



12 January 2012

Halfords Group plc Third-Quarter FY12 Interim Management Statement

An Encouraging Underlying Performance

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 39-week periods to 30 December 2011:

	13 Weeks YOY change	39 Weeks YOY change
TOTAL REVENUE		
Halfords Group	-2.1%	-1.1%
<i>UK/ROI Retail</i>	-4.4%	-2.3%
<i>Halfords Autocentres</i>	+18.7%	+12.0%
LIKE-FOR-LIKE (LFL) REVENUE		
Total UK/ROI Retail	-4.8%	-2.9%
<i>Car Maintenance</i>	-12.8%	-7.0%
<i>Car Enhancement</i>	-12.8%	-10.8%
<i>Leisure</i>	+9.7%	+5.6%
Halfords Autocentres	+10.9%	+5.3%

Key Points For The Quarter

- The mild weather, in comparison with the severe conditions last year, changed our mix of Retail sales with an adverse effect on the Car Maintenance range
- Excluding the weather effect, underlying Car Maintenance sales marginally improved on the trend seen in H1
- Cycling LFL revenues increased by 15.1%, driven by a strong performance in Children's Bikes and continuing momentum in Accessories
- **Wefit** penetration of Bulbs, Blades and Batteries grew to a record 28.6% from 25.7% last year
- Online Retail sales declined by 3.6% largely as a result of continuing market contraction within Sat Nav
- Strong sales increases in Autocentres were driven by new customers attracted to the value offered by the Halfords brand, especially in Tyres.

Guidance For The Full Financial Year Ending 30 March 2012

Management's expectations are for:

- UK/ROI Retail gross margin to decline by 130-150 basis points, in line with market expectations and narrowed from the previous guidance
- UK/ROI Retail operating cost inflation of 3% based on the FY11 adjusted cost base of £300million, a 100 basis-point saving on the previous guidance. The reduction is primarily due to savings in store occupancy and staffing costs
- Continued investment in Autocentres as we build on the growth momentum.

Share Buyback And Financial Condition

In the quarter we progressed the share buyback programme that commenced on 7 April 2011, with a repurchase to date of 16.9m shares for a total consideration of £58.5m, representing 78% of the £75m targeted buyback. Shares have been purchased at an average price of 346.6p. The Group's balance sheet remains strong and the cash generation in the quarter meant no material change to the Group's financial condition.

David Wild, Chief Executive Officer, commented:

"The underlying performance of our business is encouraging as we develop Halfords in line with the changing needs of our customers.

Our expansion in Auto after-care is proving very popular. In store our **Wefit** offer reached record levels as we increasingly fit and attach the parts we sell. In Autocentres, at a difficult time for motorists, we are attracting new customers to our brand by offering great value.

We are continuing to grow market share in the Cycles category through the launch of new ranges and the introduction of new products. This Christmas we saw a recovery in Children's Bikes and strong sales of Accessories.

The economic outlook remains uncertain, but we are confident that our focus areas create the right platform for future growth."

Notes

1. Like-for-like sales represent revenues from UK and Irish stores trading for greater than 365 days.
2. Where appropriate, revenues denominated in foreign currencies have been translated at constant rates of exchange.
3. The Central European activities, discontinued in the prior year, are included only within the 39-week Halfords Group Total Revenue figures. No Central European revenues were generated in the third quarter of the prior year.
4. The Group is not heavily reliant on Christmas revenues, with third-quarter revenues historically representing approximately around one quarter of total annual revenues.

Enquiries

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Conference Call

There will be a conference call for analysts at 9.00am today. The participant dial-in is +44 (0)20 3140 0722 or 0800 3681 985 (toll free). There is no PIN required for this call.

Forthcoming Newsflow

Halfords Group will provide a pre-close statement for the financial year on 5 April 2012, with a subsequent release of the preliminary results on 31 May 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 247 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 "**Wefit**" 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.