

“Halfords has a unique retail proposition; it is both first choice for its customers and market leader in each of its three core categories: Car Maintenance, Car Enhancement and Leisure.”

BUSINESS REVIEW
NICK WHARTON
PAUL McCLENAGHAN



Nick Wharton

Halfords has a unique retail proposition; it is both store of first choice for its customers and market leader in each of three core product categories in which it participates. In each category Halfords' differentiation lies in the breadth of our range, innovation and the unique service proposition offered through the knowledge and fitting capability of our store-based colleagues.

Halfords' customer offer covers an unrivalled spectrum of product; from the resilient and defensive characteristics of our needs driven, low average transaction value, car maintenance business through to the growth provided by a resurgent cycling market and the technological drivers within car enhancement.

Operating across a series of disparate markets, characterised by fragmentation of the competition, Halfords' turnover is more than 15 times greater than its nearest direct competitor. This scale advantage, further evidenced by Halfords' national coverage in the UK of 430 stores located mainly on prime out of town retail parks, enables the Group to deliver outstanding value to its customers.



Paul McClenaghan

In an environment where consumers are becoming more selective with regard to higher ticket expenditure, the defensiveness of the Halfords business model together with ongoing effective trading strategies has delivered a further year of strong sales growth, with sales 7.2% higher than the previous financial year. Demonstrating the underlying resilience of our business this represents the 20th consecutive year of such growth, with sales growth over the last two decades averaging more than 7% per annum.





Halfords continues to make good progress against each of the four elements of its business strategy:

- Investing in the store portfolio
- Leveraging the Halfords brand
- Improving the supply chain
- Marketing the Halfords' service proposition

and we believe that these financial results demonstrate that our strategy is being translated into improved profitability and shareholder value.



INVESTING IN THE STORE PORTFOLIO

> Store Portfolio

Halfords traded at the end of the financial year from a total of 450 stores including 17 in the Republic of Ireland and three in the Czech Republic, after opening 29 stores during the period and closing five stores.

Through the investment in superstores with mezzanine floors and development of the neighbourhood store, we have clearly defined formats for both large and medium sized catchments respectively and we estimate that there is capacity for at least a further 100 Halfords stores across the UK and Republic of Ireland. Our focus on a strong store opening programme, taking advantage of improved availability of retail property, will see a further 15 to 20 new Halfords stores in the UK and Republic of Ireland during the current financial year.

halfords