

PRE-CLOSE TRADING STATEMENT AND SHARE BUYBACK PROGRAMME

Halfords Group plc, the UK's leading retailer of automotive/leisure products and operator in auto servicing, issues its pre-close trading statement and announces a share buyback programme of up to £75m.

SALES ANALYSIS	13 weeks to 1 st April 2011		52 Weeks	
	LfL %	Total %	LfL %	Total %
Car Maintenance	- 11.7	- 12.7	+ 0.6	+ 0.2
Car Enhancement	- 8.8	- 10.2	- 12.3	- 12.7
Leisure	+ 6.1	+ 5.2	- 3.0	- 3.5
Total Retail	- 6.8	- 6.7	- 5.5	- 5.3
Autocentres (proforma)	- 1.4	+ 2.1	- 0.6	+ 1.1
Group Total (as reported)		+ 0.0		+ 4.6

The percentages in the above table are not adjusted for the timing of Easter

QUARTER 4 HIGHLIGHTS

Halfords Retail

- Cycle sales return to growth with 8.7% LfL
- Online sales up by 52% reaching 9.3% of Retail sales
- Car Maintenance decline against tough 2010 Winter comparatives
- **Wefit** penetration at over 25% for 2nd consecutive Quarter

Halfords Autocentres

- Rebranding completed and early positive response to national media campaign
- 8 new Autocentres opened, bringing estate to 240 centres

FY11 EXPECTATIONS

In what has been a challenging year the Board anticipates PBT between £124m to £127m¹ for FY11 and Group sales of c.£869m (Retail c.£771m; Autocentres c.£98m).

Within Retail, gross margins were broadly flat, in line with previous guidance and reflect a c.30 bps reduction in the second half from investments in promotions. As previously communicated there are a number of non-recurring benefits relating to favourable rent settlements and incentives; these total around £4m. The underlying operating cost base for the year is estimated to be c.£300m².

Within Halfords Autocentres, operating profit is expected to be c.£7m² for the year. This reflects the impact on sales of the deferral of the relaunch and the previously reported tougher consumer environment combined with the high proportion of fixed costs relative to the Retail business. The opening of 16 new centres contributed start up losses of c.£0.5m.

FY12 OUTLOOK

Retail

The UK consumer environment remains difficult. Halfords market leading position in long-term resilient categories such as Car Maintenance and the sales momentum developed in the Leisure category through Q4, create a solid platform for the year ahead. Trading initiatives designed to deliver sales growth have been launched supported by a new marketing campaign – “That’s Helpful That’s Halfords” – which emphasises Halfords service credentials.

Product cost pressures are increasing, but Halfords market leading positions and sourcing options give some flexibility. Gross margins are expected to reduce by at least 30bps as investments are made to provide continued value for customers and maximise cash profit.

Operating cost such as payroll, energy and occupancy are expected to increase the underlying cost base by around 2.5%. Planned investments in incentives and IT infrastructure will add a further 1.5%. This guidance includes the delivery of annualised savings in warehouse and distribution costs.

FY12 OUTLOOK continued

Autocentres

Lower operating profit from FY11 and continued deferral by consumers of car servicing expenditure will delay the delivery of the initial earnings objectives for Autocentres. The long-term growth opportunity of this business remains compelling given the market size, its fragmentation, the strength of the Autocentres proposition and the potential to leverage the Halfords brand. 30 new centres are planned in FY12 and other initiatives include growing business with fleet customers and accelerating tyre sales. Benefits of the operational gearing of the Autocentres business are expected as sales improve.

CAPITAL RETURN

The Board is implementing a share buyback programme of up to £75m with immediate effect. This reflects the Group's low borrowing, strong cash generative position and the Board's confidence in the future prospects of the business. Net Finance costs, after taking account of the programme are anticipated to be £6.5m in FY12.

David Wild, Chief Executive Officer, commented:

"We believe the environment will remain difficult for customers. We are responding with a trading strategy that offers great value, expert services and many new products; including the re-launch of our entire Premium Cycle range. In Halfords Autocentres we will build on the good early results since rebranding.

Our plans are supported by the launch of our new campaign "That's Helpful That's Halfords" which will reinforce our unique service proposition. These initiatives give us the potential to trade more strongly in the year ahead.

We are pleased to announce the launch of a share buyback programme. The strength of our cash generation and our balance sheet means that we can both return capital to our shareholders, maintain our dividend policy and retain the flexibility to invest when we identify the right opportunity."

Notes

The information in this announcement is based on unaudited management accounts information

¹ Includes amortisation charge of £2.2m in respect of the acquisition of Nationwide Autocentres

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³ Like for like sales represent revenues from stores and centres trading for greater than 365 days and include revenues denominated in foreign currencies translated at constant rates of exchange.

Analysts Call

There will be an analysts call today at 8.15 am.

Dial in details are:

Participant dial-in: 020 7806 1965

Conference Code: 3339846

There will be a playback facility available until midnight on the 14th April 2011.

To access this, the details are:

Replay Access Number: +44 (0)20 7111 1244

Replay Access Code: 3339846#

Slides to accompany the call are available for download from our company website

<http://www.halfordscompany.com/hal/ir/fininfo/results/>

Enquiries:

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Halfords Group plc

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Financial Calendar

Halfords will host an Autocentres visit and briefing for Analysts in May. Date to be confirmed.

Halfords will announce its Preliminary Results for the 52 weeks ended 1 April 2011 on 9 June 2011.

Notes to Editors:

www.halfords.co.uk

www.halfordscompany.co.uk

www.halfordsautocentres.co.uk

Halfords Group plc

The Group is the UK's leading retailer of automotive, leisure and cycling products and through Halfords Autocentres also the UK's leading independent car servicing and repair operator employing 11,000 colleagues.

Halfords 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 range *Voodoo* and *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 retail customers shop at 473 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 240 sites nationally and offers motorists dealership quality MOTs, repairs and car servicing at more affordable prices.

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.