

Halfords lifts profits outlook as CEO says bike retailer's 'strategic transformations are landing'

Halfords saw shares surge as much as 13% this morning after the bike retailer upgraded full-year profits forecasts and said its supply chain struggles are "beginning to ease".

The listed firm, which also sells car parts and does repairs, forecast underlying profits of £80 – £90 million, up from previous guidance of above £75 million.

It reported revenues of £695 million for the six months to October – up almost 9% on the same period last year – boosted by rising demand for e-bikes and e-scooters. E-vehicle sales were up more than 140% on 2020, while electric car servicing was up 120% year-on-year.

Servicing is "starting to become a bigger part" of the business and Halfords plans to double its number of technicians to 4000 next year.

Halfords also managed to hang on to some of its lockdown cycling boom gains, with bike sales up over 8% on 2020 levels despite supply chain issues.

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The retailer has faced disruption from Covid lockdowns in Asia delaying supply of parts and bikes, as well as container shortages at a time when global demand for bikes has soared. Shipping price hikes alone have added around £5 million in incremental costs to the business this financial year.

But chief executive Graham Stapleton told the Standard the company now has “a better supply situation than we’ve had for some time, and it is certainly improving”. Direct relationships with manufacturers making Halfords’ own brand bikes – around 80% of stock – helps secure deliveries as soon as supply issues ease, he said.

The [CEO](#) said the retailer will have plenty of stock in for Christmas orders, and that the profits upgrade reflects the “strategic transformations” the company is making.

“It reflects the fact we have had good momentum into this half,” he said. “It also reflects the strategic transformations that are landing successfully – the growth of our B2B business, the growth in our services business overall, the confidence we’ve got in our strategy. It seems that customers are responding to the action we are taking, and we’ve got more opportunity than we guided with last time.”

He added: “More and more customers are moving to electric forms of transport and that’s providing us with an even bigger opportunity not just to sell more bikes and scooters, but to service more bikes and scooters, and electric cars.”

Analysts at Peel Hunt said “Halfords interims are a beat”, and said: “More fundamentally, the changes that management is

making are bearing fruit: the greater focus on motoring services is resonating with customers and market share gains are forthcoming".