

HALFORDS GROUP PLC (“HALFORDS”)

PRE-CLOSE STATEMENT

Halfords, the UK’s leading automotive, leisure and cycling products operator, issues a trading update for the 11 weeks to 19 March 2010¹ and announces the closure of its loss-making operations in Central Europe.

Profit generation has continued to be strong, with solid revenues, especially in higher margin product and service categories, benefiting gross margin. Complemented by ongoing cost control, full year earnings are expected to be ahead of market expectations².

Halfords Retail: UK & Republic of Ireland:

For the 11 weeks, revenues increased by 1.3% with like-for-like sales 0.8% higher than the prior year. Cumulative sales, for the 50 weeks, increased by 2.6% with like-for-like sales increasing by 1.3%.

Revenue performance was led by margin enriching Car Maintenance product and service sales, which delivered like-for-like growth of 13%. This reflects the benefit from the prolonged winter weather together with a record quarter of fitting participation of Bulbs, Blades and Batteries. Conversely, in its lowest participation period, the Leisure category has traded below internal expectations, with Cycle revenues, only increasing by 1.9% on a like-for-like basis. As expected, the Satellite Navigation market remains challenging with revenues continuing to decline sharply year on year.

AutoCentres:

In the four-week period since acquisition, trading has been good, with like-for-like sales growth of 5.0%. The integration plan is progressing well and the programme of rebranding the centres will be rolled out during FY11.

Central Europe:

Following a review of future growth sources, the Group is today announcing its intention to close, this Summer, its seven stores trading in the Czech Republic and Poland. In the last 12 months, the Central European operation posted an operating loss of £2.8m and the withdrawal will produce an uplift in underlying earnings in the next financial year³. The costs associated with the withdrawal from these markets will result in an exceptional charge against profit in the current year of £7.9m, of which £5.4m relates to non-cash items.

David Wild, Chief Executive Officer, commented:

“Halfords retail performance continues to be robust, with full year earnings now anticipated to grow by approximately 25%. The acquisition of Nationwide Autocentres, completed during the quarter, logically extends our successful service proposition and provides a further opportunity for future growth.

With sustained growth expected from the UK retail business and the domestic focus of the Group’s acquisition strategy, we have decided to close our seven stores in Central Europe. Recent performance has improved and the region has long-term attractive characteristics, but the continuing recession is severely limiting the property opportunity to move the operation to a viable scale. While an international strategy clearly represents an opportunity for future growth, the Board has decided that management and financial resource is better devoted, at the present time, to the lower-risk return opportunities in our core market.

The financial year has been a positive one for Halfords and with both of our divisions continuing to trade strongly in the fourth quarter, we expect that full year Group earnings before exceptional items will be ahead of market expectations². Looking forward, while the consumer environment remains challenging, we are confident that our leading positions, combined with further cost saving initiatives⁴, will enable us to deliver another good result in FY11.”

Notes:

1. Consistent with the Group's Interim Management Statement on 14 January, all revenue comparatives have been adjusted for the calendar impact of the 53rd week in the prior financial year. Revenues, on an unadjusted basis, are detailed within Note 5.
2. Reuters have consensus analyst expectations at 22 March 2009 for pre tax, pre exceptional profit at £112.7m. Management currently anticipate full year pre-exceptional pre tax profits will be in the range £114m - £116m.
3. Anticipated losses in FY10 from the Group's Central European operation, at approximately £2.8m, represents 2.5% of consensus profits before tax. Adjusting for estimated trading losses in FY11, at c. £0.8m, FY11 Group profit before tax and exceptional items will increase by c. 2%.
4. The reconfiguration of the Group's distribution centre infrastructure and realignment of store labour are anticipated to reduce annual operating costs by £4m and £2m respectively. Each of these initiatives will complete in the first half of FY11.
5. The table below describes the period and cumulative group and like-for-like sales profile.

	FY10				FY09 ^a	
	11 weeks		50 weeks		11 weeks	50 weeks
	Statutory	Week Adj	Statutory	Week Adj		
Group						
Total	-1.9%	+1.6%	+2.4%	+2.6%	-2.5%	-0.9%
LFL	-2.4%	+1.1%	+1.1%	+1.3%	-4.5%	-3.0%
Halfords Retail						
Total	-2.4%	+1.3%	+2.4%	+2.6%	-2.5%	-0.9%
LFL	-2.9%	+0.8%	+1.1%	+1.3%	-4.5%	-3.0%
Autocentres ^b						
Total	+6.0%	+6.0%	+6.0%	+6.0%		
LFL	+5.0%	+5.0%	+5.0%	+5.0%		

Notes

a. Figures include Easter trading which has the following impact:

	FY10	FY09 ^d
11 Weeks	Nil	Nil
50 Weeks	0.6%	0.3%
Full Year	0.8% ^c	0.3%

b. 4 weeks post-acquisition

c. Includes the impact from the week containing Good Friday, which falls on 2 April 2010.

d. Easter fell in March 2008, however the Company estimated that within the April 2008 sales uplift an element related to "deferred Easter expenditure" and was equivalent to half an Easter.

Financial Calendar.

The Group's next scheduled announcement will be its Preliminary Results for the 52 weeks ended 2 April 2010 on 10 June 2010.

Conference Call

An analyst conference call will be held today (23 March 2010) commencing at 8.30 am, the dial-in details are as follows: +44 (0) 207 906 8567.

Enquiries:

Analysts:

Halfords Group plc

Nick Wharton, Finance Director +44 (0) 1527 513047

Tony Newbould, Investor Relations Officer +44 (0) 1527 513113

Media:

Maitland

Neil Bennett +44 (0) 207 379 5151

Richard Farnsworth +44 (0) 207 379 5151



Notes to Editors:

www.halfords.co.uk

www.halfordscompany.co.uk

www.nationwideautocentres.co.uk

Halfords Group plc

The Group is the UK's leading retailer of automotive, leisure and cycling products and through Nationwide Autocentres is also the UK's leading independent car servicing and repair operator.

Halfords employs approximately 11,000 staff and sells over 12,000 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 "*werepair*" service for cycles

Halfords customers shop at 469 stores in the UK and abroad and at Halfords.com for direct home delivery or pick-up at their local store. Nationwide Autocentres operates from 224 sites nationally and offers motorists dealership quality MOTs, repairs and car servicing at affordable prices.