Trading Update (January-April 2020)

Inchcape plc ("Inchcape" or the "Group"), the leading independent multi-brand Automotive Distributor and Retailer with global scale, today releases its Trading Update covering the period from 1 January to 30 April 2020.

HIGHLIGHTS FOR THE FOUR MONTHS TO 30 APRIL 2020

- Group revenue £2.1bn, down 32% reported, down 30% in constant currency, and down 25% LFL
- COVID-19 situation remains dynamic; taken prompt action to optimise cash flow and reduce costs
- Strong OEM partnerships enabling careful management of inventory and financing across markets
- Liquidity headroom further strengthened with confirmation of eligibility to UK CCFF scheme
- Further portfolio progress: sold three more UK Retail sites and completed Daimler Colombia deal
- Duncan Tait will join the Board as Group CEO (Designate) on 1st June, assuming his full role on 1st July

Revenue chg y-o-y	Actual currency	Constant currency	Like for like[1]
Total Group	(32)%	(30)%	(25)%
Distribution	(23)%	(20)%	(22)%
Retail	(41)%	(40)%	(28)%

1: Like for like (LFL) is a measure of sales growth in operations that have been open for at least a year (at constant foreign exchange rates)

STEFAN BOMHARD, GROUP CEO OF INCHCAPE PLC, COMMENTED

"Covid-19 is having an unprecedented impact on people and economies worldwide. We are focusing our efforts on protecting our people, collaborating with our partners and further strengthening our finances. I am proud of the work our people are doing in all of these areas, and impressed with how they have dealt with the challenges during this extraordinary time.

While not evident in the headline numbers, we had a good start to the year with the Group's performance prior to shutdowns ahead of internal expectations. However, the various closures since have had a material impact on profitability, especially in April. As our markets reopen, we anticipate business activity levels will be subdued and as such the mobilisation of our colleagues will be gradual. It is clear that the impact on global economies will continue to be felt for the rest of the year and into 2021, and Inchcape will be adjusting its cost-base accordingly.

The focus on Distribution and the significant progress we have made in reshaping the portfolio has supported our performance during the crisis. We have strong liquidity and our distribution model provides higher profitability, a more flexible cost base, low capital-intensity and strong cash generation, which will be key factors in the recovery of the business. In addition, the Group's global footprint, diversified revenue streams and strong OEM relationships – all key pillars of the Ignite strategy - will continue to drive this business forward.

This is my last statement as CEO, with my last day on 30th June, and I would like to express my thanks to the entire team, and wish them and Duncan every success. This is a strong and sustainable business which I truly believe is well placed today and for the future."

COVID-19 BUSINESS UPDATE

As of today, we are open in 25 markets (including Australia, Hong Kong and Ethiopia), and remain closed in eight markets (including UK, Singapore and Chile). Since our update on 7th April, while we have had no additional closures, trading has recommenced in several markets (including Belgium, Greece and Colombia).

Inchcape has taken prompt action to optimise cash flow, reduce costs and strengthen further our liquidity position in light of the current market environment. These actions include but were not limited to:

- Collaborating with OEMs to manage our inventory and extend payment terms across markets
- Board/ senior management taking a 20% reduction in fees/ salary during the second quarter
- Reducing discretionary costs (e.g. marketing, office, travel) and capital expenditure
- Successful in our application for the UK CCFF scheme
- Suspending our share buyback programme from 20th March (£30m completed of the £150m)
- Cancelling our final dividend (£70m) on 7th April

Our group-wide performance to the end of February was ahead of internal expectations, highlighting the resilience of the Group that had seen an impact of Covid-19 in Asia. In March, our operations in a number of markets started to close. Those markets that have remained open (accounting for c30% of our 2019 sales) operated at a much-reduced level (roughly half of prior year) in April. Overall, Group revenues in April were down 76% LFL, mainly due to the disruption caused by Covid-19. The impact of closures on profitability will be pronounced, and result in a drop-through to operating profit of approximately 10% of lost revenues.

Following the onset of the virus, the Company moved quickly to adjust working practices, encouraging working from home where practical, implementing physical distancing and ensuring strict hygiene practices in the workplace. While the situation remains dynamic, as restrictions begin to ease it is expected that the ramp-up of business activity will be gradual. With the effects of Covid-19 likely to result in a prolonged economic impact, the Group is conducting a comprehensive review of its cost-base. We will share the progress of this at our interim results.

In this period, we have made good progress on inventory management following collaborative discussions with our OEM partners. The strong relationships enabled us to reduce previously committed orders and extend financing terms. We expect inventory levels to rise over the coming months, albeit to a lesser extent than we had originally anticipated. We are confident that the route to market that we offer for our partners will be as robust as ever.

Inchcape has a strong balance sheet, having ended 2019 in a net cash position, aided by strategic retail disposals. The Group has been confirmed as an eligible issuer under the UK Government's Covid Corporate Financing Facility (CCFF) and as of 21st May we have drawn down £100m. In addition to the flexibility provided by the CCFF, as of today, the Group has available cash of £245m and £420m of headroom in our RCF. Our net debt currently stands at £210m.

As we said on 7th April, we have stress-tested the impact of various conservative scenarios - including a prolonged period of global shutdowns followed by materially reduced activity throughout the second half of 2020 - and remain comfortable that we have sufficient financial resources to navigate an extended period of disruption.

OUTLOOK

The Board announced on 20 March 2020 that it put on hold any forward guidance until such time that the overall impact of Covid-19 on the Company became clearer. While some markets have started to reopen, it is still too early to provide a forward-looking view of the Company's performance in 2020.

CHANNEL REVIEW

We present the results of our markets in line with our redefined regions: following the reclassification of Russia from 'Emerging Markets' to within 'UK & Europe', 'Emerging Markets' has been redefined as 'Americas & Africa'.

The commentary that follows covers the period from 1 January 2020 to 30 April 2020.

DISTRIBUTION	REVENUE (22)% [1]

ASIA

- Hong Kong traded throughout the period, with passenger vehicles outperforming commercial vehicles
- Singapore traded in line with expectations in the first quarter, but was forced to close in early April

AUSTRALASIA

- While our operations have remained open, Covid-19 impacted sales in April. Our Q1 trading was pleasing

EUROPE

- Prior to the Covid-19 enforced closures, our revenue performance had been solid

AMERICAS & AFRICA

- Performance in Q1 until lockdowns was above the prior year level
- The majority of our markets (bar Costa Rica and Ethiopia) closed in late March

RETAIL	REVENUE (28)% [1]

UK & EUROPE

- UK traded in line with our expectations until the forced closure on 23rd March, which caused us to miss out on the very important final week of March
- Both Russia and Poland experienced double-digit revenue growth in the first quarter, however, the closure of Russia in late March weighed on the performance for the reporting period

Ends.

MARKET ABUSE REGULATION STATEMENT

This announcement contains inside information.

ENQUIRIES

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NOTES

1. References in the regional review are like-for-like i.e. sales growth in operations that have been open for at least a year (at constant foreign exchange rates)

2. Inchcape is the leading independent multi-brand Automotive Distributor and Retailer, operating in 33 markets with a portfolio of the world's leading automotive brands. Inchcape has diversified multi-channel revenue streams including sale of new and used vehicles, parts, service, finance and insurance. The Company has been listed on the London Stock Exchange since 1958, is headquartered in London and employs around 17,200 people. www.inchcape.com

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.

4. Conference call for Analysts and Investors at 8:00am on 21 May 2020. For details please contact Rosie Driscoll at Instinctif on +44 20 7457 2856 and rosie.driscoll@instinctif.com.