



13 December 2004

Inchcape pre-close trading statement

Trading update

Inchcape plc, the international automotive services group, will enter a close period on 1 January 2005 ahead of its preliminary results announcement, for the year ending 31 December 2004, on 28 February 2005.

Since our last update, issued on 2 August 2004, overall trading conditions have been more favourable than anticipated. Profit before goodwill amortisation and exceptional items is therefore expected to be slightly higher than the current market consensus of £165.5m*, which itself is some 21.9% above the equivalent figure for 2003.

In the UK (14.8% of operating profit**) our Retail business has been trading broadly in line with our previous expectations despite conditions in the second half being more difficult than in the first. However, trading at Inchcape Automotive, our refurbishment and logistics business, has not improved and its contribution will be lower than last year. Allied to the previously announced changes to our Ferrari/Maserati business these factors mean that the UK business overall will not meet our previous expectations, although we still expect the performance to be well ahead of last year.

In Greece and Belgium (23.2% of operating profit**) supply constraints are easing and trading has been in line with expectations. Sales and profit growth from our businesses in the Balkans will help this region record a similar level of profit compared to 2003, despite last year benefiting from a £2.5m one off profit.

In Australia (15.4% of operating profit**) our performance has been strong, as previously predicted.

In Hong Kong (16.1% of operating profit**) the car market has continued its steady recovery and has been slightly stronger than expected.

In Singapore (33.9% of operating profit**) the additional Certificates of Entitlement, which were announced by the Government in late September 2004, mean that trading in the final quarter of the year will be stronger than anticipated.

This strong overall performance demonstrates the benefits of our strategy of growing with selected manufacturer partners in, or adjacent to, our core markets, and of our geographic spread, which remains an important factor in the quality and sustainability of our earnings progression.

*Source: Reuters Estimates

**Represents the percentage of total Group operating profit, before goodwill amortisation and exceptional items, of £140.8m for the year ended 31 December 2003

Goodwill

As a result of the more difficult trading conditions experienced by Inchcape Automotive, it is expected that the year end accounts will include a goodwill impairment charge of around £9.0m relating to this business. Inchcape remains confident that it can still develop a class-leading automotive services group, which makes a good return on investment. This will, however, take longer than originally anticipated and it is therefore appropriate to accelerate the amortisation of the goodwill.

Cash repatriation

Inchcape has had a mismatch between debt in the UK and cash held overseas for a number of years, as it has been difficult to repatriate the cash in a fiscally efficient manner. This has had an adverse effect on the Group's interest charge due to interest rate differentials but has had no impact on liquidity, investment plans, dividend payments or returns of capital to shareholders

We are pleased to announce that cash of c. £135.0m was repatriated to the UK in November 2004. In addition we have also created the ability to repatriate further amounts over the coming years. The associated tax cost with all of this is not material to the Group but the impact on the interest charge will be positive and significant.

- Ends -

Notes to editors

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Inchcape, 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. Inchcape's activities include exclusive Import, Distribution and Retail, Business Services, automotive E-commerce and Financial Services. Our key manufacturer partners are Toyota/Lexus, Subaru, BMW, the Premier Automotive Group of Ford, Mazda, Mercedes-Benz and Volkswagen.

For further information, visit us at www.inchcape.com