

**17 December 2009**

**Inchcape plc**

**Pre-close trading update**

**“2009 slightly ahead of expectations”**

Inchcape plc, the leading independent international automotive distributor and retailer, makes the following statement on trading prior to entering its close period for the year ending 31 December 2009. We will announce our annual results for the year ended 31 December 2009 on 10 March 2010.

### **Trading for the 11 months ended 30 November 2009**

Trading performance remains strong despite challenging market conditions and the Group is expected to close 2009 slightly ahead of our expectations.

Total revenue for the eleven months to November 2009 is 11.4% below last year in actual currency and 17.5% below last year in constant currency. For the same period, our like for like revenue is down against last year by 9.4% in actual currency and 15.6% in constant currency.

In the second half of 2009, Group revenues are benefiting from a strong demand in New Cars in the UK and the early signs of an industry recovery in Hong Kong and Australia.

Our gross margin performance remains robust and we continue to benefit from good Used Car margins in several markets. Our After Sales business, which represents half of Group gross profit, is performing well.

Our cash flow generation remains strong and our cost base and working capital are well below levels at the end of last year.

### **Regional Commentary**

Our UK retail business is enjoying a stronger than expected fourth quarter: New Car sales are significantly ahead of last year as we continue to benefit from the scrappage incentive scheme and from the VAT increase in 2010 pulling forward demand in the premium sector; margins on Used Cars currently continue to remain at the exceptionally high level we saw in the first nine months of 2009.

In Europe, the underlying demand for new vehicles remains weak.

Markets in Eastern Europe and Russia continue to be challenging but our competitive position is improving.

The market recovery in the last two months in Hong Kong has been ahead of our expectations and our margin performance in Singapore is healthy despite an extremely weak market.

In the last two months we have seen the early signs of an industry recovery in Australia where we continue to grow market share.

## **Financial Position**

The financial position of the Group remains strong and we maintain our previous guidance of being broadly debt free at the end of 2009.

Despite an unprecedented downturn in the global car market, the Group operating cash flow is expected to be well ahead of last year, demonstrating the impact of our self-help measures and the continued cash resilience of the Inchcape business model.

## **Outlook**

Although the Group financial performance is expected to be slightly ahead of previous expectations as a result of a strong fourth quarter, we continue to remain cautious for 2010. As stated previously, we do not expect any global car industry recovery to start until well into the second half of 2010 as consumer confidence is still weak and unemployment continues to rise in many of our markets. However, we are confident that the Group has the financial strength and flexibility to trade effectively and to continue to gain market share.

## **Commenting on the statement, André Lacroix, Inchcape plc Group CEO said:**

“In 2009, the Group has improved customer service globally and we have gained share in many of our markets, while cutting costs and reducing inventory to mitigate the effects of an unprecedented global downturn in the car industry.

Our strong performance demonstrates the resilience of Inchcape's business model. We continue to benefit from scale operations across a broad geography, our Customer 1<sup>st</sup> strategy, the superior quality of our operating processes and the entrepreneurial spirit of our people.

Inchcape is uniquely positioned in the global car industry and in 2009 the Group has continued to outperform its competitors. While we continue to expect market conditions in 2010 to remain challenging, the Group is well placed to benefit from the market recovery and to take advantage of industry consolidation opportunities in the medium term.”

## **Ends**

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## **Notes to editors**

### **1. About Inchcape:**

Inchcape is the 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 Toyota, Lexus, Subaru, BMW, Mazda, Mercedes-Benz, Volkswagen, Audi, Honda, Land Rover and Jaguar.

Inchcape, which has been listed on the London Stock Exchange since 1958, is headquartered in London employs around 15,000 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.