



Full year 2020 results

25 February 2021

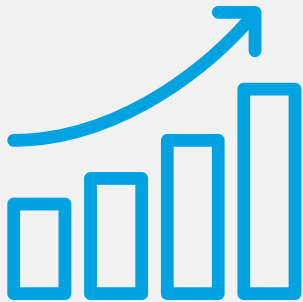


Duncan Tait

Group CEO

Agenda

Overview of 2020



2020 financial details

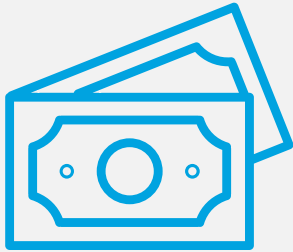


Strategic update and Outlook



2020 highlights

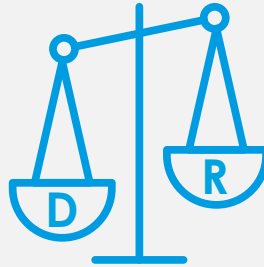
Decisive cost action + strengthened financial position



£90m cost-restructuring substantially complete

Effective cash-flow management

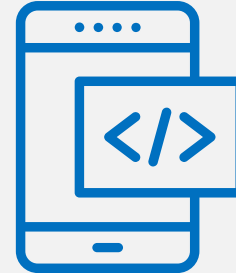
Further portfolio rebalancing



Added four new Distribution businesses

Disposal of non-strategic Retail assets

Advanced our technological progress



Omni-channel platform roll-out accelerated

Click & Collect deployed across several markets

2020 headline KPIs

Topline

Revenue

£6.8bn

(19)%

Organic sales growth

Profitability

Operating margin

2.4%
(2019: 4.0%)

£129m

PBT

Cash

Free Cash Flow

£177m

107%

FCF conversion

Shareholders

Underlying EPS

23.6p

6.9p

DPS (proposed)

Figures are stated pre-exceptionals

Navigating Covid in 2020



How we've adapted



Implemented click & collect; offering physically distanced delivery service



Added online payment capability (for both vehicles and aftersales)



Accelerated roll-out of online platforms



Colleagues working in split teams



Gijsbert de Zoeten

Group CFO

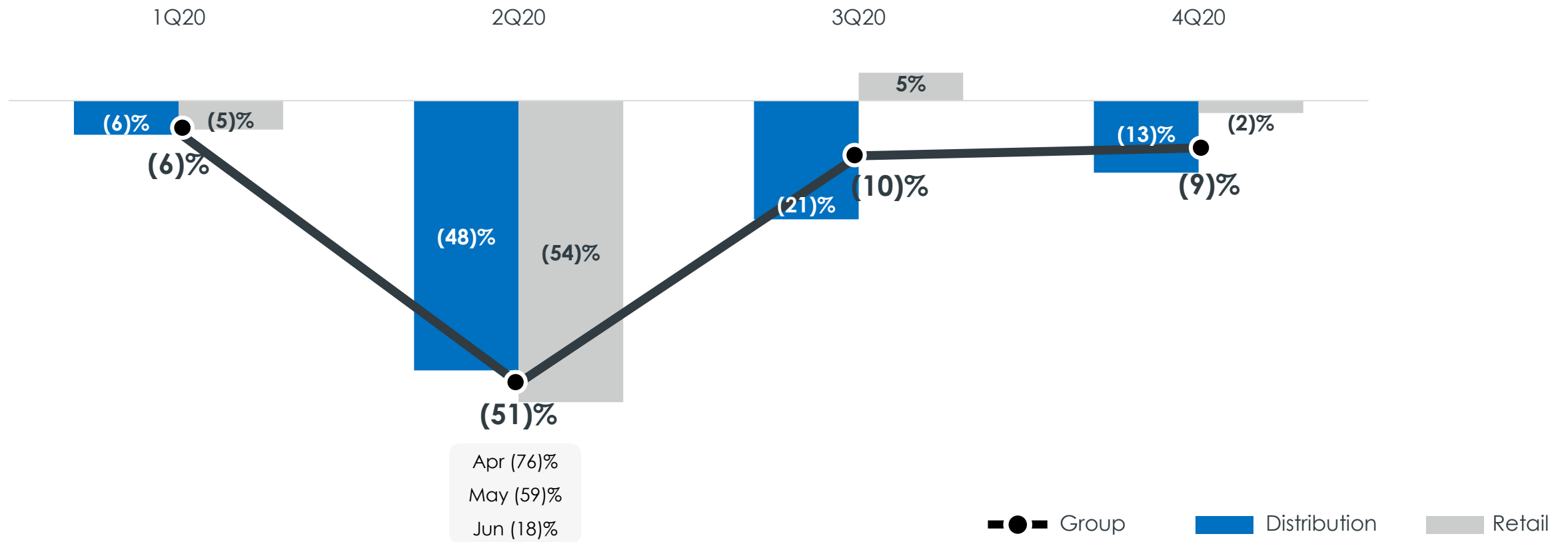
2020 results: encouraging bounce-back in H2

	H1		H2		FY	
	2019	2020	2019	2020	2019	2020
Revenue	£4.7bn	£3.0bn	£4.7bn	£3.8bn	£9.4bn	£6.8bn
Organic growth %		(29)%		(9)%		(19)%
Operating margin %	3.8%	0.9%	4.2%	3.6%	4.0%	2.4%
PBT	£156m	£9m	£170m	£120m	£326m	£129m

Figures are stated pre-exceptionals

Quarterly revenue trend: sustained recovery in Q4

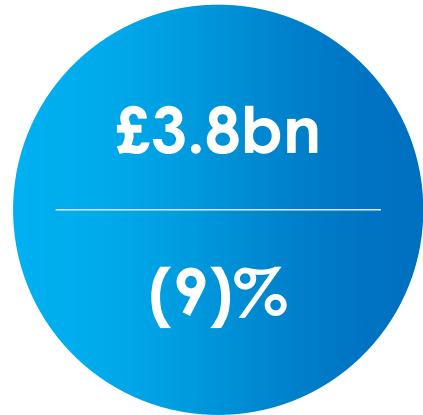
Organic revenue growth (yoy%)



Second-half: key metrics

Topline

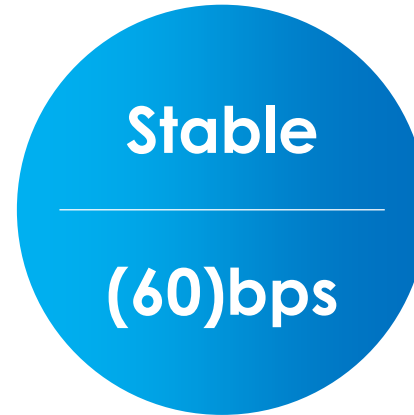
Revenue



Organic sales growth

Margin

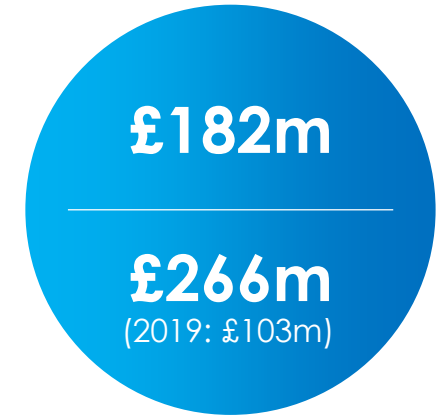
Gross margin



Operating margin

Cash

Free Cash Flow

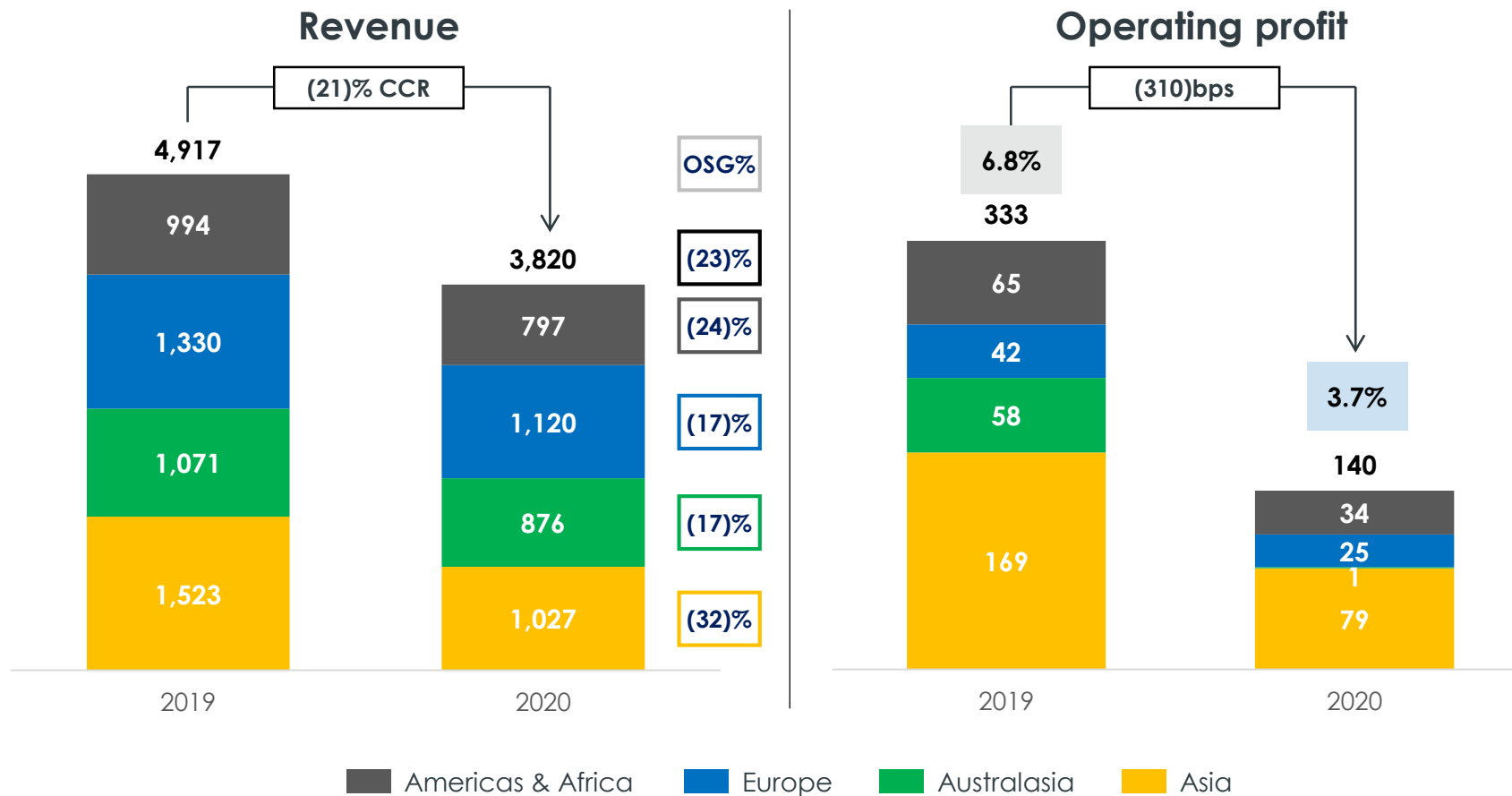


Net cash¹

1: Excluding lease liabilities

Distribution

FY 2020



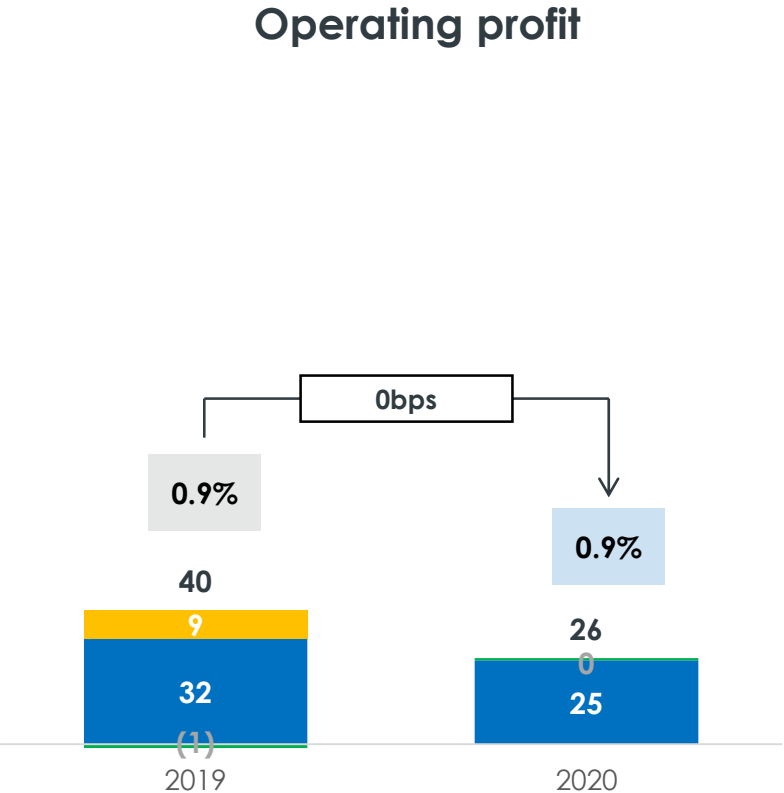
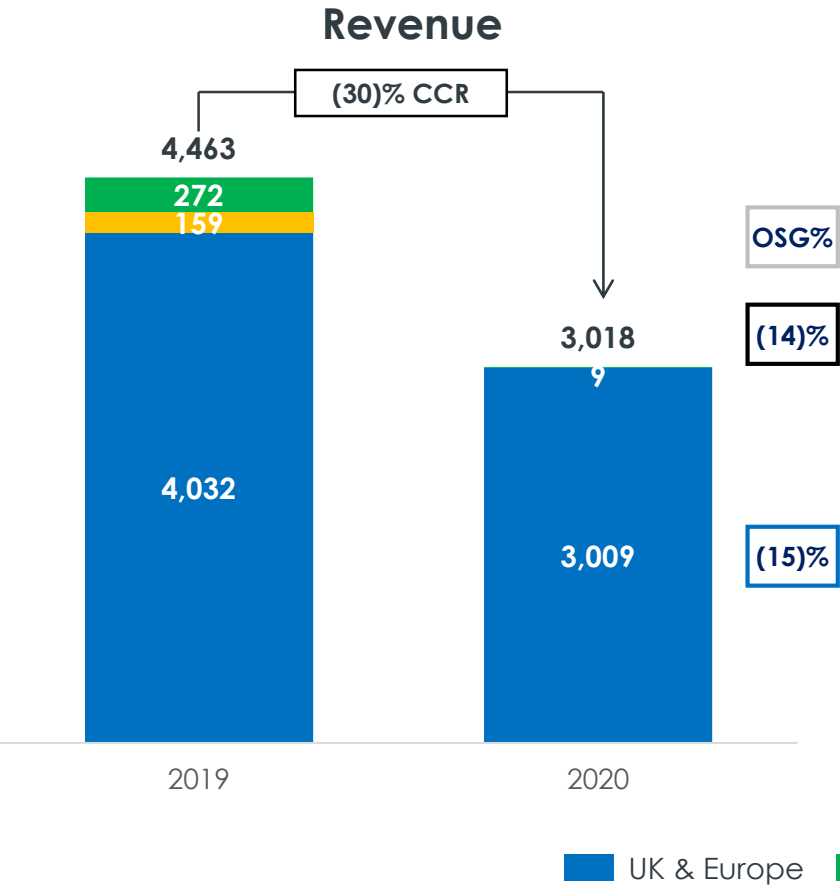
Supported by geographic diversification

Encouraging trends in second-half

All figures rounded to the nearest £m. OSG = organic sales growth. CCR = constant currency rate

Retail

FY 2020



UK and Russia bounced back as lockdowns eased

Significant disposals reduced our Retail exposure

All figures rounded to the nearest £m. OSG = organic sales growth. CCR = constant currency rate

Cost-restructuring: leaner and stronger

Our cost-plan: response to Covid-19



Quick and decisive global response



Reduced headcount, third-party spend and footprint rationalisation



Creating a leaner organisation, fit for growth

What we've delivered



Swift regional implementation



£90m of overhead savings
(vs 2019-PF)



50+% retention of savings

Income statement

	FY	
	2019	2020
£m (unless otherwise stated)		
Operating profit (pre exceptionals)	373	166
Net interest & JVs	(47)	(37)
PBT (pre exceptionals)	326	129
Exceptional items	76	(257)
Underlying Tax rate %	23.2%	25.8%
Basic EPS (pence) (pre exceptionals)	59.9p	23.6p

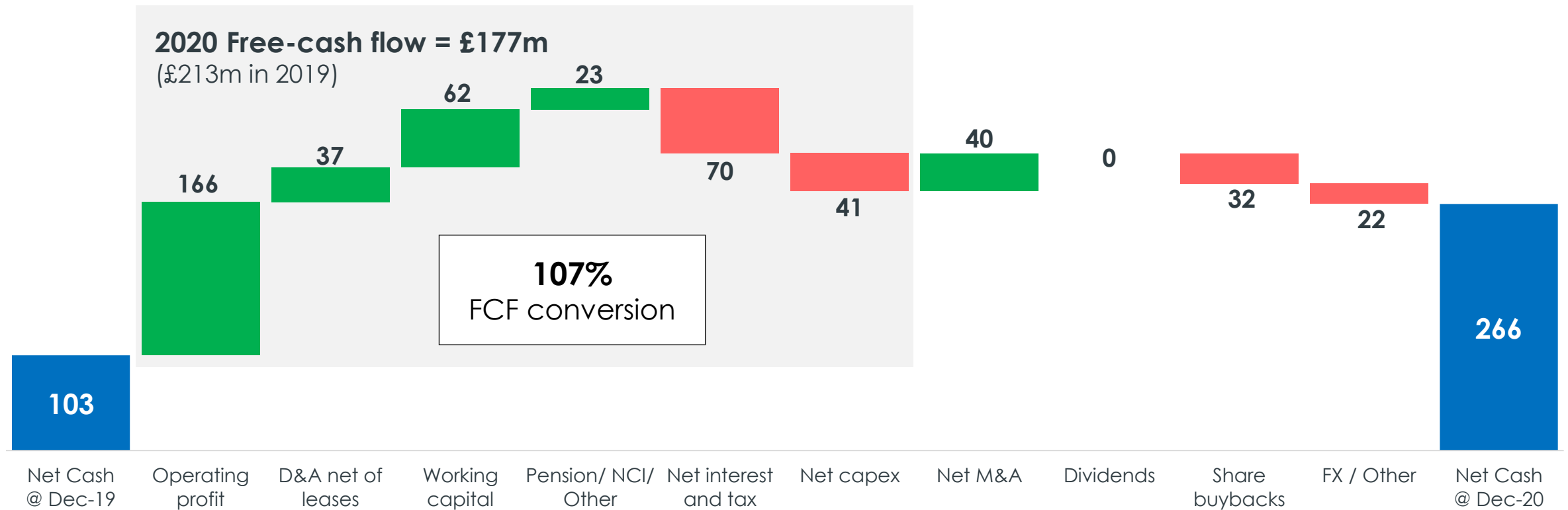
Interest costs fell as we carried less inventory and interest rates were lower

Exceptional items: majority related to impairment of goodwill and various sites, partly offset by disposal gains

Tax rate increase from inability to recognise losses in certain markets

Continued high cash generation

Net cash bridge (£'m)



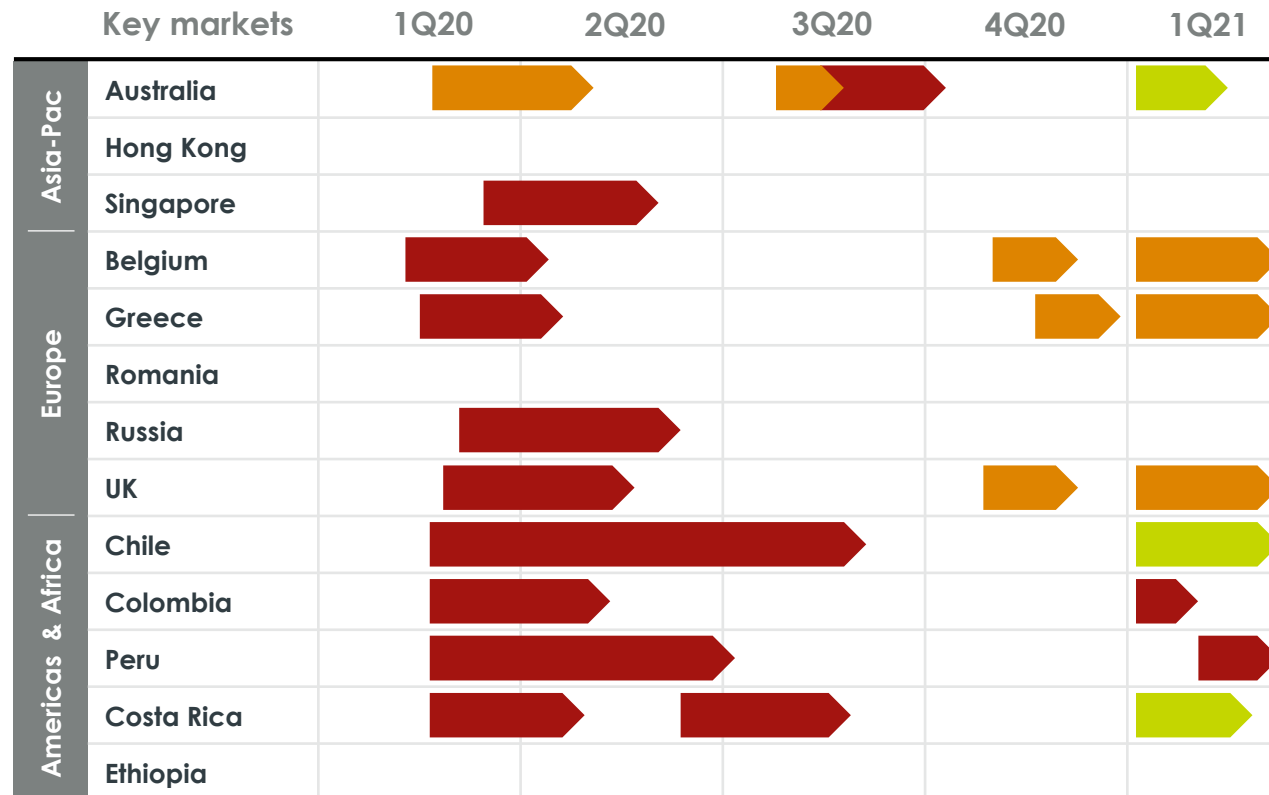
All figures rounded to the nearest £m. Net cash excludes lease liabilities

NB. Closing (net debt) on an IFRS16 basis was £(67)m at end of Dec-2020; compares to £(250)m at end Dec-2019

Capital allocation: maintaining our discipline



Navigating Covid in 2021: regional perspectives



Key

■ Severe restrictions
 ■ Some restrictions
 ■ Limited restrictions

Asia

HK: closed border with China a major factor

SG: trough reached in 2020, earlier than expected

Australasia

Encouraging start; impacted by recent lockdowns

UK & Europe

Subdued trading in light of a string of soft-lockdowns

Americas

Seeing some lockdowns and localised restrictions

Africa

Limited financial impact from Covid-19 to-date



Duncan Tait

Strategic Priorities

Strategic review - context

Comments from Q3



Good business, with great people and genuinely exciting prospects

Opportunities to build on foundations laid

Accelerate our growth in distribution



Actions underway



Accelerated digital agenda



Engaged with new OEMs



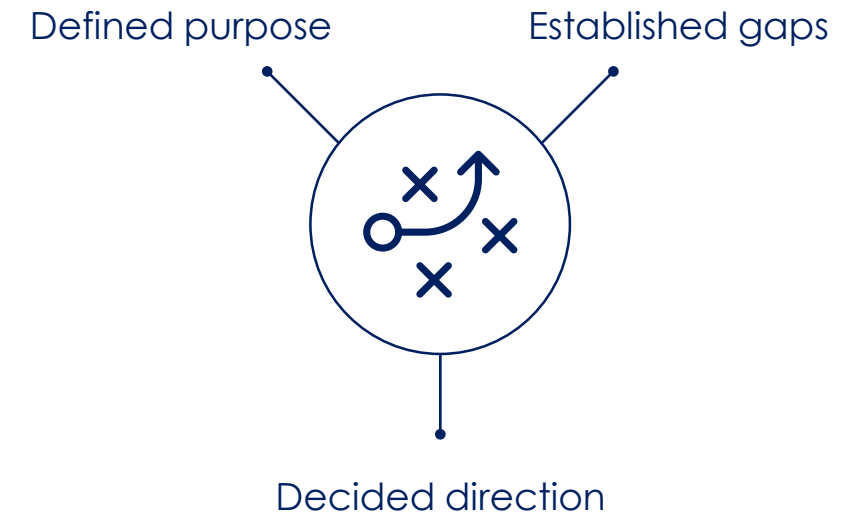
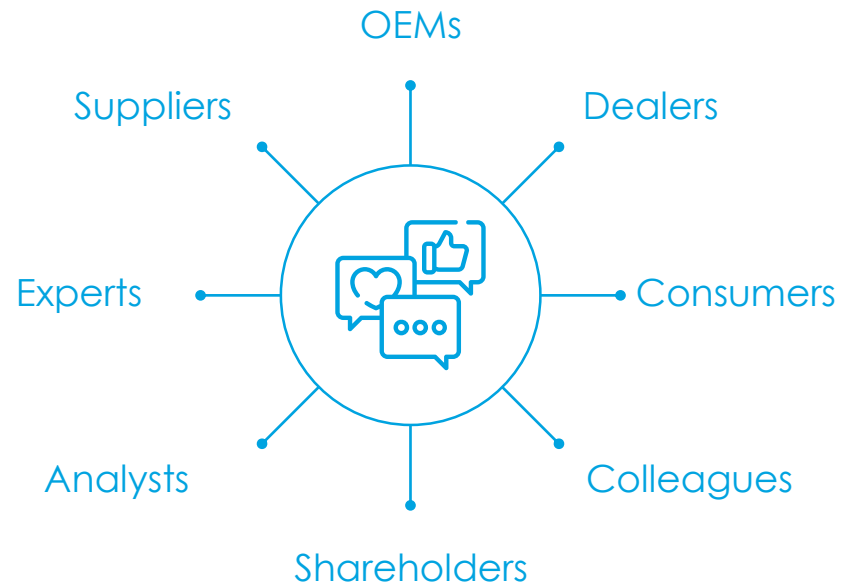
Laser focus on execution

The process we've undertaken

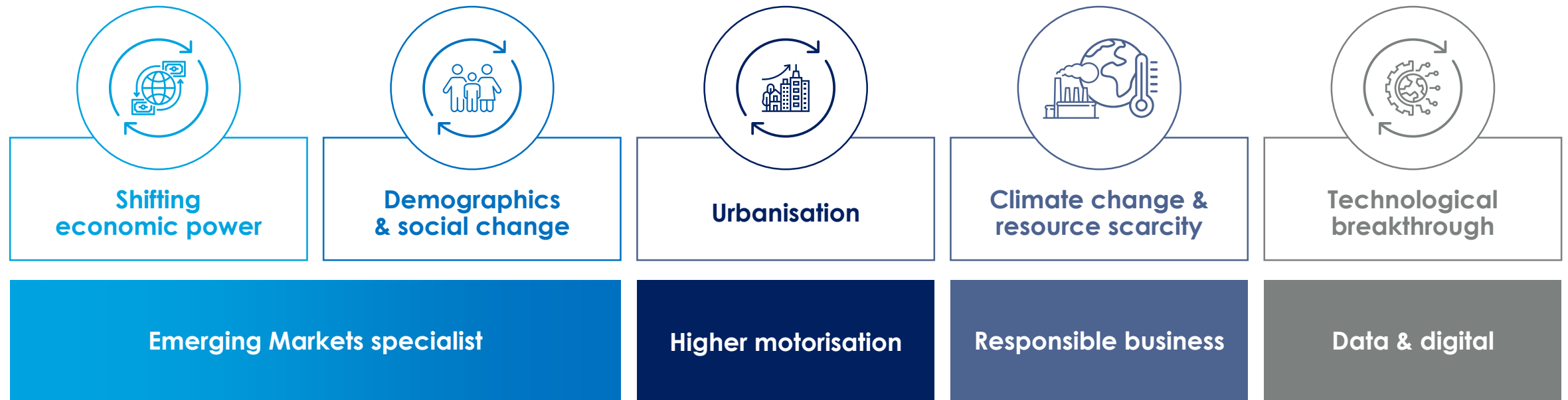
Discovery

Reflection

Development



Global mega-trends and our business



Embracing the changes to our industry

Consumer Expectations

Non-auto
retail trends

Consumer
intelligence



Our Changing Industry

Disruptive
players

Distributor
& dealer
economics

OEM
ambitions

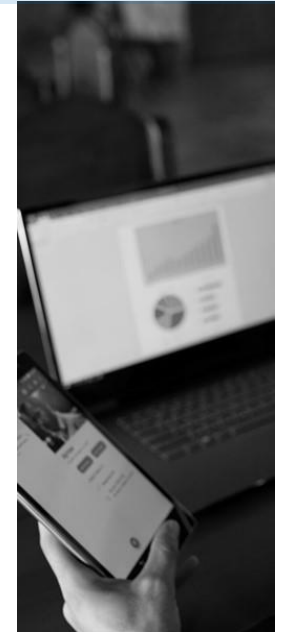
CASE trends



New Growth Opportunities

Global
operating
model

Evolving
profit pools



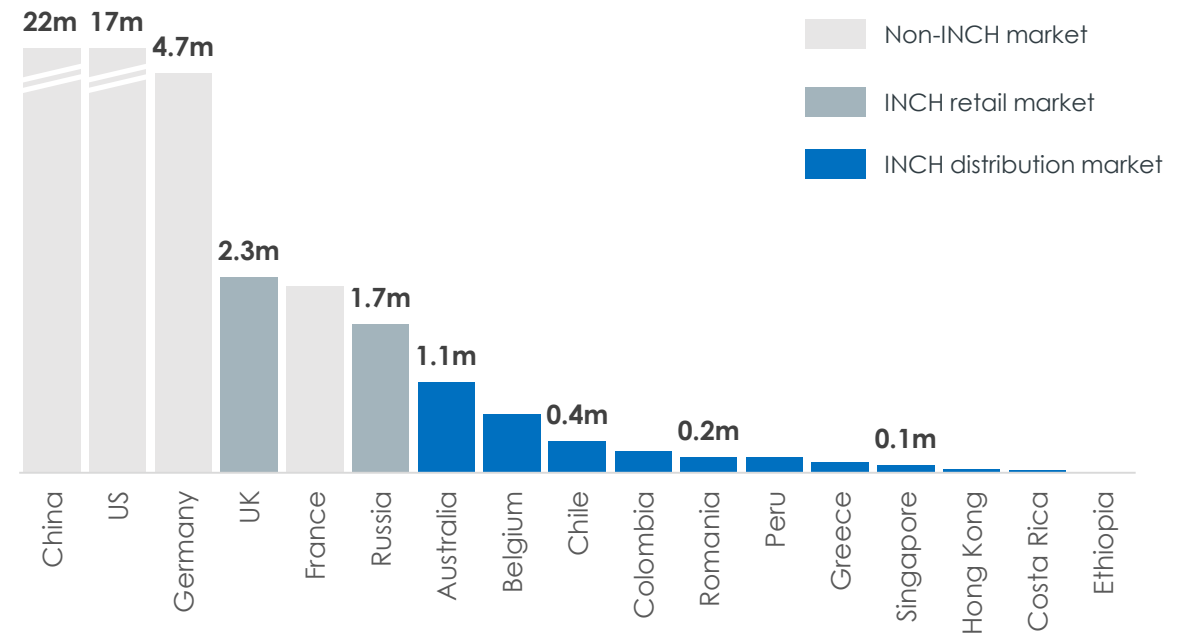
Opportunities for an ambitious Inchcape

Why our OEM partners need us?

- Distribution is our specialism
- We are more nimble, faster and efficient
- Majority of our investments are distribution-specific
- We have developed market-leading technology
- We've been helping car brands grow for decades

1: TIV = total industry new car volumes (per annum)

Inchcape key market TIVs vs Typical 'retail market' TIV¹

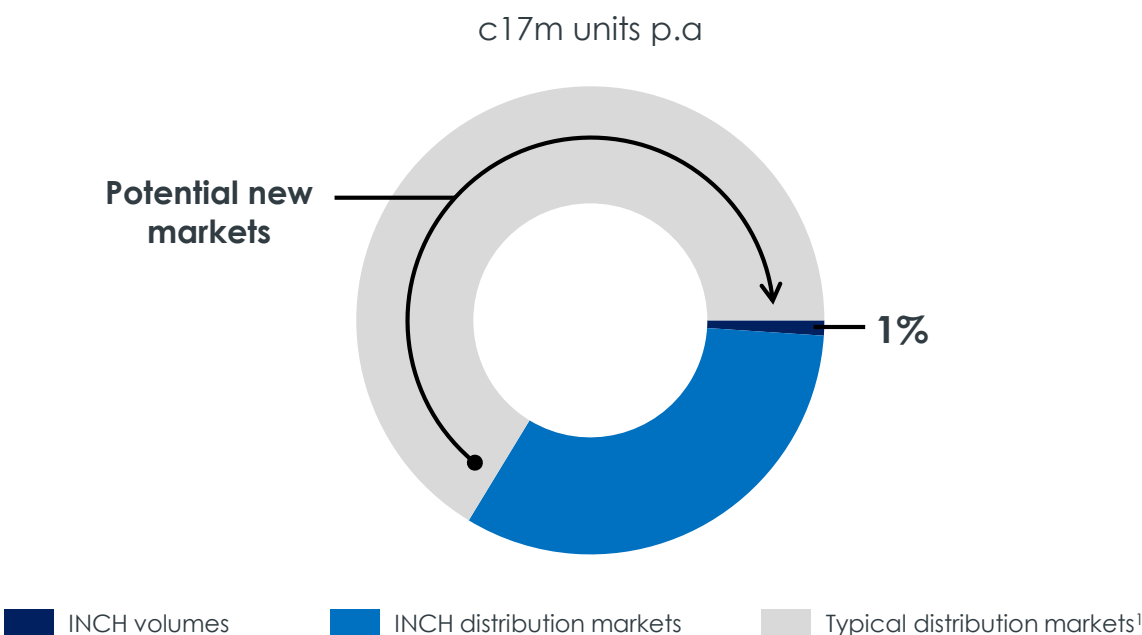


OEMs focusing their attention on largest markets (>1m units p.a.)

We specialise in distribution in smaller markets

The market remains highly fragmented

Our markets in context of the global auto distribution opportunity



Region	2019 TIV	2021-25 (CAGR%)
APAC	5m	4%
Europe	6m	3%
Africa & Middle East	4m	7%
Americas	2m	7%
Global	90m	3%

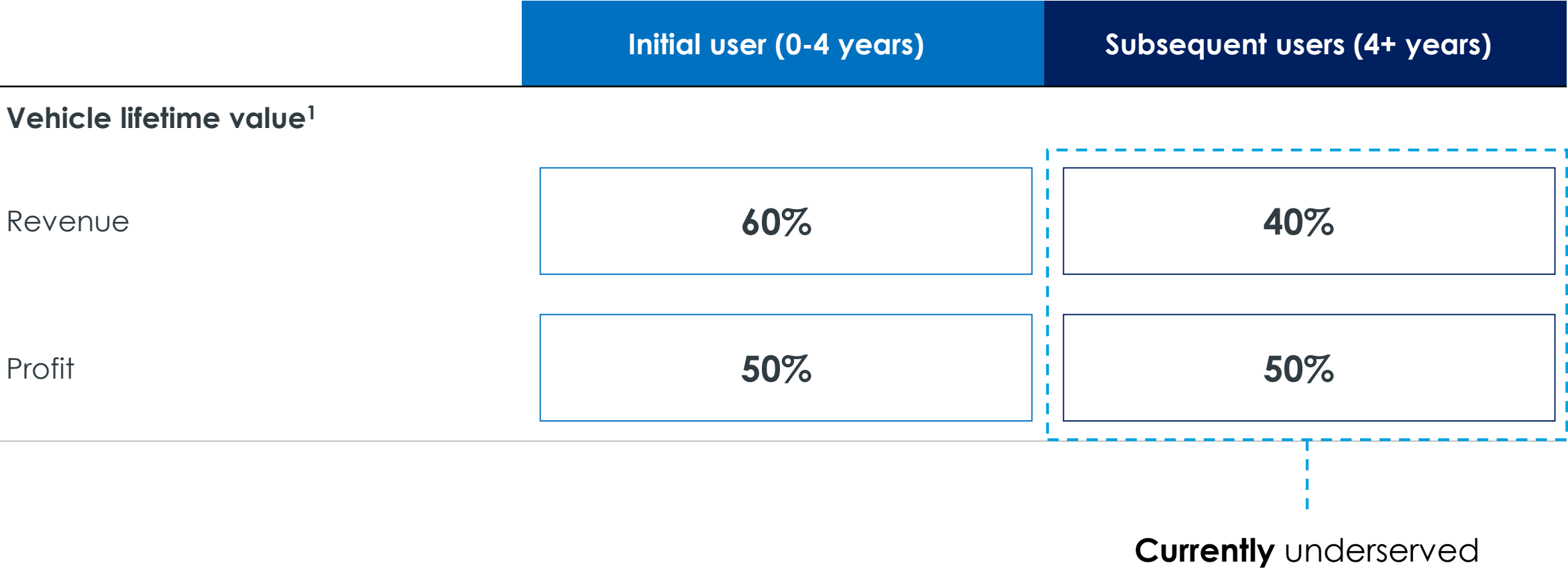
Our share of distribution markets is c1%

Our markets cover c30% of total global distribution volumes

Growth of typical distribution markets expected to exceed global auto volumes

1: defined as those markets with annual new car volumes of less than 1m units (2019 data)

Capturing the vehicle lifecycle opportunity



1: analysis predicated on the first 12 years of an average vehicle's life, and assumes three different owners during that period
The analysis captures the sale of a vehicle, the aftersales services, and finance & insurance commission generated

Strategic priorities: distribution is our beating heart

Distribution Excellence

Vehicle Lifecycle Services

People, Culture & Capabilities

Digital, Data & Analytics

Efficient Scale Operations

Distribution Excellence

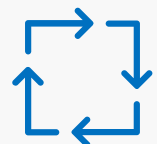
Becoming the undisputed number one choice for OEMs



Accelerate
omni-channel



Globalise
distribution processes



Digitalise
processes

Customer Lifetime Value

New vehicle import

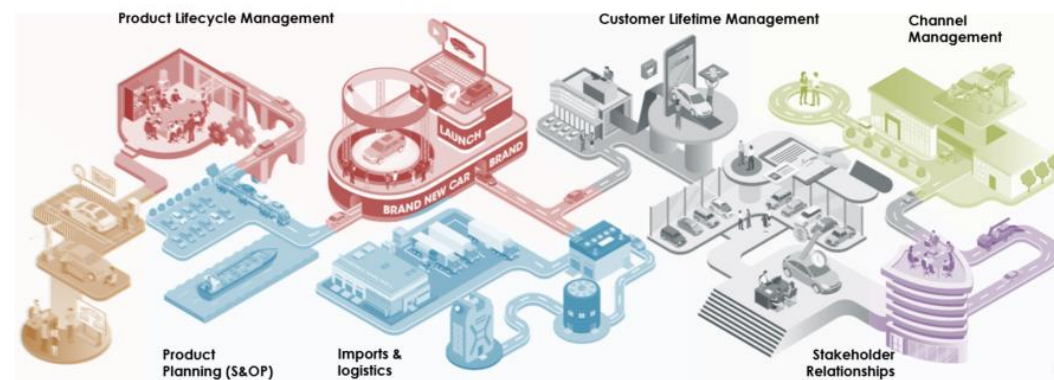


Customer
acquisition

Customer
retention



Our six core distribution activities



Vehicle Lifecycle Services

Simply capturing more value



Expand

services & activities



Leverage

existing infrastructure



Build-on

relationships

Vehicle Lifecycle Value

New vehicle import



1st sale



2nd sale



3rd sale



Finance & Insurance






Aftersales



Trade-in

Digital, Data & Analytics

Accelerating our transformation

	Today		Tomorrow	
 Digital	Omni-channel platform live in all Subaru markets	Covid-19 accelerated shift to digital, globally	Introduce omni-channel for more OEMs	Add stock, used cars and aftersales into omni-channel
 Analytics	Global S&OP process managing ordering & stock	Launched real time global data analytics platform	Increase use of ML and AI to automate next best-action	Insight models to support operational performance
 Delivery	Limited internal delivery capability	Significant usage of local 3rd party developers	Open Inchcape Digital Delivery Centres	Shared eco-system of innovation partners



Duncan Tait

Looking ahead

Outlook

Near-term

- Encouraging bounce-back as restrictions eased
- Covid-19 situation remains dynamic
- Group supported by geographical diversification
- Vaccinations being rolled-out at varying pace

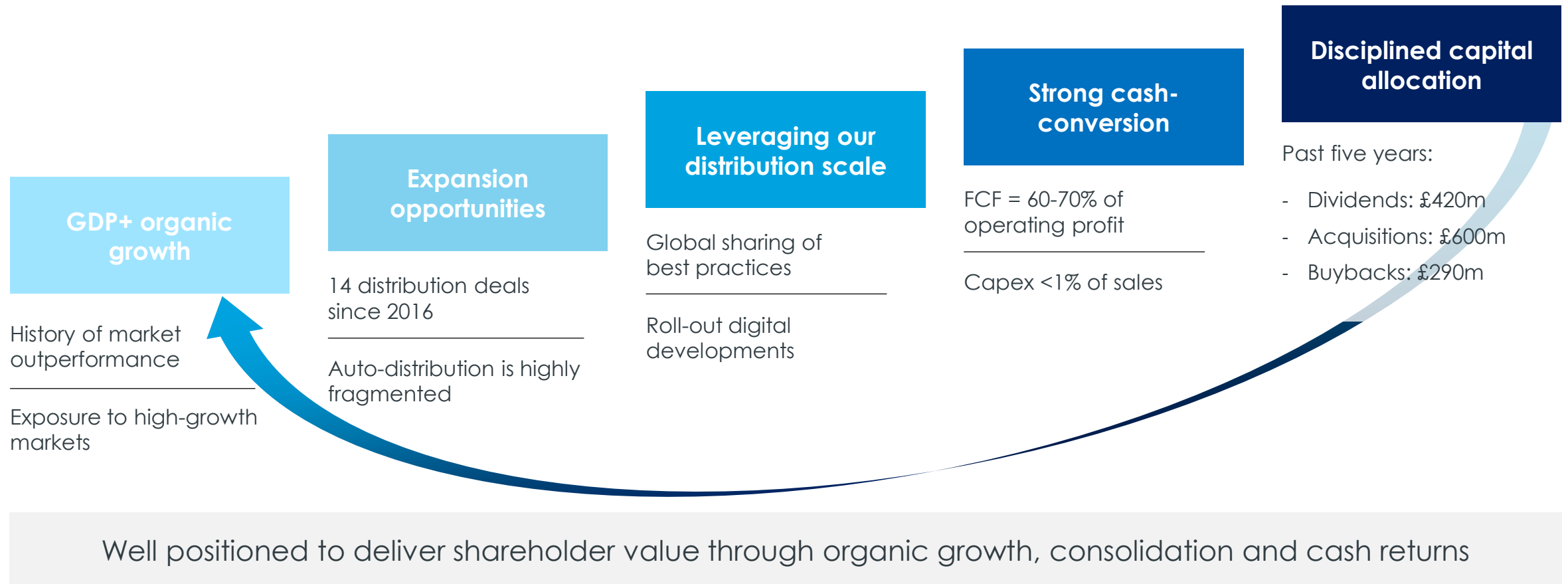
Strategic-focus

- Distribution at our core; becoming the number 1
- Greater use of technology across our business
- Further building our OEM relationships
- Capturing more of a vehicle's value

▶ 2021 outlook:

- Material growth in profits
- Improved operating margin

Investment proposition: growth and cash returns





**“Bringing Mobility to the world’s communities
- for today, for tomorrow and for the better”**

Q&A

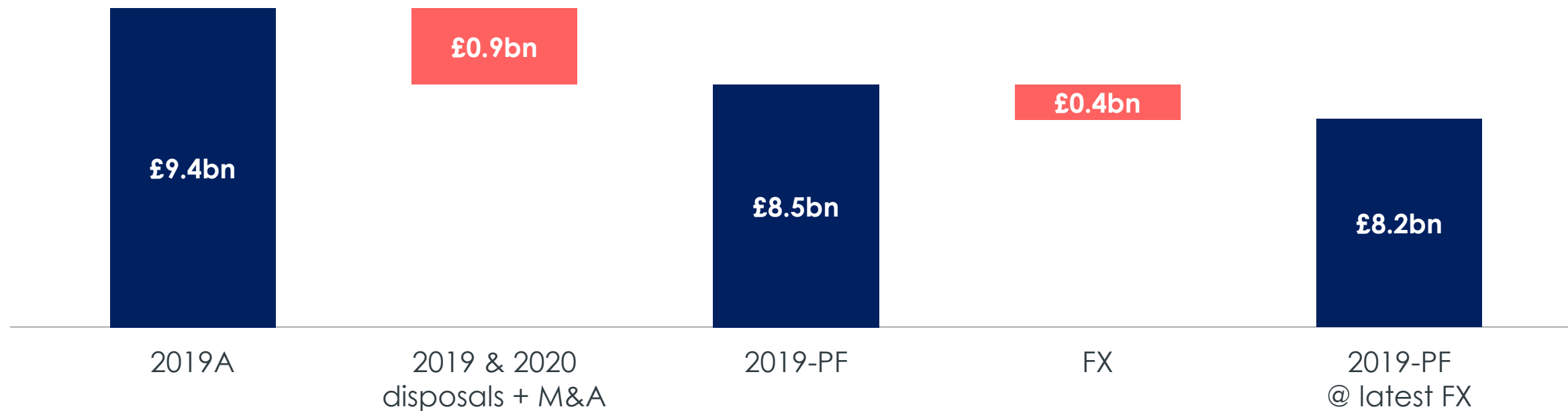


Appendix

Pro-forma financials (2019)

Portfolio changes + impact of latest-FX

Revenue



Operating profit

£373m

£(5)m

£368m

£(26)m¹

£342m

1: c£10m of the translational currency headwind occurred during the course of 2020. Updating for prevailing FX-rates results in a further c£15m headwind.

Segmental restatements

Old

AS REPORTED

	Distribution		Retail		Group	
	1H19	FY19	1H19	FY19	1H19	FY19
Revenue						
Asia	865.8	1,681.9			865.8	1,681.9
Australasia	500.5	1,036.3	185.1	306.7	685.6	1,343.0
UK & Europe	660.5	1,329.6	1,610.7	3,004.9	2,271.2	4,334.5
Emerging Markets	459.3	993.5	443.2	1,026.8	902.5	2,020.3
Total	2,486.1	5,041.3	2,239.0	4,338.4	4,725.1	9,379.7
Trading profit						
Asia	93.2	181.9			93.2	181.9
Australasia	32.2	60.8	0.3	(1.4)	32.5	59.4
UK & Europe	21.0	43.7	11.7	17.5	32.7	61.2
Emerging Markets	25.2	67.8	7.4	20.0	32.6	87.8
Total	171.6	354.2	19.4	36.1	191.0	390.3
Central Costs					(11.2)	(17.2)
Operating Profit					179.8	373.1

New

REVISED DISCLOSURE

	Distribution		Retail		Group	
	1H19	FY19	1H19	FY19	1H19	FY19
Revenue						
Asia	784.1	1,522.5	81.7	159.4	865.8	1,681.9
Australasia	517.2	1,070.9	168.4	272.1	685.6	1,343.0
APAC	1,301.3	2,593.4	250.1	431.5	1,551.4	3,024.9
UK & Europe	660.5	1,329.6	2,053.9	4,031.7	2,714.4	5,361.3
Americas & Africa	459.3	993.5			459.3	993.5
Total	2,421.1	4,916.5	2,304.0	4,463.2	4,725.1	9,379.7
Operating Profit						
Asia	86.1	168.7	4.1	8.7	90.2	177.4
Australasia	30.4	58.0	0.4	(1.2)	30.8	56.8
APAC	116.5	226.7	4.5	7.5	121.0	234.2
UK & Europe	19.8	41.7	15.5	32.2	35.3	73.9
Americas & Africa	23.5	65.0			23.5	65.0
Total	159.8	333.4	20.0	39.7	179.8	373.1

Our distribution business model (today)

