

Preliminary Results

26 February 2008



Executing our strategy:

The 6th consecutive year of record results

André Lacroix
Group Chief Executive



Group financial highlights

- Sales* up 26% to £6.1bn
 - Like for like sales* up 3.4%
- Operating profit** up 27% to £270.7m
 - Like for like operating profit** increase of 6.6%
- EPS*** up 3.6% to 37.0p
- Final dividend up 5.0% to 10.5p; full year dividend up 5.0% to 15.75p

Consistent and strong delivery in 2007

* At constant currency

** Pre exceptional items, at constant currency

*** Normalised

2007 Operational and strategic highlights

- Strategy delivery on track driving record profits for the Group
 - Strengthen: like for like sales* +3.4%; like for like operating profit* +6.6%
 - Expansion: Sales* from new investments £1.2bn; operating profit* from new investments £47.9m
- Emerging Markets: continuing progress with acquisitions in Russia and the Baltics, expansion in the Balkans and successful entry into China
- UK: successful integration of recent acquisitions contribute to UK profit of £69.6m (+52%)
- International operations: sales of £3.4bn and trading profit growth of 16%. Represents 76% of Group trading profit

Group well placed to deliver further growth in 2008 and beyond

Financial Results

Barbara Richmond
Group Finance Director



Summary P&L

	2007 £m	2006 £m	Change %
Sales	6,057	4,842	25.1
Operating profit*	265.0	213.9	23.9
Net interest cost	33.4	5.9	466
Profit before tax	235.1	213.9	9.9
Tax rate (%)	25.0	21.7	3.3ppt
EPS (p) **	37.0	35.7	3.6
Dividend per share (p)	15.75	15.0	5.0
Dividend cover (x)	2.3	2.4	-

Sales

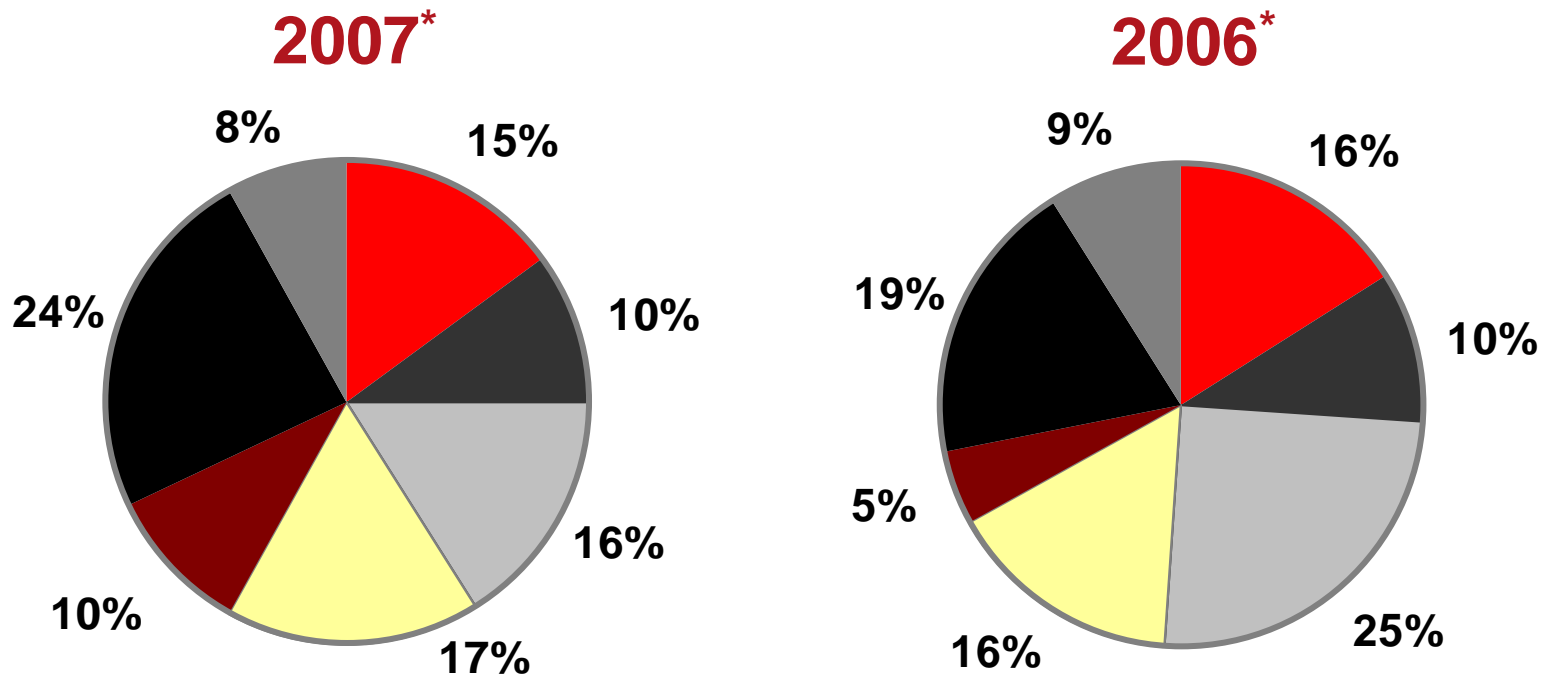
	2007 £m	2006 £m	Change %	Change % constant currency	Like for like change % constant currency
Distribution	2,509.5	2,518.5	(0.4)	1.4	0.4
Retail	3,547.3	2,323.6	52.7	52.6	6.8
Total	6,056.8	4,842.1	25.1	26.0	3.4

Trading profit & ROS

Trading profit	2007 £m	2006 £m	Change %	Change % constant currency	Like for like change % constant currency
Distribution	204.9	187.1	9.5	12.7	8.4
Retail	87.6	51.7	69.4	69.2	2.1
Total	292.5	238.8	22.5	24.9	7.0

ROS (%)	2007	2006	Change ppt	Like for like change ppt
Distribution	8.2	7.4	0.8	0.5
Retail	2.5	2.2	0.3	(0.1)
Total	4.8	4.9	(0.1)	0.1

Regional analysis – trading profit



* Before central costs

** Excluding UK and Emerging Markets

Australia*

- Another record year
- Limited growth in Distribution sales due to model run outs
- Increased Distribution margin due to special editions and tight cost controls
- Retail profits lower in very competitive market
- Good result from Autonexus

	Distribution £m	Distribution change %	Retail £m	Retail change %
Sales	408.1	2.1	236.0	8.8
Like for like sales	408.1	2.1	222.5	2.6
Trading profit	34.3	21.7	8.6	(16.9)
Like for like profit	34.3	21.7	8.9	(14.0)
ROS %	8.4	1.3ppt	3.7	(1.0)ppt

Hong Kong (VIR)

- Market up 16.5%
- Government incentive increased hybrid sales
- Strong sales recovery
- New models and store relocations

	£m	Change %
Sales	264.3	17.6
Like for like sales	213.4	18.9
Trading profit*	28.2	17.6
Like for like profit*	22.7	10.9
ROS %*	10.7	-

Singapore (VIR)

- New car market decline of 9.6%
- Lack of new models
- Competition from new models
- Sales down 25%
- Market share decline of 6.3ppts to 18.2%
- CV sales strong
- Good aftersales performance

	£m	Change %
Sales	496.8	(24.7)
Like for like sales	496.0	(24.7)
Trading profit	47.7	(18.6)
Like for like profit	47.5	(18.5)
ROS %	9.6	0.7ppt

Europe

- Excellent performance across the region
- Record results in Distribution
- Successful Retail turnaround
- Disposal of French retail centres

	Distribution £m	Distribution change %	Retail £m	Retail change %
Sales	824.1	5.9	379.8	(8.0)
Like for like sales	820.5	5.9	377.9	4.8
Trading profit	49.3	20.0	0.8	144.4
Like for like profit	49.2	20.0	0.8	200.0
ROS %	6.0	0.7ppt	0.2	0.6ppt

UK

- Retail LFL sales up 5.2%
 - Outperformed UK market
 - Focus on premium brands
 - Industry leading LFL ROS of 2.5%
 - Used car margin pressure
 - Integration benefits of EMH and Lind
- Disposal programme

	Distribution £m	Distribution change %	Retail £m	Retail change %
Sales	67.5	(31.0)	2,646.0	63.9
Like for like sales	36.4	(11.4)	1,509.9	5.2
Trading profit	4.9	28.9	64.7	53.7
Like for like profit	4.9	(14.0)	38.1	(6.3)
ROS %	7.3	3.4ppt	2.4	(0.2)ppt

Emerging Markets

- Strong growth in all markets
- Scale investment in the Baltics
- Full year of Russia producing ROS of 6.6%
- China ahead of expectations

	Distribution £m	Distribution change %	Retail £m	Retail change %
Sales	240.2	80.6	280.0	251.4
Like for like sales	192.8	45.0	124.9	56.6
Trading profit	16.3	71.6	13.4	1,118.5
Like for like profit	14.7	54.7	5.0	212.5
ROS %	6.8	(0.3)ppt	4.8	3.4ppt

Cash flow and net debt

Operating cash flow	£m	Free cash flow	£m	Net cash	£m
Operating profit*	265.0	Operating cash flow	306.2	Free cash flow	184.7
Depreciation/ amortisation	33.7	Net interest	(37.1)	Dividends	(71.1)
Working capital	14.6	Taxation	(49.8)	Share buyback	(18.5)
Other	(7.1)	Minority interest	(1.8)	Pension	(13.2)
		Capex (net)	(32.8)	Acquisitions	(375.2)
				Disposals	85.5
				Other	4.8
				Net cash flow	(203.0)
				Opening net debt	(19.0)
				Translation on net debt**	0.5
Operating cash flow	306.2	Free cash flow	184.7	Closing net debt	(221.5)

* Excluding exceptional items ** Includes fair value re-measurements

2007 summary: Delivering our strategy

Strengthen

- Focus on operational excellence and diversified value drivers delivers results
- Record year for Europe Distribution and Australia
- Margin protection in Singapore
- Turnaround in Europe Retail & Hong Kong
- UK strategy outperforming the market

Acceleration of
like for like sales and profit growth

Expand

- Existing facilities renewed and additional funding obtained prior to credit crunch
- Successful entry into Russia and China
- Transformational acquisitions in the Baltics
- Greenfield investment in Balkans

Emerging Markets exposure
doubled to 10% of Group profits

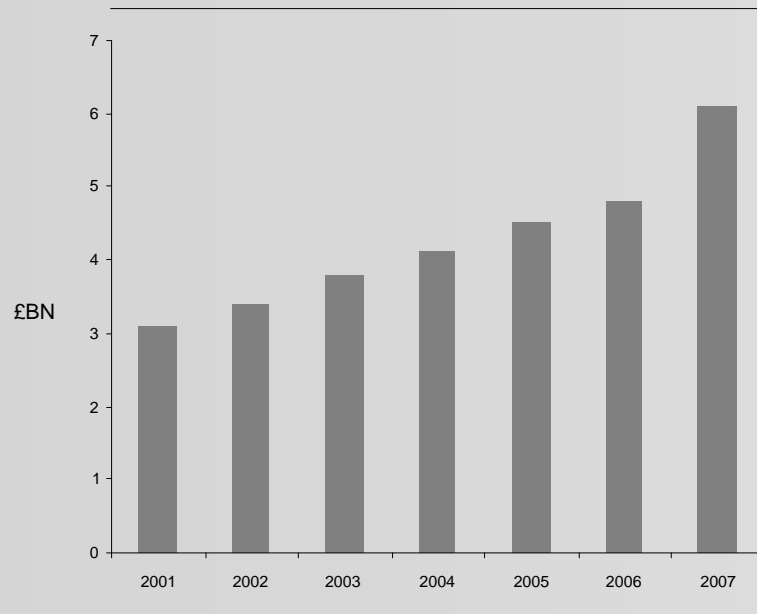
Executing our strategy: 2008 Priorities

André Lacroix
Group Chief Executive



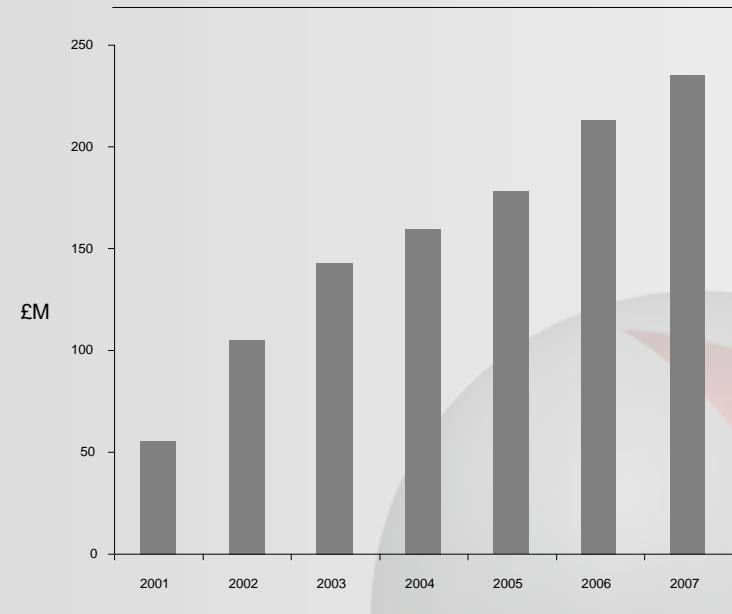
Track record of profitable growth

SALES



CAGR: 11.7%

HPBT



CAGR: 26.9%

Robust business model

Broad geographic spread

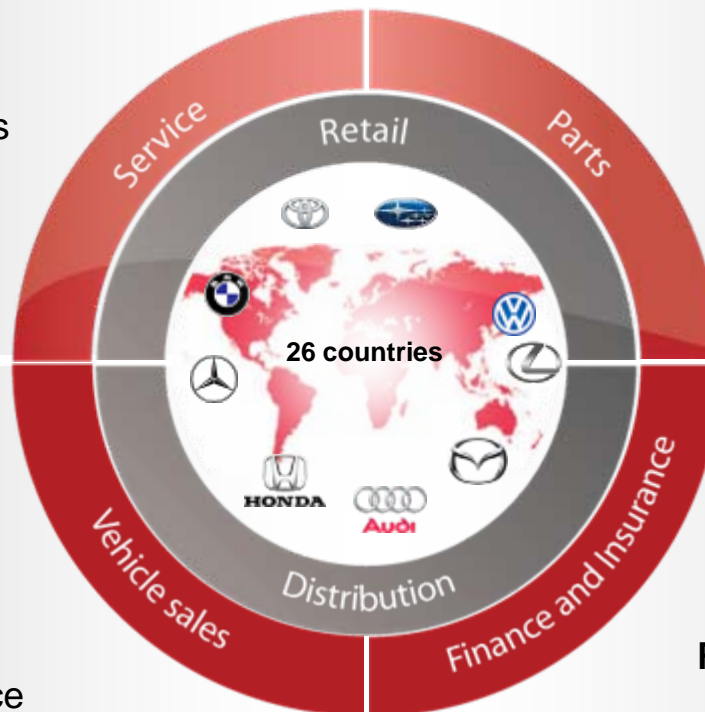
Wgt avg. market growth 07: 4%
 Scale and high margin operations
 Big upside in Emerging Markets
 Wgt avg. GDP growth 08: 2.9%

Growth & Defensive value drivers

Diversified revenue streams

Growth drivers: Vehicles, F&I
 c.50% of Group trading profit

Defensive drivers: Parts, Service
 c.50% of Group trading profit



Multiple brand relationships

Strongest premium brands
 Long-term and scale relationships
 Right brands, right markets

Multi-Channels

Distribution: stable, strong cash generation funding expansion

Retail: continuing growth in mature markets; high growth opportunities in Emerging Markets

Well placed for revenue growth and margin protection

Delivering the strategy: 2008 priorities

Strengthen

- Drive LFL vehicles growth ahead of the market to gain share
- Accelerate growth of highly profitable Aftersales
- Drive margin improvement in growth markets and protect margin in challenging markets
- Address structural profitability opportunities

Expand

- Integrate acquisitions made in 2007 and deliver synergies
- Footprint expansion in Russia
- Footprint expansion in China
- Eastern Europe expansion
- Identify additional core markets

Delivering our strategy: 2008

Strengthen

Priorities

Initiatives

Drive LFL vehicles growth ahead of the market to gain share

- New models and limited editions
- Effective marketing to drive traffic
- Continue to improve Customer experience
- Improve conversion rate from footfall

Accelerate growth of highly profitable Aftersales

- Inchcape Advantage roll-out to improve service
- Global Aftersales score card to improve capacity utilisation and productivity
- Initiatives to increase service retention
- Sales programmes to up-sell service

Drive margin improvement in growth markets and protect margin in challenging markets

- Increase the mix of profitable segments and models
- Minimise the number of highly discounted deals [ie fleet]
- Rigorous management of sales and marketing effectiveness and overheads

Addressing restructuring opportunities

- Disposal of French operation
- Continue UK non-core disposals
- Back office and process streamlining with SAP

Australia: New model launches

- Stable economic outlook - 2007 market at record levels (>1m new cars) and expected to remain strong in 2008
- New product launches to drive sales - 64% Subaru line-up new in 2008:
 - Impreza launched Q4 2007
 - Tribeca face lift in January 2008
 - Forester to launch March 2008
 - All new launches/facelifts within growth segments
- Continuous focus on Operational Excellence in Retail
- Growth opportunities in Logistics



Hong Kong: Strengthen our leadership position

- Strong market momentum to continue with 7-10% growth expected in 2008
- Excellent pipeline of new products:
 - MPV segment : Alphard, Noah 7-seater, new Mazda5, new Mazda8
 - Sedan : new Corolla from Toyota (end 07), new Mazda6
 - Luxury : Lexus GS450H and Jaguar XF
- Continuous focus on Inchcape Advantage initiatives to drive Customer Service and improve conversion rate
- Significant growth initiatives in Aftersales
 - New Lexus service facilities to improve capacity
 - CRM programmes to improve retention
 - Up-sell initiatives to increase service revenues



Initiatives to exploit strong market momentum

Singapore: Maintain market leadership and defend margins

- Market expected to decline by 15-20% in 2008
- Strong new product pipeline:
 - Replacement of our #1 ageing model in Q2 with the new Corolla Altis
 - Enter the fast growing MPV segment with the launch of the Wish
 - Strengthen our position in the luxury segment with the launch of the Lexus GS450 and the new IS250
 - Maintain our dominant position in the highly profitable CV segment with several model derivatives
 - Regain presence in the taxi segment with the development of an LPG taxi
- Several initiatives underway to protect margin: mix, pricing, aftersales push, site closures and cost reduction
- Organisational changes in marketing, sales and general management



Singapore will benefit from market rebound as of 2010

Europe : Sustaining momentum in 2008

Distribution

- European markets expected to grow moderately
- Continued focus on market share and parts growth
- Excellent momentum in Greece
- Belgium motor show year
- Mazda6 launch in Finland



Retail

- Strong team established in the last two years
- Continuous focus on Customer Service and Operational Excellence
- Further progress on turnaround activity in Greece & Finland

UK: Continued focus on premium brands

- Premium partners expected to outperform the market, driven by new vehicle launches
- January market down 2.1% in aggregate but core premium partners were up 5.7%
- SMMT new car registrations forecast to decline by 2.5% in 2008
- OEMs continue to provide consumer offers to encourage new car sales

UK: well placed to outperform the market in 2008

Competitive Advantages

- Scale relationships with premium brand partners
- Stable & experienced franchise management structure
- High quality retail assets in freehold property portfolio
- Highly motivated & engaged colleagues in every retail centre
- Track record of consistent performance delivery



2008 Initiatives

Revenue Growth

- New Products
 - Audi: Q5, A4, A3 Cab
 - BMW: X6, 1 Series Cab, 7 Series
 - Honda: Accord, Jazz
 - Mercedes-Benz: C Class Estate
 - VW: Tiguan, Scirocco, Passat Coupe
- Improve conversion rate from footfall
- Service CRM

Gross Margin Initiatives

- Mix management : models, used cars, aftersales
- Increased F&I penetration using PCP formats
- Flow-through of scale purchasing opportunities

Cost Control

- Drive further cost reductions
- Ongoing integration synergies
- Process efficiencies : SAP streamlining



Delivering our strategy: 2008

Expand

Priorities

Initiatives

Integrate acquisitions made in 2007 and deliver synergies

- Further synergies from UK acquisitions
- Latvia and Lithuania integration benefits
- St Petersburg multi-brand scale benefits

Footprint expansion in Russia

- Toyota St Petersburg sales and service capacity increase
- New Lexus site development in St Petersburg
- 2 sites in development in Moscow
- Further expansion opportunities

Footprint expansion in China

- Lexus Shaoxing opened in January 2008
- Lexus opening in Shanghai in Q3
- Increased pipeline of opportunities : M&A and Greenfield

Eastern Europe expansion

- 2 sites under development in the Baltics
- 5 sites under development in the Balkans
- Greenfield development plans in Poland

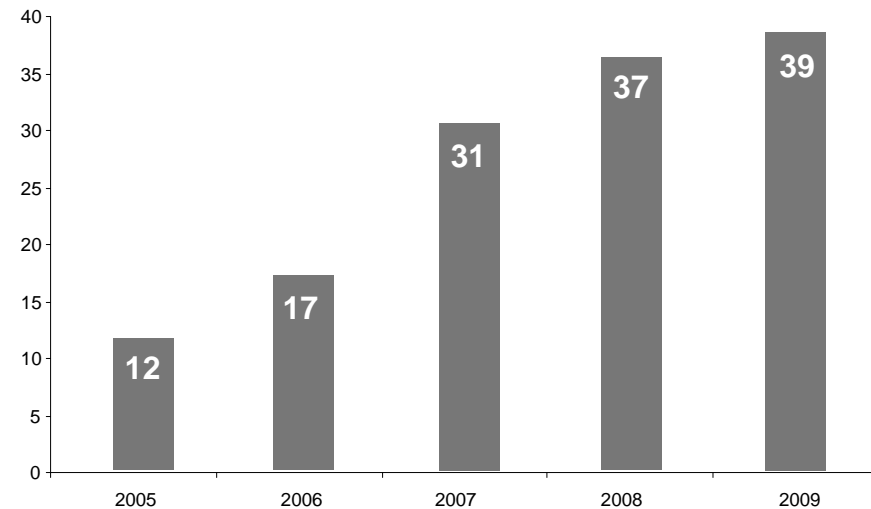
Identify additional core markets

- Several markets being researched : India, Brazil, South Africa, Ukraine, Turkey

Emerging Markets delivering strong revenue growth

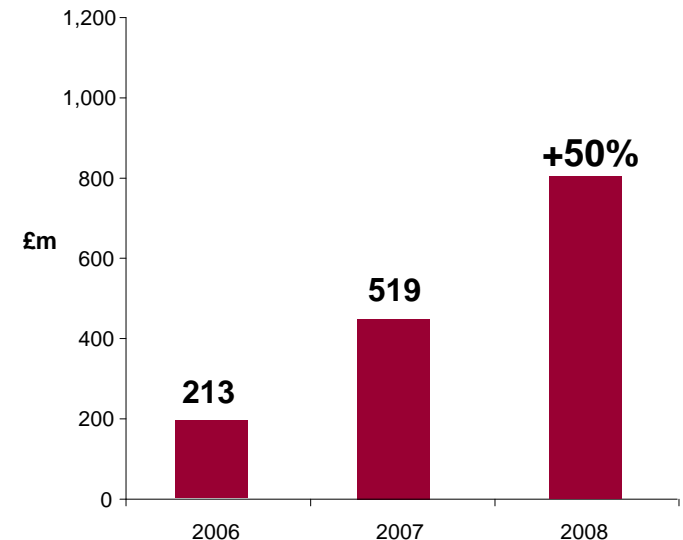
- 2007 revenue increased 144% to £519m
- 13 sites under development : 5 relocations and 8 greenfield
- Targeting 50% increase in revenue in 2008

Inchcape Retail Centres in Emerging markets



30

Emerging markets revenue



Strong fundamentals in Emerging Markets provide significant further growth

- Emerging Markets continue to grow at a rapid rate:
 - Inchcape Markets forecast to grow 20%* in 2008
 - CAGR of 15% to 2011*
- Significant OEM investments leading to strong network expansion opportunities
- Sustainable margins as the car market develops
- Strong pipeline of opportunities

* Source: Global Insight, Avtostat

Confident outlook for 2008 and beyond

- Robust business model: excellent portfolio diversification
- Long term and scale relationships with OEMs
- Strong and stable management team
- Continued progress in developed markets
- Further expansion in high growth, higher margin Emerging Markets
- Significant cash generation, strong balance sheet

Group well placed to deliver further growth in 2008 and beyond



Appendices



Like-for-like definition

- Following are excluded from like-for-like sales:
 - Businesses that are acquired, from the date of acquisition until the 13th month of ownership
 - Businesses that are sold or closed
 - Retail centres that are relocated from the date of opening until the 13th month of trading in the new location

Emerging markets definition

- Emerging markets are those markets in which the Group operates and where total new vehicle volume sales by international brands are growing by 10% or above per annum
- This currently covers the following countries:
 - The Balkans
 - The Baltics
 - China
 - Poland
 - Russia

Impact of currency on pre-tax profit

£m	2007 actual exchange rates	2007 constant currency	Currency impact
Hong Kong	28.3	31.0	(2.7)
Singapore	46.0	47.7	(1.7)
Australia	43.8	42.9	0.9
Other	54.7	57.0	(2.3)
Trading profits			(5.8)
Interest/JV & Assoc PAT			(0.5)
Pre-tax profit			(6.3)

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