



Monday 15 December 2003

Inchcape pre-close trading statement and update on VAT reclaim

Trading statement

Inchcape plc, the international automotive services group, enters a close period on 1 January 2004 ahead of its preliminary results announcement, for the year ended 31 December 2003, on 1 March 2004.

Since our last update, issued on 4 August 2003, trading in a number of our markets has been more favourable than anticipated.

The UK is trading broadly in line with our expectations.

In both Greece and Belgium the markets, whilst down on last year, are better than we predicted and trading remains strong. Greece has benefited from a one-off income in its financial services business of c. £2.3m.

In Australia the market is heading for a record year, and new products launched in October 2003 have been well received.

The expected gradual recovery in consumer confidence in Hong Kong is starting to impact the car market. Whilst profits will be lower than last year, the second half should be higher than the first half.

In Singapore the Group has continued to experience a strong trading performance aided by a better than expected market following the Government's recent decision to issue more Certificates of Entitlement.

Group costs will benefit from a one-off credit of c. £2.4m relating to the liquidation of a closed overseas pension fund.

Excluding the impact of the one-offs noted above, profit before tax* is expected to be slightly ahead of the current market consensus of £127.7m. The tax rate will be lower than last year's as it benefits from a recent ruling in relation to a tax efficient financing structure.

* Profit before tax, goodwill amortisation and exceptionals.

VAT reclaim

Following changes in case law the Group submitted a retrospective VAT claim in late June 2003 for the recovery of overpaid VAT. Negotiations with HM Customs & Excise continue, and whilst progress has been made the claim has yet to be finalised. Inchcape expects a final settlement of at least £30.0m, including interest. However, the status of the negotiations is such that it is difficult to predict the final outcome with any certainty.

- Ends -

Notes to editors

Inchcape, as an international automotive services group, provides quality representation for its manufacturer partners, a choice of channels to market and products for its retail customers and a range of business services for its corporate customers. Operations are focused on the UK, Greece, Belgium, Australia, Hong Kong and Singapore. Our key manufacturer partners are Toyota/Lexus, Subaru, Ferrari/Maserati, BMW and the Premier Automotive Group of Ford. Inchcape's activities include exclusive Import, Distribution and Retail, Business Services, automotive E-commerce and Financial Services.

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