



Preliminary Results

2012



Financial Performance

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Andrew Findlay
Finance Director



- Underlying¹ Group Revenue £863.1m - down 0.5%
- Retail Gross Margin 53.1%¹ - down 140bps as expected
- Profit Before Tax - down 26.6% to £92.2m
- Earnings Per Share² - down 22.0% to 33.7p
- Net Debt £139.2m - after £62.3m of share buyback
- Free cash flow of £70.4m
- Cash returns to shareholders of £106.5m
- Full-year dividend of 22.0p per share maintained

Notes

All numbers shown are before non-recurring items.

1. Excludes Central Europe

2. Earnings Per Share is defined as basic earnings per share before non-recurring items

UK/ROI Retail Performance

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	FY12 £m	FY11 £m	Change
Revenue	752.3	769.7	-2.3%
Gross Profit	399.8	419.9	-4.8%
Gross Margin %	53.1%	54.5%	-140bps
Operating Costs	(307.0)	(296.2) ¹	+3.6% reported +2.3% u'lying
Operating Profit	92.8	123.7	-25.0%
Operating Margin %	12.3%	16.1%	

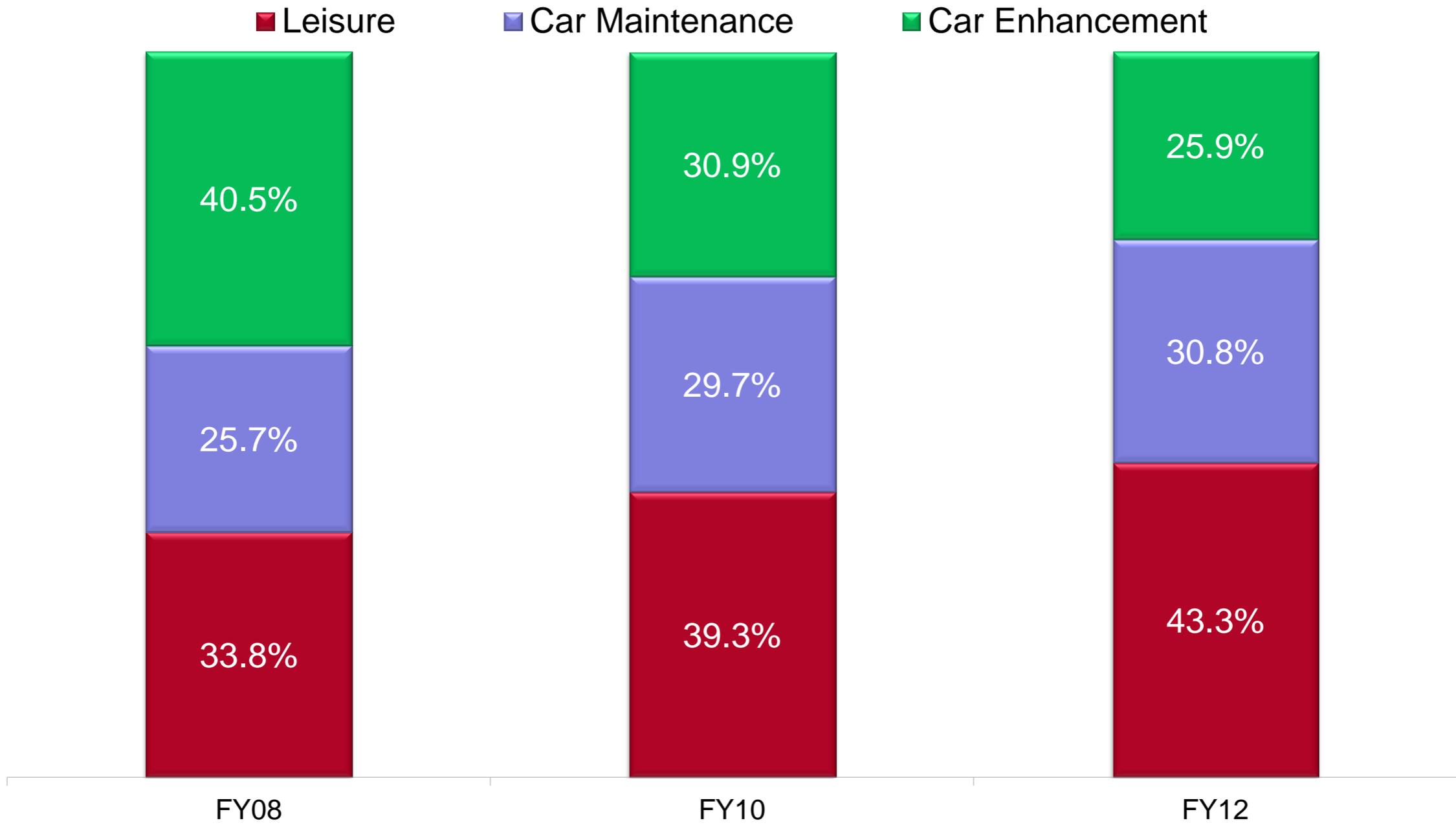
	FY12 LFLs
Car Maintenance	-4.5%
Car Enhancement	-11.6%
Leisure	+5.0%
Total	-2.7%

Notes

All numbers shown are before non-recurring items

1. Underlying Operating Costs of c.£300m

An Evolving Retail Revenue Split



Two-thirds of Group sales now have a service overlay

Adverse

- Increased promotional participation by our customers
- A focus on stock clearance
- Additional sales of lower-margin ranges
- Product-cost inflation

Favourable

- Fitting penetration
- Margin-accretive attachment
- Sourcing strategy
- Own-brand leverage

Focusing on cash profit

UK/ROI Retail Operating Costs

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	FY12 £m	FY11 £m	Change
Store Staffing	80.1	78.1	+2.6%
Store Occupancy	139.0	135.4	+2.7%
Warehouse & Distribution	25.9	27.5	-5.8%
Support Costs	62.0	55.2	+12.3%
Total	307.0	296.2	+3.6%
Before One-offs	307.0	300.0	+2.3%
Depr/Amort/Impairment	21.8	21.6	-

Notes

All numbers shown are before non-recurring items.

Depreciation, Amortisation and Impairment charge relates to intangible assets and Property, Plant and Equipment

Autocentres Performance

	FY12 £m	FY11 £m	Change
Revenue	110.8	98.1	+12.9% Total +6.1% LfL ¹
Gross Profit	73.0	65.0	+12.3%
Gross Margin %	65.9%	66.3%	-40bps
Operating Costs before relocation costs	(66.0)	(58.0)	+13.8%
Underlying² Operating Profit	7.0	7.0	-
<i>Statutory Operating Profit</i>	<i>6.6</i>	<i>7.0</i>	<i>-5.7%</i>

Notes

All numbers shown are before non-recurring items.

1. Autocentres' like-for-like sales in FY11 were calculated on a proforma basis, reflecting the acquisition of Nationwide Autocentres in February 2010
2. Before a £0.4m one-off charge associated with the transfer of Autocentres Head office from Olton to Redditch, completed in April 2012

Capital Expenditure

		FY12 £m	FY11 £m
Retail Portfolio ¹	<i>New stores and relocations</i>	1.2	3.6
	<i>Store refreshes, rightsizes and other</i>	10.3	4.8
Retail Infrastructure Systems		2.4	4.2
Warehouse & Distribution		1.0	3.4
Retail Other		0.3	0.6
Total Retail		15.2	16.6
Autocentres		4.5	6.2
TOTAL GROUP		19.7	22.8

Notes

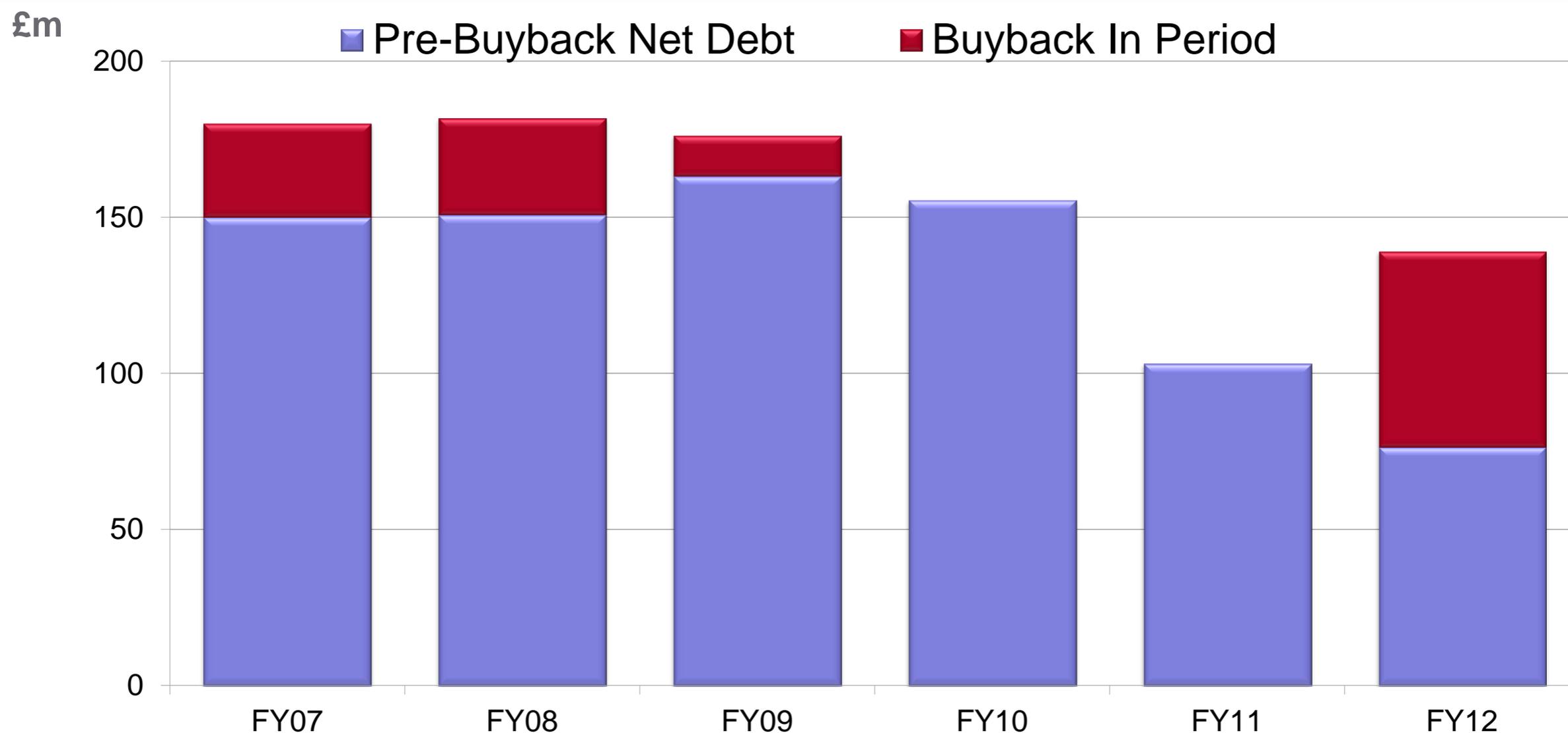
1. Before capital contributions deferred over the period of the lease

Cashflow and Net Debt

OPERATING CASHFLOW	£m	FREE CASHFLOW	£m	NET DEBT	£m
Operating Profit	99.1	Operating Cashflow	119.3	Opening Net Debt	(103.2)
Depreciation/ Amortisation	26.0	Capex	(19.3)	Free Cashflow	70.4
Employee Share Scheme	2.4	Net Finance Costs	(4.5)	Lease/Other	0.5
Working Capital	(2.8)	Taxation	(24.6)	Buyback: Cancellation	(43.8)
Provisions/Other	(5.4)	Other	(0.5)	Buyback: Treasury	(18.9)
				Dividends	(44.2)
OPERATING CASHFLOW	119.3	FREE CASHFLOW	70.4	CLOSING NET DEBT	(139.2)

Continued success in generating strong cash flows

Total Net Debt



Net Debt : EBITDA

1.6x 1.5x 1.3x 1.0x 0.7x 1.1x

Adj Net Debt :
EBITDAR

4.0x 3.9x 3.8x 3.6x 3.2x 3.9x

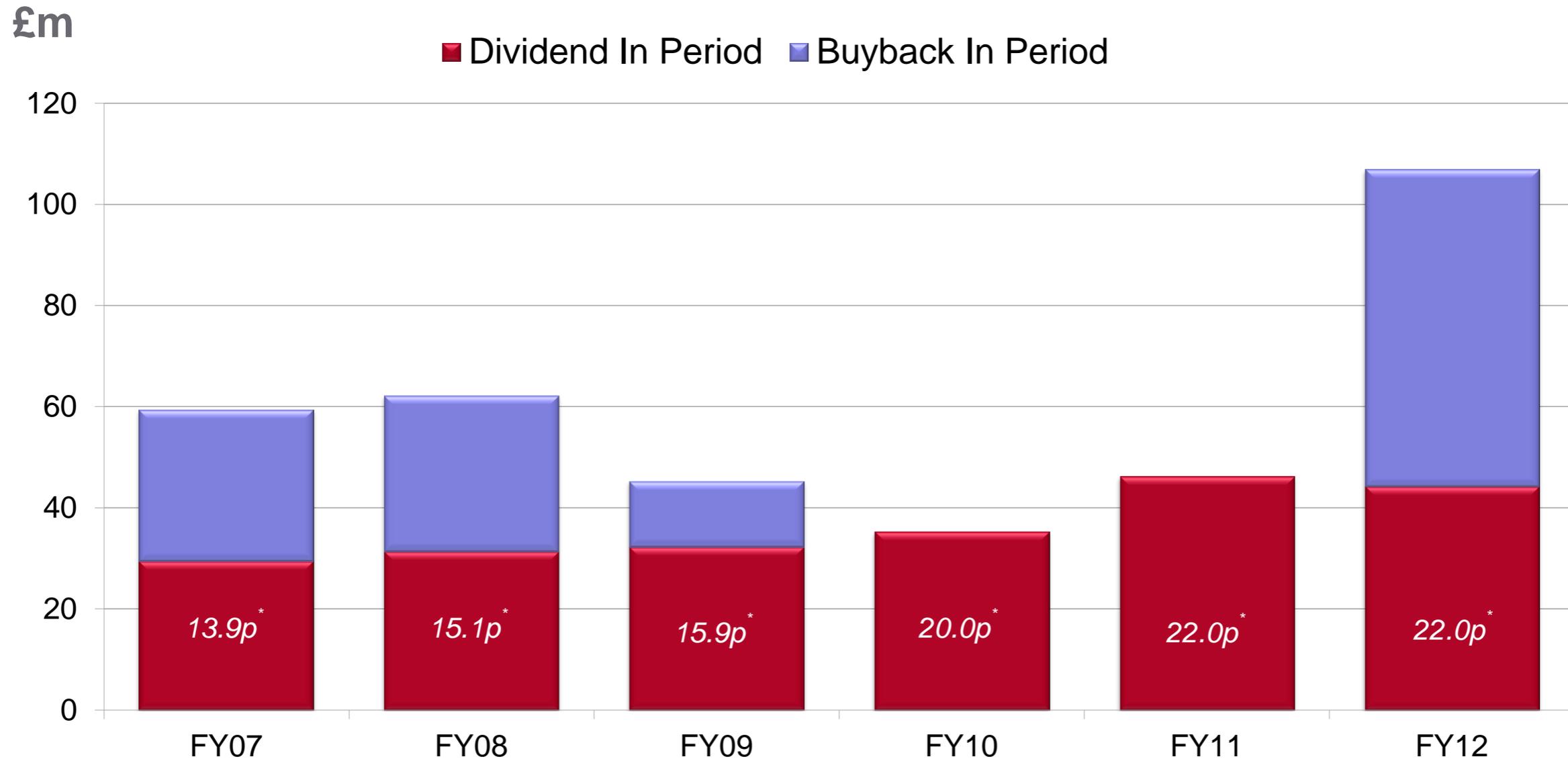
Notes

Net Debt includes Head Office finance leases.

The buyback programmes illustrated here include payments of stamp duty.

Delivering Value To Shareholders

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* denotes full-year dividend per share

Strong cash flows driving compelling returns

Underlying Increases

	Change
Incentives – Store and Head Office	+1.5%
Pay Review	+1.0/+1.5%
Inflation (utilities etc)	+1.0/+1.5%
Business Rates	+0.5%
Other	+0.5%
<i>Offset By:</i>	
Lease Costs & Procurement Activity	-1.0%
TOTAL	+4.0%

Investing For Growth

Key Focus	£m
Fitting and Service, including specific A&P	3.5
Multichannel	1.0
Training/Capability/CRM	1.5
TOTAL	6.0

Retail Operating Costs – Underlying Increases	+c.4%
Retail Operating Costs – Investing For Growth	+c.£6m
Retail Gross Margin	Broadly flat
Retail Capital Expenditure	c.£20m
Autocentres Operating Profits	Low double-digit profit growth
Autocentres Capex	c.£5m
Net Finance Costs	Marginally up on FY12
Effective Tax Rate	25-26%

Strategy and Growth Areas

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David Wild
Chief Executive



Our Business Drivers

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Leisure



Autocentres



Fitting Services



DIY Car Maintenance



Car Enhancement



Evolving towards a contemporary solutions provider

Detailed survey conducted in Q4 2011

Key groups – Mosaic categories



Professional Rewards



Suburban Mindsets



Careers & Kids

Key attitudes and motivations

- Service and knowledge
- Brands and contemporary technology
- Deals and price points

Our Customer Priorities

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Reinforce legacy of Halfords relationship and experience



Increase awareness of new brand positioning and relevance



Use cycling as introduction for young adult customers

**We help
and inspire our
customers with their
life on the move**



Strategy to drive growth

**We help
and inspire our
customers with their
life on the move**



friend of the
motorist



best cycle
shop in town



starting point for
great
getaways

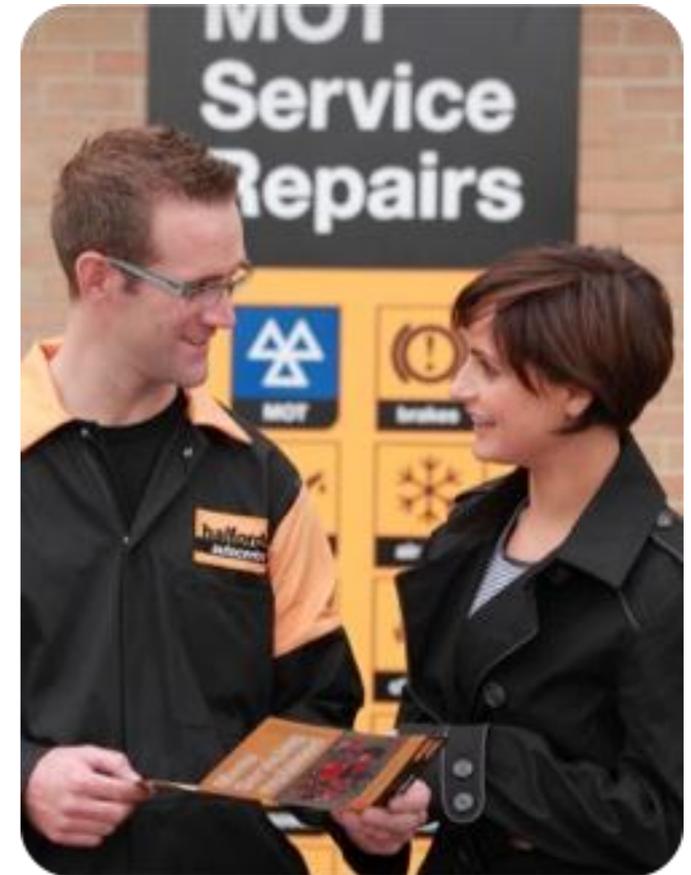


friend of the motorist



The car is essential for everyday life

- Running a car is expensive
- DIY skills are declining
- Cars more sophisticated – diagnostic equipment essential
- Wearing parts still need replacement
- Advice and service critical



Customers need a trusted brand



Halfords is uniquely placed to help



Car Parts, Maintenance & Enhancement

- Wide car-parc coverage
- Comprehensive accessory assortment
- Key consumables
- Fragmented competition



Fitting
Do It For Me

- On-demand 7 days/week
- Price competitive
- Low awareness



Autocentres
Servicing & Repair

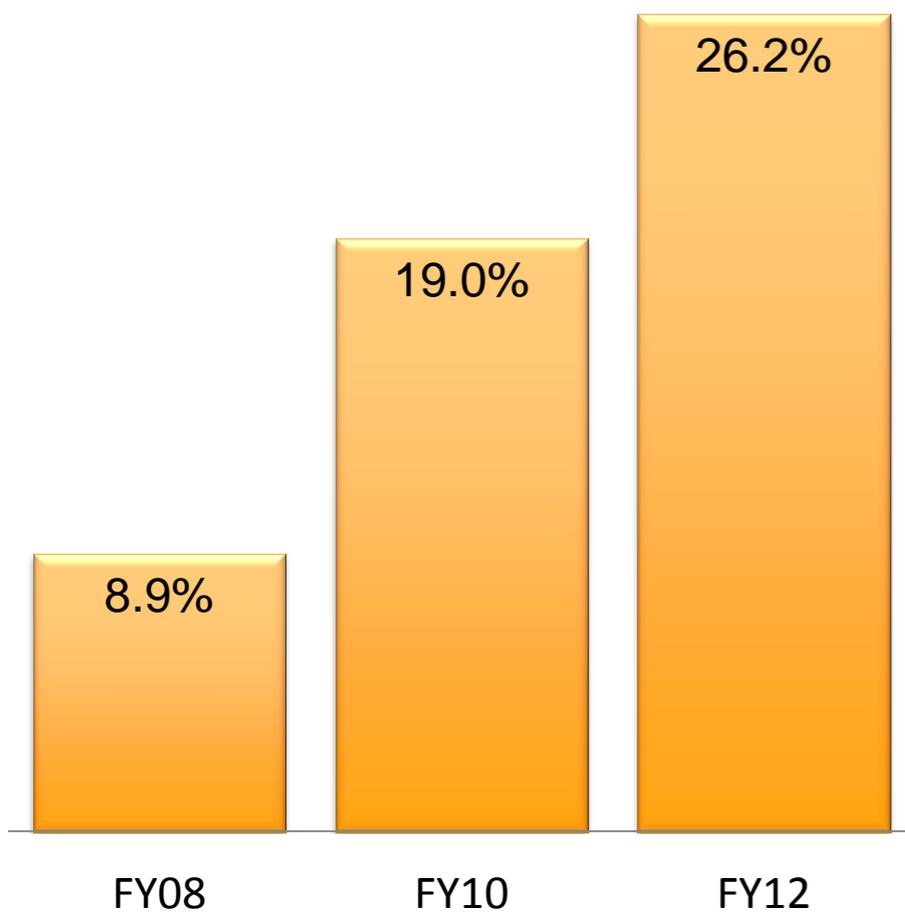
- Quality service at affordable prices
- All makes and models
- Retail and Fleet

Convenient solutions for motorists

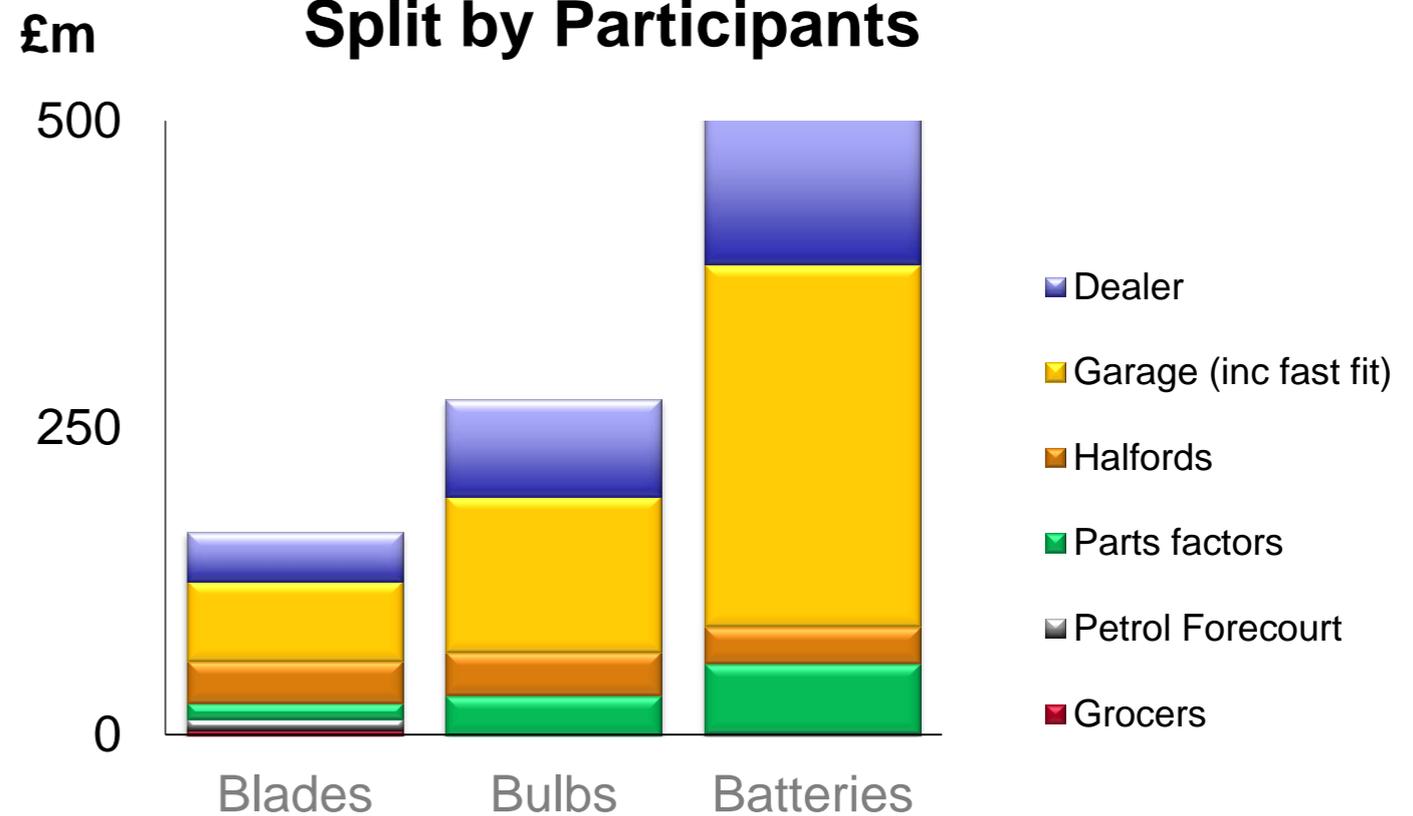


The Bulbs, Blades and Batteries Opportunity

Fitting Penetration



Market Overview Split by Participants



- The Bulbs, Blades and Batteries market is worth c.£950m
- Halfords – 9% share
- Dealers and garages – 75% share

Halfords has driven consistent strong growth in fitting



The Aftercare Market Opportunity

- Large needs-based market
£8-10 billion per annum
- Very fragmented market
c.24,000 outlets, split:
 - Main dealers
Strong in < 3-year olds
 - Independents
Local customer base, in decline
 - Fast fit
Dominated by tyres
- Halfords
1.3% share

Source: Castrol Trend Tracker, Halfords.

Aftercare Market split by jobs

	% Sales Market	% Sales Autocentres
MOT	10	11
Servicing	24	20
Brakes	14	18
Tyres	18	11
Other	34	40





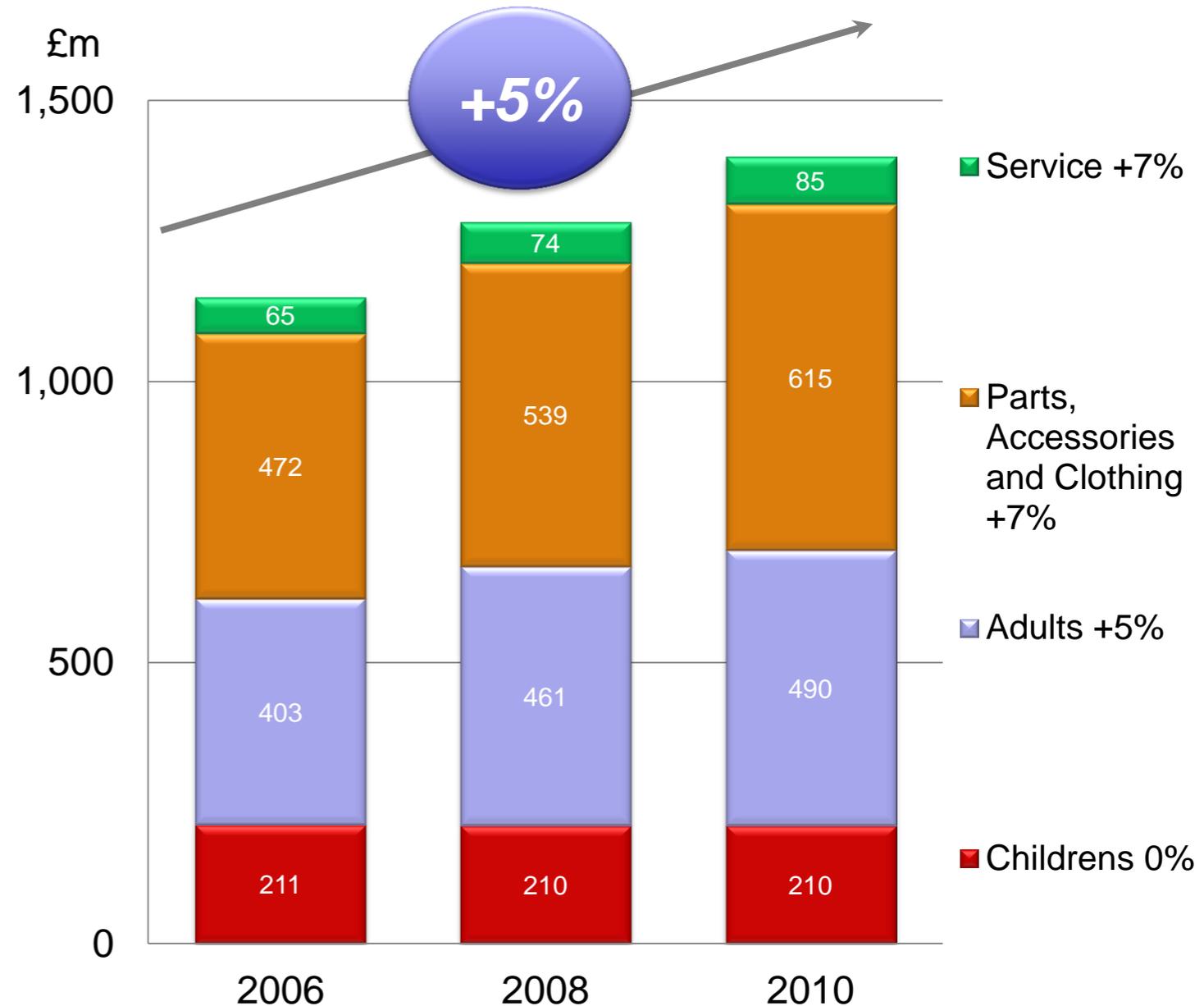
best **cycle** shop in town



Cycling is in tune with the times

- The popularity of cycling is growing:
 - Great Value
 - Healthy
 - Environmentally-friendly
 - Fun
- Category lends itself to Multichannel

UK Cycling Market Sales 2005-2010 / £m



A cycling market worth £1.4bn



Best Cycle Shop in Town

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Halfords cycle proposition



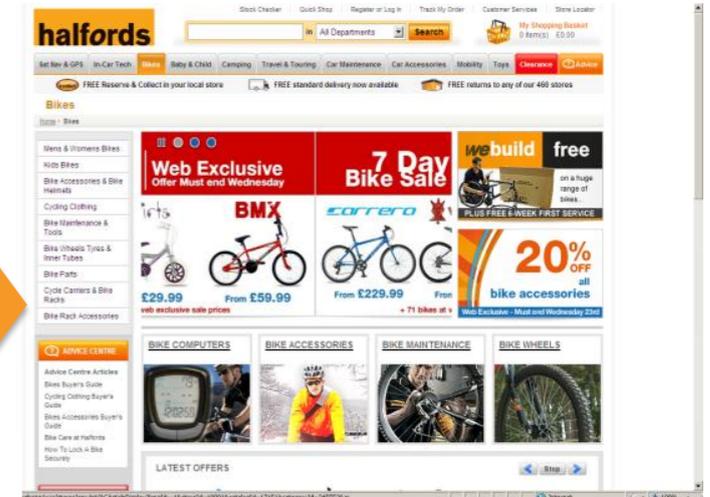
Range
and Accessories

- Lead on cycle design
- Flexible global sourcing
- Every discipline and price point



Bike Build
and Repairs

- Advice + fitting
- Bike build and 6 week check
- Repairs and servicing



Web

- Customer information
- Extended ranges
- Seamless in-store and web offer

Unique multichannel solution provider



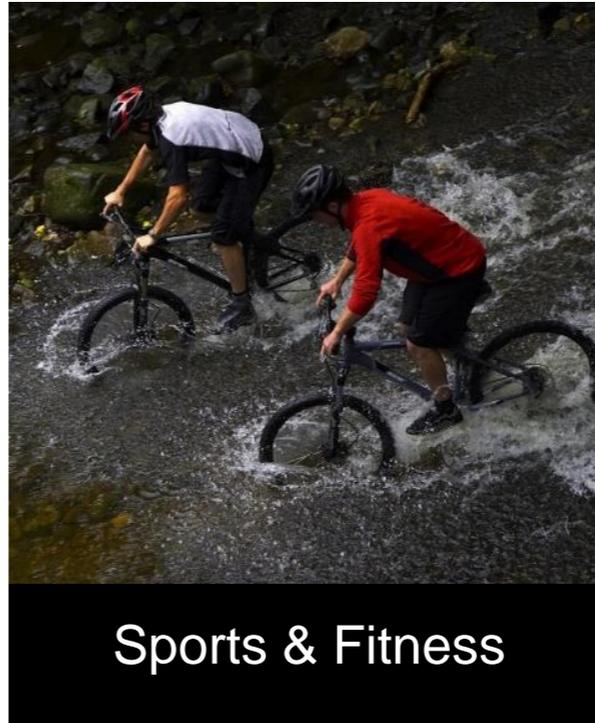
Best Cycle Shop in Town

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Targeted groups to deliver growth



Annual spend
£184 per cyclist



Annual spend
£206 per cyclist



Source: Consumer survey and market data from BCG/Halfords analysis.





starting point for great getaways



Travel for leisure

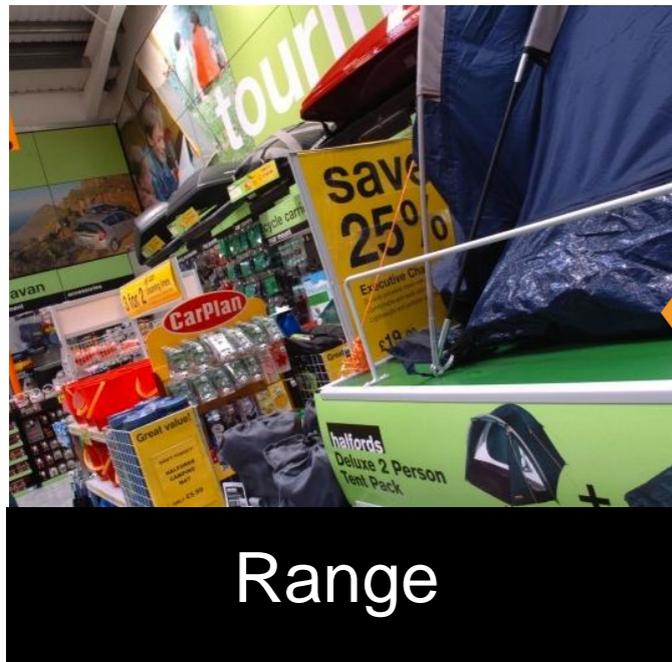


- Increase in staycation
- Demand for active leisure time
- Simple pleasures – camping
- Car essential to journey
- Extra products needed to facilitate journey

We help our customers make the most of their time outdoors and help them get there



Halfords getaway proposition



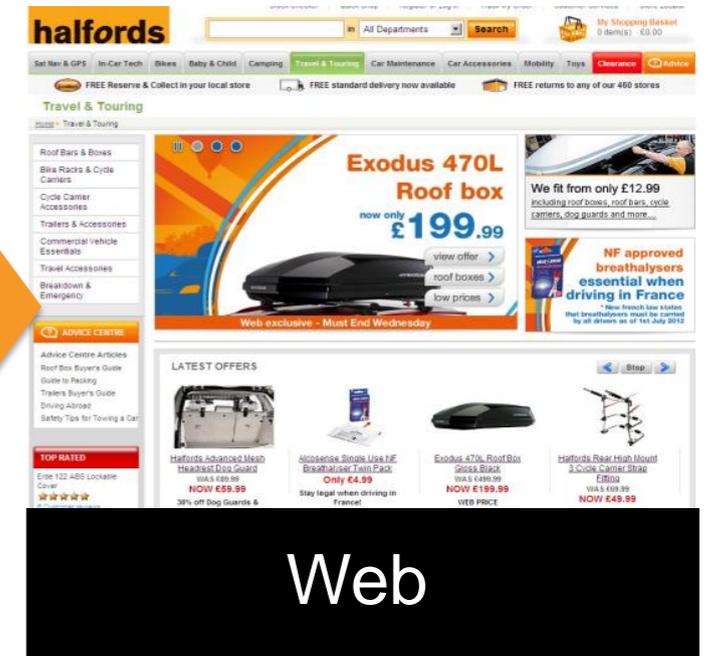
Range

- Roof boxes, cycle carriers and travel equipment
- Camping Equipment
- Exclusive brands: Exodus, Urban Escape



Service and Fitting

- Roof bar and box fitting
- Advice and help



Web

- Extended range
- Seasonal offers

Solutions for holiday trips and camping



Vision

We help
and inspire our
customers with their
life on the move

Strategic Pillars



friend of the
motorist



best cycle
shop in town



starting point for
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enablers

Portfolio

Web

Operations

Marketing

People

- 467 stores
 - 408 superstores UK
 - 36 High Street UK
 - 23 ROI
- Core catchment drive time 12 mins
- Only five stores unprofitable
- Most stores over-spaced
Implies potential downsizing, in situ or elsewhere
- c.130 leases expire in next five years
 - Relocations
 - Re-gears
- Key variable is sales transferability



Options to reduce rent/rates burden



Laboratory Stores



- Three re-models opened last week
- Department space adjusted
- Slow moving ranges now offered on 24-hour supply
- More comfortable browsing environment
- Contemporary and clear signage
- Wi-Fi driven information

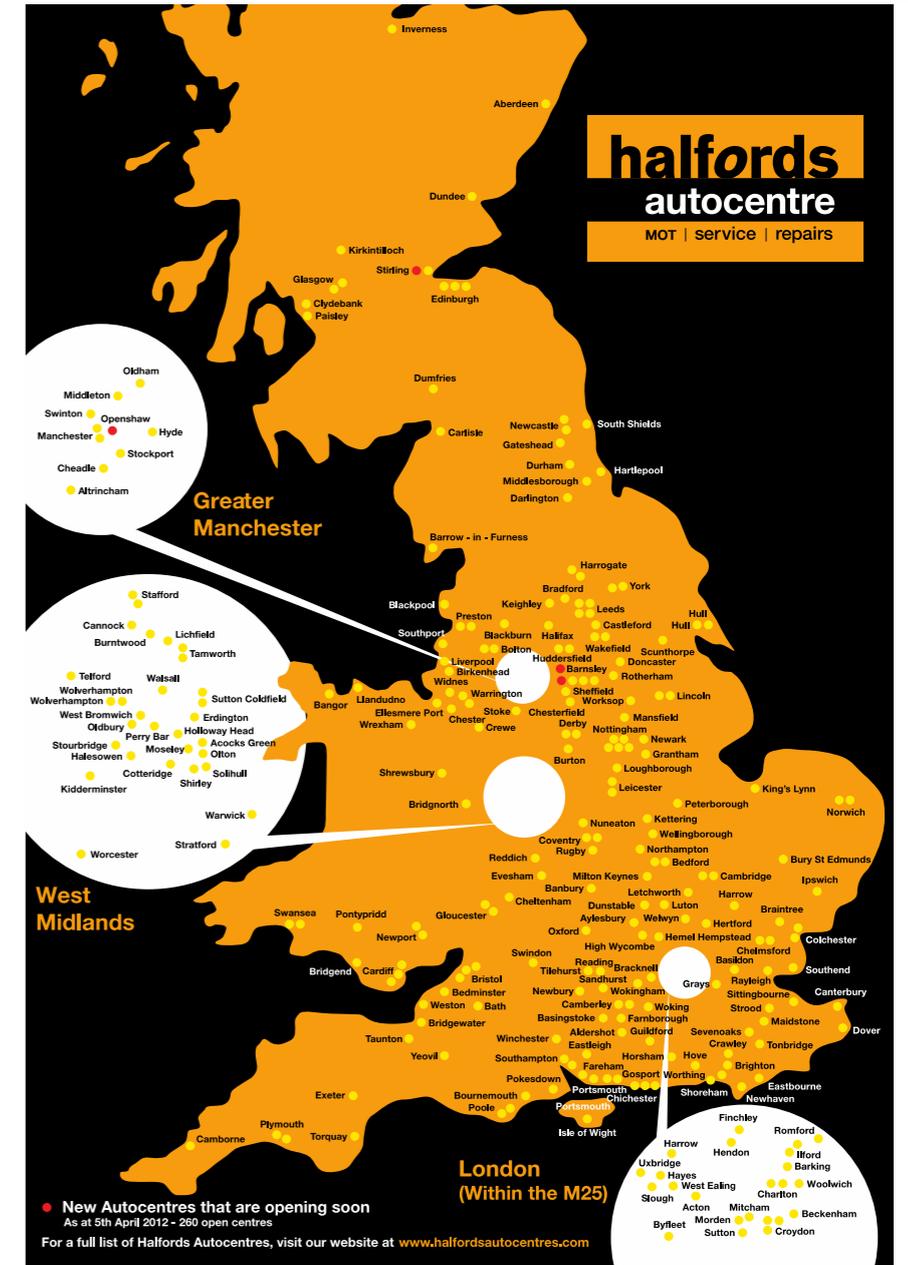
Form basis for future remodel plans



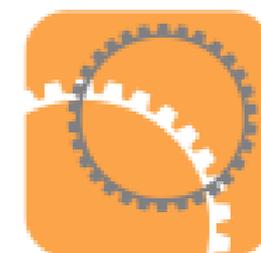
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Autocentres Portfolio

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- 224 centres at acquisition
- 261 centres today
- Up to 30 new openings targeted p.a.
- Average rentals £8-10 per ft²



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- DC operating smoothly
- Enhanced buying of goods not for resale
- New on-shelf availability tools and processes
- Recruiting and training colleagues
- “Ready-to-Trade” routines
- Multichannel customer experience





- Technical expertise of colleagues
- Tyre sales opportunity
- Product development – Brakes4Life, Air Con
- Sunday openings
- B2B

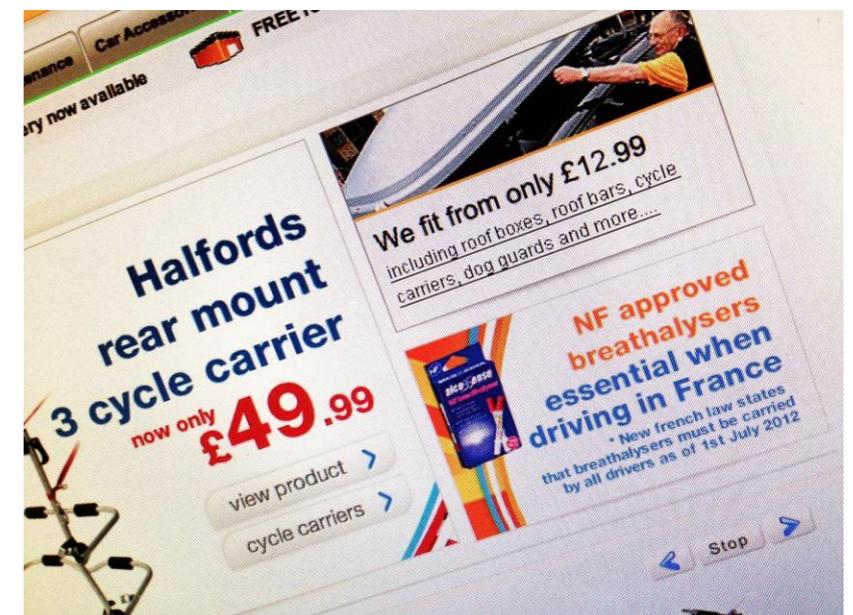
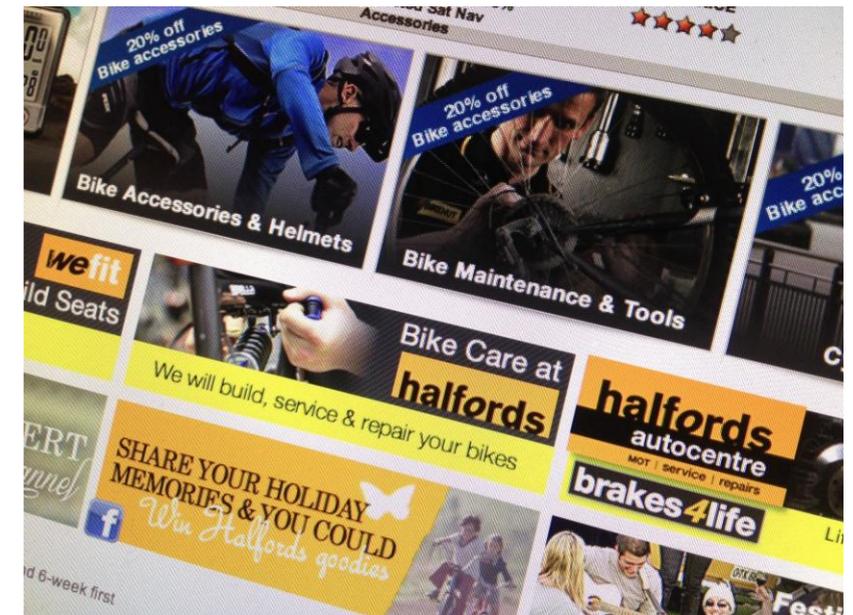


Customer

- Richer site content
- Targeted Marketing
- Customer Database
- Cross-selling customers

Technical development

- Websphere 7
- Mobile site
- Autocentre alignment
- Improved checkout
- Search-engine enhancement

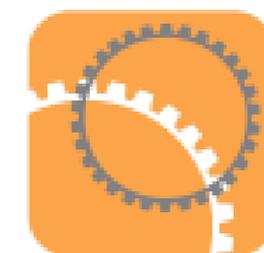
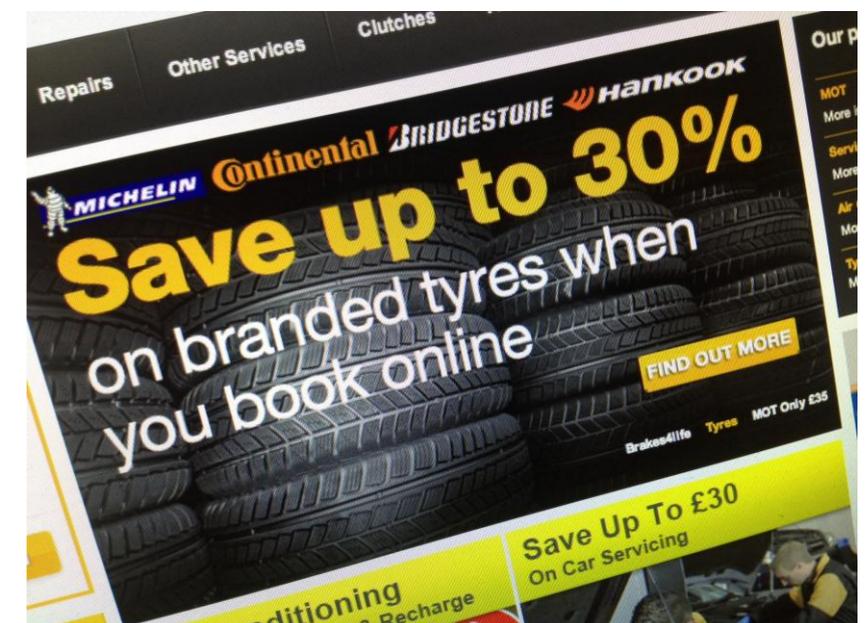
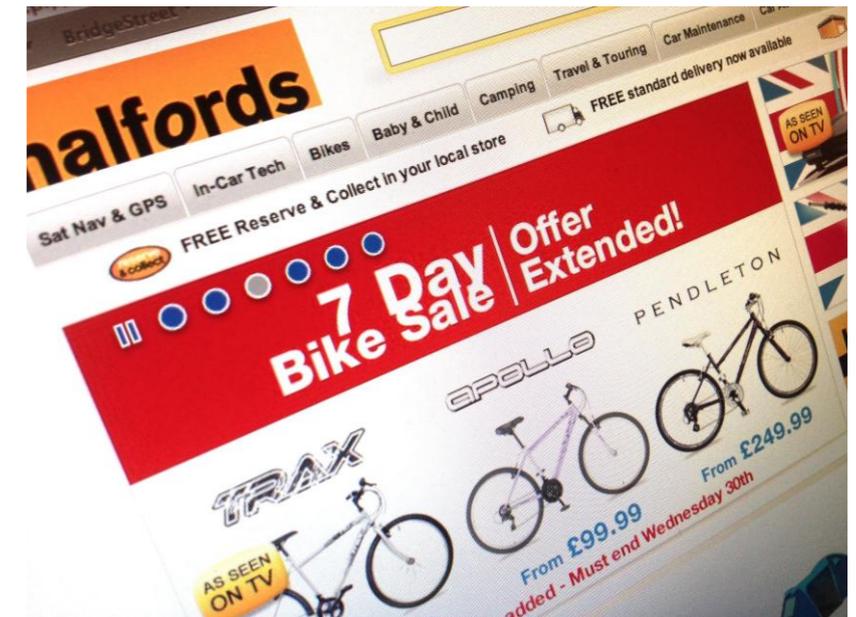


Trading

- Review of deals – price focus
- Extended ranges
- Bundled sales
- Spend & Save

Fulfilment

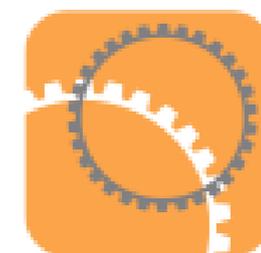
- 24hr R+C for non-stocked items
- Higher collection rates
- Customer collection management
- Improved direct delivery service



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- Changing image of Halfords products and services
- Raising awareness of fitting and Autocentres
- Multimedia including digital advertising
- Customer Relationship Management
- Social Media – f-Commerce Facebook site



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New Brand TV Ad

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- Customer engagement programme
- Recruitment of extra staff to provide fitting
- Enhanced training on fitting
- Clear company-wide values



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Vision

We help
and inspire our
customers with their
life on the move

Strategic Pillars



friend of the
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best cycle
shop in town



starting point for
great
getaways



think
customer



be
helpful



aim
to win



earn
trust



inspire
others



work as
a team



A Summer to Remember



Seasonal Initiative



Promotional Offers



Autocentres

Strong programme of trading activity





- Halfords evolving to be a contemporary solutions provider
- Our growth areas provide the route to develop our business
- Strategy that focuses on three pillars
- Aligning organisation to deliver strategic initiatives
- Strong cash flow protects dividend



Questions

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Appendices

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Group Income Statement

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	FY12 £m	FY11 £m	Change
Revenue	863.1	869.7	-0.8%
Gross Profit	472.8	485.0	-2.5%
Operating Costs	375.6	356.9	+5.2%
OPERATING PROFIT	97.2	128.1	-24.1%
Operating Profit %	11.3%	14.7%	-340bps
Net Finance Costs	(5.0)	(2.5)	-100.0%
PROFIT BEFORE TAX	92.2	125.6	-26.6%
Basic Earnings Per Share	33.7	43.2	-22.0%
Effective Tax Rate	26.9%	27.6%	-70bps

Notes

All numbers shown are before non-recurring items



Group Components

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FY12	UK/ROI £m	Central Europe £m	Total Retail £m	Autocentres £m	Amort' n £m	Group £m
Revenue	752.3	-	752.3	110.8	-	863.1
Gross Profit	399.8	-	399.8	73.0	-	472.8
Operating Costs	(307.0)	-	(307.0)	(66.4)	(2.2)	375.6
OPERATING PROFIT	92.8	-	92.8	6.6	(2.2)	97.2
FY11	UK/ROI £m	Central Europe £m	Total Retail £m	Autocentres £m	Amort' n £m	Group £m
Revenue	769.7	1.9	771.6	98.1	-	869.7
Gross Profit	419.9	0.1	420.0	65.0	-	485.0
Operating Costs	(296.2)	(0.5)	(296.7)	(58.0)	(2.2)	(356.9)
OPERATING PROFIT	123.7	(0.4)	123.3	7.0	(2.2)	128.1

Notes

All numbers shown are before non-recurring items



UK/ROI Retail Revenue Bridge

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Revenue	Change
Underlying LFL Sales Growth	-3.0%
Easter Adjustment	+0.3%
REPORTED LFL SALES GROWTH	-2.7%
Net New Space	+0.4%
UK/ROI RETAIL SALES GROWTH	-2.3%

Notes

All numbers shown are before non-recurring items



Group Balance Sheet

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	FY12 £m	FY11 £m	YOY £m	Change
Goodwill and Intangible Assets	343.9	346.7	(2.8)	-0.8%
Property, Plant & Equipment	97.9	102.6	(4.7)	-4.6%
Derivative Financial Instruments ¹	(1.2)	(2.0)	0.8	-40.0%
Net Working Capital	54.2	47.6	6.6	+13.9%
Net Debt	(139.2)	(103.2)	(36.0)	+34.9%
Other Creditors ²	(68.5)	(69.3)	0.8	-1.2%
NET ASSETS	287.1	322.4	(35.3)	-11.0%
<i>Inventories</i>	146.7	147.6	(0.9)	-0.6%

Notes

All numbers shown are before non-recurring items

1. Foreign Currency Contracts
2. Tax liabilities, provisions and lease incentives



FY12 Retail Store Portfolio

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	Mezzanine	Flat	Compact	Metro	Bikehut	Total
OPENING NUMBER OF STORES (3.87m ft²)	243	159	31	32	1	466
New Stores	-	-	3	-	-	3
Relocations	(2)	2	-	-	-	0
Rightsizes	2	(2)	-	-	-	0
Closures	-	-	-	(1)	(1)	(2)
CLOSING NUMBER OF STORES (3.83m ft²)	243	159	34	31	0	467
	Mezzanine	Flat	Compact	Metro	Bikehut	Total
Re-gears in situ	2	4	-	-	-	6



Autocentre Portfolio

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	FY12
Opening number of centres	240
New centres	20
Closing number of centres	260

