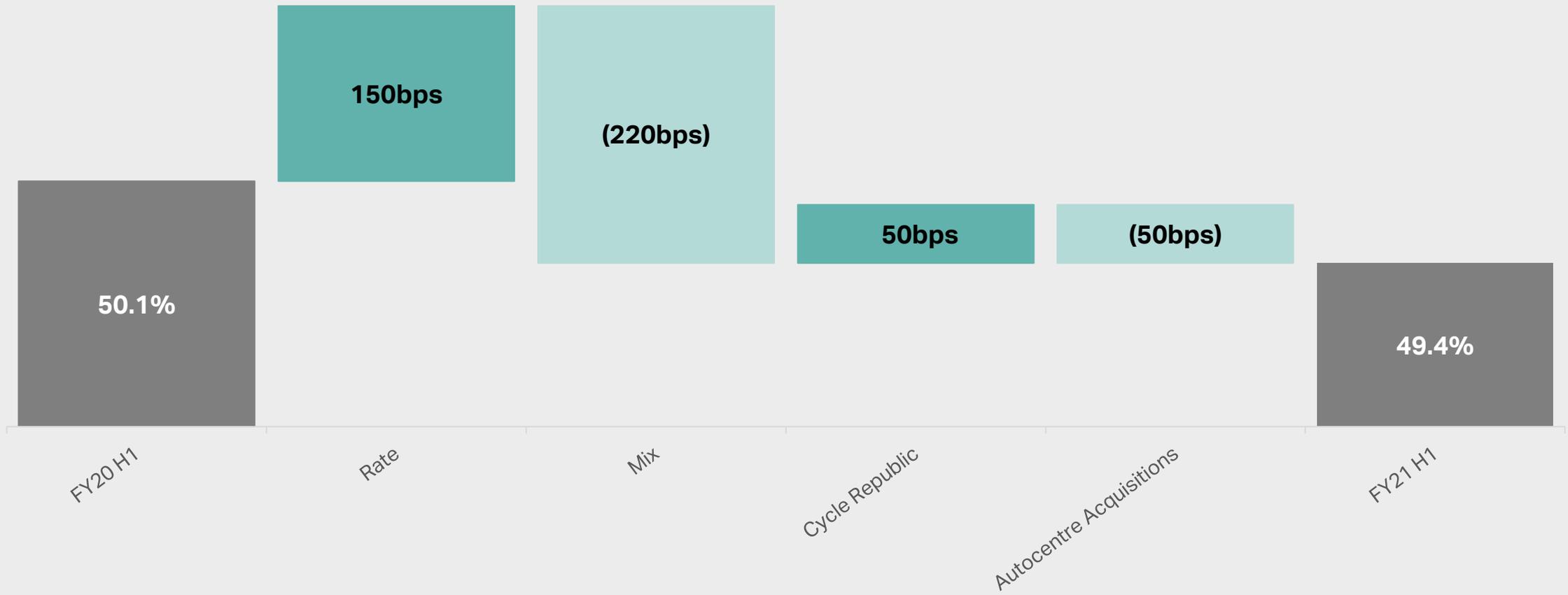


Revenue	£114.7m	+38.7% YoY -2.0% LFL
Gross Margin	60.6%	-797 bps
Operating Costs*	£65.4m	+22.2% YoY
Underlying EBIT*	£4.1m	+28.1% YoY



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

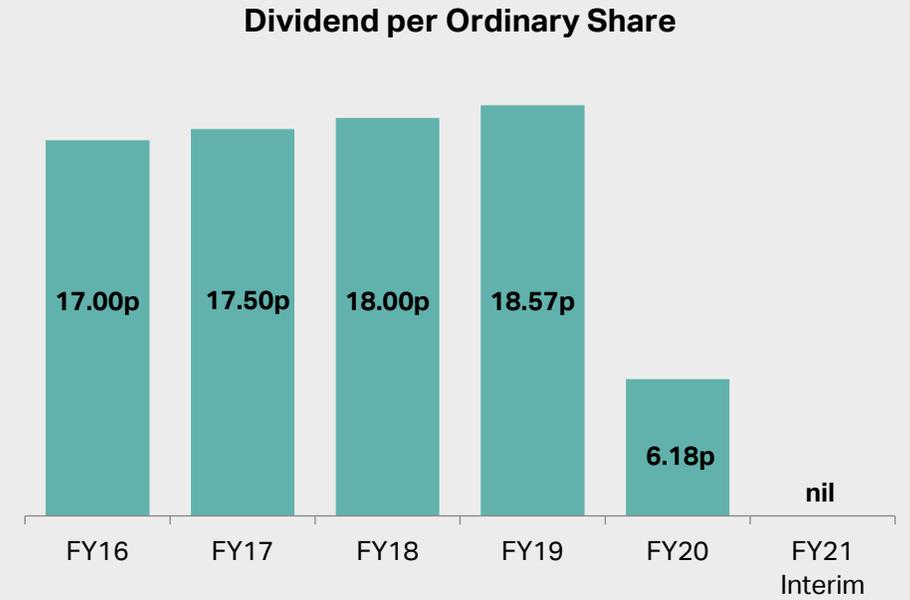
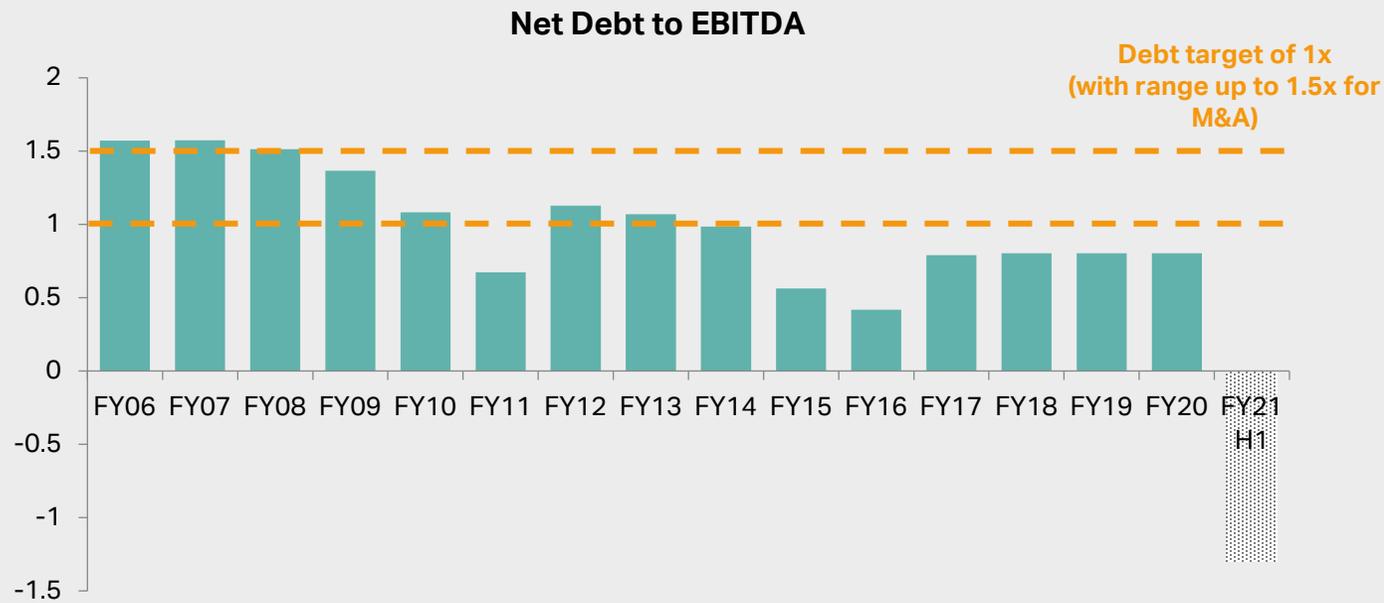
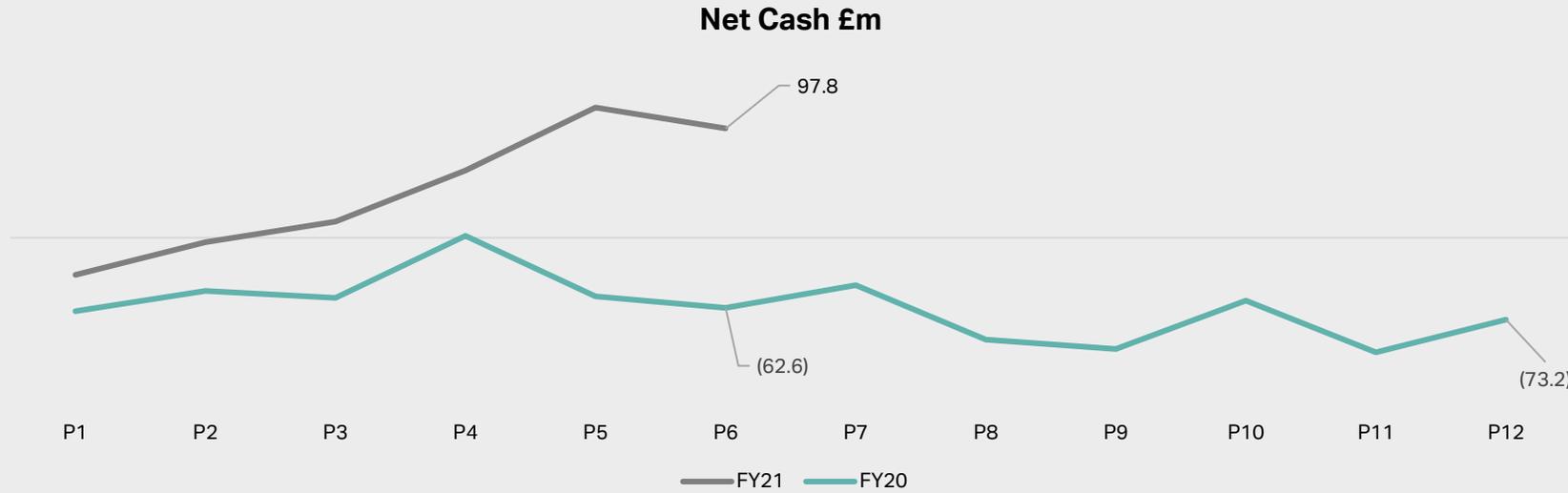
Group Gross Margin % Bridge



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

	FY21 <i>£m</i>	FY20 <i>£m</i>	YOY <i>£m</i>
EBIT	58.4	24.4	34.0
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
Operating Cash Flow	186.0	76.9	109.1
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
Free Cash Flow	169.2	44.2	125.0





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**

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

A man wearing glasses, a dark jacket, and a high-visibility yellow and orange safety vest is smiling while working on the interior of a car. He is focused on the seat area. A name tag on his vest reads "halford" and "Bob".

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

The screenshot shows the Halfords website interface. At the top, there's a search bar and navigation links for Locations, Account, and a shopping cart showing 0 items for £0.00. The main navigation menu includes Motoring, Car Servicing, Car Repairs, MOT, Tyres, Cycling, Tools, Technology, Camping, and Baby & Child.

The central content area features a search for motoring services with a form for vehicle registration number and a 'Find' button. Below this are buttons for 'Store' and 'Garage', and a 'Postcode' search field. A prominent orange button at the bottom says 'Explore Motoring'.

On the right side, there are three promotional banners:

- Free Road Ready Car Check:** (worth £15, includes tyre and battery check). 25,000 weekly slots available at 700+ stores and garages. Includes a 'Book today' button.
- Batteries replaced at Halfords. Batteries recharged in the hills.** Includes a 'Shop now' button.
- MOT due? Get down to Halfords. Get back to where you want to be.** Includes a 'Shop now' button.
- Tyres changed at Halfords. Time for a change of scenery.** Includes a 'Shop now' button.



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





CURRENT TRADING AND SUMMARY

30 *Current Trading*

- 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 5th 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
or contact:

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Next newsflow:

14th January 2021: FY21 Q3-week trading update