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MATT DAVIES: Good morning, everyone. The first think I have to point out is everybody is very keen that everybody understands that these things growing very slowly below our noses we're doing in the aid of charity for Movember. There's a bucket as you go out, so if anybody wants to support prostate cancer and Halfords' drive to drive money for it, your donations will be very welcome received.

A couple of housekeeping reminders: phones off. No fire drill is expected, so if some bells do start to ring then we need to get out of the work sharpish.

Welcome to our presentation on the first half of our results. Give the full presentation of the strategy that we took you through only a few months ago, we're going to give you a much shorter update of where the business is, how it has performed in H1, because we're really only in the very early stages of our three-year plan. We've still got a lot to do.

Having said that, this was a period where our like-for-like revenues in retail were up by around 8%, despite the investments in the first half, we also grew our earnings per share by nearly 9%. I'm going to hand over to Andrew in a second, as he'll take you through the details on our financial performance and then I'll talk to you about some of our trading and strategic highlights and some of the trading plans that we have in place for the second half of the year.

We've got a tough half ahead of us and, as I said, we are at very, very early days in the delivery of our plan. Then we'll take questions at the end. On that note I'll hand over to Andrew.

ANDREW FINDLAY: Thanks, Matt. Good morning, everybody. I'll take you through a review of the financial performance in the first half. Group revenue up £491 million was up 7.7%. The retail gross margin was, as expected, down 124 basis points at 51.2%. Profit before tax was up 6.4%, reflecting both the strong retail revenue growth which delivered 8.6% increase in earnings per share. Net debt was better than anticipated at £57.5 million, flattered by the benefit of end-of-month timing differences with free cash flow in the half of over £70 million.

The board has approved an interim dividend of 5.2 pence per share, in line with the dividend policy we set out six months ago. This decrease reflects the requirement for the business to invest while maintaining a robust balance sheet. We continue to anticipate paying a full-year dividend this year of around 14 pence per share.

Turning to retail first, the like-for-like revenues were up 7.7%. Cycling stood out, with a revenue growth of over 14%. This was despite lapping at a strong Olympics and Tour de France period last year. Premium bike sales were up by over 26% in the half, with kids' bike sales rising by an encouraging 17%. Our two years like-for-like in cycling in Q2 was up by over 30%.

Car maintenance again performed strongly, with growth of 8.8% as we capitalised on the colleague and marketing investments we made in the fitting of the bulbs, blades and batteries, 3Bs, this time last year.

Car enhancement grew by 0.6%, despite suffering from a material decline in Sat Nav sales in the second quarter as we redirected marketing spend into cycling.

Travel solutions delivered growth of 2.1% as we benefited both from the favourable weather and a more aggressive clearance approach in aged stock.

Our online camping proposition was more promotional in the half, with compelling offers on tent packs as well as several one-off daily deals. This led to online camping revenue growth of over 82%. In the table at the foot of the slide you can see that our online retail business grew by around 17% in the half. Importantly, now over 10% of our retail sales are online transactions picked up in store. Matt will take you through some of the changes to the website later.

Looking at the retail P&L in a little more detail, total revenues increased by 7.9%. In line with full-year guidance, retail gross margin fell by 124 basis points. Operating costs increased by 4.1%, reflecting strong volumes and the consequent effect on both store incentives and warehouse and distribution costs. Retail EBIT of £46.3 million drove the EBIT margin to nearly 11%. The focused measure of EBITDA increased to £55.7 million with a margin of 13.1%. We continue to anticipate low double-digit retail EBITDA margin over the medium term.

Stepping back for a moment, I just want to reiterate that our focus is on cash profit. This means that we'll continue to look for opportunities that are cash accretive but maybe margin dilutive. Looking at the slide, putting the margin percentage in the half was our more aggressive clearance approach, where we took decisions to clear faster and deeper as we ensure unwanted stock doesn't linger. This approach is now business as usual.

Secondly, we also took keener pricing decisions and seized the moment by promoting more effectively in areas such as camping and workshop tools. Cycling sales attract a lower margin that the retail average, and the strong growth of our bike sales was complemented by initial entry into an extended range of cycling parts, accessories and clothing, or PACs, which we knew would be margin dilutive.

Turning to the margin accretive factors, the income we derived from in-store services mitigated some of the dilution. 3B splitting income was up by around 23% and cycle-repair sales revenues were up by around 28% in the first half.

Finally, car-maintenance sales continues to underpin our margin with strong sales of parts. Over all the impact of product mix was neutral with the margin percentage primarily impacted by clearance, promotional activity and the introduction of new products.

If we look at retail opex, the increase of 4.1% was marginally below the full-year guidance given in May, reflecting the timing of our investments across half 1 and half 2. Strong sales volumes impacted store staffing costs, primary through additional payroll hours and store incentives. This, together with the increase in the national minimum wage resulted in store staffing costs rising by 8.9%. Store occupancy costs increased by less than 1%, with inflationary increases in utilities being offset by continued savings in rent negotiations. Warehouse and distribution costs increased by 14.2%, primarily driven by the surging volumes and the growth in our 24-hour fulfilment offer, while support costs increased by only 0.5%, reflecting the impact of timing of up-weighted marketing investments skewed towards the second half. This will be focused on 3Bs and Matt will take you through the details later on. The result of this is that we expect a higher retail opex percentage increase in the second half.

Now moving on to Autocentres. Revenues were up by 6.4%, although like-for-like sales were down by 2.1%. We relied less on affiliate-driven tyre sales in the half and saw a declining daily rental car servicing as older cars were churned for newer models. Despite market indications of deferred car servicing spend, underlying core retail service, MOT and repair like-for-likes saw an uplift of 1% in the half. Closing one centre and opening a further 14 in the half took the centre estate to 296. Grow margin improved by 114 basis points as we reduced our dependence on tyre sales through affiliates. Core service, MOT and repair margins were strong and the margin was further underpinned by continuing improvements in parts buying.

Operating costs increased by around 12%, with the vast majority of the increase coming from centres open since the acquisition of the business in 2010. Operating costs from the original acquired centres were flat year on year. A small element of the increase came from support costs as we expanded the support centre structure to manage the extended portfolio of centres.

EBIT fell to £2.3 million in the period, with EBITDA margin of 5.9%. We expect a mid to high single-digit EBITDA margin over the medium term as new centres mature. This will require an improvement in our top-line performance.

Moving on to cash, before what was a reduced dividend payment, the business again generated over £70 million of free cash in the half. This performance was flattered by a £31 million improvement in working capital, which reflected the end-of-month timing of VAT and payrolls settlements that amounted to around £20 million. We anticipate a similar and opposite movement in working capital in the second half of the year. Retail capital investment this year is back-end weighted to support our stores' fit to shop initiative, so capital investment in the second half will be higher than the £11.3 million spent in the first six months.

The settlement of a number of prior-year outstanding tax computations I outlined in May is anticipated to crystallise in the second half. These account for around £20 million and are fully provided for within the balance sheet. A first tranche of around £13 million was paid in the first week following the end of the period. As a result of this tax payment of VAT and payroll, our net debt approached nearer to £100 million in the week following the period end.

Finally, I am pleased to confirm the refinancing of our debt facilities in the half. With broadly unchanged terms and identical covenants we now have a smaller four-year revolving credit facility of £200 million with 5 banks, who have demonstrated real support for the plans we have to grow the business over the medium term.

Our performance in the first half is in line with guidance. The only beat was sales growth, which you know we don't guide on, but for the full year we anticipate our retail operating costs increasing by around 5% to 6%. This is slightly down on prior guidance and reflects the timing of our retail opex investments that are backend weighted this year, plus the impact of the first elements of the Gear 2 training pay increments that will not begin to crystallise now until FY15.

Our retail gross margin is expected to climb by 125 to 175 basis points, reflecting the factors outlined earlier, although following the strong start of the year, we continue to see how the final margin can end up at the favourable half of this year.

So the retail capex guidance for the full year remains at around £32 million, with auto service capex at around £36 million. We now expect Autocentres' EBITDA to be down on last year's performance.

Below Group EBIT net finance costs are still expected to be marginally lower than FY13, including the impact of the refinancing process, and we anticipate our effective tax rate to remain in the range of 23% to 24% and the rate won't be affected by the one-off tax settlement of around £20 million referred to earlier.

To summarise, we drove a much stronger retail top line and we look to build on this momentum. Retail gross margins were in line with guidance. Autocentres' revenues were down, like-for-likes were down, but we're confident in our investment plans as we open new centres and look to improve levels of in-centre service.

Strong revenues in retail contributed to a near 9% increase in earnings per share, and despite the cash timing differences, underlying cash generation was again strong and our prudent levels of gearing are now underpinned by more appropriate debt facilities.

With that, I'll hand you back to Matt.

MATT DAVIES: Thank you, Andrew. I just really want to kick of this section of the presentation and remind you just exactly what our mission is across both retail and Autocentres, which is to help and inspire our customers with their life on the move.

As I mentioned back in May, the two categories that currently occupy 90% of our focus are supporting drivers of every car and inspiring cyclists of every age. Then the leisure category gives us the flexibility to trade against, extent our range and create some excitement throughout the year.

As Andrew explained, we performed strongly in H1 for both car maintenance and within leisure travel solutions. Car maintenance sales made up over 27% of the total and we continued to see good growth in 3Bs through the momentum of increased awareness of WeFit. Despite the lack of rain, we actually sold a quarter more wiper blades in the first half versus the 1 million wiper blades that we sold in the first half of last year. Sales of canisters for car air-conditioning, supported by press ads, did especially in the warm weather, and our promotional strategy and workshop tools resonated with customers. Our popular socket-set sales were nearly 200% higher than in half 1 last year.

Within camping, stronger discounting and promotions led by online bus additional spot buys provided strong offers for our customers. Importantly, we adopted a new price matching policy in store with child car seats, ensuring parity with both Halfords.com and other online players. You'll all be delighted to know that we did sell every single one of the kayaks that we bought.

That said, the key focus for us for the first half of the year was cycling, which was the largest category by far. Over the spring and summer Halfords becomes much more of a cycling business, and the category was the standout performer in H1. Success at the Olympics, back-to-back British wins in the Tour de France, and Sir Bradley's win in the Tour of Britain maintained the UK's interest in cycling, and we really took advantage of this. Undoubtedly, we were also helped by what was the warmest, driest and sunniest summer weather for some seven years. Having said that, we took advantage of the weather and we traded the category really hard. We had a number of new additional to our range, we cleared as we went along, we stocked some great spot buys, we had fantastic offers going. I'll give you one example. Our biggest seller, in terms of a short-term offer, was the yellow Carrera TDF Road Bike, which sold 2,500 units during the final week of the Tour de France alone, linked to some promotions that we ran across press.

As you know, we backed our activity in H1 by investing in higher levels of stock and, fortuitously, that decision really paid off for us. We ran a TV ad campaign that reflected a very different approach in our cycling business, emphasising our mission to inspire everyday cyclists in their lifetime cycling journey that really appealed to Sunday morning enthusiasts, mountain bikers, commuters, kids and mums right across the broad.

The strong growth in our cycling sales didn't just come from great products and marketing. We also drove some really good events in our stores that will over time help to build our credentials in this market. We launched a partnership with Recycle, a charity which sends reconditioned bikes to Africa. We ran a bike trade-in event where we offered a 10% discount off a new bike for customers who brought their old bike in and we collected 5,000 bikes over a very short amount of time. We also continued with the cycling kids workshops that we launched in Easter. These workshops teach kids basic cycle repair skills. They were attended by around 10,000 children over the course of the summer, and this is going to be a really important part of how we take our position in our local communities and we became more than just a shop.

PACs was launched at the start of the summer with 185 brands and up to 15,000 skews now on line. We took some really good learnings from our launch and in the next 12 months our plan is to reshape our skews by going much deeper into some of the more popular ranges.

I think this is a useful slide because it just gives a few examples of the successes we've had in retail in the first half. If you have in the top left, online grew by 17%. In the top right our 3Bs jobs grew by near 26% to £1 million. Cycle repair sales grew by nearly 28%. When you add that together, our service income grew by nearly 20% to £10.4 million from £8.7 million the year before.

If we move on and look at our Getting Into Gear programme and the key execution priorities under that programme. I keep saying it's very early days, but that's the realties of where we are. I want to share more of the specific milestones with you when we report at the end of the year, but I would also like to talk about some of the progress that we've made over the last six months. I'm very proud to share that with you on behalf of the Halfords team, who've really worked incredibly hard and at phenomenal pace.

If we start with the service revolution, this was very much the first area of our focus. In the half we launched a new recruitment process that involved a centralised online application, telephone screening, interviews in store, role-playing, in-store addition process, and since the launch we've screened nearly 30,000 applicants and we've hired 500 people through that new process.

May I announce the new training and colleague qualification programme called 3-Gears? The programme was launched in H1. The vast majority of our colleagues have now either passed Gear 1 or are progressing through Gear 1. It's been received really well across the business. We're putting some more tools in place to support people do it, but reaction has been great. We've got colleagues already started Gear 2. That's the specialist training module, where you specialise in either auto or cycling and that's where the pay increment kicks in. But we aren't realistically going to see numbers passing Gear 2 until the start of the next financial year.

Moving on, in support of service we've made real progress with our retail disciplines. On-shelf availability of our products has improved by over 200 basis points through better processes for gap checking, stock ordering and reviewing the depths of stock that we hold in store. Also, the really aggressive clearance approach that we've pursued that Andrew talked about has meant that we've got a lot less old stock clogging our back stores, our stock file and our shelves, so it's much more straightforward for us to keep the integrity of our stock file going.

I briefly alluded on the July conference call that we had two changes in our leadership team. Rob Swyer is now firmly in place as our retail director. Below Rob the country is run by four divisional directors. Three of those divisional directors have now been replaced. Two of those have been promoted internally from within the business - great guys - and one person has been recruited externally, but I'm really confident now that we've got the right senior retail leadership team in place.

Our 'h' factor initiative allows us to drive some really category excitements. It means we're going to offer customers some real category excitements. It means we're going to offer customers some really innovative products that will be backed up by our friendly expert advice. Just a couple of months ago we launched 3B centres in all our stores. We've increased the space that we've given over to bulbs, batteries and wiper blades, with a view to improving the merchandising, increasing the skew count and future proofing for a market which is becoming increasingly complex. The picture here shows the work that we've done in launching a new battery centre and torch centre in our stores, which, compared to where we were previously really moves on the authority.

I'd like to update you now on some of the early progress on the refurbishment of our store portfolio. In the first half we rolled out 100 re-segmented bike departments as we look to upgrade every single bike department over the next three years. We've freed up space for more bikes, our extended PACs offer, by moving child car-seats downstairs. The whole look and feel of those cycling departments are now more upbeat. We've got action backdrops for our premium range and there's more help and advice for our customers from new how-to guides.

We've also opened three completely refurbished stores at the end of July in Evesham, Coventry and York, where we created a modern, engaging and friendly store environment that encourages browsing and more interaction with colleagues. We really want customers to feel the warmth and personality of the Halfords brand and to find the products and services they need more easily. I know a few people have already been to see these stores. I'd encourage any of you to go and see them. We are scheduling a visit to those stores for at some point next year once we've traded through the winter and can better share how those stores are doing. But if I just sort of give you an insight in terms of the next few slides, I think these stores bring our refit, and in cycling our repair offers, to life. You can see on the top left-hand side the work that we're doing around the refit outside, with the permanent canopies replacing the tents that we have at the moment.

Moving on, inspiration is so important when it comes to things like cycling, so we've added lots of extra touches such as a cycle track for kids, and we've got plenty of inspiring video footage along with real showcasing of our big brands. Signage has been materially enhanced with more space given over to seasonal offers. Early days for these three stores, although we are pleased with the performance so far. Moving forward, although we originally anticipated refurbishing 10 to 15 stores this year, we've moved at a real pace, so we should have in excess of 25 stores fully refurbished by the end of March, although this won't affect our total FY14 capex guidance that Andrew talked about. We've simply rejigged the mix of investment. The big focus for investment over the next three years is our infrastructure, particularly across our IT systems and capability. New chip and PIN pads in all our stores now save 19 seconds per transaction for our customers. If you shop with Halfords the change that those chip and PIN pads mean at the till is just massive. We're doing lots of stuff. Another example of where we're really focusing our investment is how we support our colleagues in training. We're rolling our laptops across all our stores. But just really to reiterate what I said in May, this isn't about looking for gold-plated IT, this is about ensuring that we've got stable platforms, the right level of capacity for growth as well as the ability to really improve our IT flexibility.

We said in May that we wanted to create a much better website experience this year. Phase 1 of the website was launched literally a couple of days ago. It has a far different tone of voice to make our website much more emotionally engaging and inspiring. Phase 2 is going to be completed by the end of March, which will see more social network interactions and upgraded My Account functionality. We've listed some of the changes on the slide. Please play around with the website and see what you think, but we've put together a really short two-minute video which I think showcases some of the big changes that are fed into phase 1. So if we can just show that video.

(video played)

MATT DAVIES: Good. Hopefully that's sort of brought some of the changes to light.

If I move on and focus on the second half of our year, we've got a really busy trading period ahead. Having performed strongly in the first half, we've got plenty of further cycling activity coming up. Last month we announced the extension of our exclusive partnership with Boardman for another ten years, and the announcement coincided with the launch of the 2014 Boardman performance areas, and we've got a few bikes on display outside.

We've also just relaunched our Apollo bikes. Apollo may not be as sexy as Boardman, but it's the UK's biggest selling bike brand. It's incredibly important to us. The new range comprises 17 adult bikes and well as a new range of kids' bikes.

If I turn to our auto business, the biggest priority of activity in the second half is focusing on our fitting of 3Bs, supported by a significant investment in marketing. This represents our biggest ever investment in 3Bs as we look to leverage our expertise during the dark winter days and the cold conditions. We've got press, radio, 30-second TV ads right across half 2 to really drive awareness, supported by the right amount of payroll hours and expertise in our stores. These ads are on TV now, but just in case you haven't seen them, we'll play one of them now.

(TV ad played)

MATT DAVIES: So there's three different incarnations of those on TV and then a number of radio incarnations. My personal favourite is Marcia and her pet python, so listen out for that.

Moving on from the retail business to Autocentres, Andrew has already talked a lot about Autocentres. Absolutely there is further work for us to do to exploit operational and market opportunities in Autocentres, and we're clear that the consistency of the service that we provide to our customers can be enhanced further. Our investment plan continues as we open new centres, we look to improve the levels of in-centre service through better recruitment processes and colleague training. This plan is central to our strategy as we extend our differentiation from our key competition. We're making good progress in terms of hiring a new CEO for that business. Having said that, I don't anticipate a CEO being in place until the spring, but I am convinced that the appointment of the right CEO can really make a difference to that business and how we trade over the coming years.

To conclude, we delivered a strong set of numbers in H1. We've driven the retail top line by nearly 8% in the half, leveraging 9% EPS growth and generating a 23% increase in free cash flow. Our retail categories are now in good shape. It's great to have Emma Fox in place as our new commercial director. The work that we've undertaken on stock, the product ranges, marketing and events means that we took advantage in the first half of what ere undoubtedly more favourable weather conditions particularly for cycling.

Getting Into Gear has off to a busy start but only reflects the unrelenting grind that we'll need to continue over the coming years. As I said to you in May, this will take years but we will keep on getting incremental benefits along the way.

Thank you very much for your time. We've tried to keep it reasonably short, and Andrew and I will now be very happy to take questions.

JONATHAN PRITCHARD: Jonathan Pritchard at Oriel. A couple from me. The investment into service, etc, let's leave timing on one side. The opex guidance is the same as it was six months ago. Since then obviously sales have been very strong. I think it would probably be prudent to expect that that sales growth might continue at a higher level. Are you not tempted to invest more into cost, just to really sort of seize the moment, because we're not just looking to sort of repair the damage of one year but more like three or four? So are you tempted to seize the day with more investment, even if it is at the expense of short-term profitability.

Secondly on capex, more refits but the same number of capex. What's the fall guy there and how much per refit.

MATT DAVIES: Okay, so if I take the first question and then I'll let Andrew take the second question. We're very comfortable with the overall growth, subject to the couple of tweaks that Andrew has given. Our job as managers of the business is to balance all the time and the level of investment in people against where the sales are coming through, and that's something we do on a week-by-week basis. I think, Jonathan, your comment in terms of sales in the second half is a very different game for us. The business changes and it becomes much more of an auto business, Christmas business, etc, and so we are making sure that we have the right flexibility but not taking anything for granted in terms of what our sale may or may not be over the coming months.

ANDREW FINDLAY: On capex, there are elements of IT that will flex into it by 2015, but I want to be honest with you, I was relatively prudent when I gave you the first guidance because I wanted to make sure that we didn't constrain this business if we didn't want to make the decision that we've just made. So I'm going to be open and honest about that. The £32 million is the number.

JOHN STEVENSON: I'll pick upon on the question I think you answered, just in terms of the cost of the refits. I don't know what's been spent on a full refit in the stores you've done or indeed what you think it might be going forward, which is probably a bit more representative.

Second question, I appreciate, obviously, you've not been trading that long and you don't want to talk about out-performance, but I don't know if you can give any qualitative data, maybe in terms of how they outperform in service revenues or cycle revenues or where you've made a real difference. Turning the question around, are there any areas that haven't worked as you'd expect and is that something you might change going forward.

MATT DAVIES: Okay. Again, I'll take the second part of the question if you want to take the first part of the question.

ANDREW FINDLAY: Yes, it really depends on the size and the scale of the store. If we've got a big store that's generating significant profits, we'll obviously look to invest and make sure that that store has a real wow factor. On a smaller store we're not going to do a full-blown. So we're looking to have a full-fat, light-fat, small-fat fit-out at this point in time early days, we're still working through the three. We're cost engineering as we speak, so we'll get more details later on when we take you through the stores.

MATT DAVIES: In terms of performance, we're very happy with how the three sores are performing. It's important that we trade through a winter. If you take Evesham, for example, where effectively we've flicked the cycle business downstairs and the parts business upstairs, we don't know what's going to happen to that parts business over the next few months. We have a very strong view that actually we can support that business with the decision that we've taken, but we'll see over time. That's why we think that sharing more of the detail around the financial performance is better when we take you around the stores.

In terms of what's not worked, there's nothing at the top of my mind that hasn't worked, but what we've learned in the second set of stores that we're now on site, there have been elements of costs that we've been able to take out. A good example would be our audio boards. We started replacing our audio boards. Actually, we're recognising that we can refurbish our audio boards and that saves a not-insignificant chunk of money. So those are the learnings that we're taking on board.

JOHN STEVENSON: So you're actually on site?

MATT DAVIES: We are on site in a number of stores with more refurbs at the moment, yeah.

GEOFF RUDDELL: Hi, Geoff Ruddell, Morgan Stanley. If I did the maths correctly, your 3Bs fitting revenues and your cycle repair revenues come to about half of your total service revenues. What are the other half?

MATT DAVIES: You've got roof boxes, you've got audio fits, we've got top-up of oils. We charge a nominal fee for putting on car wheel replacement covers, so there are a number of other items in there.

GEOFF RUDDELL: Thanks. Then the second question. You talked about the fact that your staff get a pay rise when they complete Gear 2. How big a pay rise is that going to be?

MATT DAVIES: It's roughly around 8%.

GEOFF RUDDELL: So we should expect most of your staff to get an 8% pay rise next year?

MATT DAVIES: We set out some sort of milestones around the number of people that we wanted to get through Gear 2 over the next three years. We will get a better feel over the coming months as to how people are progressing, but if you fast-forward, let's say, to five years' time, our core colleague base absolutely I would want them all on that Gear 2 wage. It's a question of how long it takes us to get there. There's a real difference between Gear 1 and Gear 2. Gear 1 is effectively a qualification to serve our customers. Gear 2 is a very in-depth piece of training where people specialise in either the auto side or the cycle side. Our challenge is to make sure that we leverage that expertise to drive sales for the business.

GEOFF RUDDELL: But just so we have some idea of planning for costing - I realise you're not ready to give us guidance on cost growth for the next year - are we expecting 5%, 10%, 30% of employees to be Gear-2 trained next year?

MATT DAVIES: How do you want to address that in terms of helping people?

ANDREW FINDLAY: From our perspective we've guidance on how many people we think will get through gear 2. You can apply the 8% to that portion. We've given that.

GEOFF RUDDELL: Can you just remind what that proportion was?

ANDREW FINDLAY: I can't remember. Let me come back to you.

MATT DAVIES: 80% by the end of year 3 next year. Not on Gear 2. We'll come back to you on it.

GEOFF RUDDELL: Okay, thank you.

MATTHEW MCEACHRAN: Hi, it's Mathew McEachran from N+1 Singer. I've just got a few questions on car maintenance, given the aggressive plans for the second half. Just initially starting off with the canopies, you talked about the outdoor invest, using the new canopies and so forth. It strikes us that a lot of the previous space being used didn't have exterior lighting either, lamps. Can you just talk a little bit about that and whether or not historically the exterior spaces were heavily underutilised, if you like in the hours of darkness?

MATT DAVIES: The B and refit canopies, those require the approval of the landlord, so unfortunately those will not be in place in every single one of our refreshes. We work incredibly hard to persuade to give us the permission to do it. Where we're renegotiating new leases, that is a core precondition.

The latest set of refreshes includes lighting under that canopy. The lighting isn't mains wired because of challenges in actually digging up troughs in car parks. Landlords for some reason don't seem terribly keen on that, but we've got a good manual lighting solution which is better than the head torches that we use at the moment.

MATTHEW MCEACHRAN: What about previous utilisation? In terms of the utilisation of those areas in the hours of darkness through winter, have they historically been pretty poor or was it not as bad as it might be?

MATT DAVIES: With the can-do attitude of our colleagues amaze me. So what happens, when it's dark, is our colleagues go out with head torches, with lanterns, and they are assisted by another colleague who's providing the lighting and the job gets done.

MATTHEW MCEACHRAN: Thanks for that. Then just in terms of the presentation you gave, you talked about the battery centres. Can you just talk a little bit about how many you've rolled out and what's the experience in terms of productivity of the space?

MATT DAVIES: We're just rolling them out. I wouldn't read too much into the battery centres and torch centres. I think they're good examples of where we are catching up visibly the quality of our products and the quality of our merchandising, and that's in pretty much all our stores.

MATTHEW MCEACHRAN: Okay, thanks. The final question was just for Andrew, really, if you could just give us a little bit more flavour as to the half-year-end stock potions. You've obviously worked very hard to clear aged stock out of the portfolio, so your underlying clean stock has risen quite a bit at the half-year end. Is that predominantly driven by the plans for car maintenance? Could you just give us a little bit more flavour that inventory position at half-year end?

ANDREW FINDLAY: We gave guidance at the beginning of the year of around 15 to 20 million increase of stock. We thought we would see that coming through in the first half. Clearly we're not. You can see from the balance sheet we're nowhere near that number. The majority of that was bikes. We obviously sold through more than we anticipated. If you're asking the question of whether we're depleted for the second half of the year, no, we're in good shape. We're in fantastic shape, particularly on our new ranges we've bought in and we're in fantastic shape on car maintenance products. So from a stock perspective we're in good shape.

CHARLIE MUIR-SANDS: Charlie Muir-Sands from Deutsche Bank. You alluded to a 2% increase in better availability. Can you remain us where you are and where you eventually aim to be?

MATT DAVIES: We've not disclosed a headline availability number. It's a very real increase and it's I think very apparent to our customers and to anybody who shops at our stores at the moment that the average Halfords store is much chunkier, much less gappy through the focus that we've introduced on gap checking.

CHARLIE MUIR-SANDS: Great. And just a follow-up on the capex, you said no change to this year. You were being perhaps a little bit over-prudent. Does that also mean that there's a little bit of scope to spend a bit less as you roll out the full estate?

MATT DAVIES: No, the £100 million for retail is still £100 million. I wasn't over-prudent, I was prudent.

CHRIS CHAVIARAS: Chris Chaviaras from Barclays. One question on the new ranges in the bike ranges. Can you give as a colour, what percentage of the cycle volume in store will these new bike ranges be and also the price range?

MATT DAVIES: By the end of summer next year we will have upgraded pretty much every single one of our bikes. So the focus at the moment is on the Carrera range and on older kids' bikes. There's some really good work going on there.

CHRIS CHAVIARAS: Thank you, and a second question on the real estate. Can you give us again a little bit of colour of the negotiations of the new range, where you are with the lease expiries and what is going on with the real estate and if your current estate is exactly what you'd like it to be.

MATT DAVIES: We're very comfortable with our property strategy that was outlined in May. We have a very small number of stores which lose money for us, so our focus is on the housekeeping of our estate and making sure that we drive revenue from sensible property deals. But other than a small number of stores which will close in the normal course of business, we don't anticipate any large-scale closure of Halfords stores. We actually believe that our store network is a huge strength for us as we develop our online business even further, given that 90% of our online transactions are collected from our stores.

CHRIS CHAVIARAS: Do you see any scope for rental reductions in any of your stores?

MATT DAVIES: Where the lease is at an end and we are negotiating a new lease, then clearly we're in a stronger position from a rental perspective. Where we have a lease with significant time to expiry, then there's no chance at all of us doing anything from a rental perspective.

ANDREW FINDLAY: Just to be clear, on the deals we've done, the majority of deals we manage at passing rent. The majority of landlords would rather give us a rent-free period, because of the economics for them, and we're able to secure quite substantial rent-free periods in the deals that we do. Obviously they flow through to the P&L over the life of the lease rather than one-off.

CHRIS CHAVIARAS: How many leases expire next year?

ANDREW FINDLAY: I think it's in the appendix. We've got an appendix that gives the detail around that.

CHRIS CHAVIARAS: Thank you.

SANJAY VIDYARTHI: Good morning. Sanjay Vidyarthi at Leberum. I know the data is hard to come by, but could you give any kind of flavour for what kind of market share performance you've had on bikes over the period? And also just anything anecdotally you can say in terms of the competitive environment, what you might have seen from the supermarkets but also on a localised basis anything you've seen, any kind of reaction from the independents.

MATT DAVIES: You're absolutely right in terms of in the cycle market up-to-date data is very difficult to come by, so I can't sit here and tell you what's happened to our market share over the past few months. Anecdotally I believe that we are growing our cycle and repair share and anecdotally I believe that when you look at the growth of our premium category we have to be taking some share from somewhere.

If you look at other areas of the business, perhaps the best-researched areas are audio or Sat Nav, and we're very comfortable with our position in those markets. In Sat Nav specifically, against a market which continues to decline, we are confident that we are holding/growing our share of that market. Any more market data that you've seen that I haven't?

ANDREW FINDLAY: No. We know that the market for cycling is very difficult to audit. It's very difficult to read, but we know our performance and we're very pleased with it.

MATT DAVIES: And in terms of the question on the independent bike trade, again every bit of information I've seen says the independent bike trade is going from strength to strength. I guess that's not surprising, given the growth in cycling that we're experiencing.

The final element I'd pick up is supermarkets and hourglass. When we look at the performance of categories of our business where we compete head on - a good example would be kids' bikes - again we're very comfortable with our market position. Our kids' bikes business increased by 17% over the period, so that's a great performance.

SIMON DENISON-SMITH: Simon Denison-Smith from Metropolis Capital. An easy one first. The £100 million guidance for debt after a week from the -- does that include the £13 million tax repayment?

MATT DAVIES: Yes.

SIMON DENISON-SMITH: Great. Then on the cycling side, you launched the new PACs. How much of the growth proportionally was coming from selling more PACs versus selling cycles?

MATT DAVIES: Insignificant in terms of the contribution of purely PACs to our growth. It wasn't a major driver.

SIMON DENISON-SMITH: Okay. Are you seeing any difference in pickup in store between physical cycles and PACs?

MATT DAVIES: We are pleased with how customers received our initial ranging on PACs, but the reality that we recognise is that our range was a bit wide. When you went on line and you shopped a particular brand, there wasn't the depth there to support that brand and there wasn't the depth there to really support that brand and there wasn't the depth there for us to really engage in paper-click advertising, etc. So our focus on PACs now is to get that depth right. So if you hit the Halfords website and you're shopping for Gore cycle clothing, then we really are the home of Gore cycle clothing.

SIMON DENISON-SMITH: Okay. My question was more getting to the roots of whether or not the internet is a long-term threat to cycles from a volume perspective and whether you see there being different categories that are more prone to being bought and collected in store versus bought online for home delivery.

MATT DAVIES: If you look at our PACs business, that is absolutely the case, but the store network and how that supports our click and collect proposition is every bit as important for PACs as it is for other areas of the business. Is there anything you'd add?

ANDREW FINDLAY: No, that's fair, absolutely fair. I think you've got to remember that even the pure online cycle retailers, their proportion of cycle sales is far below the accessories and cycles because they don't have that physical presence for pick up.

SIMON DENISON-SMITH: Sure. Okay, thanks.

ADAM COCHRANE: Hi, it's Adam Cochrane from UBS. Back in May you gave us rather terrifying staff-turnover statistics. Given that you're starting to pay them a better incentive, I presume given how well the business is doing, have you seen that staff turnover start to move in the right direction?

MATT DAVIES: In terms of the pay side of things, there's been no real difference to colleagues' pay yet. That flows from the Gear 2 pay increment. Although the --

ADAM COCHRANE: There are no sales targets for them?

MATT DAVIES: Sorry, I was just going to come to that. In terms of the bonus element, the bonus is all paid at the end of the financial year, so it's banked and as long as those guys work for us at the end of they year they'll get the payment. But the reality is people don't accrue for it. When it hits the bank account they feel they've got the money. In terms of the way the turnover stats are moving, I'm comfortable that they're moving in the right direction in accordance with all the focus that we've got. Just to be clear, going back to May our focus was around three-month colleague turnover and making sure that our recruitment techniques improved such that when we bring people into the business they're still with us a few months later. We'll update on that at the end of the year.

ADAM COCHRANE: Okay. Secondly, on the customer surveys, the mystery shoppers, are you seeing an improvement in those customer satisfaction scores with some of the changes that you've already made?

MATT DAVIES: Again, directionally those scores are moving as we would want them to. They can be a bit up and down so you have to look at them over a prolonged period to be confident that you're making a permanent and substantive difference. We get feedback from our customers vis-à-vis the net promoter score day in and day out. I was chatting to Matthew before. One of the key KPIs I look at on a Monday morning is what was our NPS score over the course of the week. So, huge growth, yes, and again we'll talk more about that at the end of the year, but directionally happy with the progress that we're starting to see.

ADAM COCHRANE: Finally, do you think there's a negative read-across from -- would your net promoter score be the same in the Autocentres as it is in the retail business? Are you scared that there's a sort of negative brand impact from the Autocentres into the retail?

MATT DAVIES: Great question, and same answer applies. More recently, as we've really been able to focus on the business, we are happy that we are starting to really make some progress on our net promoter score.

ADAM COCHRANE: I'll come back in May, shall I?

ANDREW FINDLAY: Yes. Sorry, Adam.

ANDY WADE: Hi, Andy Wade, Numis. Three from me. The first one is there's obviously a lot going on in terms of driving the top line, the weather, the staff investment, the greater availability and so on and so on. Could you sort of point us in a direction other than just everything helped, what you think have been the key drivers. I guess some of the things underlying that would be ATV conversion and footfall. So marketing and weather would suggest giving you that increased footfall and so on.

ANDREW FINDLAY: We're not as focused with our step-back from the amount of KPIs we focus on. We stepped back from measuring some of the specifics around footfall, etc, in our stores. That was one of the things we suffered from in the past around a whole page of metrics that a store manager was focused on. We've been really simplistic, moved it to sales, moved it to customer service, and they really are, on a Monday morning the key focus areas of what we talk about from a trading perspective.

With respect to average transaction values, we always see it slightly higher in Q2 than we do in the other parts of the year because of a cycling focus. Generally our values per transaction are higher in that period because of cycling versus in Q3, which is more old blades and batteries focused. But as far as we can see, all the indications we can see on those are green. But our end focus on the metrics that we've set out in our strategy and the metrics that we set out with our teams to focus on.

MATT DAVIES: If I added to that, Andy, the biggest thing for me is the feeling that our customers get when they come into our stores. If people working for Halfords feel more and more that the organisation cares for them, they will lavish that care on our customers. It's a real difficult one to monetise and to work out quite what that drives, but believe me it's so, so important. We have got people with a lot of change going on in the business and we've got people with their heads up. Go into the stores, talk to the guys. Everybody is positive. People are buzzing and people are happy. That is so, so powerful for a retail business.

I can talk about specific things like weather, as we talked about, I can talk about specific things like availability. You know, a 200 basis-point improvement in availability is massive. Absolutely that will have driven a benefit, but the most important thing for me is the consistency and feeling that colleagues are getting from the organisation.

ANDY WADE: That's helpful, thank you very much. Moving on, the re-segmented stores where you've re-segmented the cycle offer, or cycle department. You say there are 100 now. What has been the impact? Have those stores presumably outperformed a bit versus the chain?

MATT DAVIES: Again without going into specific metrics, we're really happy with what we're seeing at the moment from the refreshes that we're doing and the changes that we making to some of the space allocations.

ANDREW FINDLAY: Sorry, Craig was making signs at me from the back. What do they mean? Do we have to finish? Two minutes.

ANDY WADE: A very quick last one, then, 3Bs. You did the fitting increase but what was the actual increase in 3Bs and how big are they now?

MATT DAVIES: I think in terms of the slide, we've increased to 1 million 3B jobs.

ANDY WADE: I mean the actual pieces rather than the services associated with it. So the actual blades, bulbs and batteries rather than the service piece.

ANDREW FINDLAY: We haven't got that in our numbers but we have seen a material increase in our parts sales during the period. That was one of the whole pieces of the strategy around fitting. It wasn't just to drive service revenue, it was to drive incremental sales of our parts in the business. As Matt sad in his piece, wiper blades went through the roof.

Do we have one last question?

MARK: Yes, just maybe two if I can. You talked about the refits. How many can we expect to see of those 25 done before Christmas?

MATT DAVIES: We are sort of finessing that at the moment, making some of the last calls, so if we work on the basis that we will have more than 25 done by the end of the financial year, that's probably the best basis.

MARK: Just finally can you maybe give us an update on views of potentially introducing more of the lower margin, third-party-type brands into the mix.

MATT DAVIES: In terms of the bike brands, we're really happy with what we're doing with Boardman and how we are building the credibility around that Boardman brand. We're also really happy with the relationship that we're building with Pinarello. Pinarello at the moment is in just three stores, although it's available online, and we are taking that into a small number of additional stores. But taking that aside, with the work that we're doing on Apollo, with the work that we're doing on Carrera, we believe that we will have a bike offer in front of our customers which is really second to none.

I talked in May about the other bike brands, and I stick with what I said, which was to be a truly great specialty retailer you have to be able to provide depth of choice for customers, and brands are important. As we continue with our programme, we'll continue to evaluate and continue to talk to the other big brands that are out there, but we have to be really careful, because our margin model works business we see a Carrera bike at £300. We make good margin, the customer gets great value. If we start selling a branded bike at £300 and we make 10% less margin and nobody's going to be very happy. So it's very subtle tunes. Does that answer the question? Good. Apologies we've run out of time. Hopefully we answered the questions okay, and see you soon. Thanks very much.