05 April 2012

Halfords Group plc
Pre-Close Trading Statement

Halfords Group plc, the UK's leading retailer of automotive and leisure products and leading independent operator in garage servicing and auto repair, today updates the market on its trading performance for the 13 and 52-week periods to 30 March 2012. All profit items in this statement are before non-recurring costs.

	13 Weeks	52 Weeks
	YOY change	**YOY change**
TOTAL REVENUE		
Halfords Group	+0.3%	-0.8%
UK/ROI Retail	*-2.2%*	*-2.3%*
Halfords Autocentres	*+15.6%*	*+13.0%*
LIKE-FOR-LIKE (LFL) REVENUE		
Total UK/ROI Retail	-2.3%	-2.7%
Car Maintenance	*+3.1%*	*-4.5%*
Car Enhancement	*-14.5%*	*-11.6%*
Leisure	*+2.2%*	*+5.0%*
Halfords Autocentres	+8.2%	+6.1%

Key Points For The Quarter

- Cycling LFL revenues increased by +5.7% (Q4 FY11: +8.7%), driven by strong performances in Premium and Children's Bikes
- Retail fitting revenues rose +28.1% as we build on Halfords' unique customer offer. The demand amongst motorists for 'Do It For Me' services continues to grow
- The decline in Car Enhancement revenue worsened, with accelerated falls in both higher-margin Performance Styling and Car Cleaning products
- At 8.0% of total Retail, a disappointing online revenue performance reflected declines in both Sat Nav and Child Safety
- Autocentres' revenue continued to grow strongly, driven by an enhanced recognition of the value offered by the Halfords brand

FY12 Expectations

In what has been a challenging year for the UK consumer the Board anticipates underlying Group Profit Before Tax of between £90m and £93m for FY12 and Group sales of c.£861m (Retail c.£751m; Autocentres c.£110m).

Within Retail, FY12 gross margins are expected to be in line with our previous guidance of a 130-150bps decline. Retail operating costs are anticipated to be marginally lower than the guidance of c.£309m.

Within Halfords Autocentres, FY12 underlying(1) operating profit is expected to be approximately £7m. This reflects both the start-up losses associated with the centre-opening programme and the continued investment for growth in key areas, such as above-the-line advertising and direct mail. With the acceleration of the lower-margin tyre proposition, gross margins will be marginally down on FY11.

In the quarter we progressed the share buyback programme that commenced on 7 April 2011, with a repurchase to date of 18.1m shares for a total consideration of £62.3m at an average price of 345p. Reflecting this and the strong cash generation of the Group, Net Debt at the end of FY12 is expected to be c.£140m.

FY13 Outlook

The UK consumer environment is expected to remain challenging, particularly for the motorist. Our increasing focus on areas where we have a recognised competitive advantage will help us in the new financial year.

We currently anticipate a broadly-flat Retail gross margin in FY13. Margin dilution from reduced sales of higher-margin Car Enhancement sub-categories, plus input-cost inflation, is expected to be partially offset by the benefits of increased fitting penetration and the continued success of our sourcing strategy. We also anticipate a particularly buoyant, albeit competitive, cycling market this year given the strong interest in Team GB at the Olympics, and our trading plans reflect the intention to maintain our market-leading position.

We are guiding to a rise in underlying Retail operating costs of c.4% against the FY12 outturn, primarily due to a rise in inflation-linked business rates and staff costs, the latter reflecting minimum-wage inflation and our plan to reinstate a provision for colleague incentive payments. This increase comes after management actions to drive cost savings in the Retail property portfolio and to improve our goods-not-for-resale procurement process.

We are focused on delivering sustainable revenue growth over the medium term. We intend to invest an additional c.£6m of Retail operating expenditure in building our fitting resources, incremental marketing and the enhancement of our multichannel offer. As with colleague incentive payments, these investments are dependent on success, and will be reviewed and flexed by management throughout the year. We anticipate the impact of these medium-term drivers to be broadly profit-neutral in FY13 and to contribute growth in both the Retail top line and profitability from FY14.

We intend to build on the success we have seen in Autocentres during FY12. FY13 will see continued investment in building brand awareness in addition to the roll out of up to 30 new centres. Autocentres is expected to deliver low double-digit profit growth in FY13.

David Wild, Chief Executive Officer, commented:

"In Q4 we continued to see progress in our key Retail growth areas of Cycling and Fitting, as well as Autocentres. We are especially pleased that at a challenging time for motorists, they are increasingly turning to Halfords for their diverse after-care needs.

The UK consumer outlook for FY13 is uncertain and the continued rise in fuel prices remains a concern. Our actions have reduced input-cost inflation, but retailers face a rise in operating costs. While we have historically demonstrated an ability to alleviate these it may be more difficult this year.

The strong performance from our growth areas provides an attractive route to strengthen our business. We are investing to drive our strong brand even further by developing our fitting resources, increasing marketing and enhancing our multichannel offer.

Investing in these opportunities will accelerate the evolution of Halfords from a traditional retailer to a contemporary provider of products and services, and will contribute future growth."

Notes

1. Underlying Autocentre profits are shown before one-off costs and adjustments associated with the reorganisation & relocation of the Autocentres head office, and are before the amortisation of intangible assets acquired as part of the acquisition of Nationwide Autocentres in February 2010
2. The historic financial data is before any non-recurring costs and is sourced from unaudited management accounts
3. Like-for-like sales represent revenues from UK and Irish stores trading for greater than 365 days
4. Where appropriate, revenues denominated in foreign currencies have been translated at constant rates of exchange
5. The Central European activities, discontinued in the prior year, are included only within the comparable 52-week Halfords Group Total Revenue figures. No Central European revenues were generated in the fourth quarter of the prior year

Enquiries

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Conference Call

There will be a conference call for analysts at 8.00am today. The participant dial-in is +44 (0)20 3140 0668 or +44 (0)800 368 1950 (toll free). The PIN code is 793207#.

A recording of the call will be made available in due course. The dial-in is +44 (0)20 3140 0698 or +44 (0)800 368 1890 (toll free). The PIN code is 383695#.

Forthcoming Newsflow

Halfords Group has provisionally set aside 31 May 2012 to release its preliminary results for the 52 weeks to 30 March 2012.

Notes to Editors

www.halfords.com
www.halfordscompany.com
www.halfordsautocentres.com

Halfords Group plc

The Group is the UK's leading retailer of automotive, leisure and cycling products and through Halfords Autocentres also one of the UK's leading independent car servicing and repair operator. Halfords customers shop at 467 stores in the UK and Republic of Ireland and at *halfords.com* for pick-up at their local store or direct home delivery. Halfords Autocentres operates from 260 sites nationally and offers motorists dealership-quality MOTs, repairs and car servicing at affordable prices.

Halfords employs approximately 11,000 staff and sells over 14,000 different product lines with significant ranges in car parts, cycles, in-car technology, child seats, roof boxes, outdoor leisure and camping equipment. Halfords own brands include the in-store *Bikehut* department, for cycles and cycling accessories, *Apollo* and *Carrera* cycles and exclusive UK distribution rights of the premium ranged *Boardman* cycles and accessories. In outdoor leisure, we sell a premium range of camping equipment, branded *URBAN Escape*. Halfords offers customers expert advice and a fitting service called "***We***fit" for car parts, child seats, satellite navigation and in-car entertainment systems, and a "***We***repair" service for cycles.

Cautionary Statement

This report contains certain forward-looking statements with respect to the financial condition, results of operations, and businesses of Halfords Group plc. These statements and forecasts involve risk, uncertainty and assumptions because they relate to events and depend upon circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. These forward-looking statements are made only as at the date of this announcement. Nothing in this announcement should be construed as a profit forecast. Except as required by law, Halfords Group plc has no obligation to update the forward-looking statements or to correct any inaccuracies therein.