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# First half 2020 results

30 July 2020

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**Duncan Tait**  
Group CEO

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**Gijsbert de Zoeten**  
Group CFO

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# Income statement

| £m (unless otherwise stated) | 1H20  | 1H19  | Change yoy% |             |         |
|------------------------------|-------|-------|-------------|-------------|---------|
|                              |       |       | Reported    | Constant FX | Organic |
| Revenue                      | 3,019 | 4,725 | (36)%       | (35)%       | (29)%   |
| Operating profit             | 28    | 180   | (84)%       | (84)%       |         |
| Operating margin %           | 0.9%  | 3.8%  | (290)bps    | (290)bps    |         |
| Profit before tax            | 9     | 156   | (94)%       | (94)%       |         |
| Basic adjusted EPS (p)       | (0.6) | 28.6  | (102)%      |             |         |
| Dividend per share (p)       | -     | 8.9   | (100)%      |             |         |

## Covid-19 had a material impact

- Topline outperformance vs market volumes
- Market closures had a significant impact on results
- Exceptional charges of £198m; majority (£185m) related to impairment of goodwill (Retail) and various sites

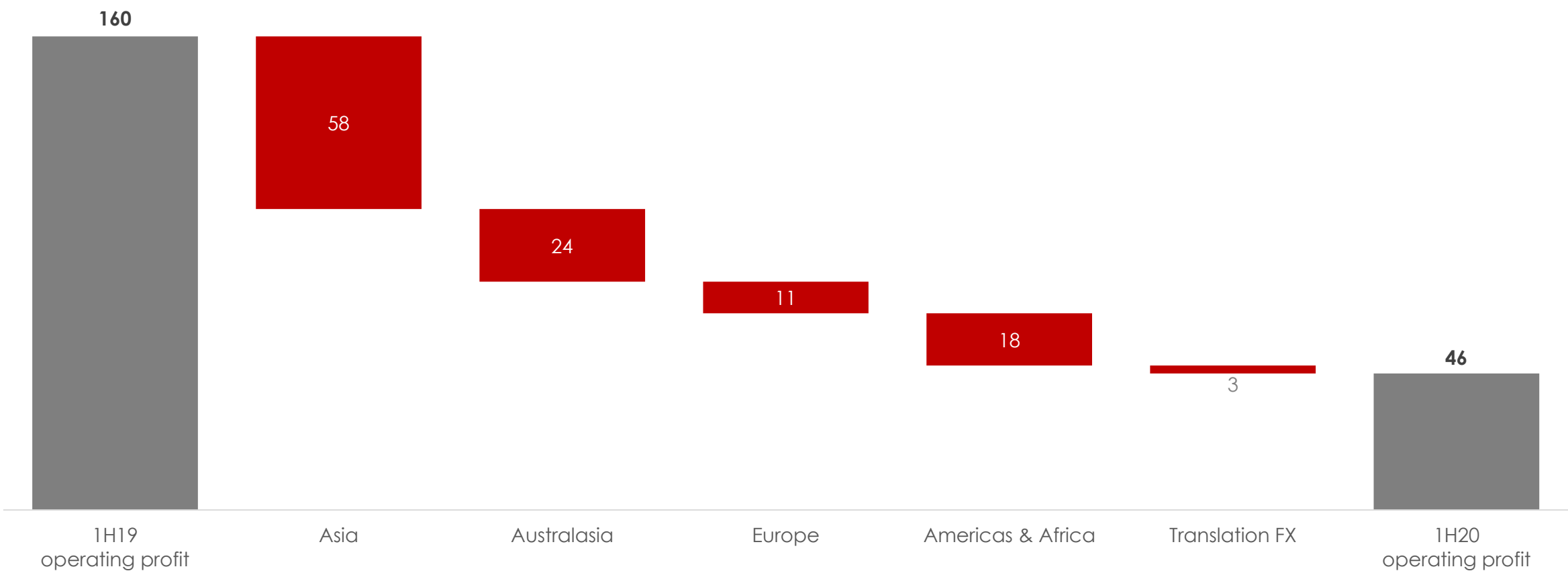
# Distribution

| £m (unless otherwise stated) | 1H20  | 1H19  | Change yoy% |             |         |
|------------------------------|-------|-------|-------------|-------------|---------|
|                              |       |       | Reported    | Constant FX | Organic |
| Revenue                      | 1,730 | 2,421 | (29)%       | (27)%       | (29)%   |
| Operating profit             | 46    | 160   | (71)%       | (71)%       |         |
| % margin                     | 2.7%  | 6.6%  | (390)bps    | (400)bps    |         |

## Results hit by wide-spread market closures

- Geographic diversification helped support performance
- Positive operating profit albeit at lower levels

# Distribution operating profit bridge



NB. figures above are quoted in £m

# Retail

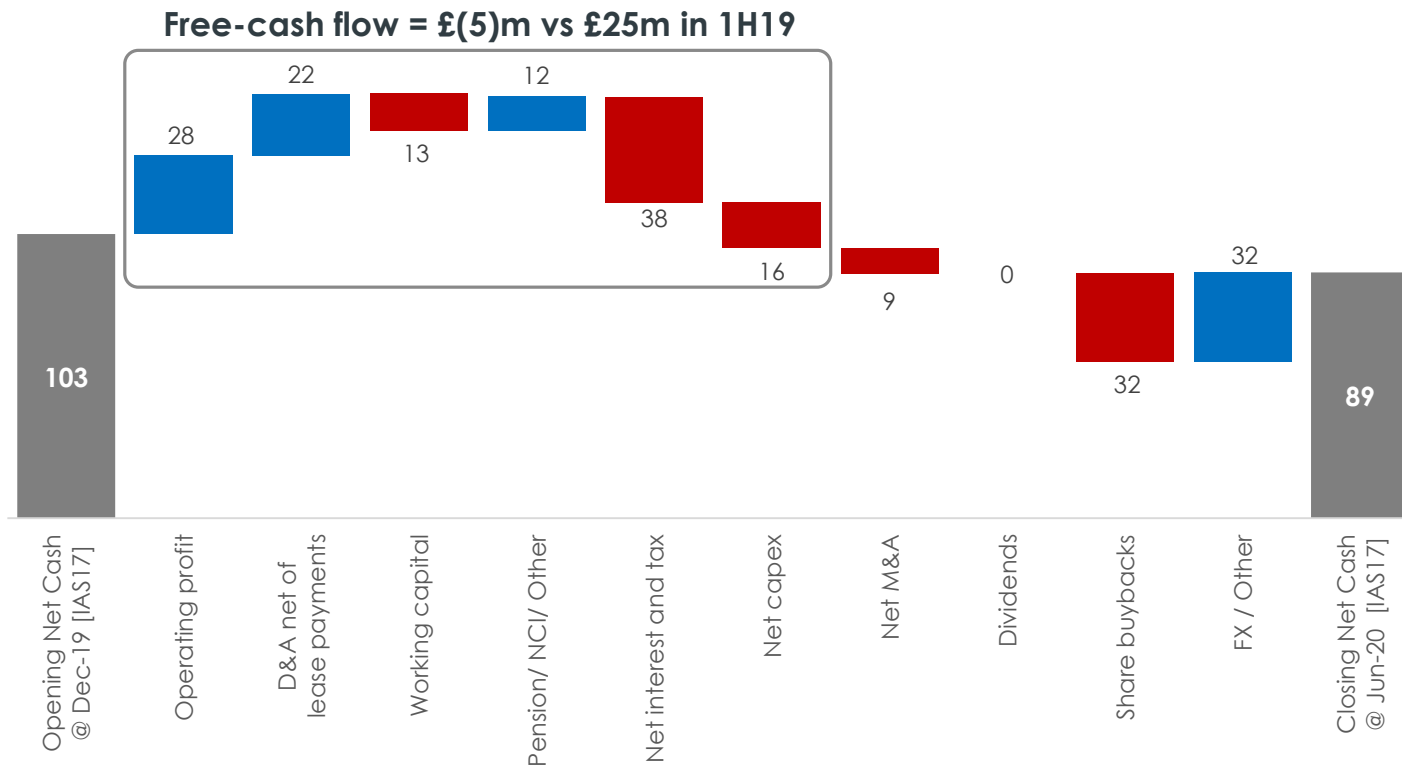
| £m (unless otherwise stated) | 1H20   | 1H19  | Change yoy% |             |         |
|------------------------------|--------|-------|-------------|-------------|---------|
|                              |        |       | Reported    | Constant FX | Organic |
| Revenue                      | 1,289  | 2,304 | (44)%       | (43)%       | (30)%   |
| Operating profit             | (18)   | 20    | (188)%      | (190)%      |         |
| % margin                     | (1.4)% | 0.9%  | (230)bps    | (230)bps    |         |

## The two key markets impacted by prolonged closures

- UK and Russia (>90% of the segment's sales) impacted by >10 weeks of closures
- Limited flexibility of costs weighed on performance

# Cash flow: very effective inventory management

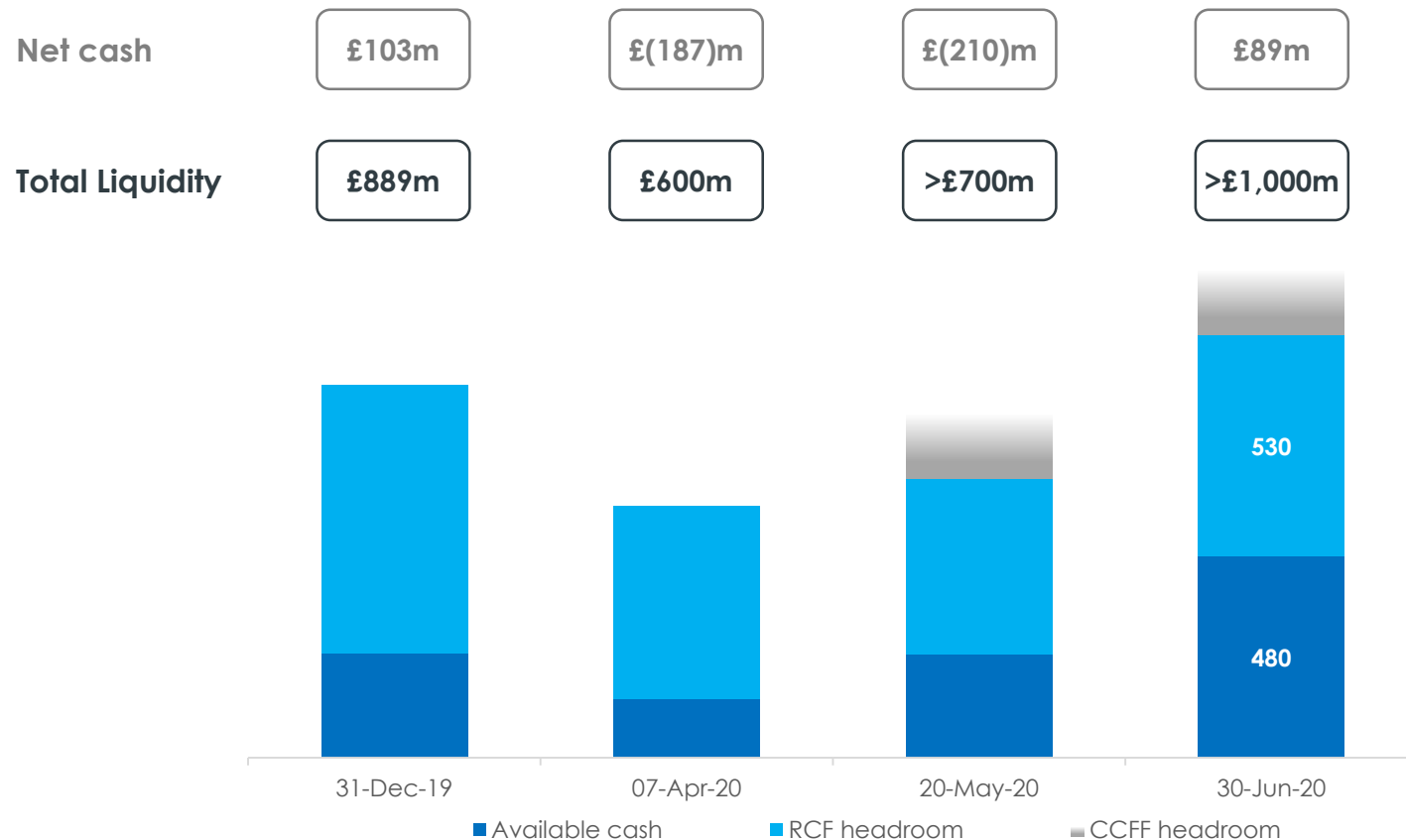
Net cash bridge (£'m)



## Supported by collaboration with OEMs

- Lower operating profit offset by strict working capital discipline, and reduced capex and taxes
- Inventory management in collaboration with our OEM partners
- Dividend and share buyback cancellations helped preserve cash

# Liquidity update: strong balance sheet



## Liquidity position further strengthened

- Liquidity of >£1,000m vs £889m in Dec-19
- Collaboration with OEMs has supported the liquidity position during market lockdowns
- Repaid UK CCFF (£100m) in July; liquidity remains available until Dec-20

# Covid-19 update: key market status

|                   |            | 7 <sup>th</sup> April | 21 <sup>st</sup> May | Status today |
|-------------------|------------|-----------------------|----------------------|--------------|
| Asia-Pac          | Australia  | ●                     | ●                    | ●            |
|                   | Hong Kong  | ●                     | ●                    | ●            |
|                   | Singapore  | ●                     | ●                    | ●            |
| Europe            | Belgium    | ●                     | ●                    | ●            |
|                   | Greece     | ●                     | ●                    | ●            |
|                   | Romania    | ●                     | ●                    | ●            |
|                   | Russia     | ●                     | ●                    | ●            |
|                   | UK         | ●                     | ●                    | ●            |
| Americas & Africa | Chile      | ●                     | ●                    | ●            |
|                   | Colombia   | ●                     | ●                    | ●            |
|                   | Peru       | ●                     | ●                    | ●            |
|                   | Costa Rica | ●                     | ●                    | ●            |
|                   | Ethiopia   | ●                     | ●                    | ●            |

**Group**  
(open markets  
% 2019 revenues)

30%

40%

95%

## Market status (today)

- Open: 30 markets
- Closed: 3 markets

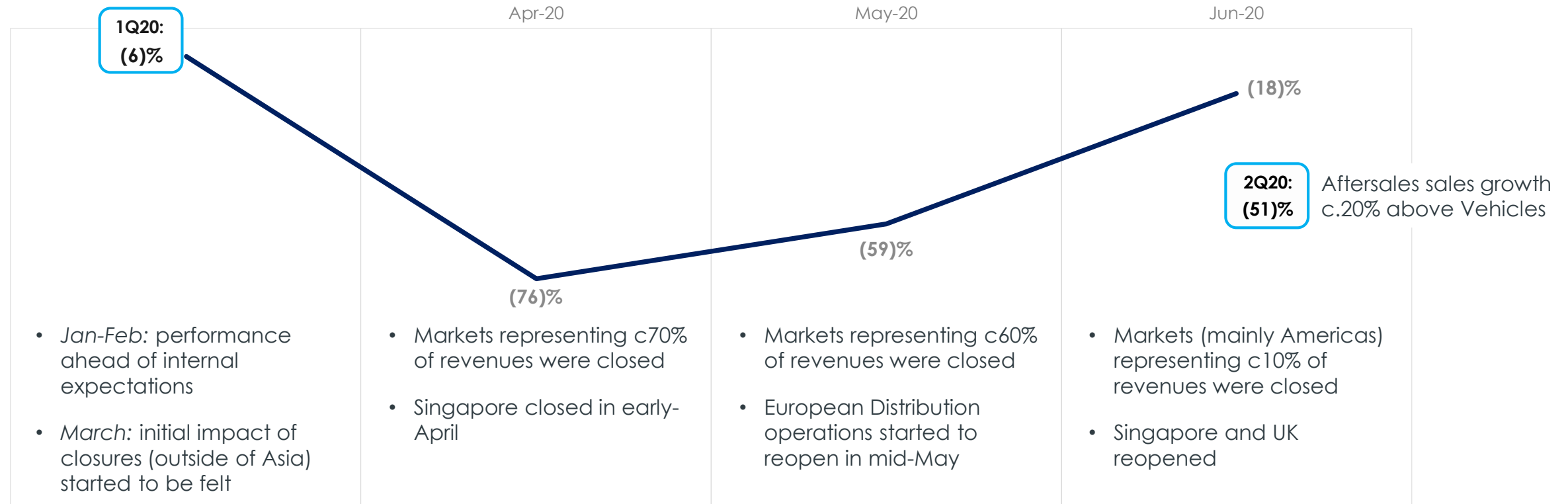
**Key:**

● Open

● Closed

# Sales trend gradually improving as markets reopen

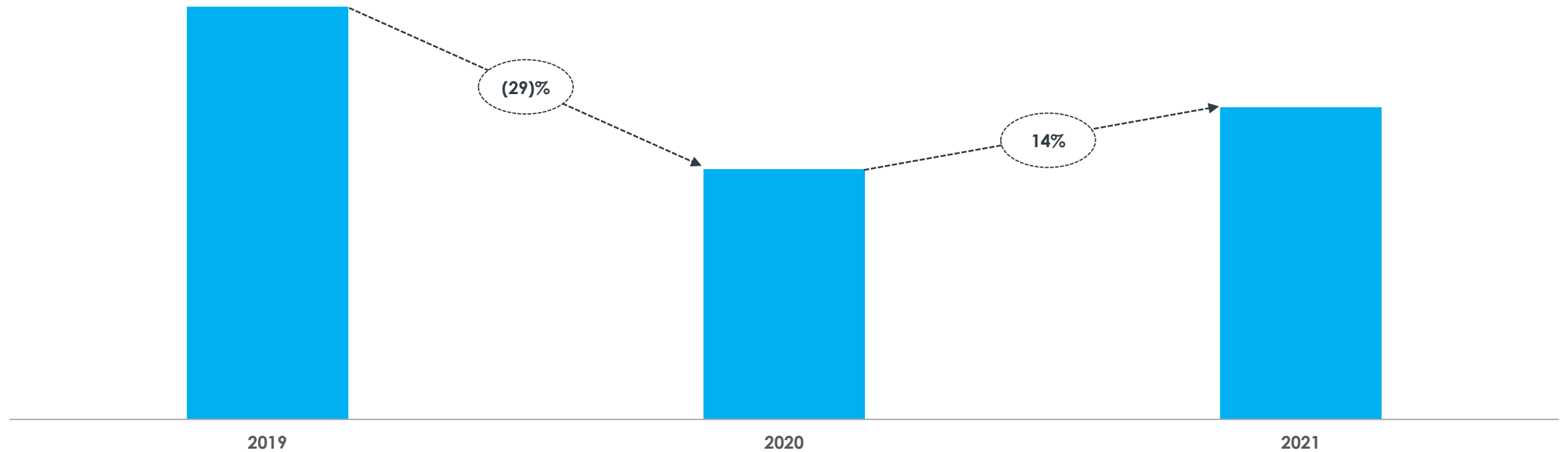
## Group organic revenue growth (yoy%) development



# Market context for cost-restructuring

Inchcape markets: new car volume evolution

IHS Automotive forecasts (July)



# A leaner organisation, fit for focused growth

2019-PF<sup>1</sup>  
overheads  
**£855m**

Following significant  
Retail disposals

Overhead  
savings  
**>£90m**

Reducing headcount (10%),  
third-party spend and  
footprint rationalisation

c.50% of savings retained when  
revenue recovers

Restructuring  
costs  
**c.£70m**

Process well-underway

Cash-cost c.£50m

1) 2019-PF: 2019 reported figure adjusted for disposals and acquisitions

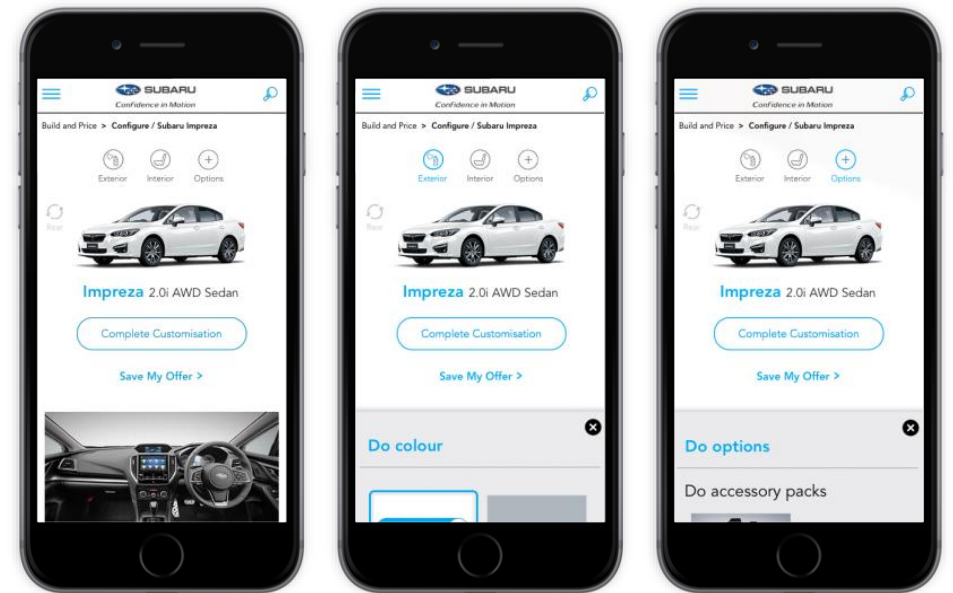
# Digital: continuing our investment

## Key digital milestones in 1H20

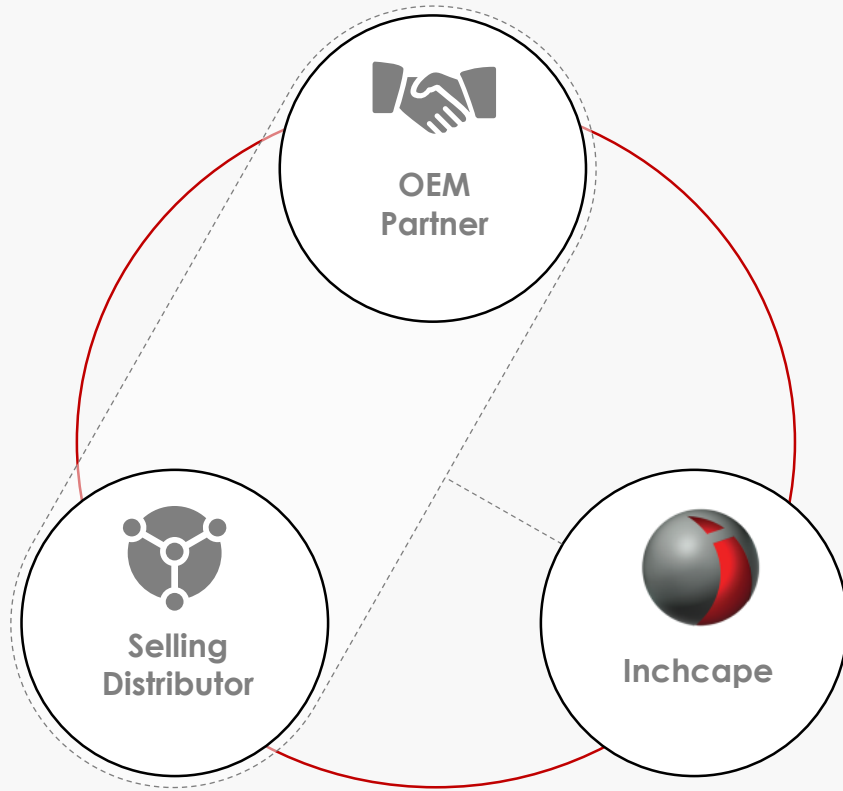
- Digital leads drove > 9,000 orders
- Increased efficacy of digital marketing
- Completed testing on multi-brand & language platform

## Current digital priorities

- **Omni-channel:** roll-out Melbourne-trial to other markets
- **Analytics:** use digital information and data to drive decisions



# M&A: alive to the consolidation opportunity



## Platform deal

### Establishing a strong platform in a new geography

Strategic move to enter a new geography and leverage our global scale  
e.g. *Indumotora (2016) & Rudelman (2018) – Americas*

## Smaller scale

### Leveraging existing regional infrastructure

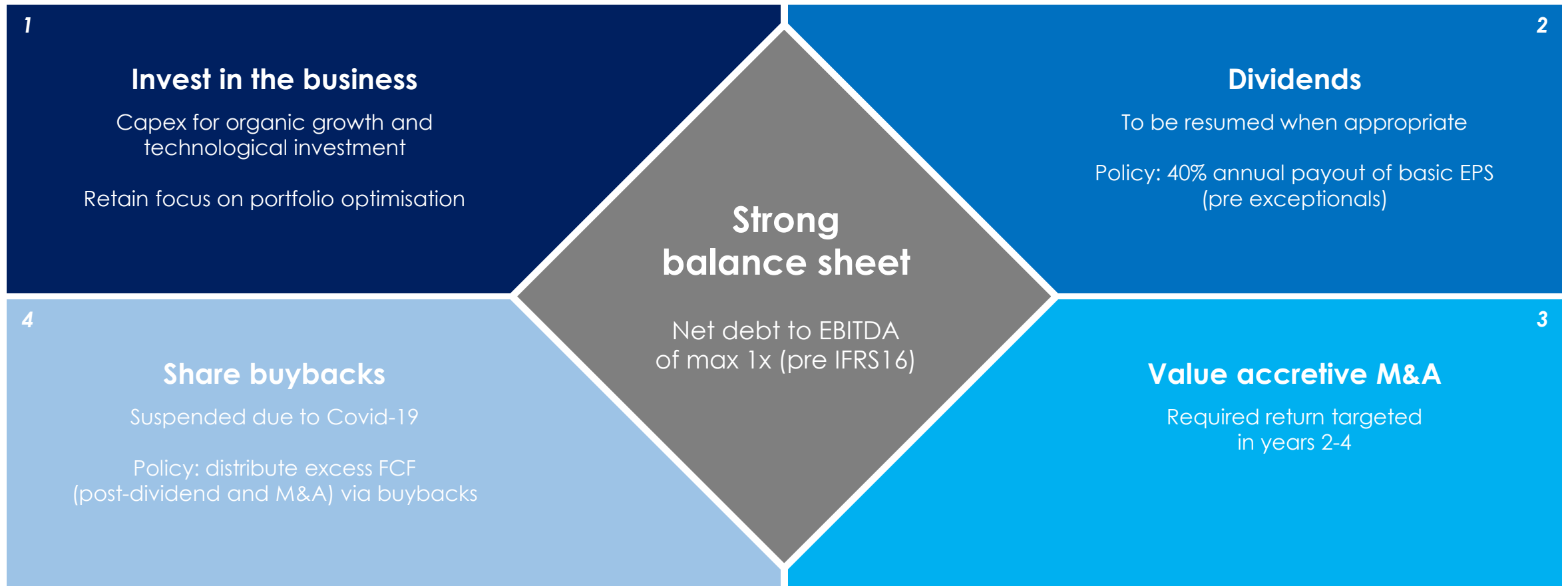
Strengthens our regional presence and broadens our brand exposure  
e.g. *BMW Estonia (2017) & JLR Colombia (2018)*

## Contract win

### OEM looking for a new distribution partner

Enabler for entry into new markets and broadening our brand exposure  
e.g. *BMW Guam (2018), Daimler Latam (2019, 2020) & JLR Poland (2020)*

# Capital allocation: maintaining our discipline



# Outlook: continued resilience

## Market outlook

- Markets remain dynamic
- Underlying strength of recovery is unclear
- Possibility of a second-wave

## Strategic focus

- Continue to outperform market volumes
- Becoming leaner and stronger
- Capitalising on opportunities



### **2020 outlook:**

Too early to provide a forward-looking view



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Group CEO

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# Investment proposition: growth and cash returns



**Distribution at our core:** A highly cash generative and sustainable business model



Strong and increasing weighting to **higher growth markets** supports our diversification



Ignite strategy driving **organic performance** ahead of market growth



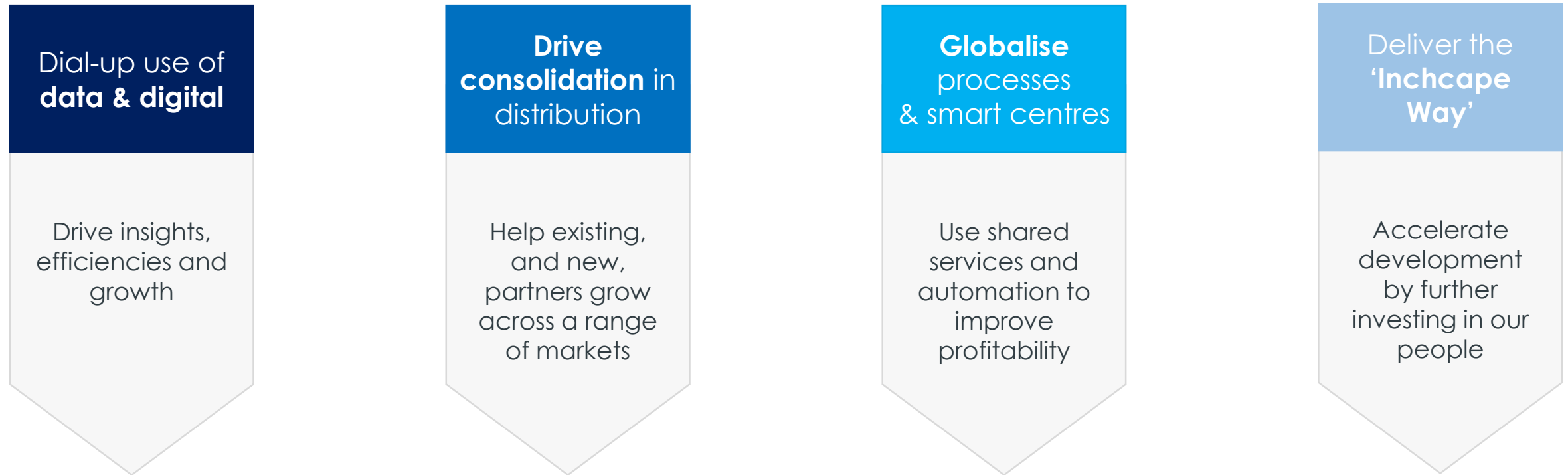
Continued **consolidation** a material driver of value creation



**Sustainable business** model well placed to benefit from future industry trends

Well positioned to deliver shareholder value through organic growth, consolidation and cash returns

# Initial thoughts: Covid-19, the great accelerator



Continuing to help our OEM partners grow



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**Q&A**

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# Appendix

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# Supporting our communities



## Europe

Provision of vehicles  
to Red Cross



## APAC

Public awareness campaign  
in early stages of outbreak



## Americas

Vehicle support for the  
Ministry of Health

# Segmental restatements

## Old

### AS REPORTED

|                         | Distribution   |                | Retail         |                | Group          |                |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                         | 1H19           | FY19           | 1H19           | FY19           | 1H19           | FY19           |
| <b>Revenue</b>          |                |                |                |                |                |                |
| 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        |
| <b>Total</b>            | <b>2,486.1</b> | <b>5,041.3</b> | <b>2,239.0</b> | <b>4,338.4</b> | <b>4,725.1</b> | <b>9,379.7</b> |
| <b>Trading profit</b>   |                |                |                |                |                |                |
| 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           |
| <b>Total</b>            | <b>171.6</b>   | <b>354.2</b>   | <b>19.4</b>    | <b>36.1</b>    | <b>191.0</b>   | <b>390.3</b>   |
| Central Costs           |                |                |                |                | (11.2)         | (17.2)         |
| <b>Operating Profit</b> |                |                |                |                | <b>179.8</b>   | <b>373.1</b>   |

## New

### REVISED DISCLOSURE

|                         | Distribution   |                | Retail         |                | Group          |                |
|-------------------------|----------------|----------------|----------------|----------------|----------------|----------------|
|                         | 1H19           | FY19           | 1H19           | FY19           | 1H19           | FY19           |
| <b>Revenue</b>          |                |                |                |                |                |                |
| 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          |
| <b>Total</b>            | <b>2,421.1</b> | <b>4,916.5</b> | <b>2,304.0</b> | <b>4,463.2</b> | <b>4,725.1</b> | <b>9,379.7</b> |
| <b>Operating Profit</b> |                |                |                |                |                |                |
| 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           |
| <b>Total</b>            | <b>159.8</b>   | <b>333.4</b>   | <b>20.0</b>    | <b>39.7</b>    | <b>179.8</b>   | <b>373.1</b>   |