



**Home Retail Group plc
End of Year Trading Statement**

Home Retail Group, the UK's leading home and general merchandise retailer, announces details of the final eight-week trading period for the financial year ended 2 March 2013.

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

"This has been a good outcome to a challenging year with Group benchmark profit before tax now expected to be around £90m, and our net cash position increasing by approximately £200m to around £395m. Against a backdrop of subdued consumer spending for the new financial year, we will continue to invest and are focussed on delivery of the transformation plan to reinvent Argos as a digital retail leader and the Homebase proposition."

	Latest period (8 weeks to 2 March 2013)	H2 (26 weeks to 2 March 2013)	Full year (52 weeks to 2 March 2013)
Argos			
Sales	£501m	£2,245m	£3,931m
Like-for-like sales change	5.2%	3.2%	2.1%
Net space sales change	(0.9%)	(1.0%)	(0.6%)
Total sales change	4.3%	2.2%	1.5%
Gross margin movement	Down c.75bps	Down c.50bps	Down c.50bps
Homebase			
Sales	£191m	£644m	£1,431m
Like-for-like sales change	(1.5%)	(3.2%)	(4.9%)
Net space sales change	(1.3%)	(0.8%)	(0.3%)
Total sales change	(2.8%)	(4.0%)	(5.2%)
Gross margin movement	Up c.50bps	Down c.25bps	Up c.75bps

Argos

Total sales at Argos grew by 4.3% to £501m. Net closed space reduced sales by 0.9%; two stores closed in the period, reducing the store portfolio by 11 stores over the year to 737, a reduction that was in line with our plans.

Like-for-like sales increased by 5.2% 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 and core electricals, more than offset weaker trading in homewares.

Total internet sales grew in the period, resulting in internet penetration increasing to 43% of Argos' total sales, up from 40% a year ago. This growth was supported by the mobile commerce channel in which sales grew by 117% versus last year.

The approximate 75 basis point gross margin decline was principally driven by the sales mix impact from the improved performance in consumer electronics.

Homebase

Total sales at Homebase declined by 2.8% to £191m. Net closed space reduced sales by 1.3%; one store closed in the period, reducing the store portfolio by five stores over the year to 336, a reduction that was in line with our plans.

Like-for-like sales declined by 1.5% in the period with an approximate 50 basis point gross margin improvement.

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
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There will be a conference call for analysts and investors to discuss this statement at 8.45am 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 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.



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