

Q3 Trading Update

Encouraging bounce-back - performing ahead of expectations

Inchcape plc ("Inchcape" or the "Group"), the leading independent global automotive distributor and retailer, today releases its Trading Update covering the period from 1 July to 30 September 2020.

- Group revenue £1.9bn, ahead of expectations: down 10% on an organic basis, and down 19% reported
- Strengthened financial position; continuation of disciplined inventory management across markets
- New distribution contract for Daimler El Salvador; our 4th new market in 12 months

Revenue YoY%	Actual currency	Constant currency	Organic ¹	
	Q3	Q3	Q3	YTD
Total Group	(19)%	(15)%	(10)%	(23)%
Distribution	(22)%	(18)%	(21)%	(26)%
Retail	(17)%	(13)%	5%	(18)%

1: Organic growth is defined as sales growth in operations that have been open for at least a year at constant foreign exchange rates

Duncan Tait, Group Chief Executive:

“Our Q3 results came in ahead of expectations, despite some continuing disruption caused by Covid-19. Whilst encouraged by how our business has rebounded, we are mindful that the pandemic situation remains dynamic.

During the quarter we observed an improving trend across our New, Used and Aftersales revenue streams, and continued to outperform market volumes. We also saw a quarter-on-quarter improvement in gross margin, resulting in a stable margin versus prior year. Supported by the highly cash-generative nature of our business model, the Group’s financial position was further strengthened.

As a direct response to the Covid-19 crisis we implemented a significant cost-restructuring programme – targeting at least £90m of overhead savings. We are firmly on-track, and anticipate completion in early 2021. Execution of this will enable the Group to make a faster return to prior performance levels.

During Q3, we have continued to invest in the business, and successfully completed another distribution deal in the Americas with Daimler – adding El Salvador to our list of distribution markets.

Looking ahead, I am excited about the opportunities to build on the foundations laid by my predecessors, accelerate our growth in distribution, and to be more ambitious with our use of data and digital. We are making good progress with the strategic priorities, and look forward to updating you at our full-year results.”

2020 outlook

Following a better than expected Q3, the Group was on course to deliver a strong second half performance, significantly ahead of market expectations.

However, the Covid-19 situation remains very dynamic, as we’ve seen with the recent restrictions imposed on our operations in the UK and Belgium. Given the uncertain trading outlook for the final two months of the year, we feel it is prudent not to give guidance at this time.

Channel review

The commentary that follows covers the period from 1 July to 30 September 2020. Unless otherwise stated, all figures are quoted on an organic basis¹.

Performance in both our Distribution and Retail businesses improved in Q3, driven largely by fewer Covid-19 related trading restrictions. Group revenues declined 10%, with Distribution down 21% and Retail +5%. The Distribution business was impacted by closures in certain markets (Chile, Costa Rica and Panama – all re-opened in August) during the first six weeks of the quarter, and a temporary disruption to operations in Australia, New Zealand and Guam. In addition, the Distribution channel was weighed-down by cyclical factors in Singapore, and our exposure to the Americas, where demand is currently more subdued. On the Retail side, we have seen a strong and sustained recovery in markets that were open throughout the period.

Distribution

Q3 organic revenue YoY%: (21)%

Asia

- Hong Kong trading improved vs Q2, although remained below prior year levels
- Singapore was operational throughout, improving sequentially in both Vehicles and Aftersales

Australasia

- Restrictions in Melbourne (Australia) and Auckland (New Zealand) impacted sales

Europe

- Sequential improvement across key markets drove a better than expected result

Americas & Africa

- Chile, Costa Rica and Panama reopened in August, supporting performance towards the end of the quarter
- Our businesses in Africa remained open throughout the period, growing strongly

Retail

Q3 organic revenue YoY%: +5%

UK & Europe

- Stronger than expected rebound in the UK and Russia, driven by Vehicle sales (new and used) and Aftersales
- All Retail operations remained open throughout the quarter

Ends.

Market abuse regulation statement

This announcement contains inside information.

Enquiries

Inchcape plc:

Investor Relations (Raghav Gupta-Chaudhary), +44 (0)7933 395 158, investors@inchcape.com

Group Communications, +44 (0)20 7546 0022

Instinctif Partners:

Mark Garraway +44 (0)7771 860 938, Inchcape@instinctif.com

American Depository Receipts

Inchcape American Depository Receipts are traded in the US on the OTC Pink market: (OTC Pink: INCPY) <http://www.otcmarkets.com/stock/INCPY/quote>

Notes

1. References in the channel review are organic i.e. sales growth in operations that have been open for at least a year at constant foreign exchange rates. The difference between the 'constant currency' and 'organic' year-on-year rates relates to changes in scope in the past 12 months (i.e. Retail disposals, acquisitions in Americas).
2. Inchcape is the leading independent multi-brand Automotive Distributor and Retailer, operating in 34 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 16,000 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 5 November 2020. For details please contact Rosie Driscoll at Instinctif on +44 20 7457 2856 and rosie.driscoll@instinctif.com.
5. The Group will report its full year results, for the period ending 31 December 2020, on 25 February 2021.