



Interim Results Presentation - 1 August 2005

Peter Johnson, Group Chief Executive

Slide 11 – Introduction

Thank you Alan.

Let's look now at our individual market performances.

Slide 12 – Australia

In Australia, our Subaru business continues to go from strength to strength with profits increasing by 13.4%.

In a market up by 5.4% on last year's record, Subaru achieved their highest ever market share at 3.8%. A performance underpinned by strong Liberty and Impreza sales.

Our Melbourne Retail business continues to perform well and has increased its new and used unit sales, and aftersales income.

Slide 13 – Australia continued

In Sydney, last year's restructuring programme is now complete and the benefits of this, combined with the contribution from our two new Subaru dealerships, has, as promised, returned the business to profitability.

AutoNexus, our Business Services operation, has grown its profits and further investment will follow as the company develops its customer base.

Slide 14 – Belgium

Our business in Belgium has done well, increasing profits in a flat market. This, despite Toyota having a number of models in run out during the period. Our market share has increased from 4.8% to 5.0%.

This strong performance has been helped by the supply constraints of 2004 being resolved and the introduction of new diesel derivatives in a market, which is now over 70.0% diesel.

Slide 15 – Greece

Greece has experienced more challenging conditions.

Following a strong year in 2004, which was partly stimulated by the Olympics, the market has softened and is down 7.2%. We have been adversely affected by the run out of

various Toyota models, whilst not benefiting from new diesel variants as the Greek market remains petrol dominated.

These market difficulties, when combined with the Athens network re-organisation, have resulted in our Toyota market share falling to 8.5%.

Trading conditions for our Retail businesses in Athens and Salonica has been tough and a slow build up of sales from our new Athens dealership has resulted in a first half loss.

On a more positive note, our costs have been tightly controlled and our operating margins are up on 2004.

Slide 16 – Hong Kong

In Hong Kong consumer confidence is still recovering, however our profits are up 10.2%. This increase includes a one off property profit of £0.9m. After adjusting for this, operating margins of 10.6% were achieved compared to 9.9% last year.

Our Toyota/Lexus business achieved a market share of 34.4%, which is slightly down on the full year in 2004. This is due, in part, to the supply constraints on several models in the first quarter.

Slide 17 – Singapore

Singapore has seen another outstanding start to the year. Profits are up 21.8%. Our operating margins are up at 9.4% compared to 8.4% in 2004.

The market is up 18.2%, benefiting from the increased levels of Certificates of Entitlement (COEs). In the first half of this year, we sold over 19,000 vehicles for Toyota/Lexus, an increase of over 2,000.

This growth in sales volume has been supported by the launch of the new Lexus GS 300 and higher taxi sales. Our market share is 29.9%.

Slide 18 – Singapore continued

In order for us to meet the aftersales demand of the enlarged Toyota car parc, we have continued our investment in new facilities. We have opened a further two satellite centres, increasing our capacity by over 5.0%.

At the start of this year Borneo Motors achieved a new record when they served over 1,300 customers in just one day. Twice the average number previously achieved.

Slide 19 – United Kingdom

In the UK despite the loss of the Ferrari/Maserati import and distribution business in 2004, overall profits have grown by 7.9%.

Encouragingly, our UK Retail business has achieved like for like growth in what has been a more difficult market with new unit sales down 5.8%. Our vehicle sales are down but less than the market decline.

Improved business processes have helped increase our used car sales, which are up by 6.8%. This, along with higher finance and insurance income, and our aftersales contribution, has compensated for the weaker new unit sales.

We have also seen an improvement in our operating margins due, in part, to the positive impact of our recent Mercedes-Benz acquisitions.

Slide 20 – United Kingdom continued

At Inchcape Automotive we have resolved the logistics problems encountered in 2004, although the first half of this year has seen some disruption to the business as a result of workshop refurbishment, and production efficiency issues. Our results have not been as we would have hoped.

We continue, however, to focus on strengthening management and improving processes within this business.

Inchcape Fleet Solutions has performed well and continues to develop its Fleet Management operations whilst benefiting from lower overheads. As a result, operating profits are up by 13.0% on 2004.

Slide 21 – Other

In Finland profitability declined in the period as the market continued to soften in 2005 and competitive pressure increased.

Our businesses in the Baltics made a promising start to the year.

In Poland the market was down, resulting in a slow start for our two new BMW dealerships.

Slide 22 – Other continued

In the Balkans our Toyota operations have achieved encouraging growth with profit up 43.8% on last year whilst sales increased to over 3,400 units.

The markets in this region, and in particular Romania, still exhibit high growth rates.

Our businesses in Guam, New Zealand and Chile all increased sales and profits in the period.

Slide 23 – Future growth plans

Our future growth plans remain focused on expansion with selected manufacturer partners in, or adjacent, to markets where we already have a scale business.

If entering new or emerging markets, we will look to create either vertically integrated import and retail businesses, or invest in scale retail opportunities in contiguous territories.

Our business model is well proven and we have significant expertise in running these types of operations. Consequently, there is a lower level of risk involved and, potentially, higher margins in such opportunities.

Slide 24 – Core market growth plans

Looking to the future we have a number of expansion opportunities in the UK, Australia and Greece.

In the UK, following our most recent Mercedes-Benz acquisition earlier this year; we are now the largest independent retailer in the country, representing some 8.0% of their national sales volumes. In 2006, we expect to sell around 6,000 new units.

We also continue to invest further in our BMW network with new facilities planned for Croydon and Tunbridge Wells, and redevelopment work scheduled for our site in Cobham.

The introduction of common systems for all our BMW dealerships allow management to run the territory as a single business, and we are starting to see the real benefits of Brooklands, our pre-delivery centre, to BMW and other franchises in the area.

We have made excellent progress with a number of our chosen partners' in meeting our objective to represent 5.0% to 10.0% of their national sales volumes. Further opportunities for growth are being considered.

Slide 25 – Core market growth plans continued

In Australia we have proven retail expertise, and expect to sell some 14,000 units in Sydney and Melbourne in 2005.

We were recently awarded the Hyundai franchise for the city area of Sydney and are now examining the possibility of building a multi-franchise business along the East Coast.

In Greece, we will improve the performance of our current dealerships whilst planning for further expansion.

Slide 26 – New market growth plans

Much attention has also been focused on Eastern Europe.

In Latvia we are the Importer and exclusive Retailer for Jaguar and Mazda and have thus created a vertically integrated Import and Retail business similar to that achieved in Estonia.

We continue to invest in Retail in the Balkans and have significant expansion planned for Romania.

Slide 27 – New market growth plans continued

Elsewhere we are looking at opportunities with our key manufacturer partners, including the possibility of entering Russia, most likely as a scale retailer in Moscow or St Petersburg.

In China the market is becoming increasingly attractive now that there is far greater focus from the Original Equipment Manufacturers on developing quality retail networks, something which local operators are finding difficult to deliver.

Slide 28 – Future growth strategy

The future of this Group will be aligned to its Retail capabilities. We already have examples of world class Retail performance in a number of our markets, however we are recruiting more people internationally with retail skills to further support our expansion plans.

All of this gives us confidence in delivering our future growth strategy.

Slide 29 – Prospects

Turning now to prospects for the second half.

The market in Australia is expected to remain strong for the remainder of the year. Subaru's model line up will be strengthened by the introduction of the new Impreza and Forester ranges and so the outlook remains positive.

In Belgium, market conditions are expected to be little changed from the first half.

In Greece we expect that the market will continue to be lower than last year and remain extremely competitive.

In Hong Kong, profitability is anticipated to be in line with our expectations at the start of the year.

Slide 30 – Prospects continued

In Singapore trading conditions are strong supported by the fact that the number of COEs issued in 2005 will be higher than in 2004.

In the UK the full year market is forecast to fall between 4.0% and 5.0%; however the positive start to the year by UK Retail is expected to continue.

Within Other it is anticipated that the full year will be better than last year.

Overall the first half results and our expectations for the second half leave us confident that 2005 will be another year of good progress for Inchcape.

Thank you.