

## Halfords Group plc Trading Update

Halfords Group plc (“the Group”), the UK’s leading retailer of automotive and leisure products and services and a leading independent operator in garage servicing and auto repair, today updates the market on its trading performance for the 8-week period 4 July 2015 to 28 August 2015 (also referred to as “Q2 to date”).

Following the first quarter trading update issued on 15 July, Cycling sales in Q2 to date have decreased against tough comparatives and, as such, are expected to be below current market expectations for the quarter. Trading in all other categories remains robust.

The table below presents the Retail like-for-like (LfL) revenue performance:

LIKE-for-LIKE (LfL) REVENUE % change	FY16 Q2 to date (8 weeks)	FY16 Q1 (13 weeks)	FY15 H1 (26 weeks)
Retail	-1.3	+3.5	+6.8
<i>Cycling</i>	-11.0	+2.0	+16.0
<i>Car Maintenance</i>	+7.3	+5.9	+3.7
<i>Car Enhancement</i>	+4.7	-0.3	-1.4
<i>Travel Solutions</i>	+1.8	+9.2	+3.9

The disappointing Cycling performance was primarily driven by mainstream bikes, as well as associated parts and accessories. We consider this to be principally market-driven, reflecting greater levels of discounting as well as poor weather deterring casual cyclists. Cycle Repair LfL growth remained strong at +27.6%.

As we exit the peak season for mainstream bikes we will launch a complete refresh of children’s bikes and accessories alongside a series of compelling offers for customers, underpinned by continued product and service training for colleagues. Looking further ahead, we have an exciting pipeline of innovation for bikes and accessories and we remain confident in the medium and long-term growth opportunities in the cycling market.

Trading in all other areas of Halfords Retail remains strong and in line with, or above, expectations, particularly Car Maintenance where Parts was a standout performer. Customer service metrics continue to improve. Actions in Autocentres continue to drive profitable growth.

### Financial outlook

For the first half, management anticipates Retail gross margin to be at the better end of the previous full year guidance range (-25 to -75 basis points year-on-year decline) and Retail operating cost growth of circa 3% (previous full year guidance: 4 to 5%).

Through mix benefits in margin and prudent cost control in line with the first half, management anticipates full year Group profit before tax to be broadly in line with prevailing market consensus.

### Jill McDonald, Chief Executive, commented:

"In my first three months at Halfords I have reviewed all aspects of the Group and it is clear to me that Halfords is a strong business with a well-balanced portfolio of product and service categories, talented colleagues and considerable growth potential. This recent weakness in our Cycling sales is disappointing, but it comes after two years of very strong growth in the category and has been partly offset by strong growth in both Car Maintenance and Car Enhancement sales, which is a testament to the balanced nature of the business."

"Looking ahead, we remain confident in the long-term growth opportunities in Cycling and I will talk more about our plans for Cycling and across the broader Group at our interim results in November."

Halfords will report its interim results, for the period ending 2 October 2015, and second-quarter trading performance on 12 November 2015, together with a strategy update.

### Enquiries

#### Halfords

Andrew Findlay, Chief Financial Officer  
Adam Phillips, Head of Investor Relations

+44 (0) 1527 513 113

#### Maitland (Media)

Neil Bennett  
Andy Donald

+44 (0) 207 379 5151

## **Conference Call**

There will be a conference call for investors and sell-side analysts at 8.15am today.

## **Halfords Group plc**

Halfords is the UK's leading retailer of automotive, cycling and leisure products and, through Halfords Autocentres, also one of the UK's leading independent car servicing and repair operators. Halfords customers shop at 470 stores in the UK and Republic of Ireland, including seven Halfords 'Cycle Republic' shops, and at halfords.com for pick-up at their local store or direct home delivery. Halfords Autocentres operates from 306 sites nationally and offers motorists dealership-quality MOTs, repairs and car servicing at affordable prices.

## **Cautionary Statement**

This report is based on information from unaudited management accounts and 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.