



Inchcape

FORTY-EIGHTH ANNUAL GENERAL MEETING **THURSDAY 11 MAY 2006 AT 11.00 AM**

CHAIRMAN'S STATEMENT **AND** **PRESENTATION BY CHIEF EXECUTIVE**

Slide 1 - Annual General Meeting - 11 May 2006

Good morning ladies and gentlemen.

It is now eleven o'clock and I am delighted to welcome you to our forty-eighth Annual General Meeting.

Before we start; can I please ask you to ensure that your mobile phones, blackberries and pagers are switched off.

Slide 2 - Peter Johnson - Chairman

I was appointed Chairman of Inchcape in January, having served on the Board since 1998. It is a great privilege for me to chair Inchcape and I very much look forward to my first AGM.

We have had quite a few changes to the Board since our last AGM and I would like to introduce your Board of Directors, including our new Directors. Starting from my right are:

- David Scotland. David joined the Board as a Non-executive Director in February last year and is a member of the Audit, Remuneration and Nomination Committees.
- Raymond Ch'ien. Raymond joined the Board as a Non-executive Director in 1997. He stands for re-election today.

Raymond is Non-executive Chairman of MTR Corporation Limited, Non-executive Chairman of HSBC Private Equity (Asia) Limited, and among his Non-executive directorships are HSBC Holdings plc and the Hong Kong and Shanghai Banking Corporation Limited. His knowledge of our markets in Asia-Pacific is invaluable to the Board.

- Ken Hanna. Ken joined the Board as a Non-executive Director in 2001. He is Chairman of our Audit Committee and is a member of the Remuneration and Nomination Committees.
- Barbara Richmond is our Group Finance Director. Barbara joined the Board in April this year. This is her first AGM. She stands for election today.

Before joining Inchcape, Barbara was Group Finance Director of Croda International plc. In 2002, in addition to her Group Finance Director role at Croda, she was

appointed President of Active Ingredients and Industrial Chemicals and was responsible for managing seven business units within the Croda Group. Her successful track record augurs well for the contribution she will make to the continuing development of Inchcape. Welcome Barbara.

- Next to Barbara is André Lacroix, our Group Chief Executive. André joined the Board in September last year and became Group Chief Executive on 1 January this year. He is a member of the Nomination Committee. This is also André's first Annual General Meeting. He stands for election at this AGM.

André was Chairman and Chief Executive Officer of Euro Disney SCA from 2003 to 2005 and President of Burger King International from 2000 to 2003. He has an exceptional background in international management, which has given him a considerable depth of experience in retail, marketing, customer service and relationship management across a broad range of products and geographies. Welcome André.

- On my left is Roy Williams who has been our Company Secretary since 1985.
- Next to Roy is Will Samuel. Will joined the Board in January 2005 and is our Deputy Chairman and Senior Independent Non-executive Director. He is a member of the Audit, Remuneration and Nomination Committees.
- Michael Wemms. Michael joined the Board as a Non-executive Director in January 2004. He is Chairman of our Remuneration Committee and is a member of the Audit and Nomination Committees.
- Graeme Potts is Managing Director, Inchcape UK, Europe and South America retail. Graeme joined the Board in September 2002. He stands for re-election today.

Before joining Inchcape, Graeme was Group Managing Director of RAC Motoring Services and a Director of Lex Service plc (now RAC plc) from 1999 to 2002. He was Chief Executive of Reg Vardy plc from 1996 to 1999.

- Karen Guerra. Karen joined the Board as a Non-executive Director in January this year. She is a member of the Remuneration Committee. This is Karen's first AGM. Karen stands for election today.

Until April this year, she was President of Colgate Palmolive SAS and General Manager of the French branch of CPI LLC. Prior to that, she was Chairman and Managing Director of Colgate Palmolive UK Limited and a Non-executive Director of More Group plc. Karen's insight and experience in international consumer facing businesses will be of great value to the Group. Welcome Karen.

As you know, Sir John Egan stepped down from the Board at the end of last year. His wise counsel has been invaluable and I would like to take this opportunity of thanking him for the great contribution he made.

I would like to recognise the efforts of my fellow non-Executives for the time they have dedicated and for their wise counsel and service to your Company during the year. Thank you. I would also like to take this opportunity to thank the managers and employees of Inchcape for all their hard work and dedication throughout the year.

I will now ask André Lacroix, our new Chief Executive to give a presentation on the Group's performance and our Strategic Agenda.

Slide 3 - André Lacroix – Group Chief Executive

Thank you Peter, good morning to you all.

Let me first say how delighted I am to be here at my first Annual General Meeting as your Chief Executive.

I will talk in a few moments about why I am so enthusiastic about the role but, first, let me summarise very briefly the performance in 2005.

Slide 4 - 2005 Summary

Inchcape once again produced an encouraging set of results last year, with strong growth in revenues and profits, and continued cash generation.

Overall revenues increased by almost 9.0%. This was driven by record sales performances in Singapore and Australia, and by strong growth by UK Retail despite a softening market.

Operating profit was up by more than 9.0%. Encouragingly, despite challenging market conditions, trading profits grew by over 10.0% in five of our six core markets.

Headline profit before tax was up by 13.0% and Headline earnings per share by 14.6%.

These are excellent results, which clearly demonstrate the benefits of our balanced international portfolio, and which provide a very sound platform for the future.

Slide 5 - Strategy

I now want to share with you my thoughts on strategy.

Slide 6 - Initial observations

As you would expect, I have spent a good deal of my time since I joined, visiting our businesses and our brand partners around the world, so let me start with my initial observations of the Group.

Above all, I feel very privileged to have inherited such a terrific legacy that Peter and the team have created.

The business has been structurally refocused on a clear and compelling business model.

The earnings growth of the last five years has been exceptionally strong, which in turn has created tremendous shareholder value.

Importantly, I have been struck by the high level of pride and energy in the business throughout the Inchcape world.

But probably the most profound strength of Inchcape is the strategic assets that we enjoy.

Slide 7 - Strategic assets

We have five strategic assets, which provide us with a strong platform to deliver the next chapter of growth.

First, Inchcape has a unique business model. We are a scale automotive retail group representing leading brands around the world.

Second, we enjoy the benefits of a well balanced international portfolio with a good geographic spread of earnings.

Third, we are an extremely focused group with excellent scale operations in six core markets that currently represent over 80.0% of Group profits.

Our fourth asset is the strength of the partnerships we enjoy with the brands we represent. These partnerships, based on long term relationships, give us a key competitive advantage.

The fifth strategic asset that has been key to our success is our de-centralised model, with most of our resources in the market close to the customer.

Slide 8 - Strategy: Summary

We are very excited by the vision we have developed to drive the strategy forward.

This vision is to become 'the world's most customer centric automotive retail group'.

Understanding our customers and delivering an outstanding experience, every day in every location, is paramount to future value creation. The purchase of a car is an important investment and an emotional decision for our customers. They expect, rightly so, excellent standards of service that match their individual needs. And the same approach applies when we take care of our customers' vehicles in our service and bodyshop operations.

Pursuing this vision will produce a higher and more consistent performance from our existing businesses; it will give us a competitive advantage and therefore a higher market share; and, by becoming the partner of choice for our brand partners, we will gain faster access to development opportunities with them.

Slide 9 – Strategy: Summary

To deliver our vision, we have identified two growth drivers.

One is about strengthening the performance of our existing assets through operational excellence, which will enable us to deliver sustainable like-for-like sales and profits growth.

The other is the expansion of our operations in existing and new markets with our current brand partners and with new ones.

There is a global consolidation trend in our industry and we have the international expertise, the brand relationships and the financial strength to play a leading role in this.

Slide 10 - Leading role in the emerging global consolidation process

Let me talk a little more about this expansion, which is fundamentally important to our future.

We are probably one of the biggest independent automotive retail groups outside the USA and I am convinced that we will be able to leverage this position and expand in existing and new markets.

We will pursue a focused expansion strategy, increasing the number of scale operations from six today to around ten in five years' time.

Obviously, growing our relationships with our major brand partners such as Toyota, BMW, Mercedes-Benz, Subaru and the Premier Automotive Group will be essential.

But it is also going to be important to build scale operations in the future with new brand partners, such as Volkswagen, Audi, Hyundai, Kia and Honda.

Today I would like to talk specifically about two markets that are important for our future growth.

Slide 11 - Major role in UK consolidation

First, the UK. This is currently our largest market with £1.4bn of revenues and ninety retail centres. This is a market where we have a strong base from which to expand.

We therefore intend to continue to play an important role in the retail consolidation.

Between 2003 and 2005, we have acquired twenty-four retail centres, and we are very pleased by the way that we have integrated these into the Group.

Last week we announced the acquisition of Lind Automotive, one of the UK's largest independent retailers, for a total investment of £108.0 million. The purchase is an excellent strategic fit for us, and brings our UK Retail revenues to close to £2 billion. It will allow us to further develop our brand representation with BMW/Mini, Volkswagen, Land Rover – indeed, it makes us the largest BMW retailer in the UK. It also renews our relationship with Audi, and creates our first partnership in the UK with Honda.

We are excited about further expansion opportunities in this market, and we will continue to look at the acquisition of retail groups - in the right geographies and with the right brand partners.

Slide 12 - Entry into Russian market

The second market I would like to talk about is Russia.

This is a new market for Inchcape, where there are tremendous growth opportunities and where we intend to build a scale operation.

Russia is the largest car market in Central and Eastern Europe and is currently experiencing rapid growth, particularly in foreign brand car sales.

In February, we announced a joint venture with the Independence Group, one of Moscow's leading automotive retailers. Through this joint venture we will open two

major centres in 2007 to retail Toyota, one of the most successful foreign brands in Russia.

We see this joint venture as a start up investment to create a profitable scale operation in Russia and we will continue to identify expansion opportunities, not only in Moscow but also in the other major cities and regions.

Slide 13 - Strategy: Summary continued

In summary, the strategic agenda that we will pursue is very compelling.

We have a clear vision: to be the world's most customer centric automotive retail group.

We will achieve this by strengthening the performance of our existing assets, and expanding to create large scale operations in ten markets.

We believe that this approach will provide a clear path to sustainable growth and shareholder value.

This is a very exciting time for Inchcape. I am proud to have joined Inchcape, and am tremendously energised by the growth opportunities available to the Group, the quality of our people and our excellent brand partner relationships.

Thank you all for your attention. I will now hand back to Peter.

Slide 14 - Peter Johnson - Chairman

Thank you very much André.

To bring you fully up to date, this morning we issued the following update on trading:

The Company is performing in line with our expectations as set out in the results announcement on 6 March 2006.

In Australia market conditions have remained strong and Subaru continues to enjoy market share progression.

Greece and Belgium have enjoyed a good start to the year and both markets are benefiting from the new Yaris and RAV4.

The Hong Kong market remains challenging. However, the business should benefit from the new Camry and Previa models.

In Singapore, as previously indicated, the market is expected to be around 4.0% below the exceptional level of 2005.

In the UK, our retail business has enjoyed a very encouraging start to 2006 with strong revenue growth and margin improvement.

The recently announced acquisition of Lind Automotive Group further increases the scale of our UK retail activity both geographically and in terms of brand partners, and brings our UK retail revenues close to £2bn.

In our other markets we look forward to another successful year, particularly as we leverage the growth opportunities in the Balkans and Baltics.

Inchcape continues to benefit from its broad geographic spread and strong focus on operational excellence. We remain well placed to deliver further growth and strong cash generation.

I will now proceed to the formal business of the meeting.