

20th October 2009

Inchcape plc

Inchcape upgrades guidance for 2009

This statement is an Interim Management Statement in accordance with the UK Listing Authority's Disclosure and Transparency Rules. It covers the period from 1 July 2009 to 19 October 2009. Unless otherwise stated, figures quoted in this statement are for the quarter ended 30 September 2009.

Current trading for the three months ended 30 September 2009

Total revenue for the third quarter was 13.4% below last year in actual currency and 16.5% below last year in constant currency, but was 2.2% ahead of the second quarter in actual currency. Our like for like revenue for the third quarter was down against last year by 9.7% in actual currency and 13.7% in constant currency.

In the third quarter, Group revenue has benefited from the impact of the government scrappage incentive scheme in the UK and from slightly better trading momentum in Australia and Hong Kong.

Our gross margin performance in the third quarter has been robust, as we continued to benefit from solid used car margins in several markets and our aftersales business, which represents half of our Group gross profit, remained resilient.

Our cost base has benefited from our Group restructuring programme that has, over the last twelve months, reduced our workforce by 2350 positions and closed 31 sites.

Our strong cashflow generation has reduced our finance costs for the third quarter.

Regional commentary

Our UK retail business has experienced a much stronger third quarter than anticipated as we benefited from the successful scrappage incentive scheme and used car margins being maintained at the exceptional level seen in the first half. However, the underlying demand for new vehicles remains weak as third quarter registrations excluding scrappage were down 15.1% versus 2008 and 28.6% versus 2007.

The demand for new vehicles remains weak in mainland Europe with the exception of Greece where the market has been helped by government initiatives.

The Eastern European and Russian markets remain difficult but we continue to improve our competitive position.

Our trading performance in Hong Kong has improved in the third quarter and we continue to gain share in Singapore in a weakening market.

In Australia, we continue to enjoy a strong share momentum in a market that is recovering gradually.

Group Financials

The Group's working capital performance remains strong and given our better than expected trading and continued good cash generation, we now expect to be broadly debt-free by the year-end.

Given this strong cashflow performance, our finance costs will be lower than our previous expectations for the year.

At the end of September we closed our call option programme on the back of weakening Sterling at no cost.

Our Group tax rate for the year will be lower than previous guidance reflecting the geographic mix of our business.

Outlook

Our Group financial performance for the full year is expected to be significantly ahead of previous expectations. However, we expect conditions to remain challenging in most of our markets until well into the second half of 2010 as consumer confidence continues to be weak across the world and unemployment is still rising in many of our key markets. We are confident that with our continued focus on costs and working capital, the Group has the financial strength and flexibility to trade effectively and continue to gain share in these challenging conditions.

Commenting on the statement, André Lacroix, Group CEO said:

"Whilst we continue to experience an extremely challenging market environment, we have benefited in the third quarter from stronger than expected trading in several core markets. This demonstrates the benefits of our broad geographic portfolio, the strengths of our business model and the impact of our self-help measures implemented throughout the Group.

"With increased share across our key markets, scale positions in established and emerging markets and industry consolidation opportunities in the medium term, we are confident that the Group is well positioned to continue to outperform our competitors and to benefit from market recovery."

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Conference call for Analysts and Investors

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Certain statements in this announcement are forward-looking statements. These forward-looking statements are made in good faith based upon Inchcape plc's expectations and beliefs concerning future events impacting the Group, and certain assumptions regarding the Group's business strategies and the environment in which it operates, as at the date of this announcement. Inchcape plc cautions that these forward-looking statements are not guarantees and that actual results or events may differ materially from those expressed or implied in this announcement.

Notes to editors

About Inchcape

Inchcape is a 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 retailer. Inchcape represents 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 and has scale operations in the UK, Singapore, Australia, Hong Kong, Greece, Belgium and Russia.

www.inchcape.com