12 May 2011

Inchcape plc
Interim Management Statement

"A good start to the year"

Inchcape, a leading, independent, international automotive distributor and retailer, provides the following update regarding its current trading and financial position, as required by the UK Listing Authority's Disclosure and Transparency Rules. It covers the period from 1 January 2010 to 11 May 2011. Unless otherwise stated, figures quoted in this statement are for the quarter ended 31 March 2011.

Trading for the first quarter ended 31 March 2011

The Group's reported turnover of £1.563bn was slightly better than our expectations with total revenue down by 0.6% in actual currency (down by 2.0% in constant currency) compared to the same period last year and like for like revenue down by 0.8% in actual currency (down 2.1% in constant currency).

In the first quarter, as expected, we saw the continuation of an uneven global recovery in the car industry.

We benefited from strong revenue growth in Asia-Pacific and the Emerging Markets (up 10.9% at actual currency) which represents 65% of our trading profit, while, as expected, revenue declined in the UK and Europe (down 9.6% at actual currency).

Revenue from New cars was slightly below last year but ahead of our expectations due to the strong performance of our premium brands in the UK and the increase in demand for New vehicles in Asia-Pacific and the Emerging Markets. Our Used car margins remained resilient and our Aftersales business continued to perform well.

Our disciplined approach to cost management remains firmly in place. First quarter expenses were broadly in line with last year and slightly better than we had previously expected. The execution of our cost restructuring programme announced in the fourth quarter of 2010 is on track with twelve underperforming sites closed by the end of March 2011; we now expect the potential savings from this restructuring programme to be slightly greater than previously anticipated.

Regional commentary on the first quarter ended 31 March 2011

Our UK business delivered a strong first quarter performance, slightly ahead of our expectations. We continued to outperform the industry, gaining market share, as we benefited from our scale representation in the luxury segment. Our Used car margins remained robust and our Aftersales business continued to deliver a resilient performance.
Against a challenging backdrop, our European businesses delivered a solid performance. The expected revenue decline in New car sales was partially offset with good Aftersales results and tight cost control. Consumer demand was weak in Greece but our business achieved a record market share during the first quarter.

We continue to enjoy strong momentum in North Asia where we performed better than expected with revenue growth of 17%. In Singapore, we delivered a performance in line with our expectations as we continue to protect margins.

Benefiting from the continuation of a market recovery in Russia, Eastern Europe and South America, our Russia and Emerging Markets segment performance was better than expected as we delivered strong revenue growth of 21%.

In Australia, as expected, our business continues to benefit from good revenue momentum on the back of market share gain in New cars, a strong retail performance and resilient Aftersales.

Strategic Investment update

Our strategic investment plans to increase our Retail and Aftersales capacity in Russia, Poland, South America and China remain on track. Specifically in China, we plan to open our fifth retail facility in August 2011. Our capital expenditure guidance for the full year remains unchanged at £135m.

Financial Position

Our working capital and inventory management are in line with our expectations and our financial position remains strong. We continue to expect the Group to end 2011 with a net cash position of c.£100m.

Taxation

We expect the full year tax rate to reduce from our previous guidance of 29% to a tax rate of 26%.

2011 Outlook

The Group has had a good performance in the first quarter and we continue to expect the Group to deliver a solid performance in 2011.

The effects of the earthquake in Japan and the resulting temporary supply restriction that will be felt in some of our markets will, based on our current information, result in some reduction in our New car revenues in 2011. We are taking cost actions to offset the impact.

The Group will continue to benefit from its broad geographic spread, strong portfolio of world leading brands in the premium and luxury segment as well as from its diverse revenue streams, as our strong Aftersales business, which represents 50% of Group gross profit, should not be affected by this temporary supply setback.

The Group remains firmly committed to its differentiated Customer 1st strategy and focus on its Top Five Priorities of growing market share, growing aftersales, improving margin, controlling working capital and selective capital expenditure investment.

André Lacroix, Group CEO of Inchcape plc, said:

"We are pleased with our first quarter performance, which demonstrates the strength of Inchcape's global portfolio, our unique business model and operational discipline around our Top Five Priorities.

We have delivered a good start to the year against strong comparatives. Despite the expected weaker demand for New cars in some of our markets, we have benefited from our diversified value drivers and strong growth in Asia-Pacific and the Emerging Markets, which together represent 65% of our trading profit.

Whilst we will be impacted by the effects of the earthquake in Japan on the supply chain, Inchcape is well equipped to handle the temporary supply setback in some of our markets during the next few months. We operate primarily in the premium segment, where buying a car is an important and considered decision and we expect most customers to be prepared to wait for a period to take delivery of their desired vehicle. We are maintaining our focus on costs and taking action where appropriate.

Inchcape is extremely well positioned to take advantage of the exciting growth opportunities in our industry given our solid track record, financial strength, differentiated Customer 1st strategy, our partnership with the world's leading automotive brands and our unique exposure to the fast growing economies in Asia-Pacific and the Emerging Markets."

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Notes to editors

About Inchcape:
1. Inchcape is a leading, independent international automotive distributor and retailer operating in 26 Emerging and Developed 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 / Mini, Jaguar, Land Rover, Mercedes-Benz, Porsche, Subaru, Toyota / Lexus, Volkswagen and Volvo.

Inchcape, which has been listed on the London Stock Exchange since 1958, is headquartered in London and employs around 14,300 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 will be available for download at 9.00am from www.inchcape.com

4. For details of today's conference call for analysts and investors, please contact Laura Vaughan at Financial Dynamics on +44 (0)20 7269 7273.