

A full-page background image showing a mountain biker in a blue shirt and black shorts riding through a shallow stream. The biker is wearing a white helmet and a backpack. Water is splashing around the bike's wheels. The background features rugged, rocky hills under a clear blue sky with a bright sun in the upper left corner.

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Interim Results 26 Weeks to 30th September
2011

City Presentation
10th November 2011

A photograph of three cyclists riding on a paved mountain road. The cyclist in the foreground is wearing a black and yellow Boardman jersey and a silver helmet. The background features snow-capped mountains under a clear blue sky.

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David Wild

Chief Executive Officer

Introduction

Agenda

- Introduction - David Wild
- Financials - Andrew Findlay
- Business Update - David Wild
- Current Trading and Summary - David Wild
- Questions

Overview of Results

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Performance in line with expectations

- Group Revenue flat in tough environment
- Gross Margin % down as expected
- Costs well controlled
- Balance sheet strong – buy-back continues, dividends maintained
- Encouraging progress in Autocentres

Andrew Findlay

Finance Director

Financials

Financial Headlines

- Flat underlying Group revenue of £454.0m¹
- Retail gross margin 52.7%¹ (H1 11: 54.0%)
- Profit before tax of £54.7m, down 20.4%
- Adjusted basic EPS² of 19.8p, a decline of 17.8%
- Effective tax rate 26.9%
- Net debt £140.7m
- Interim dividend of 8.0p per share maintained

Group revenues flat despite a challenging environment

Notes

All numbers shown are before non-recurring items.

1. *Excludes Central Europe*

2. *Adjusted basic EPS is defined as basic earnings per share before non-recurring items*

Retail UK/ROI Performance

	H1 12 £m	H1 11 £m	Growth %
Revenue	400.6	405.4	-1.2%
Gross profit	211.0	218.7	-3.5%
<i>Gross margin %</i>	52.7%	53.9%	-128bps
Net operating expenses	(156.0)	(153.1)	+1.9%
Operating profit	55.0	65.6	-16.2%
<i>Operating profit %</i>	13.7%	16.2%	

Focusing on cash returns

Retail Margin % Influences

- Increased promotional participation
- Additional sales of lower-margin product ranges
- Input-cost inflation

Offset By:

- Sourcing strategy
- Fitting penetration & attachment rates
- Own-brand leverage

Focusing on cash returns

Retail UK/ROI Operating Costs

	H1 12 £m	H1 11 £m	Growth %
Store Staffing	39.8	39.7	+0.2%
Store Occupancy	70.9	68.6	+3.4%
Warehouse & Distribution	13.4	14.6	-8.4%
Support Costs	31.8	30.2	+5.4%
Total	156.0	153.1	+1.9%
Dep'n/Amort'n/Impairment	10.9	10.7	

**Continuing focus on
cost control**

Note: Depreciation, Amortisation and Impairment charge relates to intangible assets and Property/Plant and Equipment

Inventories

	£m
Opening Stock	144.6
Inflation	2%
Tent packs	1%
Winter build	1%
Other	1%
Closing Stock	152.0
% Change	+5.1%

- Underlying cost-price increases
- Hold over of tent packs
- Winter build and new ranges
- Improved availability
- Build of cycle ranges ahead of Christmas

Increased availability in key seasonal lines

Autocentres Performance

	H1 12 £m	H1 11 £m	Growth %
Revenue	53.4	49.1	+8.8%
Gross profit	35.5	32.4	+9.6%
Gross margin %	66.5%	66.1%	+36bps
Net operating expenses	(32.5)	(27.6)	+17.8%
Operating profit	3.0	4.8	-37.5%
Operating profit %	5.6%	9.8%	

**Investment to provide support for
future expansion**

Note: Revenue includes LFL growth of +2.7% (H1 11 –0.8%)

Capital Expenditure

	H1 12 £m	H1 11 £m
Total Retail portfolio	5.0	2.4
Logistics	0.5	2.1
Infrastructure systems	1.2	2.1
Total Retail	6.7	6.8
Autocentres	1.6	1.1
Total Group Capital Expenditure	8.3	7.9

Group has a low capital expenditure requirement

Cash Flow and Net Debt

Operating Cash Flow £m		Free Cash Flow £m		Net Debt £m	
Operating profit	56.9	Op. cashflow	65.6	Net debt 1.4.11	(103.2)
Dep/Amortisation	13.1	Capex	(8.6)	Free cash flow	40.4
Employee share scheme	1.2	Net finance costs	(2.2)	Lease/Other	(0.4)
Working capital	(3.1)	Taxation	(14.4)	Shares	(49.0)
Provisions/Other	(2.5)			Dividends	(28.5)
Op Cash Flow	65.6	Free Cash Flow	40.4	Net Debt 30.09.11	(140.7)

Share Buyback

- Buyback commenced 7 April
- 14.7m shares purchased by 7 November
- Average price 350p
- Earnings enhancing

Note: Net Debt includes Head Office finance leases of £11.7m (2011 £11.9m)

FY12 Guidance

- Full-year Retail gross margin down by at least 100bps
- Retail operating costs up c.4%
- Retail capex of around £20m
- Autocentres capex of up to £5m
- A Group interest charge of c.£6m

A close-up photograph of a man with dark, wavy hair, wearing a dark blue polo shirt with yellow accents, working on the rear wheel of a white bicycle. He is focused on the task, with his hands near the rear derailleur and cassette. The background is blurred, showing what appears to be a workshop or garage setting.

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David Wild
Chief Executive

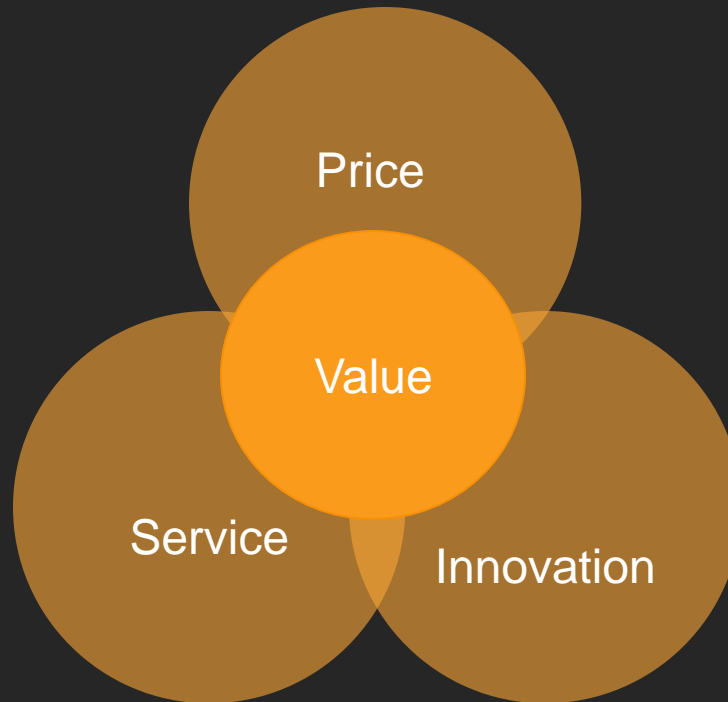
Business Update



Value Proposition

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Tough environment for customers



Creating value for our customers

Retail Strategy

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Consistent and effective strategy for managing the business

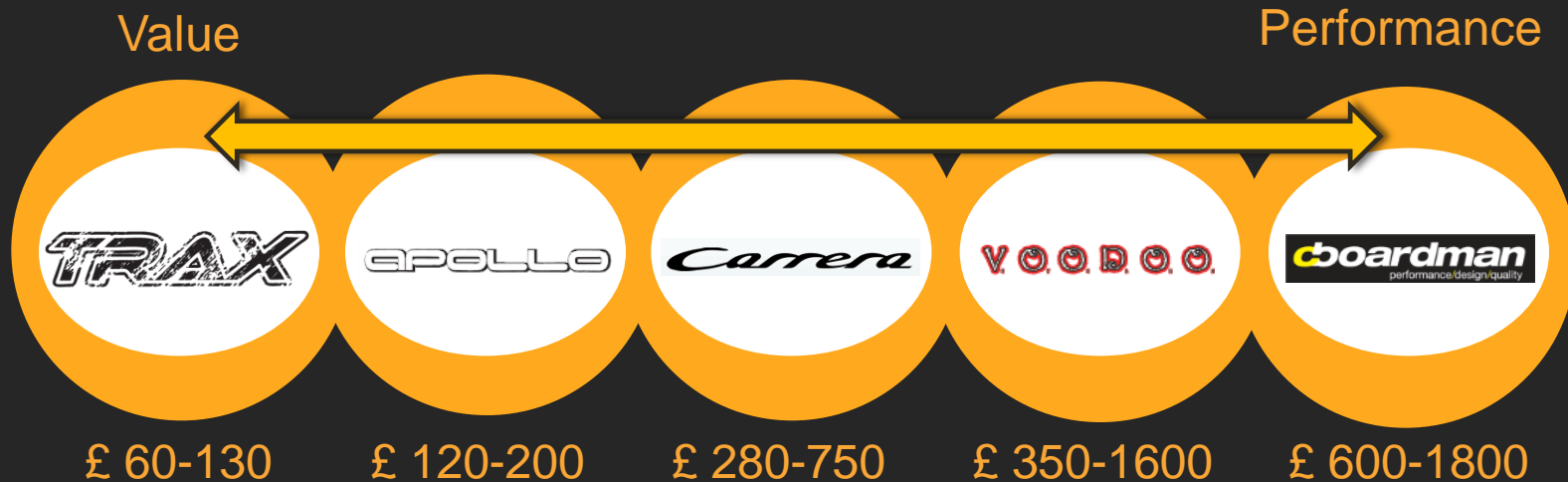
**Extending range
and service advantage**

Investing in store portfolio

**Ongoing focus on
cost control**

**Leveraging the Halfords
brand in multi-channel**

Range - Value Through Brands



- Launch of new premium range of Carrera
- Strong sales of family range Apollo
- Entry price Trax performed well
- Growth in Cycle Accessories
- New Apollo kids range for Christmas

Extending range
and service advantage



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In-store Services

Extending range
and service advantage

Value Through Service

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Central to Halfords proposition

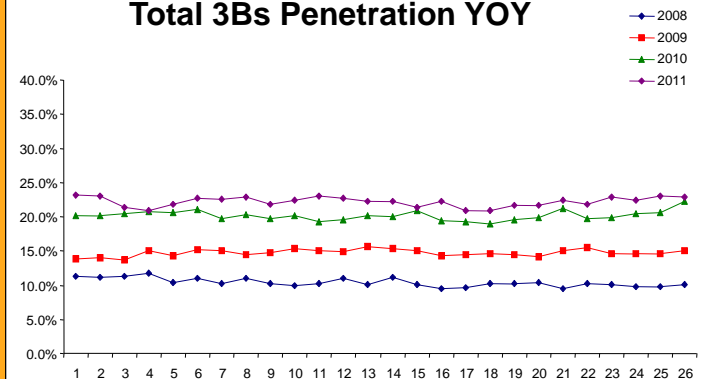
- Expert advice and information
- Products lend themselves to added-value services
- Competitive strength vs online

Growth in revenue

- Fitting up
- Increased level of attachment

New customer feedback link

Total 3Bs Penetration YOY



Extending range
and service advantage

A photograph of a Halfords store interior. The store is well-lit with overhead fluorescent lights. In the foreground, several bicycles are parked in rows, some with price tags. In the background, there are more bicycles hanging on the wall and various promotional signs. One sign says "BIKEHUT" in large letters. Another sign says "women's bikes" with a "50% off" discount. A sign for "corrado" is also visible. The floor is made of light-colored tiles.

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Investing in the Store Portfolio

Investing in the
store portfolio

Value From Store Portfolio

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Refresh and reconfiguration

- Categories rebalanced and easier to shop
- 53 stores completed in H1
- 25-30 targeted in H2
- Low cost and short payback

Downsizing

London stores



Investing in the
store portfolio

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Cost Control

Ongoing focus on
cost control

Value Through Cost Control

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- Strong cost-control culture in Halfords
- Procurement disciplines
- W&D efficiency programme delivering expected savings
- Store payroll flat - fitting and service improve
- Priority on occupancy costs



Ongoing focus on
cost control



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Leveraging brand in Multi-channel

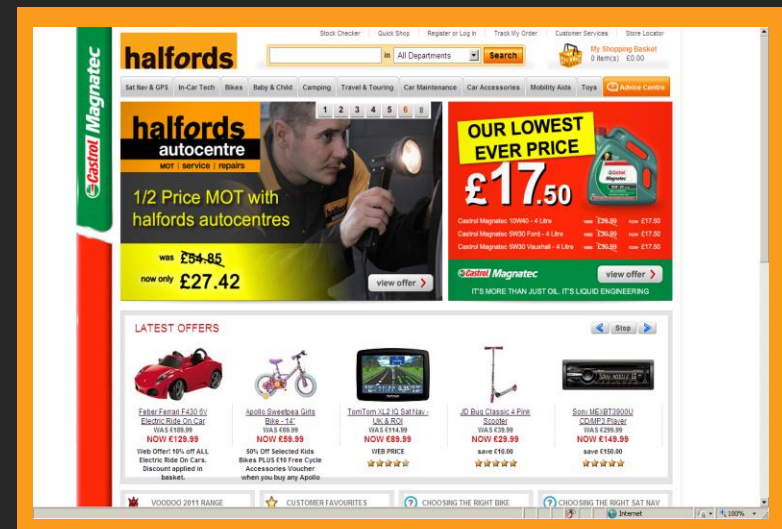
Leveraging Halfords
brand in multi-channel

Creating Value Online

- Online penetration 8.6% and 21.8m visitors in H1
- True multi-channel retailer – 87% store collected
- Rebalancing promotional activity

Online Development

- Mobile optimised site
- Shopping app launched
- Re-platformed site



**Leveraging Halfords
brand in multi-channel**

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Halfords Autocentres



Autocentres

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Range and service

- Growth in tyre sales
- Launch of Brakes4Life

brakes4life

Investment now to deliver future growth

Maintaining low costs

Growing range and
service
Advantage

Investing in new
Centres

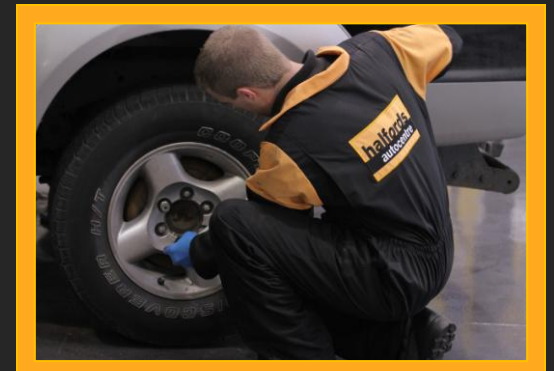
Maintaining low
cost structure

Autocentres Leveraging

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Halfords brand gaining traction in aftercare market

- First above the line media campaign
- Grown online bookings by 64%
- Increasing brand awareness 16% to 33%
- Active customer retention and acquisition programme



Leveraging the
Halfords brand

A photograph of two children riding bicycles on a gravel path in a forest. The child on the left is wearing a black shirt and a green helmet, riding a black bicycle. The child on the right is wearing a red shirt, blue jeans, and a white helmet, riding a red bicycle. The path is made of light-colored gravel and is flanked by tall, thin trees. The sky is blue with some clouds. In the top right corner, there is an orange banner with the text "that's helpful that's halfords" in white. The text "that's helpful that's" is in a smaller font and italicized, while "halfords" is in a larger, bold font.

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Trading Initiatives and Summary

Trading Initiatives

Strong programme of sales activity

3Bs Radio Campaign



Oil



Top Gear Sat Nav



Christmas Bikes



Christmas Advert

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Summary

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Good progress in a tough consumer environment

- Group revenue flat
- No change to full-year guidance
- Good cash generation – interim dividend maintained
- Set up for Christmas and Winter campaign
- Autocentres avenue for future growth

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Questions

Appendices

- UK/ROI Retail sales
- Group income statement
- Group components
- Retail revenue bridge
- Balance sheet
- Retail store portfolio
- Autocentres portfolio

UK/ROI Retail Sales

LFLs by Category

Car Maintenance

Car Enhancement

Leisure

Total LFLs

H1 12

-3.1%

-9.8%

+3.9%

-1.9%

H1 11

+0.9%

-11.4%

-2.1%

-4.9%

Sales by Category

Car Maintenance

Car Enhancement

Leisure

H1 12

26.3%

26.4%

47.3%

H1 11

26.6%

28.6%

44.8%

**Strong cycling sales underpin
Leisure outperformance**

Note: All figures are at constant currency and exclude Central Europe

Group Income Statement

Excluding non-recurring items	H1 12 £m	H1 11 £m	Growth %
Revenue	454.0	456.3	-0.5%
Gross profit	246.5	251.1	-1.8%
Net operating expenses	(189.6)	(182.0)	+4.2%
Operating profit	56.9	69.1	-17.7%
Operating profit %	12.5%	15.1%	-260bps
Net finance costs	(2.2)	(0.4)	+450%
Profit before tax	54.7	68.7	-20.4%
Basic Earnings Per Share	19.8p	24.1p	-17.8%
Effective Tax Rate	26.9%	26.3%	

All numbers shown are before non-recurring items

Group Components

FY12 H1

	UK/ROI £m	Central Europe £m	Total Retail £m	Auto Centres £m	Amortis- ation* £m	Group £m
Revenue	400.6	-	400.6	53.4	-	454.0
Gross profit	211.0	-	211.0	35.5	-	246.5
Net operating expenses	(156.0)	-	(156.0)	(32.5)	(1.1)	(189.6)
Operating profit	55.0	(0.0)	55.0	3.0	(1.1)	56.9

FY11 H1

	UK/ROI £m	Central Europe £m	Total Retail £m	Auto Centres £m	Amortis- ation* £m	Group £m
Revenue	405.4	1.9	407.3	49.1	-	456.4
Gross profit	218.7	0.1	218.8	32.4	-	251.1
Net operating expenses	(153.1)	(0.3)	(153.4)	(27.6)	(1.1)	(182.0)
Operating profit	65.6	(0.2)	65.4	4.8	(1.1)	69.1

*Reflects amortisation charge arising on the acquisition of Nationwide Autocentres

Retail Revenue Bridge

	H1 12 %
Underlying LFL sales growth	-2.5
Easter adjustment	+0.6
Reported LFL sales growth	-1.9
Currency ¹	+0.2
Net new space	+0.1
Retail sales growth	-1.6
Central Europe impact	+0.4
UK/ROI Sales Growth ²	-1.2

Notes

1. Translation of non-sterling denominated revenues.
2. Excludes Central Europe

Group Balance Sheet

	H1 12 £m	H1 11 £m	YOY £m	Growth %
Goodwill and intangible assets	345.7	348.9	-3.2	-0.1%
Property, plant and equipment	98.5	98.2	+0.3	+0.3%
Derivative financial instruments¹	(2.1)	(0.9)	-1.2	+133%
Net working capital	50.0	36.0	+14.0	+38.9%
Net debt	(140.7)	(109.8)	-30.9	+28.1%
Other creditors²	(67.0)	(69.2)	+2.2	+3.2%
Net assets	284.4	303.2	-18.8	-6.2%
Inventories	153.3	145.9	+7.4	+5.1%

Notes:

1. Foreign currency contracts.
2. Tax liabilities, provisions and lease incentives.

Retail Portfolio by Store Type

Retail Space 3,850,139 ft ²	Mezzanine	Flat	Compact	Metro*	Bikehut	Total
Opening Number	243	159	29	34	1	466
New Store	0	0	0	1	0	1
Relocations	0	1	0	0	0	1
Closures	1	0	0	0	1	2
Closing Number	242	160	29	35	0	466

** Includes new London stores*

Autocentres Portfolio

	No. of Centres
March 2010	224
Opened	16*
March 2011	240
Opened	6
Sep 2011	246

*1 centre relocated