

15 DECEMBER 2008

Pre-close trading statement

Current trading

Group sales for the eleven months were 3% up in sterling terms and 3.5% down in constant currency terms vs. the same period last year. Like for like Group sales were 4.9% down in constant currency terms. The Group's operating margin was 4.3%. Despite the weakening trading conditions in many markets around the world, we expect to report underlying results for 2008 in line with our previous expectations.

Restructuring

Since our previous update we have undertaken a further level of restructuring in our European businesses. As a consequence, the total restructuring cost for 2008 (including the write-off of goodwill on Latvia) will now be £85 million compared to £75 million as previously reported. The annualised benefit from this restructuring is expected to increase from £50 million to approximately £55 million.

Outlook

The decline in new car sales accelerated in November in most parts of the world. The rapid and unprecedented decline in so many of the Group's markets makes it difficult to forecast our results with a great degree of certainty.

In most of our markets we now expect more substantial sales declines than previously estimated due to the global recession and significant reduction in credit availability. We now also expect the Russian market to decline in 2009 impacted by the increase in import duty on cars and the likelihood that a number of manufacturers will change to US Dollar pricing of vehicles. In Australia, following the recent announcement by GMAC to cease to write new business in that market early in 2009, the Group is negotiating to replace the wholesale and retail finance facility it has with that company with other providers.

Our Group tax rate will rise in 2009 as losses in some countries cannot be tax relieved and our interest cost is incurred primarily in the UK.

Accordingly, we would expect our underlying results for 2009 to be significantly below our previous expectations.

We will continue to drive market share and aftersales growth to ensure we maximise the opportunities available in our markets. We will continue our efforts to reduce costs wherever possible and adjust our working capital to market conditions.

Dividend

Given current market conditions and the expectation that trading will remain difficult going forward, the Board will not be recommending payment of a final dividend for the year ending 31 December 2008.

Financial position

The Group is currently in compliance with its financing arrangements. However, the Group is engaged with its finance providers, to ensure that these arrangements are appropriate for a downturn in trading in 2009. This may in due course result in certain changes to the current financing arrangements, including interest cost. Group net debt reduced from £570m at 30 September 2008 to £540m at 30 November 2008, with £1,035m of committed facilities available to the Group.

Commenting on this statement, André Lacroix, the Group Chief Executive said:

“Despite weakening trading conditions globally, we expect to report underlying results for 2008 in line with our previous expectations. The unprecedented and rapid downturn faced by the car industry around the world will impact our results in 2009.

However, markets will recover in due course and we believe that Inchcape is best positioned to benefit from its strong market positions and its long standing relationships with the leading OEMs in the industry”.

For further information, please contact:

Group Communications, Inchcape plc
+44 (0) 20 7546 0022

Investor Relations, Inchcape plc
+44 (0) 20 7546 8316

Financial Dynamics (Jonathon Brill/Billy Clegg)
+44 (0) 20 7831 3113

Notes to editors

1. About Inchcape

Inchcape is the world’s leading car retailer with a geographically diverse portfolio, operating in 25 countries. The company has been listed on the London Stock Exchange since 1958 and operates both Distribution and Retail businesses, with multiple revenue streams (including sales of new and used vehicles, parts, service, finance and insurance), for the world’s most successful car brands.

Inchcape’s Core Purpose is to create the ultimate customer experience for its brand partners. Exceptional people are at the heart of the business, bringing this genuine Customer 1st approach alive through the Inchcape Advantage, a programme designed to make customers feel special everyday, every time, everywhere. The Group’s core markets are the UK, Singapore, Australia, Hong Kong, Greece, Belgium, Russia and China.

2. This statement is based on information sourced from management accounts. Underlying results and operating margin are stated before any restructuring costs, goodwill impairment, amortisation of acquired intangibles and fair value adjustments relating to volatile financial instruments.

3. 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.