

Chairman's Statement



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Dennis Millard
Chairman



See more on [Our Retail Strategy](#) on pages 14 to 19

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It has been a year of change for the management team: Jill McDonald joined as CEO in May 2015 and Jonny Mason as CFO a few months later. Both have settled in quickly and have made a strong impact. The change of management provided us an opportunity to step back and take another detailed look at the Group and its strategic plans. This reaffirmed our previously held view that Halfords is a fundamentally strong business operating in good, growing markets. It also identified that the turnaround the business had gone through in the last three years under the Getting into Gear strategy was impressive; colleagues are much more engaged and customers have noticed and benefitted from the changes. However, it also identified that the job to modernise Halfords was not yet done and that we needed

to continue to invest to enable sustainable long-term growth. As a consequence, the new Moving Up A Gear strategy was launched in November 2015.

These plans are fully laid out in the Annual Report, along with explanations of the progress already made.

Performance

Following two years of strong sales growth in Retail, this was always going to be a challenging year, particularly for our cycling business. The weather wasn't helpful either, but I'm pleased to report that financial performance was solid for Retail, with robust sales growth from the motoring side of the business and a sound performance for Autocentres was achieved as it executed on its plans. As a result, we generated growth in underlying earnings per share. Confidence in the

Group's future prospects and the cash generative nature of the business has enabled the Board to recommend a full year dividend of 17.0p, an increase of 3.0%.

Our colleagues have been resilient and committed throughout, working hard to drive sales and implement the strategic priorities. I was particularly pleased that Halfords was again awarded a place in the list of Top 25 Best Companies To Work For as well as winning awards for community partnerships and developing colleagues. Well trained, highly engaged and happy colleagues will lead, in turn, to satisfied, supportive customers.

Outlook

This is an exciting time to be part of Halfords. We have a clear strategic plan aimed at driving sustainable long-term growth delivered by engaged and talented colleagues. On behalf of the Board, I would like to thank all of our 11,000 colleagues for their hard work and commitment, and also their enthusiasm in embracing the new strategy. I would also like to extend a warm welcome to the Tredz and Wheelies businesses and colleagues. We look forward to the year ahead.

Dennis Millard
Chairman
1 June 2016