



7 FEBRUARY 2008

## **HALFORDS GROUP PLC (“HALFORDS”)**

### **INTERIM MANAGEMENT STATEMENT**

#### **HALFORDS SALES GROWTH CONTINUES**

Halfords, the UK’s leading auto, leisure and cycling products retailer, announces an interim management statement for the 43 weeks to 25 January 2008.

Sales for the period under review increased by 7.0% over the equivalent period in 2007 with like-for-like sales increasing by 4.1%. In the 17 week period since the half year, sales have grown by 5.0% and like-for-like sales by 2.0%, against a challenging comparison following an exceptional Autumn 2006 when Halfords benefited from certain one-off events, most notably the change in child seat legislation. Adjusting for the impact of child seats, underlying like-for-like sales growth in this 17 week period was 3.2 %.

Halfords resilience is demonstrated by the continuing sales growth in each core category. In the 17 week period: Car Maintenance has performed strongly, providing further evidence of Halfords core defensiveness. In-car technology delivered year-on-year growth in both volume and value, underpinned by our fitting and service strength, and Leisure benefited from the successful launch of an improved children’s cycle range.

Halfords’ multi-channel capability was enhanced by the pre-Christmas launch of our “Reserve on line, collect in store” service, which has resulted in almost 100,000 orders being taken.

Gross profit is in line with expectations and we remain on track to deliver a full year gross margin per cent in line with the guidance previously given.

We now have 440 stores trading, which will grow to approximately 450 by the end of the financial year. Our intention remains to open at least 20 stores per annum in the medium term. Sales performance from our 19 international stores remains encouraging and we will therefore add further stores to the 16 stores in the Republic of Ireland and 3 stores in the Czech Republic.

Halfords has completed its initial £50m share buyback, (announced on 8 June 2006), ahead of schedule on 31 January 2008, having bought back 14.8m shares for cancellation at an average price of 338.5 pence per share. The directors will continue to optimise the Group’s balance sheet to enhance shareholder returns and intend to continue the share buy-back as a flexible tool in balance sheet management.

Ian McLeod, Chief Executive, said:

“These results are pleasing as they once again demonstrate the resilient and defensive nature of Halfords. We continue to enjoy growth in each of our key sales categories underlining our strength, destination store status and market leadership across Car Maintenance, Car Enhancement and Cycling. Following a challenging Autumn, like-for-like sales have strengthened, giving us confidence in our prospects for the rest of the financial year and we remain well placed to deliver full year profit in line with expectations.”

## Preliminary Results

Halfords will announce a trading update on Thursday 3 April 2008 and its preliminary results for the 52 weeks ended 28 March 2008 on Thursday, 5 June 2008.

## Conference Call

There will be a conference call for analysts today, Thursday 7 February 2008, at 08:00 hours (UK time), telephone number: 44 (0)20 7162 0025.

## Enquiries:

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## Notes to Editors

Halfords ([www.halfords.co.uk](http://www.halfords.co.uk)) is the UK's leading auto, leisure and cycling products retailer. The Group sells 11,000+ different product lines and employs over 10,000 colleagues across its 440 stores (421 UK, 16 Republic of Ireland and 3 Czech Republic) and its online channels.

Halfords has leading market positions in each of its core categories:

- Car Maintenance - the UK's largest range of car parts and accessories;
- Car Enhancement – in-car entertainment, satellite navigation, car body styling and alloy wheels;
- Leisure - bikes, cycling accessories, camping equipment and travel solutions.

Halfords' own brands include *Ripspeed*, for car enhancement, *Bikehut*, for cycles and cycling accessories, including the *Apollo* and *Carrera* brands and *Urban Escape* for its premium range of camping equipment.

The Group trades as Halfords through three formats: superstore (388 stores - ave 10,000 sq ft) neighbourhood (17 stores - ave 5,000 sq ft) and Metro (31 stores - ave 2,000 sq ft). It also operates 4 stand-alone, specialist cycling stores under the Bikehut fascia.

Halfords offers high levels of customer service, including the 'we fit' offering for car parts, child seats, SatNav and in-car entertainment systems and the 'we repair' offering for bicycles.

## 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 which 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.