

**halfords**  
*driving*  
**the top line**



# Dennis Millard

*Chairman*

# Agenda

- **Introduction**

Dennis Millard, Chairman

- **FY13 Accounts**

Andrew Findlay, Group Finance Director

- **Strategy**

Matt Davies, Chief Executive

- **Coffee**

- **Strategic Investments**

Andrew Findlay

- **Summary**

Matt Davies

- **Questions**



# Andrew Findlay

*Group Finance Director*

# FY13 Financial Highlights

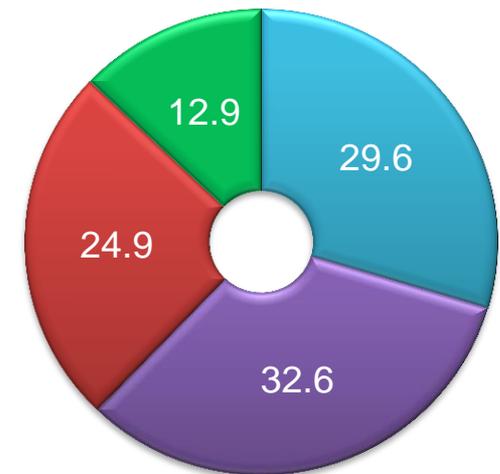
- Group Revenue £871.3m, up 1.0%
- Retail Gross Margin 53.3%, broadly flat
- Profit Before Tax, down 21.9% to £72.0m
- Basic Earnings Per Share, down 17.8% to 27.7p
- Net Debt £110.6m, down £28.6m
- Free Cashflow of £71.8m, up £1.4m
- Final Dividend of 9.1p per share, down 35.0%

# FY13 Retail Revenues

Total Retail	LFLs %
Cycling	-0.6
Car Maintenance	+5.1
Car Enhancement	-4.2
Travel Solutions	-6.8
<b>Total</b>	<b>-0.7</b>

Online Retail	Proportion of Online Retail Sales %	Proportion of Total Retail Sales %	Total Revenue Growth %
Home Delivery	12.5	1.3	+5.4
Pick-up In Store	87.5	9.0	+17.5
<b>Total</b>	<b>100.0</b>	<b>10.3</b>	<b>+15.9</b>

**FY13 Category Sales (%)**

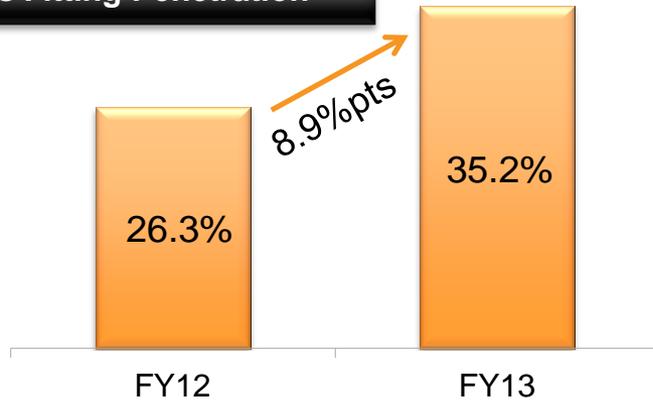


- Cycling
- Car Maintenance
- Car Enhancement
- Travel Solutions

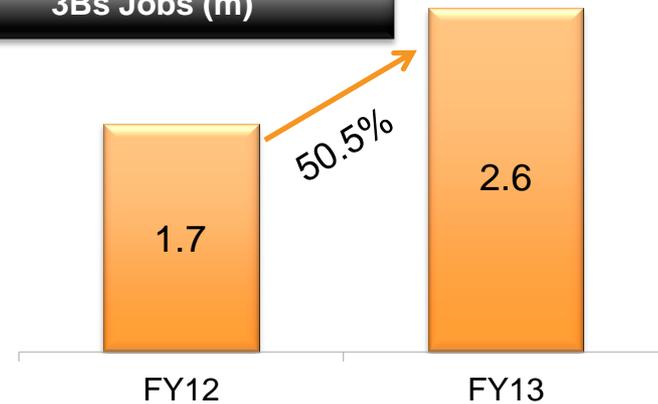
*Notes: All numbers shown are before non-recurring items*

# FY13 Retail Successes

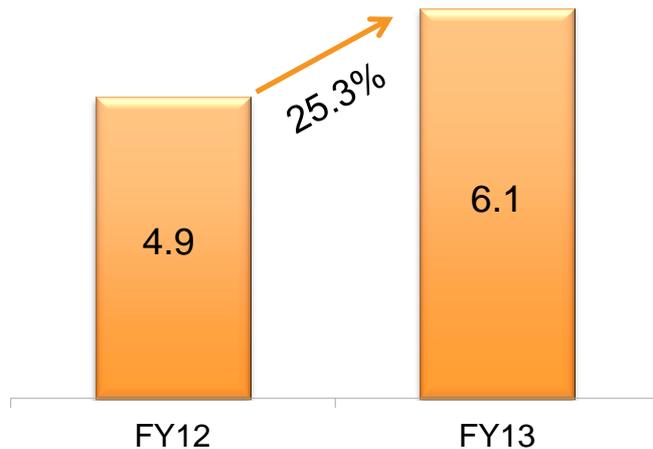
3Bs Fitting Penetration



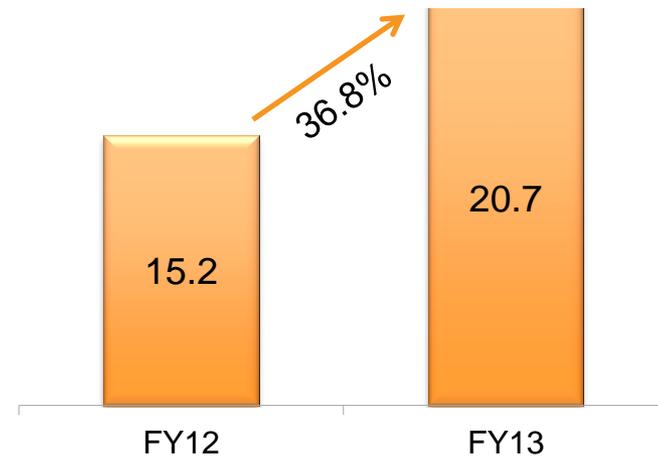
3Bs Jobs (m)



Cycle Repair Sales (£m)



Total Fitting & Service Income (£m)



# Retail Performance

	FY13 £m	FY12 £m	Change
Revenue	745.5	752.3	-0.9%
Gross Profit	397.0	399.8	-0.7%
Gross Margin	53.3%	53.1%	+12bps
Operating Costs	(323.4)	(307.0)	+5.3%
<b>EBIT</b>	<b>73.6</b>	<b>92.8</b>	<b>-20.7%</b>
EBIT Margin	9.9%	12.3%	
<b>EBITDA</b>	<b>94.6</b>	<b>114.6</b>	<b>-17.5%</b>
EBITDA Margin	12.7%	15.2%	
Non-recurring items	(1.0)	1.9	

*Notes: All numbers shown are before non-recurring items, unless otherwise stated*

# FY13 Retail Gross-Margin Influences

## Adverse

Car Enhancement:  
intra-category mix

Inventory 'spring clean' and  
cash-accretive promotions

Cycling mix: the success of  
Premium Cycles

## Favourable

Car Maintenance:  
3Bs parts & fitting

Retail disciplines:  
lower shrinkage

Weather-mix benefits

# Retail Operating Costs

	FY13 £m	FY12 £m	Change
Store Staffing	85.1	80.1	+6.2%
Store Occupancy	140.1	138.1	+1.5%
Warehouse & Distribution	28.5	27.5	+3.6%
Support Costs	69.7	61.3	+13.7%
<b>Total</b>	<b>323.4</b>	<b>307.0</b>	<b>+5.3%</b>
Depreciation/Amortisation/Impairment	21.8	21.8	-

**Notes:** All numbers shown are before non-recurring items.

Depreciation, amortisation and impairment charges relate to intangible assets and property, plant & equipment

# Autocentres Performance

		FY13 £m	FY12 £m	Change
Revenue		125.8	110.8	+13.5%
Gross Profit		80.1	73.0	+9.7%
Gross Margin		63.7%	65.9%	-221bps
Operating Costs	<i>Core Centres</i>	(56.9)	(55.0)	+3.5%
	<i>New Centres</i>	(11.3)	(5.9)	+91.5%
	<i>Support</i>	(5.6)	(5.1)	+9.8%
	<b>Total</b>	<b>(73.8)</b>	<b>(66.0)</b>	<b>+11.8%</b>
<b>EBIT</b>		<b>6.3</b>	<b>7.0</b>	<b>-10.0%</b>
EBIT Margin		5.0%	6.3%	
<b>EBITDA</b>		<b>8.8</b>	<b>9.0</b>	<b>-2.2%</b>
EBITDA Margin		7.0%	8.1%	

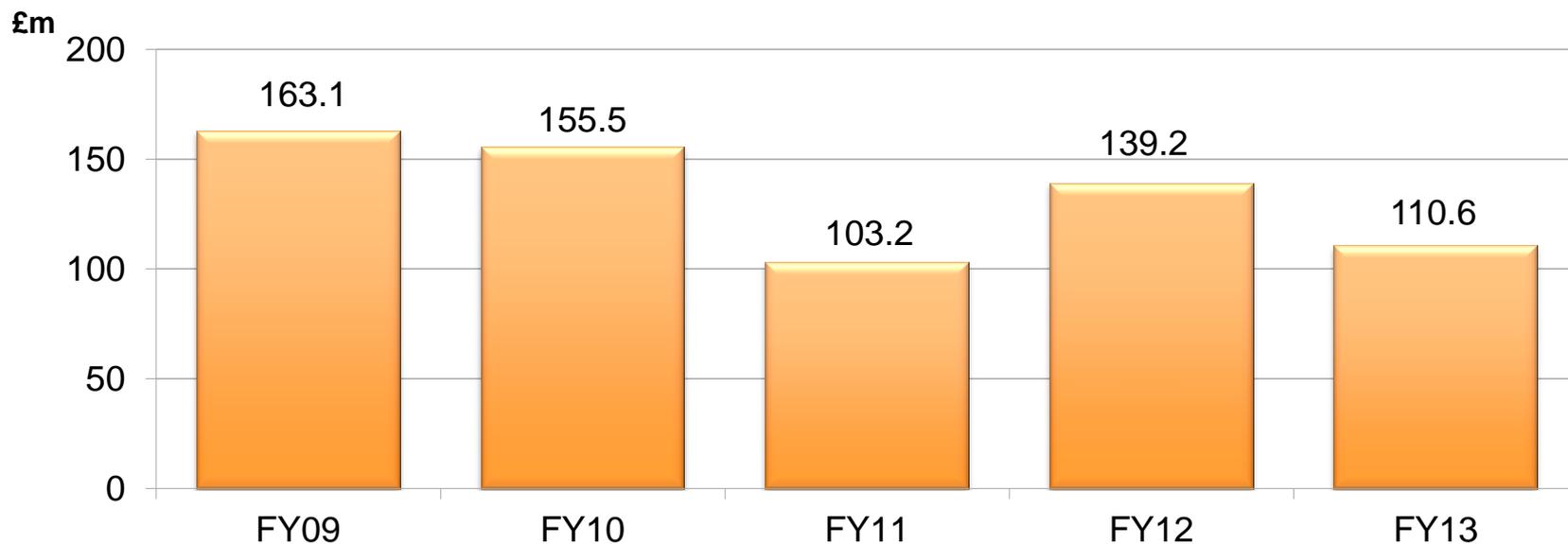
**Notes:** All numbers shown are before non-recurring items. Operating costs ignore £0.4m of one-off Support-Centre relocation costs in FY12

# Cashflow and Net Debt

<b>OPERATING CASHFLOW</b>	<b>£m</b>	<b>FREE CASHFLOW</b>	<b>£m</b>	<b>NET DEBT</b>	<b>£m</b>
Operating Profit	78.1	Operating Cashflow	115.8	Opening Net Debt	(139.2)
Depreciation/ Amortisation	27.0	Capex	(20.4)	Free Cashflow	71.8
Employee Share Scheme	0.1	Net Finance Costs	(3.9)	Dividends	(42.7)
Working Capital	11.2	Taxation	(18.2)	Lease/Other	0.4
Provisions/Other	(0.6)	Other	(1.5)	Buyback: Cancellation	(0.9)
<b>OPERATING CASHFLOW</b>	<b>115.8</b>	<b>FREE CASHFLOW</b>	<b>71.8</b>	<b>CLOSING NET DEBT</b>	<b>(110.6)</b>

**Notes:** Closing Net Debt excludes an anticipated taxation settlement already provided in FY12 and FY13.  
Operating profit, depreciation/amortisation and provisions are shown before non-recurring items

# Total Net Debt



**Net Debt:  
EBITDA**

1.3x

1.0x

0.7x

1.1x

1.1x

**Adjusted Net Debt:  
EBITDAR**

3.8x

3.6x

3.2x

3.9x

4.2x

**Refinancing to be completed in 2013**

# Summary

## – Financial Performance

- A stronger top line
- Retail gross margins in line with expectations
- A focus on better-quality inventories: in better shape for FY14
- Continued investment in Autocentres
- Strong operating cash generation and a prudent balance sheet
- An appropriate rebasing of the dividend

# Matt Davies

*Chief Executive*



# What I'll cover today

- Halfords is a good business
- Clear strategic framework
- Need to move from good to great
- Drive profitable sales growth through leveraging expertise
- Investment required
- Short-term profitability and cash generation impact

**Plans intended to drive long-term revenue and profit growth and sustainable shareholder value**



# Help and Inspire Customers with their Life on the Move



friend<sup>of the</sup>  
**motorist**



**Supporting**  
drivers of  
every car



**bestcycle**  
shop in town



**Inspiring**  
cyclists of  
every age



starting point for  
great **getaways**



**Equipping**  
families for their  
leisure time



# Autocentres

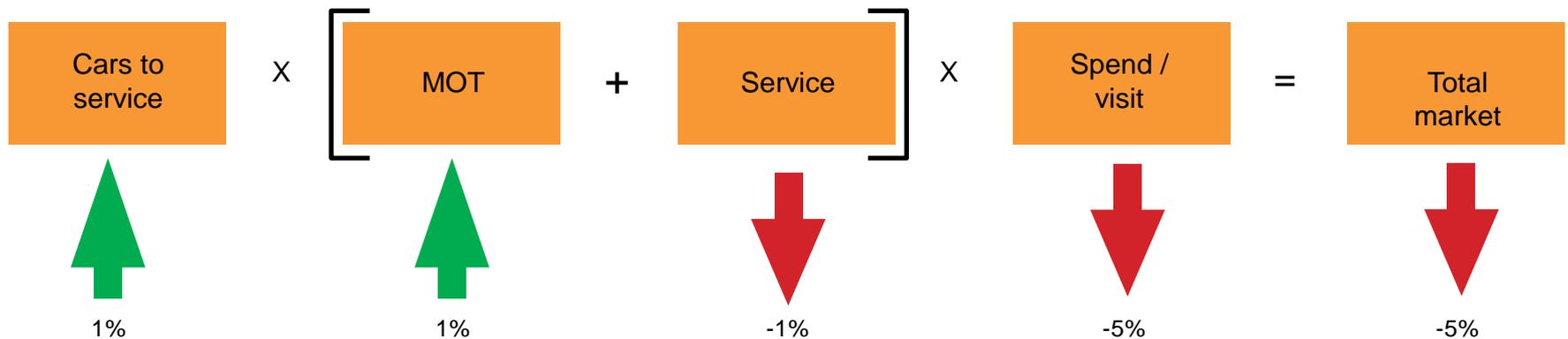


## Sensible acquisition

- Halfords is a trusted brand in Automotive
- A natural extension of Halfords business model
- Clear long-term growth opportunities
- Short-term profit expectations were over-optimistic
  - Implications of rapid expansion
  - Tougher market conditions

# Auto Aftercare Retail Market has shrunk by 5% (2011–2013)

## Overall Market



- National car parc increased slightly
- Demand for MOT up slightly
- Service market has shrunk
  - Longer periods between services
  - Less spend per visit

# Halfords Autocentres has grown

- Retail LfL up 6.2% (incl. tyres)
- Better capacity use
- Halfords branding and advertising
- Customer recruitment
- Built tyre business
- Product development – Brakes for Life

## Markets still provide a huge opportunity for Halfords

- Total market c.£9bn
- Halfords share c.1-2%
- Growth opportunities in all core categories
  - MOT 1.1%
  - Servicing 2.1%
  - Mechanical repairs 2.0%
  - Tyres 2.1%
- Improvement in market growth anticipated

## Market consolidation continues

- Fragmented market – c.22,000 sites
- Long-term capacity shrinkage: 1-2% (2001-2013)

## Halfords rapid expansion strategy

- 27% growth since acquisition



# Halfords uniquely placed to take market share

- Strong brand
- Trust
- National chain
- National marketing

**Dealership quality  
at more affordable prices**



# Growth opportunity for business of significant scale

- Clear strategy for the future
- Operational – more from existing customers
- Innovation
- Marketing – more customer footfall
- Fleet – growing share & finding new customers
- New-centre openings: 20-30 per annum
- Profitability will build as we reach critical mass





# Halfords Retail



## Halfords has a strong place in UK retail

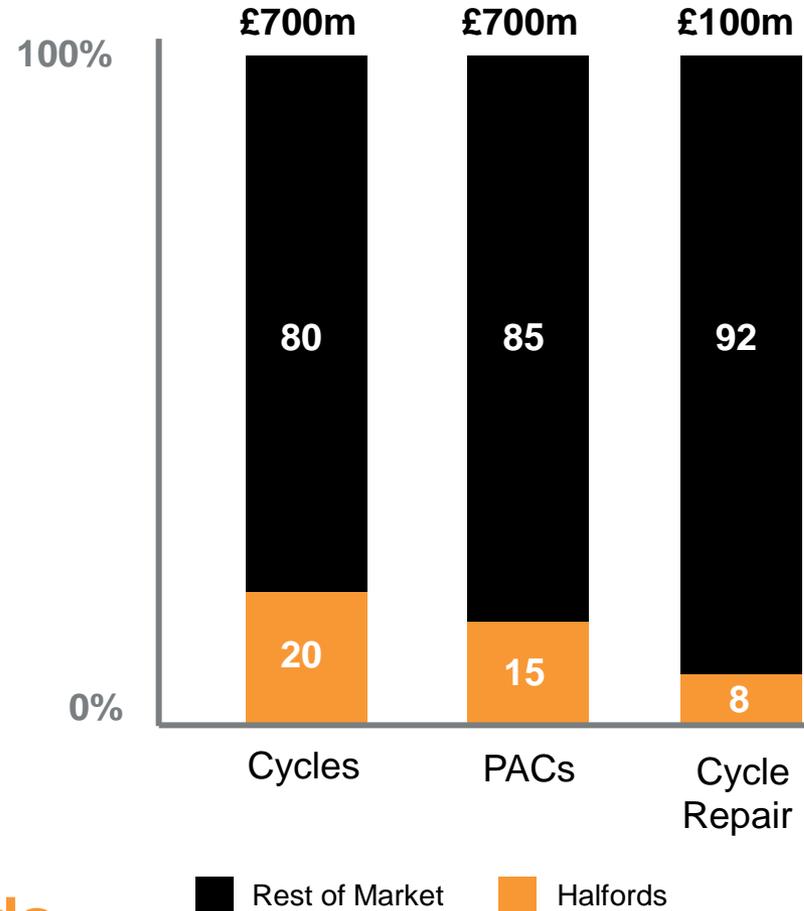
- Excellent brand
- Fulfils a clear customer need
- Leadership in Cycles
- A go-to destination for Auto
- Significant service element

**Our offer is relevant and key parts are unique**



# The Cycle market is buoyant

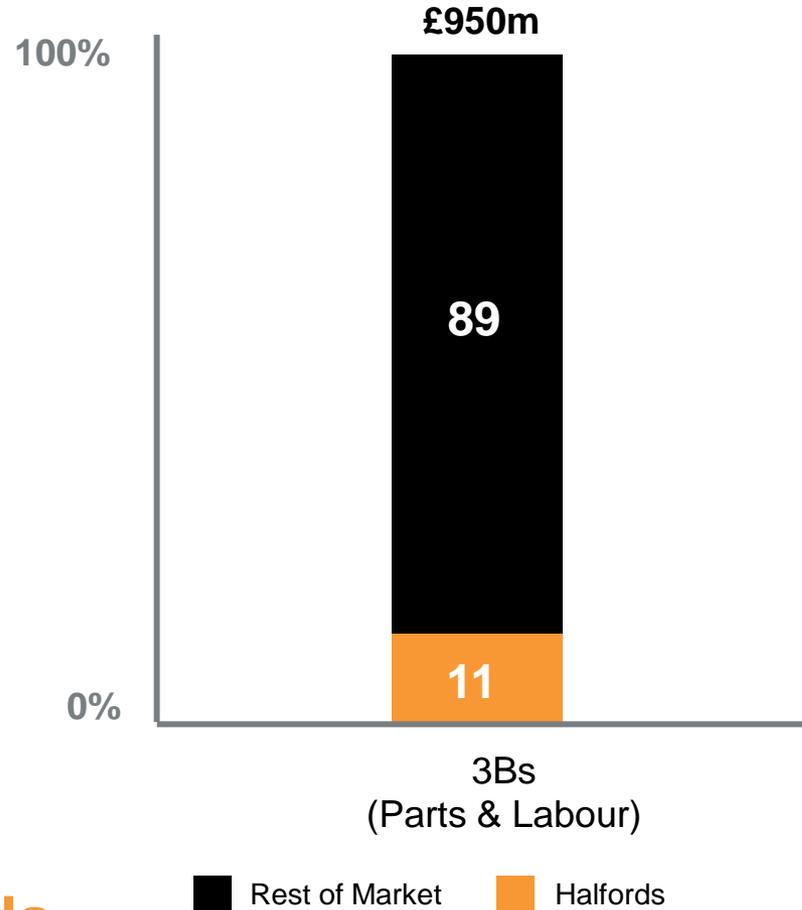
- Popularity of cycling increasing
  - Tour de France, Olympics
  - Cycling club membership is up
  - *Sky Rides*
- Market value growing at around 5%
  - Cycles c.£700m, Halfords 20-25% share
  - Parts, Accessories and Clothing c.£700m, Halfords c.15% share
  - Cycle Repairs c.£100m, Halfords c.8% share



**Clear opportunities for Halfords**

# The market for Auto Parts Replacement offers growth potential

- 3Bs (parts and labour) c.£950m – Halfords share c.11%
- Invested in colleagues, training and advertising
- 50.5% growth in fitting jobs FY13
- 10.9% growth in parts sales



**Clear opportunities for Halfords**

# What's great about Halfords

- Well positioned for market opportunities
- Powerful brand with some excellent products
- Great store network to leverage
- Core colleague expertise

## On our day we're hard to beat

I was **AMAZED** by how helpful the assistant called Kevin was... he managed to find out from me what I needed... I felt really **RELAXED** and **NOT PUSHED**

Tom went **OUT OF HIS WAY** to get the right part ordered for me. He was so helpful and very **POLITE** and has **FANTASTIC** communication skills

# But those days don't happen enough

**BAD** customer service and **UNHAPPY** staff. This is my recent **EXPERIENCE** of my local **halfords**

This store is so **TIRED** and **SHABBY**. What does it say about **halfords** ... I doubt it's going to be very pleasant



## Our customers tell us

- Stores tired
- Out of stock
- Uninspiring
- Inconsistent value
- Service variable
  - Expertise
  - Colleague availability

**Too many customers  
are now shopping  
elsewhere**



**Samantha B: @Halfords\_uk** after waitin 35mins & bein told noone could help. Awful customer service. Clearly understaffed & you lost 2 paying customers.



**Arwyn Boyland**

I have returned a bike due to numerous faults, and have been waiting nearly 2 hrs for a new one. Customer service is shocking I have had nothing for my inconvenience. Absolutely appalling staff and service and I would recommend anyone looking to buy a bike here to look elsewhere!!



TRUSTPILOT

**Doug Charles, Cambridge.**

**Do not waste your time using Halfords fitting service.**

The Halfords 'expert' said 'it was to complicated.' Very frustrated so had a look online, found a simple guide and did it myself. Contacted Halfords customer service, who were hopeless. All they had to say was that it is up to their local 'expert' to decide if they are able to fit or not. What a rubbish service!

# We aren't inspiring our customers

- Our **Net Promoter Score** has been comparable to value players and generalists



# It's Halfords

'Rude' Halfords named worst store

**THE**  
**Sun**



# My perspective

- A good business - we could be great
- Thousands of amazing people
- A solid core of expertise
- Not supporting colleagues to do the job they aspire to



## We must act now

- Top line is eroding
- Halfords will lose brand credibility
- Competition is escalating
- Cost base is rising
- Customer service is too inconsistent
- Stores are tired
- Retail disciplines below par

**Service is the key to  
profitable growth**

# Getting Into Gear - 2016



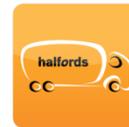
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factor**



**stores fit  
to shop**



**21<sup>st</sup> century  
infrastructure**



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digital future**

# Getting Into Gear - 2016



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## Service is key area of focus

- Two-thirds of Halfords lines require service
- Service is also a product we sell
- Competitive advantage
- Friendly expertise drives sales
- Better customer experience increases recommendations





## From

- No real service culture
- Poor recruitment process
- Little structured training
- Colleague turnover high
- Engagement low



## To

- Recruitment and retention a core KPI
- Rotas and scheduling
- Store incentives linked to service plus sales
- Halfords academies
- 3-Gears programme

**Happy Colleagues = Happy Customers**



# The 3-Gears programme

## Gear 1

- All colleagues
- Completed in three months
- Structured e-learning
  - Retail skills
  - Product knowledge
  - Customer service
- Qualifications to serve our customers

## Gear 2

- Nine-month training
- Expert level of product knowledge
- Specialise in auto & leisure or cycle
- E-learning
- Training and tuition
- Regular refresh
- Pay award

## Gear 3

- Guru
- Qualified to train others
- Training through
  - Workshops
  - Product shows
  - Supplier visit
- Leadership development
- Pay award



## **Retail Disciplines**

- Improved availability
- Investing £15-20m in incremental stock

### **Also**

- Step change in gap checking
- Clearance process
- Structured Support Centre communications
- Trading feedback: listening
- Mystery shopping
- Weekly routines
- Stock-friendly warehouses and store-friendly deliveries

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## Reasserting our proposition authority

- Excitement through innovation
- Rebalance space
- Celebrate our specialism
  - Build Cycle Repair scale
  - Regain authority in Auto Parts
  - Drive our service opportunity



## Supporting drivers of every car

An exciting drive into summer motoring

- Diagnostics in every store
- Stop/Start battery replacement
- Audio
  - App head units
  - Ready for DAB switchover
- Exclusive Garmin free Lifetime traffic

## Inspiring cyclists of every age

This is the *Year of the Cycle* at Halfords

- New *Voodoo* range
- *Boardman* range re launch
  - Including £999 carbon fibre
- *Pendleton*, new additions to range
  - *Ashwell*
- New *Apollo* range
- *Sky Ride* - technical partner

# Equipping families for their leisure time

- Camping range extension
  - New *Aventura* range
  - New *Vango* tents
  - New *Outwell* and accessories ranges
- Leverage *Exodus* brand
- Investigating new category opportunities



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## Our estate

- Trading from 466 stores
- 99% of stores make money
- Surrender space where opportunity exists
- Drive profitable sales
- Stores are vital to digital future
- Focus on Greater London
- Maximise lease flexibility

**No significant change in  
store numbers**

*Stores profitability calculated on a cash basis*





**stores fit  
to shop**

## **Stores look and feel**

- Stores don't match customer expectations particularly for cycling
- Make step change in look and feel
- c.£50m investment over three years
- All cycling departments modernised

 **stores fit  
to shop**

**We are building on  
learnings from lab  
stores**





**stores fit  
to shop**

## 50:39 work underway

- 10 -15 stores in new format FY14
- c.150 stores refurbished FY14-FY16



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## 21<sup>st</sup> century infrastructure

# Supply Chain

- Support
  - In-store service focus
  - Availability
  - Digital future
- Airlock deliveries trials
- Seamless processes – in-store and online
- Transport review



# 21<sup>st</sup> century infrastructure

## IT

### From

- Systems out of date
- Repeated “bolt ons”/ overlays
- Complex and costly to maintain
- Not future ready



### To

- New IT Director
- Data centre relocation
- SAP upgrade
- New store voice and data network
- Scalable systems to support growth plans
- c.£38m IT & Digital investment

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# Creating a service-led digital proposition

The screenshot shows the Halfords website homepage. At the top, there's a navigation bar with links for Stock Checker, Sign In | Register, Track My Order, Customer Services, and Store Locator. Below this is a search bar and a shopping basket icon showing 0 items for £0.00. A secondary navigation bar includes categories like Bikes, Bike Parts & Accessories, Cycling Clothing, Sat Nav & GPS, In-Car Technology, Car Maintenance, Car Accessories, Camping, Travel & Touring, Baby & Child, Clearance, and Advice. A banner below the navigation offers 'FREE Reserve & Collect in your local store', 'FREE standard delivery on orders over £30', and 'FREE returns to any of our 450 stores'. The main content area features a large promotional banner for 'save while you shop on bikes, bike accessories & clothing' with a list of price points: £100 - save £10, £200 - save £20, £400 - save £40, and £600 - save £60. It also includes a 'web exclusive - must end Tuesday' tag and a 'we build free' service offer. Below the main banner are four category tiles: MOUNTAIN BIKES, ROAD BIKES, HYBRID BIKES, and KIDS BIKES, each with a representative image. On the left, there's a 'Categories' sidebar with options like Mens & Womens Bikes, BMX & Dirt Jump Bikes, Scooters, Kids Bikes, Kids Clearance Bikes, Toys, Brand, and Shop By. Below that is an 'ADVICE CENTRE' section with articles like 'Bikes Buyer's Guide' and 'Hybrid Bikes Buyers Guide'. At the bottom left, there's a 'TOP RATED' badge for 'Boardman Performance Hybrid Race Bike 2012/2013'. The URL at the bottom is 'http://www.halfords.com/stores/service/categorydisplay\_storeId\_10001\_catalogId\_10151\_categoryId\_165534\_langId\_1?cm...'. The browser's address bar shows 'Internet'.

- Multichannel experience inconsistent
- NPS too low
- Clear pricing policy
- Build strong PACs offer
- Leverage friendly in-store expertise to differentiate
- New Halfords.com website



**click with the  
digital future**

## Initiatives Underway

### Website Experience

- Three product pillars and deeper ranges
- Inspirational content
- Build online community
- Easier to search, navigate and checkout
- A new mobile and tablet optimised site

### Fulfillment

- Reserve & Collect stock availability
- Improved fulfillment and returns capabilities
- Improved customer account management and help pages
- Colleague training to support service levels in store

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## Halfords Retail to be...

- Specialist retailer – be the authority
- Innovative range that excites and delights customers
- An inspiring store – where customers want to shop
- Friendly expertise – knowledgeable colleagues
- Investment of c.£100m over three years

**Generate sustainable and profitable sales growth momentum**



# Milestones



# Milestones - Colleagues

		FY14	FY15	FY16
<b>3-Gears</b>	All qualifying colleagues through Gear 1			
	50% colleagues through Gear 2			
	80% colleagues through Gear 2			
	Two Gear-3 colleagues per store			
<b>Reduce % of colleagues leaving within 3 months</b>	<12.5%			
	<10%			
<b>Colleague Engagement (Group)</b>	>85%			

# Milestones - Operational

	FY14	FY15	FY16
<b>Autocentres opened</b>	20-30	20-30	20-30
<b>Launch PACs</b>			
<b>Annual PACs sales growth</b>		20%	20%
<b>Cycle Repair sales growth</b>	25%	25%	25%
<b>Cycle Departments brought up to date</b>	100	180	180
<b>Full store refits</b>	10-15	c.60	c.75
<b>Launch new Retail website</b>			
<b>Mobile &amp; tablet optimised site launched</b>			

# Milestones - Customers

		FY14	FY15	FY16
Net Promoter Score <sup>1</sup>	>60%			
	>65%			
	>70%			
Stores working stock outside peak trading hours	25%			
	Majority of stores			

# Target - Sales

		FY16
Group Sales	£1 Billion	



# Coffee break





# Andrew Findlay

*Group Finance Director*

# Retail Capital Expenditure

	FY14 (£m circa)	FY15-FY16 (£m circa)
Store Portfolio	15	35
IT & Digital	13	25
Other	4	8
<b>TOTAL</b>	<b>32</b>	<b>68</b>

Stores	FY14	FY15-FY16
Full Store Refits	10-15	c.135
Rightsizes and Relocations	c.8-10	c.15-20
Cycle Departments	c.100	c.360
Colleague Training Facilities	up to 10	

Prior annual guidance of up to £20m

# Retail Cash Opex

	FY14 vs. FY13 (£m circa)	Committed vs. Volume/Performance Related
Service Revolution, Pay Review	7	Largely Committed
Incentives, Cycle Repair, Fitting	7	Volume / Performance Related
Supply Chain	4	Volume / Performance Related
Stores, Other	3	Largely Committed
<b>Uplift vs FY13</b>	<b>21</b>	

**Robust control on costs in place**

# FY14 Inventory

## A £15-20m Investment In Stock

To underpin improved on-shelf availability

To support our Cycling growth aspiration & range changes

Selective PACs investment – where it makes sense

# Medium-Term Margin Prospects

	Margin		Drivers
<b>Retail</b>	Gross	>50%	Trading stance, PACs, online-sales participation vs. Fitting & cycle repair, supply-chain leverage
	EBITDA	Low double digit	Sales growth Cash gross margin Opex investments
<b>Autocentres</b>	Gross	Broadly flat	Tyre participation vs. SMR supplier leverage
	EBITDA	Mid-to-high single digit	Sales growth Cash gross margin Utilisation levels

**Focusing on cash generation**

# Gearing And Capital Allocation

An anticipated cap on gearing: 1.5x Net Debt/EBITDA

## Priority

Investment For Growth

Dividend Returns

Debt Management

# Dividend Policy

- FY13 dividend
  - A 35% reduction in the final dividend per share to 9.1 pence
  - A full-year dividend per share of 17.1 pence
- FY14 full-year dividend
  - Anticipate c.14 pence per share
- Medium term: nearer to 2x earnings cover
- Why now:
  - Support investment for growth
  - Maintain a robust balance sheet
  - Rebase to a sustainable level

**Continuing to recognise the importance of dividend**

# FY14 Guidance

<b>Retail Operating Costs</b>	c.6%
<b>Retail Gross Margin</b>	A decline of 125-175bps
<b>Retail Capital Expenditure</b>	c.£32m
<b>Autocentres EBITDA</b>	Marginally ahead of FY13
<b>Autocentres Capital Expenditure</b>	c. £6m
<b>Net Finance Costs</b>	Marginally down on FY13
<b>Effective Tax Rate</b>	23-24%

# Future Reporting Calendar

<b>Q1 Trading</b>	July
<b>Q2 Trading and Interims</b>	November
<b>Q3 Trading (15 weeks)</b>	January
<b>Q4 Trading (11 weeks) and Prelims</b>	May / June

# Matt Davies

*Chief Executive*



# Getting Into Gear 2016



**service  
revolution**

- Group colleague engagement score increased to 77%



**the 'h'  
factor**

- Step change in retail standards
- 3 Gears launched



**stores fit  
to shop**

- New recruitment website
- New store format plan
- New advertising agency appointed



**21<sup>st</sup> century  
infrastructure**

- Trialling out of hours delivery
- PACs launch imminent



**click with the  
digital future**

**Step change is underway**



# New Management Team Members





# kids holiday bike club

## Our Investment in Change

- Dividend
- Vital need for investment

**The right course of action**





# Why I am so excited

- Halfords is relevant
- Our issues are solvable - through proven routes to action
- We know what we have to do and we have a clear and detailed plan
- Upside from improved service brings competitive advantage

**halfords**  
*driving*  
**the top line**

*Questions*



# Appendices



# Group Income Statement

	FY13 £m	FY12 £m	Change
Revenue	871.3	863.1	+1.0%
Gross Profit	477.1	472.8	+0.9%
Operating Costs	399.0	375.6	+6.2%
<b>OPERATING PROFIT</b>	<b>78.1</b>	<b>97.2</b>	<b>-19.7%</b>
Operating Profit %	9.0%	11.3%	-230bps
Net Finance Costs	(6.1)	(5.0)	+22.0%
<b>PROFIT BEFORE TAX</b>	<b>72.0</b>	<b>92.2</b>	<b>-21.9%</b>
Basic Earnings Per Share	27.7	33.7	-17.8%
Effective Tax Rate	25.3%	26.9%	-160bps

*Notes: All numbers shown are before non-recurring items*

# Group Components

<b>FY13</b>	<b>Retail £m</b>	<b>Autocentres £m</b>	<b>Amortisation £m</b>	<b>Group £m</b>
Revenue	745.5	125.8	-	871.3
Gross Profit	397.0	80.1	-	477.1
Operating Costs	(323.4)	(73.8)	(1.8)	399.0
<b>EBIT</b>	<b>73.6</b>	<b>6.3</b>	<b>(1.8)</b>	<b>78.1</b>
<b>EBITDA</b>	<b>94.6</b>	<b>8.8</b>	<b>-</b>	<b>103.4</b>

<b>FY12</b>	<b>Retail £m</b>	<b>Autocentres £m</b>	<b>Amortisation £m</b>	<b>Group £m</b>
Revenue	752.3	110.8	-	863.1
Gross Profit	399.8	73.0	-	472.8
Operating Costs	(307.0)	(66.4)	(2.2)	375.6
<b>EBIT</b>	<b>92.8</b>	<b>6.6</b>	<b>(2.2)</b>	<b>97.2</b>
<b>EBITDA</b>	<b>114.6</b>	<b>9.0</b>	<b>-</b>	<b>123.6</b>

*Notes: All numbers shown are before non-recurring items*

# Non-Recurring Items

	£m
'Stores fit to shop' asset-impairment charges	(0.8)
Onerous lease-contract charges	(1.2)
<i>Focus</i> lease-guarantee provision release	1.0
<b>Total</b>	<b>(1.0)</b>

# Group Balance Sheet

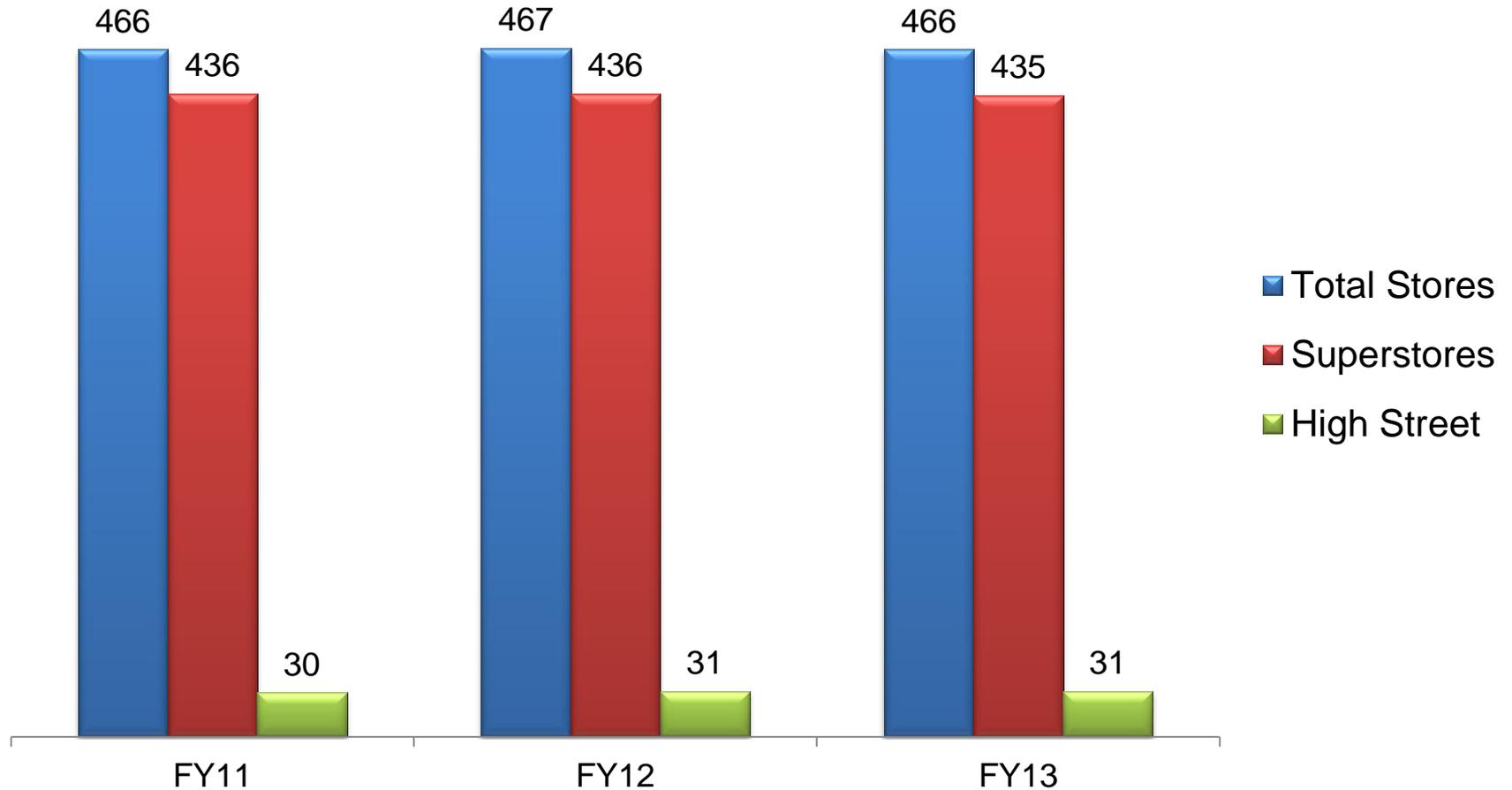
	FY13 £m	FY12 £m	YOY £m	Change
Goodwill and Intangible Assets	342.2	343.9	(1.7)	-0.5%
Property, Plant & Equipment	90.6	97.9	(7.3)	-7.5%
Derivative Financial Instruments	1.7	(1.2)	2.9	+241.7%
Net Working Capital	42.1	54.2	(12.1)	-22.3%
Net Debt	(110.6)	(139.2)	28.6	-20.5%
Other Creditors	(67.3)	(68.5)	1.2	-1.8%
<b>Net Assets</b>	<b>298.7</b>	<b>287.1</b>	<b>11.6</b>	<b>+4.0%</b>
Inventories	133.2	146.7	(13.5)	-9.2%

# Retail Capital Expenditure

		FY13 £m	FY12 £m
Retail Portfolio <sup>1</sup>	<i>New stores and relocations</i>	0.3	1.2
	<i>Store refreshes, rightsizes and other</i>	5.5	10.3
Retail Infrastructure Systems		5.0	2.4
Warehouse & Distribution		1.4	1.0
Retail Other		1.0	0.3
<b>Total Retail</b>		<b>13.2</b>	<b>15.2</b>
<b>Autocentres</b>		<b>5.6</b>	<b>4.5</b>
<b>TOTAL GROUP</b>		<b>18.8</b>	<b>19.7</b>

Notes: 1) Before capital contributions deferred over the period of the lease

# Retail Portfolio – Store Types



# Retail Portfolio – FY13 Space

FY13	Average Leaseable Space <sup>1</sup> (sq.ft)	Average Total Trading Space, including Mezzanine (sq.ft)	Average Ground Floor Trading Space (sq.ft)	Average Mezzanine Trading Space (sq.ft)
	9,353	8,106	6,423	3,067

**Notes:** 1) Ground floor only, including back of house.

# Retail Portfolio – Lease Expiries

	Expiries
FY14	23
FY15	29
FY16	26
FY17	18
FY18	16
<b>Total Expiries</b>	<b>112</b>
<b>% of Retail Portfolio</b>	<b>24</b>

**Average remaining leases (total portfolio): 7.5 years**

# Autocentres Portfolio

	Centres
Acquired	223
FY11	230
FY12	250
FY13	283

**Average remaining leases: 7.5 years**

# Contact and Newsflow

For further information, please go to [www.halfordscompany.com](http://www.halfordscompany.com) or contact

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Next newsflow:

10th July: Q1 Interim Management Statement

# Forward-Looking Statements

**INCLUDED IN THIS PRESENTATION ARE FORWARD-LOOKING MANAGEMENT COMMENTS AND OTHER STATEMENTS THAT REFLECT MANAGEMENT'S CURRENT OUTLOOK FOR FUTURE PERIODS**

These expectations are based on currently available competitive, financial, and economic data along with our current operating plans and are subject to risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements.

The forward-looking statements in this presentation should be read in conjunction with the risks and uncertainties discussed in the Halfords Annual Report and Accounts.