

25 October 2012

**Inchcape plc**  
**Interim Management Statement**  
***“Another Robust Quarter”***

This statement is an Interim Management Statement in accordance with the UK Listing Authority’s Disclosure and Transparency Rules. It covers the period from 1 July 2012 to 24 October 2012. Unless otherwise stated, figures quoted in this statement are for the quarter ended 30 September 2012.

**Current trading**

The Group delivered a robust trading performance, benefiting from its broad international portfolio of scale operations in 26 markets and from its long standing partnerships with the leading premium and luxury brands in the automotive industry.

Revenue in the third quarter was £1.518bn, up 4.0% at actual currency (up by 6.8% at constant currency) compared to the same period last year. Like for like revenue was up by 3.2% at actual currency (up by 6.1% at constant currency).

Total revenue for the first nine months to 30 September 2012 was £4.626bn, up 5.4% at actual currency (up by 6.9% at constant currency) compared to the same period last year. Like for like revenue increased 5.6% at actual currency (up by 7.2% at constant currency).

Demand for new cars was strong and in line with our expectations as we continue to benefit from our scale exposure in the premium and luxury segments.

Our used car business and our aftersales activities, which represent 60% of the Group’s gross profit, performed well.

Our disciplined approach to cost management, control of working capital and cash conversion remains firmly in place.

**Regional commentary**

We delivered a strong performance in the UK as we benefited from the strength of our brand portfolio in the premium and luxury segments which continued to outperform the overall market. Our used cars and aftersales activities also performed well.

Our European businesses delivered a resilient performance in a challenging trading environment, reflecting the strength of our aftersales operations and lower cost base.

In Asia, we recorded a strong performance in both Hong Kong and Singapore with good progress on market share and aftersales, enabling us to leverage the strong pricing power of our brands.

Trading conditions are challenging in our Russia and Emerging Markets segment, with competitive pressure on new car margin.

Demand for new vehicles remained robust in Australia with industry growth of 7% in the third quarter. Our businesses gained market share, as we benefited from the launch of new car models and delivered a healthy aftersales performance.

### **Financial position**

Our working capital and inventory management are in line with expectations and our financial position remains strong.

We expect to end the year with a net cash position of circa £190m.

Our guidance for the full year tax rate remains unchanged at 26%.

### **Productivity initiatives**

The Group is targeting a further £10m of cost savings to mitigate the impact of inflation on our cost base in 2013. The associated £10m restructuring costs (£8m cash / £2m non-cash) will be offset by a one-off benefit linked to a change in our pension schemes.

### **Strategic Update**

Our strategic investments in high growth and high margin areas in Asia Pacific and Emerging Markets are progressing well. The distribution contracts recently won in Hong Kong and Chile are performing in line with our plans.

### **Outlook**

Given our revenue, operating profit and cash performance in the first nine months of the year, we are well positioned to deliver a robust financial performance in 2012.

We expect the trends seen in the third quarter to remain in place for the rest of the year and we remain cautious regarding new vehicle margin given the increased level of competitive activities and the strength of the Japanese Yen.

The Group remains firmly committed to the commercial and cash initiatives of our 'Top 5 Priorities' of growing market share, growing aftersales, improving margin, controlling working capital and being selective about capital expenditure.

### **André Lacroix, Group CEO of Inchcape plc, said:**

"We have delivered another robust quarterly performance despite challenging trading conditions in several markets, which is a testament to the strength of Inchcape's business model and differentiated Customer 1<sup>st</sup> strategy.

We operate in the right markets, with the right brands and in the right categories given our scale presence in Asia Pacific and the Emerging Markets, our focus on premium and luxury brands and our diversified profit streams.

Our business has a track record of delivering sustainable earnings growth with a high return on capital employed. We remain very disciplined on cost and our balance sheet is strong as we maintain our focus on cash conversion.

The Group is well positioned to take advantage of the exciting growth prospects and attractive consolidation opportunities in the global automotive market given our competitive advantage in customer service and our strong relationships with the world's leading brands in the premium and luxury segments.”

## **Ends**

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## **Notes to editors**

### **About Inchcape:**

1. Inchcape is a leading, independent international automotive distributor and retailer operating in 26 markets. Inchcape has diversified multi-channel revenue streams including sale of new and used vehicles, parts, service, finance and insurance.

Inchcape's vision is to be the world's most customer-centric automotive retail group and represents some of the world's leading automotive brands, including Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes-Benz, Porsche, Rolls-Royce, Subaru, Toyota and Volkswagen.

Inchcape, which has been listed on the London Stock Exchange since 1958, is headquartered in London and employs around 13,900 people.

[www.inchcape.com](http://www.inchcape.com)

2. Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect the Group's current expectations concerning future events and actual results may differ materially from current expectations or historical results.

3. Our Market Estimates for 2012 and 2013 as at 25th October 2012 will be available for download at 9am from [http://www.inchcape.com/investors/investor\\_library](http://www.inchcape.com/investors/investor_library)

4. Conference call for Analysts and Investors  
For details please contact Laura Vaughan at FTI Consulting on +44 (0)20 7269 7273

5. The next update on trading is expected to be the Group's preliminary results announcement for the year ending 31 December 2012 on 12 March 2013.