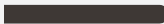






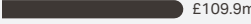




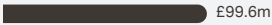
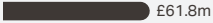



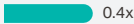


Our Key Performance Indicators

Shareholder KPIs

| KPI | Definition | Commitment | Performance | Historic Performance |
|--------------------------------------|--|--|---|---|
| Underlying profit before tax | Measures the normal underlying performance of the business after removing non-recurring items. | The Board considers that this measurement of profitability provides stakeholders with information on trends and performance. | Underlying profit grew by 0.5% year-on-year. | 2014  £72.8m 2015  £81.1m 2016  £81.5m |
| Underlying earnings per share | Underlying profits as defined above divided by the number of shares in issue. | EPS is a measure of our investment thesis and as such we aim to manage revenues and margins and invest in long term growth. | EPS rose by 1.5%, reflecting the change in underlying profit before tax and the lower effective tax rate. | 2014  28.8p 2015  32.7p 2016  33.2p |
| Underlying EBITDA | Earnings before Interest, Tax, Depreciation and Amortisation before non-recurring items. | The Board considers that this measurement of profitability is a viable alternative to underlying profit and uses this measure to incentivise management. | EBITDA improved by 4.3%. | 2014  £101.1m 2015  £109.9m 2016  £114.6m |
| Dividend per Ordinary Share | Cash returned to shareholders as a return on their investment in the Company. | To grow the dividend every year with cover of around 2x underlying earnings on average over time. | The Board has recommended a final dividend of 11.3 pence per share (FY15: 11.0 pence) taking the full year dividend to 17.0 pence, an increase of 3.0%. | 2014  14.3p 2015  16.5p 2016  17.0p |
| Net Debt | Bank debt plus finance leases, less cash and cash equivalents both in-hand and at bank. | The Group remains strongly cash generative and continues to invest in the business. The Board is committed to maintaining an efficient balance sheet, returning any surplus capital not required to fund growth to shareholders. | Net Debt has reduced from £61.8m to £47.9m, reflecting the Group's strong track record of operating cash generation. | 2014  £99.6m 2015  £61.8m 2016  £47.9m |
| Capital structure | Represented by Net Debt to EBITDA. | We target a ratio of 1x, with a range of up to 1.5x to allow for appropriate M&A. We will arrive at the debt target over time. | The Group had Net Debt to EBITDA of 0.4x at the end of FY16. | 2014  1.0x 2015  0.6x 2016  0.4x |

Operational KPIs

| KPI | Definition | Commitment | Performance | Historic Performance |
|--|--|--|---|---|
| Proportion of trained Retail colleagues | Measures the progress of our colleagues through the 3-Gears training programme. | We aim to have the majority of our colleagues trained to Gear 2 plus around two colleagues per store trained to the Gear 3 "guru" level. | By the end of the year 72% of our eligible Retail store colleagues were qualified at Gear 2 level. We also have a further 600 colleagues at Gear 3 level (equivalent to 1.3 per store). | 2014 0% 2015 46% 2016 72% The above numbers represent the proportion of colleagues qualified at Gear 2 level |
| Service-related Retail sales growth | Service-related sales is the income derived from the fitting or repair services themselves along with the associated product sold within the same transaction. | To grow service-related sales faster than total Retail sales growth. | Service-related sales grew by 8.5% in the year, with growth across the suite of our fitting and repair services. | 2014 9.0% 2015 8.1% 2016 8.5% |
| Proportion of Retail sales matched to a customer | The proportion of sales in Halfords Retail that can be matched to a specific customer in our database. | To increase our understanding of who our customers are. We will do this by adding to our customer databases and combing them to create a single customer view. | For the 12 months to April 2016 we can match 15% of Retail sales to customers, up from 3% previously. | 2014 n/a 2015 3% 2016 15% |
| Autocentre openings | The number of Autocentres opened in the year. | We believe that there is significant potential for new centres in the UK. We currently anticipate opening 10-15 a year over the medium-term. | 11 centres were opened during the year, all in the new concept style. | 2014 23 2015 9 2016 11 |
| Cycle Republic stores (cumulative) | The number of Cycle Republic stores that are trading. | We do not have a fixed store rollout target. However we guided to have around 10 stores by the end of FY16. | We opened 6 stores in FY16, including our flagship store in Fenchurch Street, London, taking the total to 10 at the end of the year. | 2014 0 2015 4 2016 10 |
| Store and centre refreshes | The number of Retail stores and Autocentres refreshed in the year. | We are committed to refreshing the design of our stores and centres in order to improve the customer experience. | During the year we refreshed 25 Retail stores and 24 Autocentres. | 2014 27 2015 45 2016 25 The above numbers represent the number of Retail stores refreshed |
| Online sales as a proportion of total Retail sales | Online sales as a proportion of total Retail sales. | We are committed to improving our online shopping experience for customers. | In FY16 our online sales represented 12.1% of total Retail sales. This proportion was unchanged in the year and reflects the higher mix of cycling sales online. | 2014 11.3% 2015 12.1% 2016 12.1% |