



Home Retail Group plc Interim Management Statement

Home Retail Group, the UK's leading home and general merchandise retailer, today publishes an Interim Management Statement for the 18 weeks from 2 September 2012 to 5 January 2013.

Terry Duddy, Chief Executive of Home Retail Group, commented:

"Argos had a good peak trading period building on its first half performance. Internet sales for the year to date now represent 42% of Argos' total sales, within which mobile commerce sales grew by 125% as our customers took advantage of new tablet and smartphone apps and improved website functionality.

"As a result of good operational management and cash generation over the peak trading period, we now expect Group benchmark profit before tax for this financial year to be about £10m ahead of the current market consensus of £73m and the year end cash balance to be in excess of £300m. Whilst we anticipate consumer confidence will remain subdued in the coming year, we are focussed on delivering the transformation plan to reinvent Argos as a digital retail leader and the ongoing development of the Homebase proposition."

	Latest period (18 weeks to 5 January 2013)	Year-to-date (44 weeks to 5 January 2013)
Argos		
Sales	£1,744m	£3,430m
Like-for-like sales change	2.7%	1.6%
Net space sales change	(1.1%)	(0.5%)
Total sales change	1.6%	1.1%
Gross margin movement	Down c.50bps	Down c.50bps
Homebase		
Sales	£453m	£1,240m
Like-for-like sales change	(3.9%)	(5.4%)
Net space sales change	(0.6%)	(0.2%)
Total sales change	(4.5%)	(5.6%)
Gross margin movement	Down c.50bps	Up c.75bps

Argos

Total sales at Argos grew by 1.6% to £1,744m. Net closed space reduced sales by 1.1% in the period with the store portfolio remaining at 739.

Like-for-like sales increased by 2.7% in the period. Consumer electronics continued to deliver an improved sales performance driven by strong growth in tablets, which together with further growth in white goods, toys and core electricals, offset weaker trading in the homewares and jewellery categories.

The approximate 50 basis point gross margin decline was principally driven by the sales mix impact from the improved performance in consumer electronics and price investment, partially offset by the anticipated net benefit of favourable currency and reduced shipping costs.

Homebase

Total sales at Homebase declined by 4.5% to £453m. Net closed space reduced sales by 0.6%; three stores closed in the period, reducing the store portfolio to 337.

Like-for-like sales declined by 3.9% in the period principally driven by the continued weakness in big ticket sales.

The approximate 50 basis point gross margin decline was principally driven by an increased level of clearance activity.

Other

No other material events, transactions or impacts on the Group's financial position have taken place since the previously announced 1 September 2012 balance sheet date.

Enquiries

Analysts and investors (Home Retail Group)

Richard Ashton	Finance Director	01908 600 291
Don Davis	Director of Investor Relations	

Media (RLM Finsbury)

Rollo Head		020 7251 3801
------------	--	---------------

There will be a conference call for analysts and investors to discuss this statement at 8.00am this morning. The call can be listened to live on the Home Retail Group website www.homeretailgroup.com. An indexed replay will also be available on the website later in the day.

Home Retail Group will announce details of trading for the remaining eight weeks of the current financial year from 6 January 2013 to 2 March 2013 on Thursday 14 March 2013, and its full-year results on Wednesday 1 May 2013.

Information in this announcement is based upon unaudited management accounts. In addition, certain statements made are forward looking statements. Such statements are based on current expectations and are subject to a number of risks and uncertainties that could cause actual events or results to differ materially from any expected future events or results referred to in these forward looking statements.