

Preliminary Results Presentation – 28 February 2005

Alan Ferguson, Group Finance Director

Slide 6 – Introduction

Thank you John, and good morning ladies and gentlemen.

Slide 7 – Operating profit

Group operating profit increased 8.3% to 163.1m. This increase was impacted by the net effect of the VAT recovery and the 9.4m goodwill impairment charge for Inchcape Automotive, which are both treated as operating exceptional items. After adjusting for these, and goodwill amortisation, profit increased by an outstanding 25.1% to 176.2m.

Slide 8 – Operating profit before goodwill amortisation and exceptionals items

This growth is as a result of a very strong trading performance with profits from operating units rising by an impressive 44.5m at constant exchange rates.

Restating this year's result with 2003 exchange rates would increase profits by 9.1m, making the underlying year on year growth rate 31.6%. Peter will expand on this excellent performance shortly.

Slide 9 – VAT exceptional

In 2003 the major claims relating to the recovery of overpaid VAT were agreed, and an exceptional profit of 37.5m was recognised. A further 0.6m relating to these claims was recognised in 2004. In January 2005 some additional claims were agreed to the value of 5.4m. The total exceptional profit booked in 2004 was 6.0m.

Slide 10 – Interest (income)/charge

After adjusting for the interest income on the VAT recovery, the subsidiaries interest charge was lower than 2003. This is mainly due to cash generated in the year, and the cash remittance to the UK in November of around 135.0m from low interest rate overseas markets. Further cash should be remitted, and the effect on the interest charge from these repatriations will be positive and significant.

Slide 11 – Tax and minorities

The Headline tax rate for the year is 24.6%. This rate enjoyed a one off benefit of 1.3%, arising from the favourable settlement of Greek tax audits and the agreement of UK tax computations. The underlying rate was therefore 25.9%, which was similar to the underlying rate for last year.

We anticipate the tax rate in 2005 will be broadly in line with the Group's underlying tax rate in 2004.

We are still in discussions with the Inland Revenue regarding the tax treatment of the VAT recoveries.

The Group minority interest charge of 3.2m has increased by 1.2m due to higher profits in Australia and Bulgaria.

Slide 12 – Operational cash flow

Operating cash flow was again substantial at 177.2m, which is over 105.0% of subsidiaries operating profit having benefited from 15.5m in relation to the VAT recovery received.

Working capital was higher than last year by some 31.5m. This was partly due to higher trading levels in Asia, and additional UK Retail dealerships. An element also related to timing differences at year end. Net capital expenditure was higher than depreciation by some 7.5m. Operational cash flow was 142.4m.

Slide 13 – Total cash movement

Inchcape has strong cash flow characteristics as shown by free cash flow in the year of 106.9m although 37.0m related to the VAT recoveries. After the payment of dividends total cash movement in the year was 74.7m.

Thank you for your attention.