

27 October 2011

**Inchcape plc
Interim Management Statement**

“Full year guidance unchanged”

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 2011 to 26 October 2011. Unless otherwise stated, figures quoted in this statement are for the quarter ended 30 September 2011.

Current trading

Revenue in the third quarter was slightly better than we expected with total revenue of £1.459bn, up 2.2% at actual currency (down by 1.7% in constant currency) compared to the same period last year and like for like revenue up by 4.1% at actual currency (up by 0.1% at constant currency).

Total revenue for the first nine months to 30 September 2011 was £4.389bn in actual currency, down by 3.0% (down by 5.1% in constant currency). Like for like revenue was down by 2.1% year on year in actual currency (down by 4.3% in constant currency).

In the third quarter we saw, as expected, the continuation of an uneven global recovery in the car industry with strong growth momentum for luxury and premium vehicles in Asia Pacific and the Emerging Markets and a further weakening of consumer confidence in the UK and Europe.

Our trading performance in the third quarter was slightly ahead of our expectations as we benefited from the premiumisation of demand in Emerging Markets and as the temporary disruption to the supply chain following the earthquake in Japan improved faster than anticipated in our distribution businesses in Europe, South Asia and North Asia. In the UK, the luxury segment continued to outperform in an increasingly competitive environment while the demand for new cars remained robust in Australia.

The Group continued to benefit from solid margin performance, tight cost control and strong cash conversion.

Regional commentary on the third quarter ended 30 September 2011

Our UK business delivered a solid trading performance in a challenging trading environment as we continued to outperform the industry with market share gains in the luxury and premium segments, while the demand for used cars and aftersales remained robust.

In Europe, consumer confidence continues to weaken but we benefited from an improved supply situation sooner than expected, enabling us to grow our market share in the third quarter. Our aftersales operations delivered a resilient performance and our cost controls remained firmly in place.

In Asia, we had a stronger than anticipated third quarter as the supply situation improved faster than we previously guided in both Hong Kong and Singapore, which enabled us to improve our market share. Our aftersales operations delivered a robust performance in line with our expectations.

In Australasia, our third quarter performance was in line with our expectations as we partially mitigated the impact of a temporary supply restriction from Japan with a strong performance in used cars and aftersales, while keeping a firm control on costs. The demand for new cars remained robust in Australia, with the market rising by 2.5% in the third quarter.

The performance of our Russia and Emerging Markets segment was slightly better than we anticipated as we benefited from increased new car demand for luxury and premium brands while our aftersales performance remained strong.

Strategic update

Our strategic investments to increase our retail and aftersales capacity in high growth and high margin areas are progressing well.

We have opened three sites in the third quarter (a BMW site in Moscow, a Jaguar & Land Rover site in Moscow and a Jaguar & Land Rover site in Shaoxing, China) and our investments to increase capacity in Poland, Russia, Peru and Chile are on track.

The Group has been awarded the rights to distribute Land Rover in Hong Kong as of December 2011 and will be representing Rolls-Royce in Chile from March 2012.

Financial position

Our working capital and inventory management are well controlled and our financial position remains strong.

We now expect the Group to end 2011 with a net cash position of circa £160m, an improvement from our previous guidance.

Our guidance for the full year tax rate remains unchanged at 26%.

Restructuring Charge

The Group is targeting productivity initiatives to offset the impact of inflation on our cost base in 2012 and, as such, we plan to take a restructuring charge of circa £12m in the fourth quarter (£6m cash, £6m non-cash).

Outlook

We continue to expect the Group to deliver a solid performance in 2011 benefiting from an increased demand for luxury and premium vehicles in Emerging Markets and the faster than anticipated improvement of the supply chain in most of our distribution businesses, offset to some extent by increased margin pressure in the UK and Europe due to weakening consumer demand. Our 2011 guidance for a solid trading performance is unchanged.

We expect the trading environment to remain challenging in the UK and Europe as the various austerity measures affect consumer confidence and as inflationary pressure impacts disposable income. However, the Group should continue to improve its competitive position as our brand partners are leading the industry with technological innovations that are reducing the cost of ownership with lower fuel consumption and better CO₂ emissions.

The Group is extremely well positioned to take advantage of the exciting structural growth prospects driven by the premiumisation of consumer demand in Asia Pacific and the Emerging Markets given its partnership with the world's leading premium and luxury brands and its broad geographic spread. Two-thirds of Inchcape's trading profit is generated in these fast growing economies.

André Lacroix, Group CEO of Inchcape plc, said:

“We have delivered a third-quarter performance slightly ahead of our expectations which is a testament to the strength of Inchcape’s unique business model and differentiated Customer 1st strategy.

We have benefited from a disciplined approach to the commercial and cash initiatives of our Top Five Priorities (growing market share, growing aftersales, improving margin, controlling working capital and selective capital expenditure investment), from increased consumer demand for premium and luxury vehicles in Russia and the Emerging Markets and from a faster than expected resolution of supply issues following the earthquake in Japan.

We anticipate the uneven global economic recovery will continue but with our strong portfolio of the world’s leading luxury and premium automotive brands, we are uniquely positioned worldwide to benefit from the exciting growth opportunities in the fast growing economies of Asia Pacific and the Emerging Markets where the Group delivers two-thirds of its trading profit.”

Ends

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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 retail group and represents some of the world’s leading automotive brands, including Audi, BMW, Jaguar, Land Rover, Lexus, Mercedes-Benz, Porsche, Rolls-Royce, Subaru, Toyota and Volkswagen.

Inchcape, which has been listed on the London Stock Exchange since 1958, is headquartered in London and employs around 13,900 people.
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.

3. Our Market Estimates for 2011 and 2012 as at 27th October 2011 will be available for download at 9am from <http://www.inchcape.com/investors/results-presentations/>

4. Conference call for Analysts and Investors

For details please contact Laura Vaughan at FTI Consulting on +44 (0)20 7269 7273

5. The next update on trading is expected to be the Group’s preliminary results announcement for the year ending 31 December 2011 on 13 March 2012.