

halfords
driving
the top line

Interim Results FY15



Financial Performance

Andrew Findlay

Retail Trading and Strategy

Matt Davies

Autocentres Strategy

Andy Randall

Questions





Andrew Findlay

Chief Financial Officer

Financial Highlights

Group Revenue up 6.8% to £524.1m

Retail Gross Margin of 50.6%, down 65bps

Profit Before Tax up 10.8% to £49.4m

Basic Earnings Per Share up 14.2% to 20.1p

Operating Cashflow of £86.1m, funding the acquisition and capex

Net Debt down at £70.3m

Interim Dividend up 5.8% to 5.5p per share

H1 FY15 Retail Revenues

Total Retail	LFL %
Cycling	+16.0
Car Maintenance	+3.7
Car Enhancement	-1.4
Travel Solutions	+3.9
Total	+6.8

Online Retail	Proportion of Online Retail Sales %	Proportion of Total Retail Sales %	Growth %
Home Delivery	7.6	0.9	-28.8%
Click & Collect	92.4	11.2	+19.7%
Total	100.0	12.2	+13.7%

Notes: All numbers shown are exclusive of third party sales from the acquired Boardman business.

Retail Performance

	H1 FY15 £m	H1 FY14 £m	Change
Revenue	451.9	424.0	+6.6%
Gross Profit	228.6	217.3	+5.2%
Gross Margin	50.6%	51.2%	-65bps
Operating Costs	(178.4)	(171.0)	+4.3%
EBIT	50.2	46.3	+8.4%
EBIT Margin	11.1%	10.9%	
EBITDA	60.2	55.7	+8.1%
EBITDA Margin	13.3%	13.1%	

Notes: All numbers shown are inclusive of the acquired Boardman business but before non-recurring items

Gross Margin % Influences



The Strong
Growth Of Cycling

Third-party
Brands

Promoting More
Effectively



In-store
Services

Lower
Clearance
Activity

Retail Operating Costs

	H1 FY15 £m	H1 FY14 £m	Change
Store Staffing	49.2	46.3	+6.3%
Store Occupancy	68.6	70.5	-2.6%
Warehouse & Distribution	19.7	16.9	+16.8%
Support Costs	40.9	37.3	+9.7%
Total	178.4	171.0	+4.3%
Depreciation/Amortisation/Impairment	10.0	9.4	

Notes: All numbers shown are inclusive of the acquired Boardman business but before non-recurring items

Autocentres Performance

	H1 FY15 £m	H1 FY14 £m	Change
Revenue	72.2	66.6	+8.4%
LFL%			+4.4%
Gross Profit	46.1	43.3	+6.5%
Gross Margin	63.8%	65.0%	-124bps
Operating Costs	(44.5)	(41.0)	+8.5%
EBIT	1.6	2.3	-30.4%
EBIT Margin	2.2%	3.5%	
EBITDA	3.4	3.9	-12.8%
EBITDA Margin	4.7%	5.9%	

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

Cashflow and Net Debt

OPERATING CASHFLOW	£m	FREE CASHFLOW	£m	NET DEBT	£m
EBIT	51.2	Operating Cashflow	86.1	Opening Net Debt	(99.6)
Depreciation/ Amortisation/ Loss On Disposal	12.9	Capital Expenditure	(15.3)	Free Cashflow	47.1
Employee Share Scheme	1.1	Net Finance Costs	(1.6)	Dividends	(17.7)
Working Capital	20.6	Taxation	(7.4)	Lease/Other	(0.3)
Provisions/Other	0.3	Other	(0.7)	Purchase of own shares	0.2
		Acquisition	(14.0)		
OPERATING CASHFLOW	86.1	FREE CASHFLOW	47.1	CLOSING NET DEBT	(70.3)

Notes: All numbers shown are before non-recurring items

FY15 Guidance

Retail Gross Margin	A decline of 25-75bps
Retail Operating Costs	c.5-6%
Retail Capital Expenditure	c.£35m
Autocentres EBITDA	Up on FY14
Autocentres Capital Expenditure	c.£8m
Net Finance Costs	c.£3.5m to £4.5m
Effective Tax Rate	21-22%

Notes: All numbers shown are before non-recurring items. Guidance is provided on a 52-week basis in a 53-week year

Summary

Financial Performance

A Significant Top-line Performance From Retail

Retail Gross Margins And Operating Costs In Line With Guidance

Strong Growth In Profit Before Tax

Continued Investment In Retail And Autocentres

Strong Cash Generation And Reducing Net Debt To EBITDA

Recognising The Importance Of Dividend To Shareholders



Matt Davies

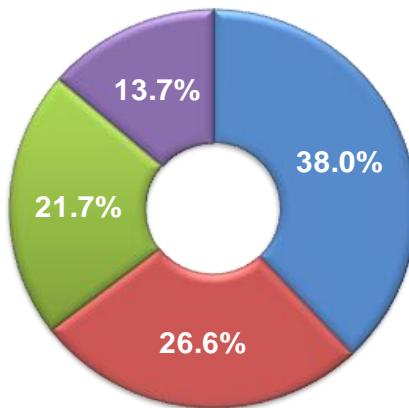
Chief Executive





Retail Sales Performance

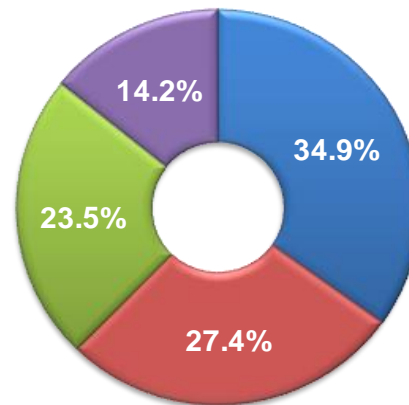




H1 FY15
Proportion Of Retail Sales



-  Cycling*
-  Car Enhancement

H1 FY14
Proportion Of Retail Sales



-  Car Maintenance
-  Travel Solutions

Notes: *H1 FY15 Cycling revenues include those from Boardman Bikes, acquired on 4 June 2014

Performance Highlights

***Car
Cleaning
Sales***

UP

13%

***Workshop
Tool
Sales***

UP

15%

***3Bs
Fitting
Sales***

UP

16%

***Online
Completion
Rate***

UP

19%

***Premium
Bikes
Online***

UP

90%

Getting Into Gear

halfords
driving
the top line



Supporting
drivers of
every car



Inspiring
cyclists of
every age



Equipping
families for their
leisure time



service
revolution



stores fit
to shop



the 'h'
factor



21st century
infrastructure



click with the
digital future

*Helping and Inspiring Customers
with their Life on the Move*



**Supporting
drivers of
every car**

halfords
the driving
top line



130,000 SKUs

In-store, Online Or Via The
Halfords Mobile App

Most In-store Orders Delivered
Within 90 Minutes



Inspiring
cyclists of
every age

halfords
driving
the top line

boardman
performance/design/quality

"Meticulously designed, engineered and tested to the toughest standards, the all-new Boardman Performance Series offers more innovation and more precision, so you can push yourself to Be More."


Chris Boardman MBE

be
m



ROAD

CX

HYBRID

MTB

The Acquisition of Boardman Bikes



**Inspiring
cyclists of
every age**

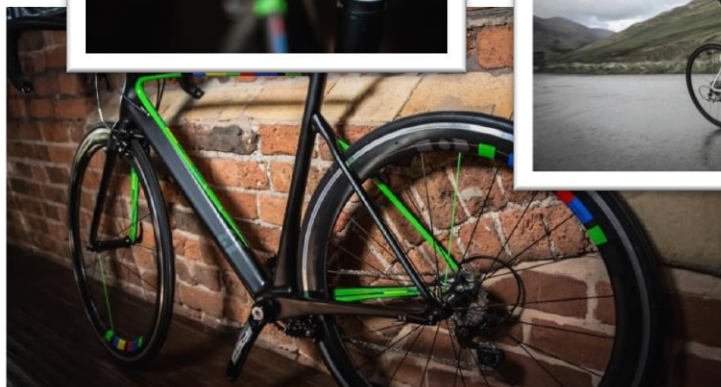
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Focusing On Aerodynamics

Selected Stores and
Click & Collect

Enhancing
The Authority Of The Range





Inspiring
cyclists of
every age

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apollo



KONA

carrera



RALEIGH

Pendleton

V.O.D.O.O.

PINARELLO

boardman
performance/design/quality

mongoose

Our Major Cycle Brands



stores fit
to shop

halfords
driving
the top line

halfords
cycle republic ★





stores fit
to shop

halfords
driving
the top line



Leveraging Space Harder To
Drive Organic Sales

Making The Product Range
More Relevant To Local Customers

Increasing Logical Adjacencies

Future Proofing The Product Range



21st century infrastructure

driving
the top line



Improving Availability Further

Platform To Reduce Inventory Levels

Reliance On Couriers Reduced

Retail Summary



Building A Sustainable Platform

Improving Our Auto & Cycling Authority

Strategy Progressing In Line With Plan





Andy Randall

Managing Director, Halfords Autocentres



A Core Part Of The Business



Supporting
drivers of
every car



Inspiring
cyclists of
every age



Equipping
families for their
leisure time

Autocentres Is A Clear And Natural Fit With
Supporting Drivers Of Every Car

Why I Joined Autocentres



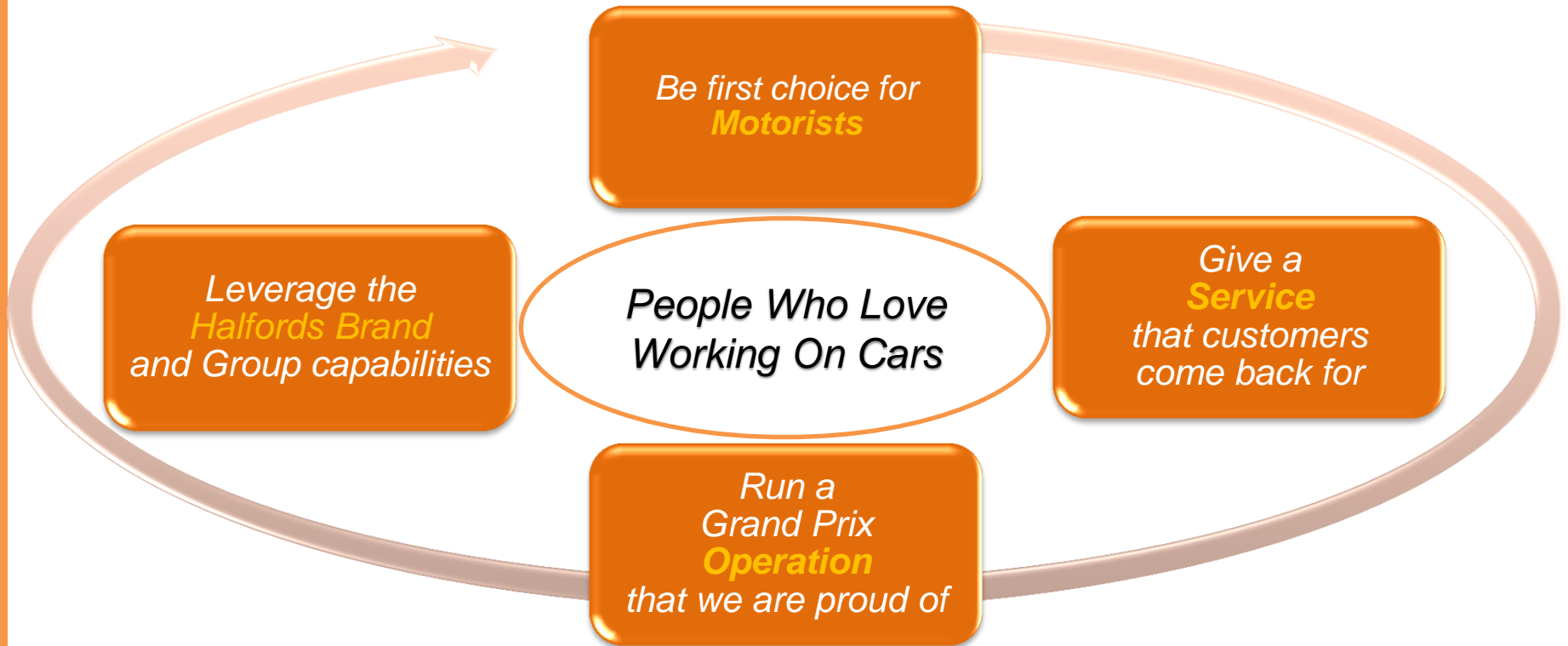
Good Business With
Significant Share Potential

Clear Growth Opportunities

Will Leverage An Improving
Halfords Brand

Building Trust Will Engage
Loyal Customers

Building Trust



Be First Choice For Motorists



The Digital
Experience

Seamless
Customer
Journey

Simple
Pricing

Clear
Offers

Give A Service That Customers Come Back For

halfords
**the driving
top line**



*Industry-leading
Customer Service*



*Pride In Our
Technical Capability*



*A Focus On Customer-
Service Feedback*



Run A Grand Prix Operation



Consistent Processes

Centres To Be Proud Of

Next Generation Centres

Leverage The Halfords Brand And Group Capabilities

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Group-wide
Promotional
Strategy

Common
Product Offers
& Pricing

Parts Supply

New Product
Development

We Love Working On Cars



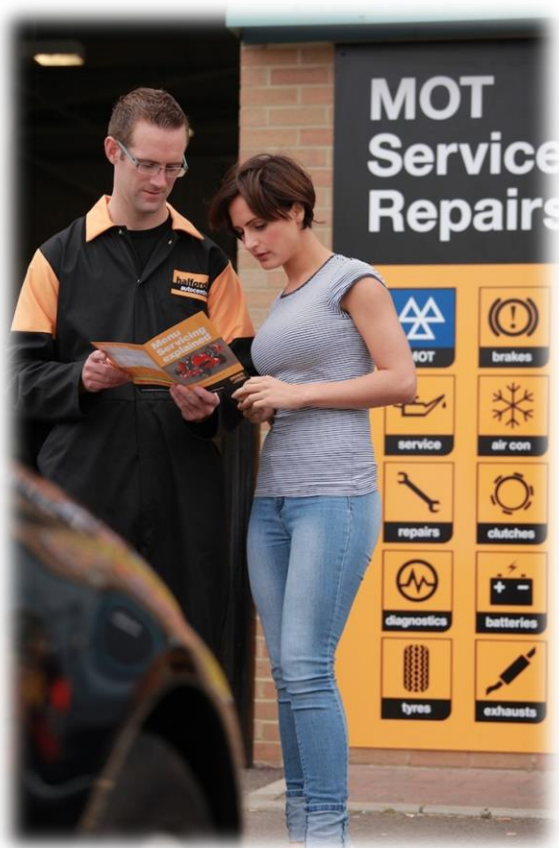
Concept Centres



Concept Centres



Summary



A Core Business With A *Right To Win*

Improved Execution Based On
Building Trust

Customers & Colleagues At
The Heart Of The Strategy

The *Top Line*,
Efficiencies and *Utilisation*

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Questions

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Appendices

Group Income Statement

	H1 FY15 £m	H1 FY14 £m	Change
Revenue	524.1	490.6	+6.8%
Gross Profit	274.7	260.6	+5.4%
Operating Costs	223.5	212.8	+5.0%
EBIT	51.2	47.8	-7.1%
EBIT Margin %	9.8%	9.7%	+26bps
EBITDA	63.6	59.6	+6.7%
EBITDA Margin %	12.1%	12.1%	-5bps
Net Finance Costs	(1.8)	(3.2)	-43.8%
PROFIT BEFORE TAX	49.4	44.6	+10.8%
Basic Earnings Per Share	20.1p	17.6p	+14.2%
Effective Tax Rate	21.0%	23.6%	-254bps

Notes: All numbers shown are before non-recurring items

Group Components

H1 FY15	Retail £m	Autocentres £m	Amortisation £m	Group £m
Revenue	451.9	72.2	-	524.1
Gross Profit	228.6	46.1	-	274.7
Operating Costs	(178.4)	(44.5)	(0.6)	(223.5)
EBIT	50.2	1.6	(0.6)	51.2
EBITDA	60.2	3.4	-	63.6

H1 FY14	Retail £m	Autocentres £m	Amortisation £m	Group £m
Revenue	424.0	66.6	-	490.6
Gross Profit	217.3	43.3	-	260.6
Operating Costs	(171.0)	(41.0)	(0.8)	(212.8)
EBIT	46.3	2.3	(0.8)	47.8
EBITDA	55.7	3.9	-	59.6

Notes: All numbers shown are before non-recurring items

Group Balance Sheet

	H1 FY15 £m	H1 FY14 £m	YOY £m	Change
Goodwill and Intangible Assets	357.6	341.0	+16.6	+4.9%
Property, Plant & Equipment	93.2	93.3	(0.1)	-0.1%
Derivative Financial Instruments	2.1	(2.6)	+4.7	+180.8%
Net Working Capital	16.9	7.5	+9.4	+125.3%
Net Debt	(70.3)	(57.5)	(12.8)	-22.3%
Other Creditors	(48.9)	(70.4)	+21.5	+30.5%
Net Assets	350.6	311.3	+39.3	+12.6%
<i>Inventories</i>	148.9	140.3	+8.6	+6.1%

Capital Expenditure

	H1 FY15 £m	H1 FY14 £m
Store Portfolio ¹	6.9	5.4
Infrastructure Systems	3.0	5.2
Other	1.4	0.9
Retail	11.3	11.2
Autocentres	1.2	2.7
TOTAL	12.5	14.2

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

Retail Portfolio – H1 FY15 Space

Average Leaseable Space ¹ (sq.ft)	Average Total Trading Space, including Mezzanine (sq.ft)	Average Ground Floor Trading Space (sq.ft)	Average Mezzanine Trading Space (sq.ft)
9,138	8,122	6,499	3,051

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

Retail Portfolio – Lease Expiries

	Expiries
FY15	13
FY16	16
FY17	22
FY18	17
FY19	13
Total Expiries	81

Average remaining leases (total portfolio): 6.8 years

Autocentres Portfolio

	Centres
Acquired	223
FY11	230
FY12	250
FY13	283
FY14	303
H1 FY15	298

Average remaining leases: 7.7 years

Contact and Newsflow

For further information, please go to
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Next newsflow:

21 January 2015: Q3 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.