Preliminary Results Presentation – 28 February 2005

Peter Johnson, Group Chief Executive

Slide 14 – Introduction

Thank you Alan.

Slide 15 – Continued success with international strategy

During 2004 we have continued with our established strategy of creating scale, highly integrated businesses, which cover elements of distribution, retail and aftersales. This has resulted in above average returns and market leading positions for our manufacturer partners.

We have proven expertise in emerging markets, where our integrated management and access to capital is an advantage over local operators. This allows us to act quickly by establishing outstanding facilities in the core markets within that territory. We are confident that this strategy will continue to serve us well as we move into new emerging markets, develop our existing markets and possibly add to our core manufacturer partners.

Slide 16 – Overview of 2004

Turning now to our 2004 results. They were good by any measure with operating profits and Headline profit before tax both up by over 25.0%. Headline earnings per share was up by 21.9%.

Slide 17 – Overview of 2004 continued

Particular highlights of the year have been our continued outstanding performance for Toyota, for whom we have retained market leadership in Hong Kong, Singapore and Greece. We have also continued to expand with them in the UK whilst establishing strong initial positions in the Balkans.

In Australia, our Subaru business achieved year on year volume growth for the ninth successive year.

In the UK, which saw a somewhat more competitive market in 2004 than in 2003, we made encouraging progress in improving our margins.

In terms of new market opportunities; over the past twelve months we have seen a number of important strategic investments in Eastern Europe. This is a region where we see very exciting growth prospects in the coming years.

Slide 18 – Operational review

2004 has seen strong performances across all of our operations, with four out of our six regions showing growth of over 25.0%. Our growth in Greece and Belgium was affected by supply shortages, and a one off profit of 2.5m from the sale of our Greek Financial Services loan book in 2003.

Turning now to individual market performances.

Slide 19 – Operational review, UK

Operating profits for our UK operations as a whole were up 29.7% at 27.1m.

The market, whilst still healthy overall, was more competitive than in 2003 but our Retail operations did well.

Registrations by our Original Equipment Manufacturer (OEM) partners fell 2.4%. However, our like for like sales for these marques were up by 7.4%. This reflects particularly strong performances from our BMW and Jaguar businesses and demonstrates the much improved quality of our Retail operations.

We have been investing in UK Retail in recent years, and the BMW and Mercedes-Benz dealerships acquired in 2003 and 2004 respectively are now starting to benefit from our strategy of developing scale contiguous territories. In addition the new pre-delivery inspection centre at Brooklands opened in mid 2004 and is already helping to decongest our Retail operations.

All this has meant that profits for our UK Retail operations, including the associated Financial Services business, rose by 31.2%. This reflects our improved operating margins, which were up from 1.8% to 2.1%. This is encouraging progress towards our stated goal of achieving industry leading margins.

Slide 20 – Operational review, UK continued

Our UK Ferrari/Maserati business has changed substantially since this time last year, and is now focused on Retail.

Since Ferrari took the strategic decision to take back control of all import and distribution throughout Europe, our business has focused on our three dealerships in the south east of England and these are now being managed as one contiguous territory.

Inchcape Fleet Solutions achieved considerably higher profitability in its fleet management business with 37.0% more vehicles under contract. This is due in large part to new contract wins with Vodafone, Telewest, Sanofi and the Inland Revenue. We also enjoyed higher margins on our contract hire disposals.

Inchcape Automotive, our Business Services operation, had another difficult year. This was not helped by the rate at which its rental company customers fleeted and de-fleeted vehicles and this created volatility in our business volumes. During 2004 we introduced new management, developed better business processes and have broadened our customer base. We have revised the contractual terms with our major customers and we remain confident that this business will be turned around, and will deliver appropriate returns on investment.

Slide 21 – Greece/Balkans

In Greece and the Balkans, our profits rose by 13.0% to 20.8m.

The Greek market was strong, stimulated in part by the Olympics, and, despite the supply constraints experienced with Toyota, we increased our sales by 7.1%, retaining market leadership with a share of around 10.0%. Excluding the 2.5m exceptional profit in 2003, which I referred to earlier, our profits in Greece rose by 20.6% in 2004.

Increased volumes, a richer sales mix, coupled with a lower marketing cost per unit drove the increase in margins and profits. We continue to invest in our Athens and Salonica Retail operations and opened two new Toyota dealerships in Athens during the year.

Slide 22 – Greece/Balkans continued

Our Balkans business performed very well, and market growth rates of some 40.0% were experienced in Romania and Bulgaria. Overall volumes grew by 48.5% and profits rose by over 2.0m.

In Romania we achieved growth of 64.9% in unit sales, with Toyota's market share increasing to 3.5%. In Bulgaria, where Toyota leads the passenger car market, we achieved a market share of 8.6%. We continue to invest in these markets. In Romania we plan to open two additional dealerships in Bucharest within the next couple of years.

Slide 23 – Belgium

Our business in Belgium had a more difficult year, primarily as a result of diesel product shortages. The market grew by around 6.0%; our volumes were only marginally ahead. Our market share fell slightly whilst profits, at 13.5m, were 5.6% down on 2003.

Encouragingly, Lexus, a relatively new brand in Belgium, improved sales considerably with volumes up, by over 44.0%. The Lexus brand has strong prospects in this market, as hybrid and diesel products are introduced.

Slide 24 – Australia/New Zealand

Our Australian operations experienced a further excellent year, delivering a 27.2% increase in profits.

Our Subaru business in Australia, which has achieved volume growth every year for the past nine years, recorded a 12.7% increase in sales and achieved a record market share of 3.5%.

Results from our Melbourne operations exceeded expectations, with unit sales up by 23.0% and profits up by 28.6%. This, together with encouraging finance earnings and a growing contribution from aftersales, drove margins to almost 4.0%.

Our Sydney Retail business has underperformed in recent times, mainly because of weak national sales volumes for Jaguar, Volvo and Volkswagen. In 2004 we refranchised and restructured our facilities and we have exited underperforming dealerships whilst extending our presence with Subaru. Overall this business was loss making in 2004 but, as a result of our actions, it returned to break even in the fourth quarter.

Our Australian Business Services company, AutoNexus, continues to expand and, towards the end of the year, won a three year contract with Volkswagen and Audi to handle their parts distribution.

Slide 25 - Hong Kong

Our Hong Kong business continued its recovery following the region's difficulties in 2003. Consumer confidence is returning and this will drive an improvement in car sales. During 2004 the market, excluding taxis, grew by 23.3% but still remains below 2002 levels. Our Toyota/Lexus business, Crown Motors, grew its total market share to 35.5%.

If we exclude the currency translation loss, experienced due to the weakening Hong Kong dollar, our underlying profits rose by 46.9%.

Slide 26 - Singapore/Brunei

Profits from our operations in Singapore and Brunei rose 17.6%. Again if we exclude the currency translation loss this rises to 27.0%.

In Singapore our Toyota/Lexus sales increased by 28.5% in a market, which grew 24.9% as a result of which our market share increased to 30.9%. Our Toyota vehicle parc continues to grow and we are continuing to invest in our aftersales infrastructure in order to increase capacity, thereby improving customer service levels.

This increase in aftersales activity, and better finance earnings and higher volumes, combined to improve our margins to 8.2%.

In Brunei we experienced an encouraging sales performance and increased profits by 14.1%.

Slide 27 - Other

Our other markets also recorded very encouraging performances.

Operations in both Finland and Guam performed well. In Finland we achieved our highest market share since 1995 and in Guam we increased profits and market share.

Our BMW business in Chile was boosted by the reduction in the luxury car tax, contributing to a 73.9% increase in volumes.

In France, where we retail Jaguar, Land Rover, Audi and Volkswagen, we saw a return to profit.

Slide 28 – Investment and growth opportunities

Sales and earnings growth will be driven by a combination of continued investment in our core markets, increased retail investments in our adjacent emerging markets and possible entry into new territories with existing or new partners.

In the UK, dealer consolidation is continuing and there are many quality businesses that would fit well within our portfolio. We continue to balance strategic fit, price, value and timing in our discussions with vendors. In 2004 we acquired five Mercedes-Benz dealerships in the East Midlands, which adjoin our existing market area for this franchise. This combination has created the largest independent Mercedes-Benz territory in the country. We have also increased our Toyota and Volkswagen representation in the year.

Slide 29 – Investment and growth opportunities continued

We are rapidly expanding our presence in Eastern Europe. The opportunity here is clear and is exciting. With car ownership at 221 per 1000 people, compared to nearly three times that in Western Europe, over time, the market can really only go one way. We have established an early position in some of the most important cities: Sofia and Bucharest. During the year entered the Polish market, setting up two BMW dealerships.

In Estonia we acquired two Mazda dealerships and as a result we are now the exclusive Importer and Retailer for Mazda in this ‘city state’ market. We will continue to invest in 2005 as further opportunities arise.

Slide 30 – Investment and growth opportunities continued

In October 2004 our business in Greece opened a new flagship Toyota dealership in the north east of the capital city. Athens alone represents around 50.0% of the Greek passenger car market and, following a network reorganisation, we will become one of the major retailers in the city.

This is part of our strategy to increase our Retail presence significantly in Greece with Toyota, and in 2005 we expect to retail almost 20.0% of Toyota’s national sales volumes.

Our Australian business has gone from strength to strength. Our Melbourne operation has been an outstanding success. We will continue to consider further retail expansion opportunities in Sydney and elsewhere in New South Wales.

We are also continuing our assessment of the opportunities, which exist in mainland China. As I have said previously, we need to find the right partner and then ensure we are offered the right market opportunity with the right OEM. This market also offers opportunities with growing indigenous Chinese manufacturers, who could require our expertise in distribution and retail in established and emerging markets.

Slide 31 – Current trading and prospects for 2005

Turning now to current trading, the UK market is forecast to be slightly lower than 2004 but should still be a healthy 2.4 million units.

In UK Retail, the focus is as much on margin as volumes. Whilst there was margin pressure in mid to late 2004, due to over supply, UK Retail still managed to improve margins over 2003. In 2005 we are targeting further increases in both margins and volumes.

Inchcape Fleet Solutions should continue to grow its profitability whilst Inchcape Automotive will recover from its poor year in 2004.

In Greece and Belgium the markets are expected to be similar to last year. Better product availability and a slightly broader product range should help our performance in both markets. The Balkans is expected to continue showing strong growth.

In Australia the car market is expected to be similar in size to 2004, as is Subaru’s market share. Retail operations in Melbourne should see continued growth and there will be a significant profit recovery in Sydney Retail.

Slide 32 – Current trading and prospects for 2005 continued

The Hong Kong market is expected to continue its recovery from the SARS affected 2003, which was the lowest car market in Hong Kong for over twenty years. This should result in improved profitability.

In Singapore it is expected that the market will be strong again in 2005, albeit some 10.0% lower than the exceptional 2004. Aftersales revenues and profits will continue to benefit from the expanding Toyota car parc.

Slide 33 – Summary

The Group has again performed at a very high level in 2004. Our underlying performance will be strengthened as we invest further to take advantage of the significant opportunities available to us. In 2005 we are well placed to continue with our now established record of profit growth and strong cash generation.

End of presentation.