Preliminary Results

52 Weeks to 2 April 2010

City Presentation Centre

10 June 2010

David Wild

Chief Executive

Overview of Results

Year of significant achievement

- Earnings per share growth 24.8%
- Core categories: LFL sales growth and market share gains
- Service and multi-channel revenues increase
- Effective gross margin management and cost reduction programmes
- Strategic decision to focus on domestic growth opportunities
- Nationwide acquisition completed, funded from free cashflow
- Autocentres trading in-line with expectation and integration on-plan

Growth company with resilient qualities

Nick Wharton

Finance Director

Group Financial Highlights[1]

Strong progression against all key performance metrics

- Sales £831.6m +4.6%
- Retail like-for-like sales +1.3% (Easter adjusted +0.7%)
- Gross margin increased by 230bps (FY09: 160bps)
- Profit before tax and non-recurring items £117.1m +26.7%
- Basic EPS before non-recurring items 39.7 pence +24.8%
- Operating cash flow at £179.6m, 125% of EBITDA (FY09: £114.2m)
- Net debt £155.5m (FY09: £173.9m); 1.0x pro forma EBITDA
- Proposed final dividend 14.0p, total dividend 20.0p +25.8%

Note 1: All values are adjusted to a comparable calendar basis excluding non-recurring items.

Group Income Statement

	FY10[1] 52 week £m	FY09 52 week £m	52 week Growth %	FY09 53 week £m
Revenue	831.6	794.7	+4.6%	809.5
Gross profit	452.7	413.7	+9.4%	421.4
Net operating expenses[2]	(333.0)	(311.8)	+6.8%	(317.4)
Operating profit	119.7	101.9	+17.5%	104.0
Operating profit %	*14.4%*	*12.8%*	*+160bps*	*12.8%*
Net finance costs	(2.6)	(9.5)		(9.6)
Profit before tax[3]	117.1	92.4	+26.7%	94.4
Basic EPS (pence)	39.7p	31.8p	+24.8%	32.5p
Actual tax rate	29.1%	28.0%		28.0%

Notes:
1. Includes 44 days post acquisition of Nationwide Autocentres
2. Excluding non-recurring items of £7.4m (2009: £16.9m)
3. Includes £8.3m operating expenses from Nationwide

Retail Income Statement

Revenue growth, margin and cost management drives 180 bps strengthening in UK[1] operating margins

Excluding non-recurring items	FY10[2] 52 week £m	FY09 52 week £m	52 week Growth %	FY09[2] 53 week £m
Revenue	818.1	794.7	+2.9%	809.5
Gross profit	443.9	413.7	+7.3%	421.4
Gross profit %	*54.3%*	*52.1%*	*+220bps*	*52.1%*
Net operating expenses	(324.6)	(311.8)	+4.2%	(317.4)
Operating profit[3]	119.3	101.9	+17.2%	104.0
Operating profit %	*14.6%*	*12.8%*	*+180bps*	*12.8%*

Notes:
1. UK includes Republic of Ireland managed through the UK
2. Includes revenues and operating losses from Central European operations of £5.9m, £2.5m (FY09 53 weeks: £4.4m, £3.2m)
3. Operating profits/returns from ongoing UK and Republic of Ireland operations are £121.8m, 14.9% (FY09 53 weeks: £107.2m, 13.2%)

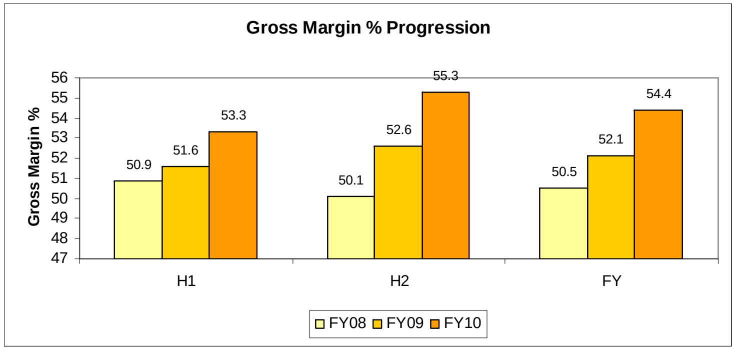
Group Revenue Growth

Resilient sales performance, mix and trading strategies benefit margin

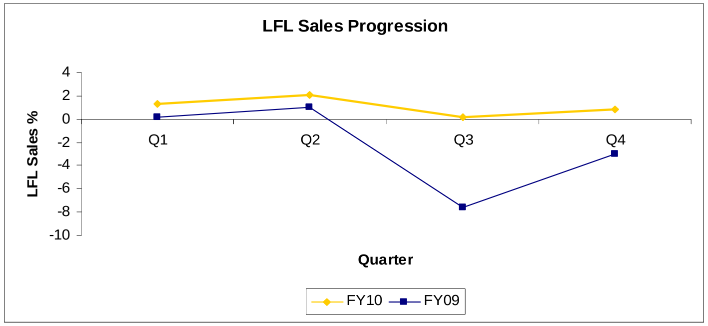
	FY10 %	FY09 %
Underlying retail LFL sales	+0.7	-3.3
Easter adjustment	+0.6	+0.3
Retail LFL sales growth	+1.3	-3.0
Currency[1]	+0.3	+0.6
Net new space	+1.3	+2.1
52-week retail sales growth	+2.9	-0.3
53rd week	-	+1.8
Nationwide Autocentres	+1.7	-
Reported Group sales growth	+4.6	+1.5

Note: 1. Translation of non-sterling denominated revenues.

400bps 2-year margin progression



FY10: Positive LFL each quarter



Retail gross margin anticipated to be flat year on year in FY11

Retail Net Operating Costs

Cost & productivity focus offsets revenue & inflationary pressures

	£m	% Revenue
FY09 52-weeks operating costs	311.8	39.2%
FY10 non comparables:[1]	8.0	
Space increase	4.2	
Restructure benefits	(3.5)	
Underlying cost movement[2]	4.1	
FY10	324.6	39.7%

- Core payroll productivity improvement
- Rent inflation moderating with future re-gear opportunity
- Focused advertising investment
- Ongoing portfolio management opportunity

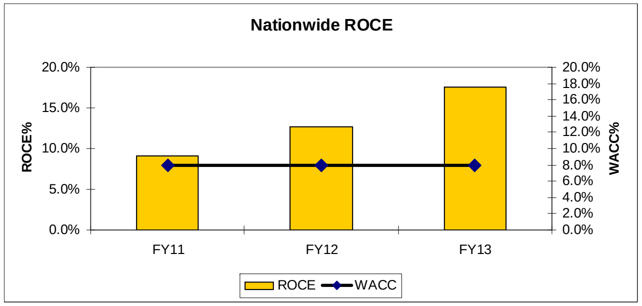
Key Retail Ratios (% Revenue)[3] UK 52-weeks	FY10 FY	FY09 FY	YOY cost (£) growth
Store Payroll	10.4%	10.7%	-0.1%
Warehouse & Distribution	3.4%	3.6%	-2.5%
Store Rent & Rates	12.1%	12.1%	+2.9%
Advertising	2.4%	2.4%	+0.4%
Landlord Contributions	£1.1m	£2.7m	-

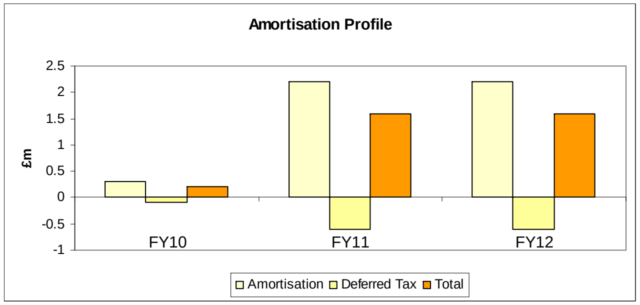
1.FY10 non comparables include movements in incentive provisions, landlord contributions, and re-structuring costs.
2.Including amortisation of acquired intangible assets of £0.3m
3.Key ratios reflect full statutory year performance in UK / Republic of Ireland.

Nationwide Income Statement

Initial Nationwide trading ahead of expectation

Excluding non-recurring items	FY10[1] Post Acq £m	FY10[2] 52 week £m
Revenue	13.5	96.6
Gross margin	8.9	64.3
Gross margin %	*65.5%*	*66.6%*
Net operating expenses	(8.5)	(55.3)
Operating profit	0.4	9.0
Operating profit %	*3.0%*	*9.2%*





Notes:

1. Includes 44 days post acquisition of Nationwide Autocentres
2. Year to 31 December 2009
3. Goodwill arising on acquisition totals £69.7m
4. Amortisation arises on acquired brand name and customer relationships

High confidence in doubling operating profits within 3 years

Group Balance Sheet

Balance sheet management remains a clear focus

	52 week FY10 £m	53 week FY09 £m	YOY £m	Growth %	52 week FY09 £m
Goodwill and intangible assets	348.7	259.5	+89.2	+34.4%	259.6
Property, plant and equipment	102.9	107.5	-4.6	-4.3%	107.9
Derivative financial instruments[1]	2.2	13.3	-11.1	-83.5%	13.3
Net working capital	49.9	96.8	-46.9	-48.5%	84.3
Cash and borrowings	(155.5)	(176.2)	+20.7	+11.7%	(166.3)
Creditors[2,3,4]	(69.7)	(56.5)	-13.2	-23.4%	(56.0)
Net assets	278.5	244.4	+34.1	+14.0%	242.8
Inventories	138.5	147.0	-8.5	-5.8%	146.1

Notes:

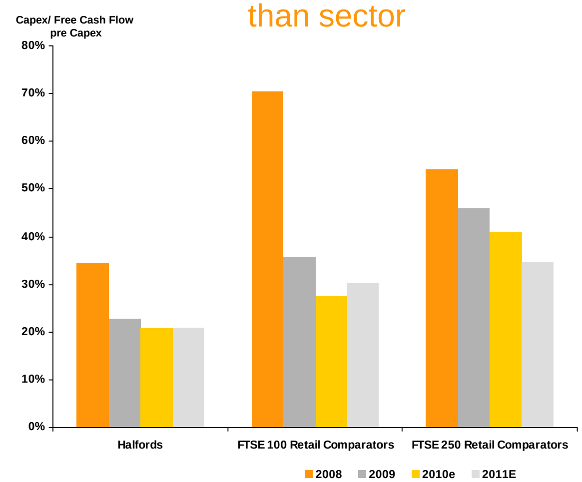
1. Foreign currency contracts and interest rate swaps.
2. Tax liabilities, provisions and accruals, including capital and interest creditors.
3. Includes £0.5m deferred tax liability.
4. Includes £11.2m non recurring items provision (2009: £10.4m).

Capital Expenditure Summary

Capital investment centred on high return investments

£m	FY10	FY09
New stores and re-sites	3.6	7.0
Store refurbishment	3.8	3.9
Total portfolio	7.4	10.9
Distribution centre	6.7	0.0
Multi-channel	1.6	3.2
Group infrastructure systems	4.2	3.0
Other	0.1	0.3
Central Europe	0.4	2.0
Total capital expenditure (per balance sheet)	20.4	19.4
Capital creditor movement	(1.3)	3.3
Cash capital expenditure (per cash flow)	19.1	22.7
CapEx:Depreciation ratio	1.0x	0.9x

Growth capex requirement lower than sector



Group has low capital expenditure requirement

Cash Flow and Net Debt

Operating cash flow	£m
Operating profit[1]	112.3
Depreciation/Amortisation[2]	29.1
Employee share scheme	2.5
Fixed asset write-off	0.7
Fair value gain	0.7
Working capital[3]	31.7
Provisions	2.6
Operating cash flow	**179.6**

Free cash flow	£m
Op. cash flow	179.6
Net finance costs	(2.5)
Taxation	(30.4)
Dividends	(35.3)
Capex Maintenance	(3.9)
Free cash flow	**107.5**

Net debt	£m
Net debt 3.4.09	(176.2)
Free cash flow	107.5
Nationwide[4]	(72.3)
Issue proceeds	0.9
Finance Lease[5]	(0.2)
Capex Investment	(15.2)
Net debt 2.4.10	**(155.5)**

Notes

1. After exceptional items £7.4m and includes post acquisition EBITDA from Nationwide
2. Includes £5m impairment related to cessation of Central European operations
3. Includes effect of exchange rate fluctuations and excludes the Nationwide opening balance sheet
4. Nationwide acquisition including costs £74.9m
5. Including Head Office finance lease £12.0m (2009: £12.2m)

Year end net debt represents 1.0x pro forma EBITDA

Balance Sheet Management

Financing Strategy

- Ongoing commitment to balance sheet efficiency
- Interest rate hedging to be re-instated when appropriate

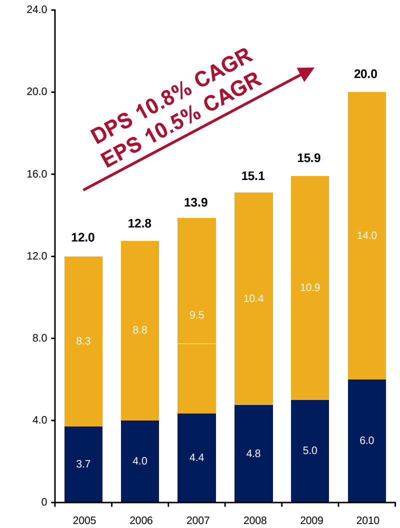
Cash-Flow Characteristics

- Strong core business cash flow and capital-light growth enables dividend growth at prudent cover

Debt : Structure & Profile

- £300m term facility, repayment July 2011
- Re-finance scheduled for Autumn 2010

Dividend Growth History



Dividend Cover	2.0x	1.8x	1.9x	1.9x	2.0x	2.0x

Current Key Debt Metrics:	Target	FY10 times	FY09 times
Adjusted net debt[1]/EBITDAR[1]	>3.9x	3.55	3.84
Fixed charge cover[2]	2.25 – 2.30x	2.72	2.36
Pro-forma Net debt/EBITDA	-	1.0	1.3

Notes: 1. Adjusted Net Debt = Net Debt + Capitalised Rent; EBITDAR = (EBITDA + rent)

2. EBITDAR / (Interest + Operating Lease Expense)

Group operating within optimal debt metrics

David Wild

Chief Executive

Halfords Overview

Unique business model advantaged in its core markets

- Market leadership and scale
- Resilient markets open for consolidation
- Differentiating through unique service proposition
- Multi-channel attracts new customers
- Expanding more deeply into auto aftercare market
- Strongly cash generative

Growth Company with resilient qualities

Strategic Vision

Halfords Group generates long-term sustainable growth

- Grow retail operating profit at 8% CAGR extending market leadership
- Develop multi-channel sales and improve net margin
- Expand Halfords brand in UK automotive aftermarket
- Leverage retail capabilities in other similar out-of-town, speciality sectors
- Explore international growth opportunities, but not at expense of UK
- Maintain efficient balance sheet and progressive dividend

Ambition to deliver EPS growth of 15% CAGR

Growth Strategy

Consistent and effective strategy for growth

Organic growth through:

1. Extend range and service advantage
2. Ongoing focus on cost control
3. Leveraging the Halfords brand in multi-channel
4. Investing in the store portfolio

Augmented by acquisition that meets strategic criteria[1]

- Quality
- Domestic
- Brand/capability adjacency

Strategy supports long term sustainable growth

Note: 1. Financial criteria include return on capital, financial payback

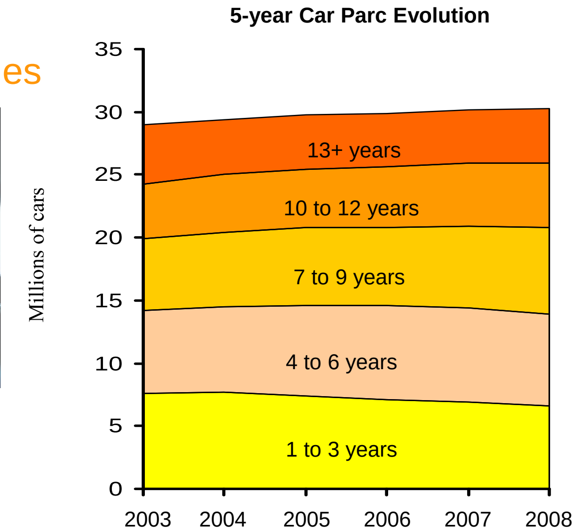
Extend Range Advantage

Core Categories provide Growth opportunities

Car Maintenance

- Increasing and ageing car parc
- Needs driven
- Fragmented competition
- Manufacturer innovation

Synthetic now 35% of oil sales



Source: OEF; SMMT

Car Enhancement

- Cleaning and accessories mirror car parc
- Technology innovation
- DAB radio
- Differentiation through fitting capability

In-car Audio 59% market share

Extend Range Advantage

Core categories provide growth opportunities

Cycling

- Health/leisure
- Sustainability
- Economy/commuting
- Market leading own brands

21,000 Boardman Bikes sold

Travel Solutions

Camping market position established

- Growth in domestic holidays
- Leisure
- Associated products - roof bars and cycle carriers

Extend Service Advantage

Differentiating Our Business Through Service

3B sales up 64%

Auto

- 1.7m fitting jobs completed
- 3B's penetration now 20% (FY09: 12%)
- National radio advertising increases awareness
- Rostering ensures high operating returns

Sales up 57%

Cycling

- 444k repairs undertaken 47% increase
- Differentiates cycle repair proposition
- Penetration now 24%

Accessory attachment

- Cycle 48% (FY09: 39%)
- Sat Nav 52% (FY09: 28%)

Controlling Costs - Distribution

Active management to control costs

- Consolidate operations at new central DC
- Materially lower operational cost base:
  - Reduced rent costs
  - Rebased pay rates and working practices
  - Productivity gains through proven technology
  - Increased fleet efficiency through double decker trailers
  - Optimal centre of gravity saves 2m road kms
- Store friendly deliveries improves retail productivity

Annualised savings £4m from Summer 2010

Controlling Costs - Stores

Active management to control costs

- Enhance labour flexibility through better mix of Full Time and Part Time colleagues

- Improve rostering to match customer footfall

- Store Management:
  - Dedicated Bikehut resource
  - Incremental management at weekends

- Improved focus on service and sales

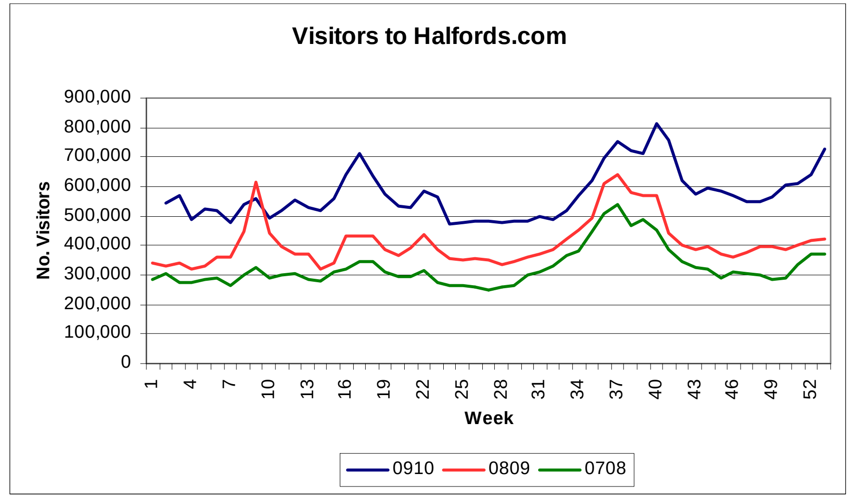
- Harmonised compensation

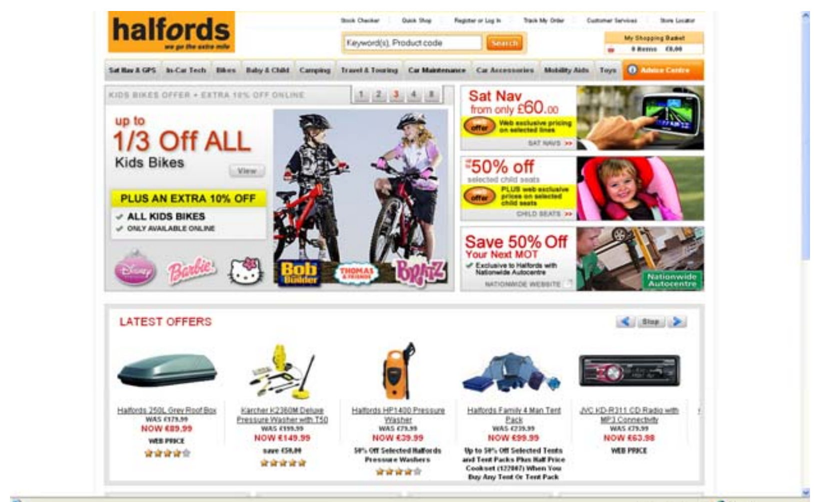
Annualised savings £2m from Spring 2010

halfords.com

Multi-channel represents fast growing profitable channel

- Sales growth 34%
- Visitor numbers c.30m up 40%
- 6.1% of sales (FY09: 4.8%)
- Profitability increased by >100% YOY
- Online Participation:
  - 14% premium bikes
  - 19% of child travel
- 15% online sku growth
  - Cycle accessories 900
  - Camping 400





halfords.com

Increasing engagement with customers

FY 10 Achievements

- 80% of orders are “Reserve and Collect”
- Successful launch of “Order and Collect”
- 33,000 customer reviews driving conversion
- Launched “Ask and Answer”
- Targeted advertising as customers browse across the net

FY 11 priorities

- User guides, “Hover Overs” and video guides
- Product bundling driving quality sales
- halfords.com 14% of Group advertising, YOY increase 50%
- Cross selling to autocentres
- Development of integrated Group platform

www.halfords.com
reserve & collect

Autocentre Update

Trading momentum maintained and integration on-plan

- Sales in line with expectations
- Cross marketing - Testing underway:
  - halfords.com click through
  - Halfords customer emails
  - In-store activity
- Re-branding and new centre rollout
  - 4 Halfords autocentres converted
  - Roll out across estate during FY11
  - 12 –18 new sites identified
- B2B development and procurement synergies

Opportunity to lead consolidation in automotive aftercare market

Outlook

Halfords well positioned to deliver future growth

- Resilient core business, focused on customer needs
- Effective margin management
- Crystallising benefits from two major cost initiatives
- Confident in first full year earnings from autocentres
- Cautious regarding economic and consumer backdrop
- Confident in delivering another good result in FY11

Summary

Markets and strategy provides basis for long term sustainable growth

- A year of great progress
- Ongoing potential to grow core business
- Significant opportunity in multi-channel
- Strong brand resonance in the automotive servicing sector
- Well resourced to expand further
- Growth Company with resilient qualities

Ambition to deliver EPS growth of 15% CAGR

Questions

Appendices

- Retail Portfolio by Store Type
- Retail Portfolio by Location
- Operating Cost Efficiencies

Retail Portfolio By Store Type

Retail Space 3,910,823 ft^2	Mezzanine SM/M	Flat F	Compact C	Metro Me	Bikehut BH	Total
Opening Number	239	162	29	28	8	466
New Store	1	4	4	0	0	9
Relocations	1	1	0	0	0	2
Closures	(1)	(1)	0	(4)	(2)	(8)
Conversions	0	0	0	4	(4)	0
Closing Number	240	166	33	28	2	469

09/10 store rollout	Q1	Q2	Q3	Q4
New stores (11) **(R) Relocation**	Inverurie (C)	Cromer (C) Cookstown (C) Corby (C) Swords RoI (F) Coventry (F) St Helens (SM)(R)	Plzen (F)	Llanelli (F)(R) Herne Bay (F) Guiseley (M)

Retail Portfolio by Type and Location

	UK	ROI	Poland	CZ	Total
Superstore	378	21	1	6	406
Mezzanine	*227*	*12*	*0*	*1*	*240*
Flat	*151*	*9*	*1*	*5*	*166*
Compact	31	2	0	0	33
Metro	28	0	0	0	28
Bikehut	2	0	0	0	2
Total	**439**	**23**	**1**	**6**	**469**

	UK	ROI	Poland	CZ	Total
Opening Number	438	22	1	5	466
New stores	9	1	0	1	11
Closed stores	(8)	0	0	0	(8)
Closing Number	**439**	**23**	**1**	**6**	**469**

Operating Cost Efficiency

	FY09 £m	FY10 £m	FY11 £m	FY12 £m	Payback Yrs
(Costs)/Benefits:					
Headcount[1]	(2.8)	4.0	4.0	4.0	0.7
Further store headcount	-	-	2.0	2.0	0.3
Distribution Centre	(8.3)	-	2.0	4.0	3.5
Bikehut	(1.2)	0.2	0.2	0.2	-
Operational	(12.3)	4.2	8.2	10.2	2.3
Financial:					
Swap close-out[2]	(4.6)	2.0	2.0	0.6	2.3
Total	(16.9)	6.2	10.2	10.8	2.3
Cash in/(out)flow	(6.9)	(7.5)	(1.9)	-	

1. Benefits crystallised in FY09 estimated at £0.5m
2. Payback profile reflects anticipated interest rates. Break even interest rate is 2.27%