



2022 INTERIM RESULTS + DERCO ACQUISITION

28th July 2022





2022 INTERIM RESULTS



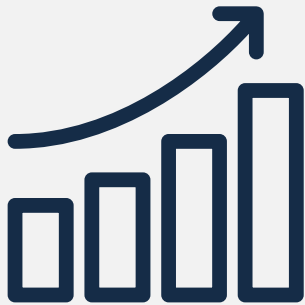


DUNCAN TAIT GROUP CEO



Agenda

Overview of 1H22



1H22 financial details



Derco acquisition



First half 2022 highlights

Fantastic execution; **strong growth and operating margins**

Continued **high cash-generation**



Accelerate strategy; executing on two **exciting growth opportunities**:

- Distribution Excellence
- Vehicle Lifecycle Services



Continued to shift our portfolio towards distribution **2 distribution acquisitions; further retail disposals** (completed Russia exit)



Further enhanced our **digital and data capabilities**

- DXP rolled-out in more markets
- Improved Analytics



Expansion of **bravoauto**; the first of our Vehicle Lifecycle Services businesses



Excellent progress with our **Responsible Business** (ESG), across all four pillars



First half 2022 headline KPIs

Topline

Revenue

£3.9bn

+12%

Organic growth (YoY%)

Profitability

Operating margin

5.2%
(1H21: 3.8%)

£184m

PBT

Cash

Free Cash Flow

£224m

£439m

Net cash

Shareholders

Adjusted EPS

35.0p

7.5p

Dividend per share



GIJSBERT DE ZOETEN GROUP CFO



1H22 results: a great first half

	2022	2021		2019 ¹
	H1	H2	H1	H1
Revenue	£3.9bn	£3.3bn	£3.6bn	£4.7bn
Organic growth (YoY%)	+12%	+8%	+37%	
Operating margin %	5.2%	4.4%	3.8%	3.8%
PBT	£184m	£129m	£121m	£156m
<i>PBT comparable basis²</i>	<i>£184m</i>	<i>£140m</i>	<i>£118m</i>	<i>£145m</i>

Figures are stated on the basis of continuing operations and before adjusting items

1: as reported i.e. includes the entire contribution from Russia in the period: c.£440m revenue, ~£5 PBT

2: adjusts for the impact of currency (i.e. @ 1H22 FX-rates) and changes to our business portfolio (acquisitions and disposals)

Quarterly revenue trend: continued solid performance

Revenue (from continuing operations)

	2H21	1Q22	2Q22	1H22
Group	£3.3bn	£1.8bn	£2.1bn	£3.9bn
Distribution	£2.2bn	£1.2bn	£1.5bn	£2.7bn
Retail	£1.0bn	£0.6bn	£0.6bn	£1.2bn

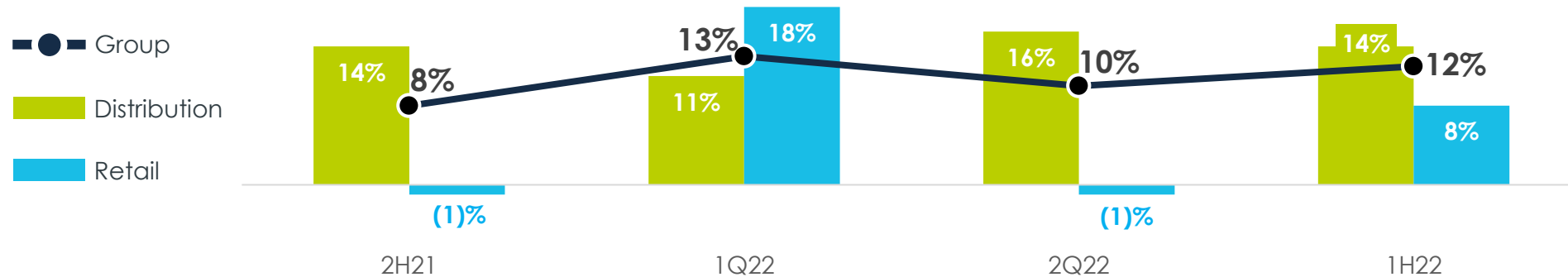
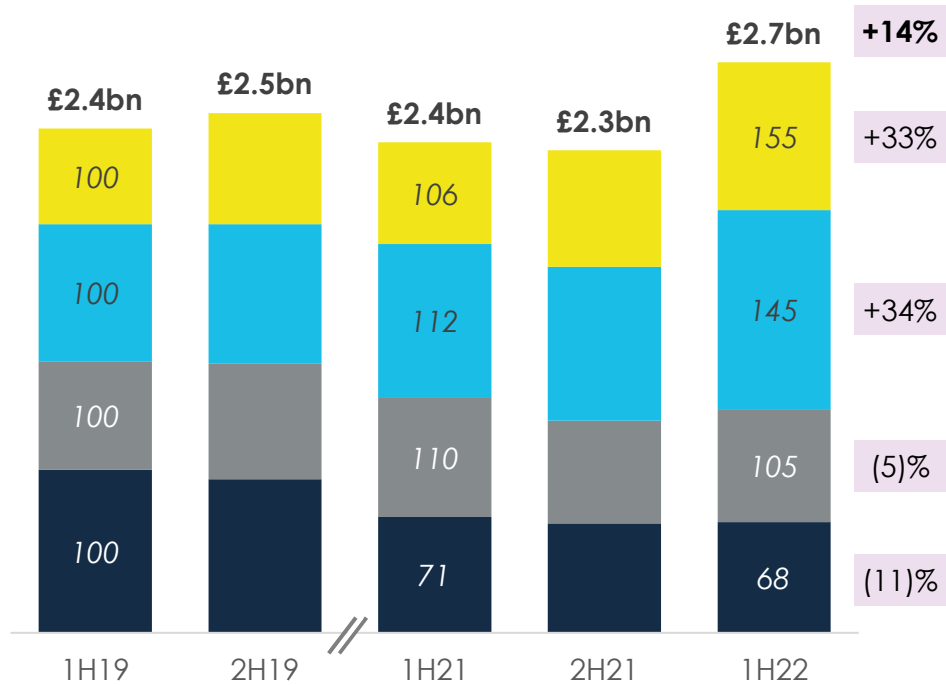


Chart shows organic growth rates year-on-year

Distribution revenue: continued strong performance

Revenue



Asia

- Trading conditions unfavourable in Hong Kong and Singapore
- Rest of Asia: performing well

Australasia

- Topline weighed down by lower vehicle supply
- Somewhat offset by improved pricing

Europe

- Continue to gain market share across key markets
- Supported by new model launches

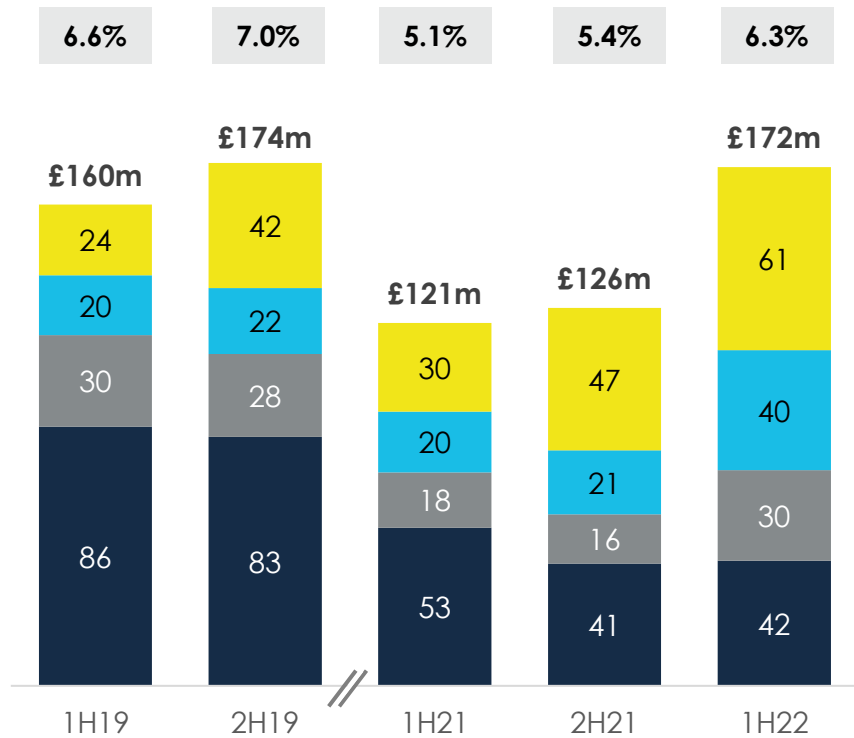
Americas & Africa

- Americas: underlying growth plus contribution from new businesses
- Africa: continues to be solid

■ Americas & Africa ■ Europe ■ Australasia ■ Asia % Organic growth YoY %

Distribution profit: improving trend across all regions

Operating profit (£m)



■ Americas & Africa ■ Europe ■ Australasia ■ Asia ■ % Operating margin

Asia

- Cost-mitigation measures supported margins
- Positive contribution from new businesses

Australasia

- Better pricing and growth of Aftersales helped margins
- Further cost-control

Europe

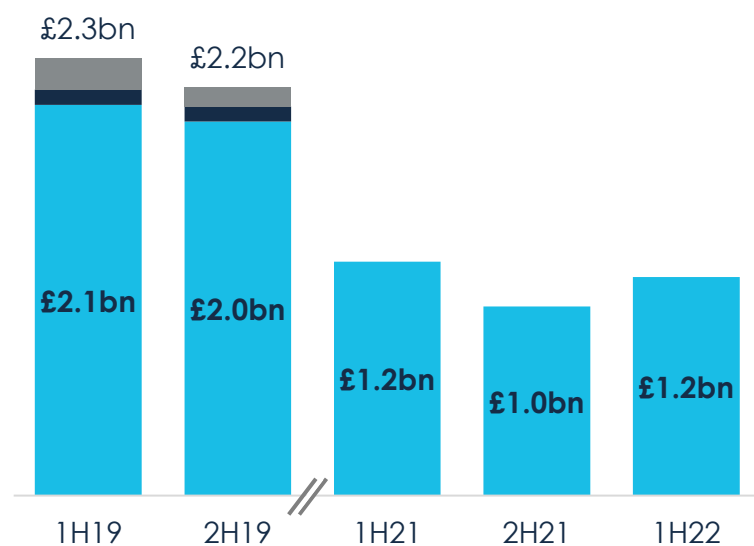
- Topline improvement drove higher profitability
- Market mix supported margins

Americas & Africa

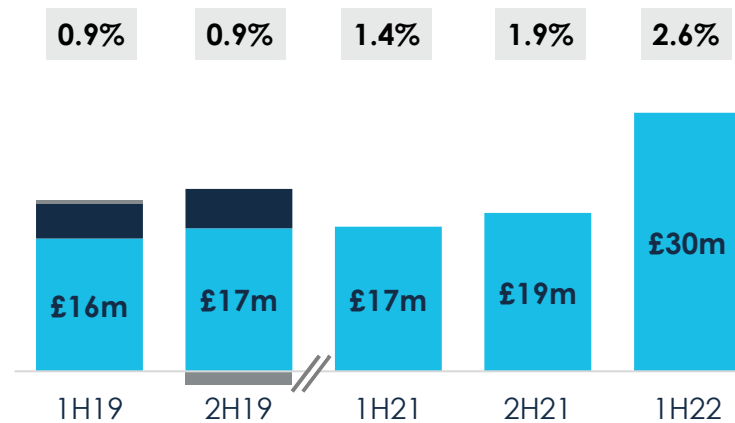
- Topline improvement and M&A contribution
- Prior year impacted by pandemic restrictions

Retail: strong performance amid supply constraints

Revenue



Operating profit (£m)

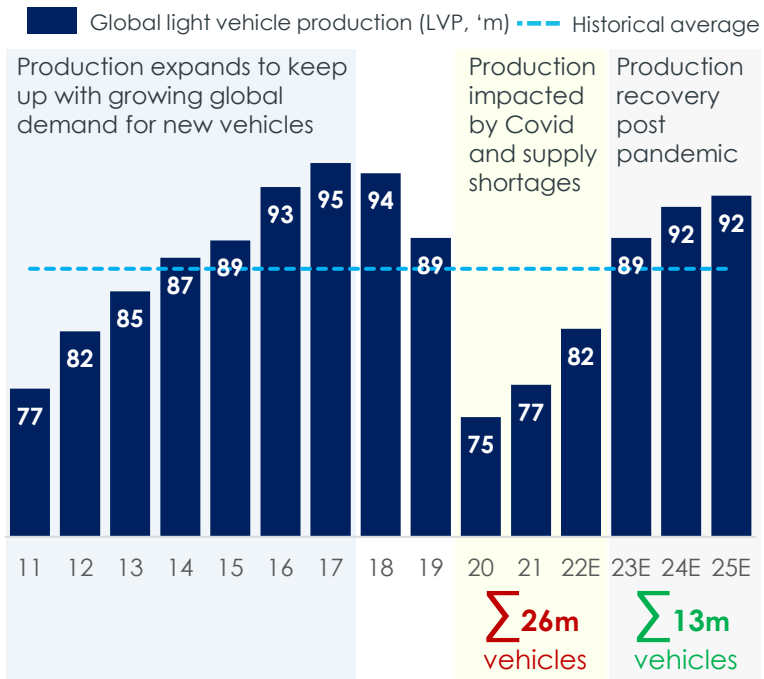


- Performance supported by robust pricing (new and used)
- Aftersales delivered good growth
- Disposed remaining Russia business in Q2

UK & Europe Asia Australasia % Operating margin

Current industry and market dynamics

Supply



Demand

- Order books at record levels across many markets
- Weakening consumer confidence
- No change in cancellation rates

Inflation

- Higher costs (vehicles, shipping)
- Inflation being passed-on in pricing
- Uncertainty regarding future levels

Geo

- Geographically diverse business (Asia at low point)
- Retail margins to normalise (~1.5%)
- Structurally exposed to higher growth markets with low motorisation rates

Income statement

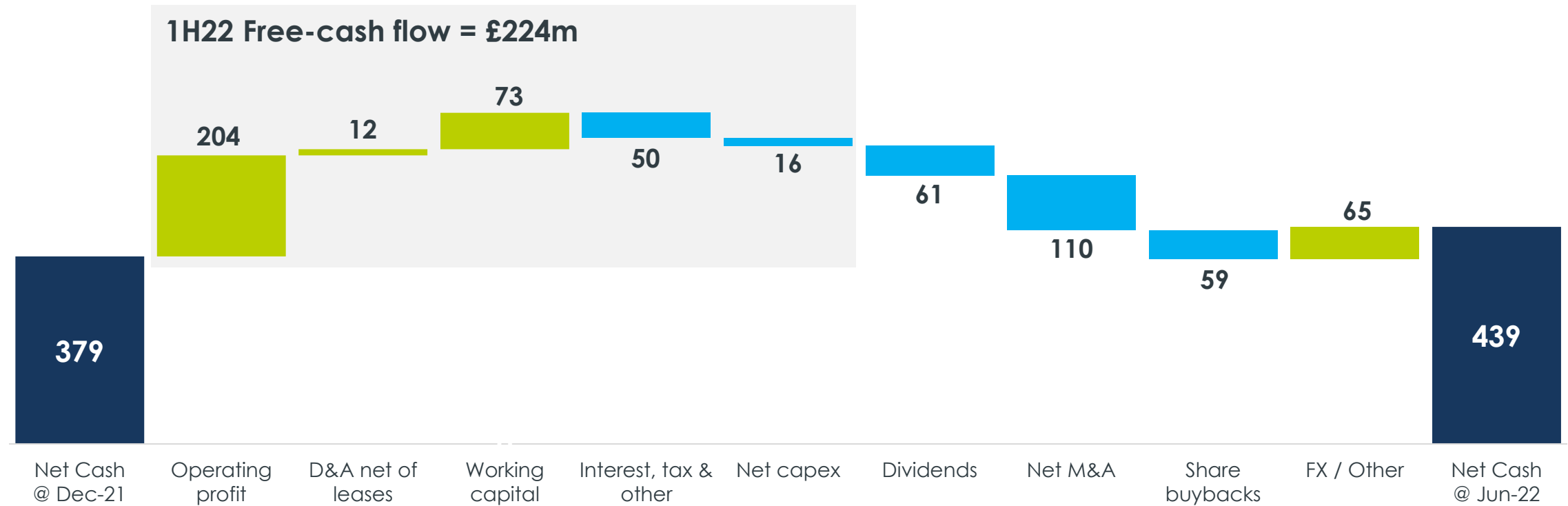
	H1	
£m (unless otherwise stated)	2022	2021
Operating profit (before adjusting items)	204	137
Net interest	(20)	(16)
PBT (before adjusting items)	184	121
Adjusting items	3	(88)
Underlying Tax rate %	26.1%	26.5%
Basic EPS (pence) (before adjusting items)	35.0p	21.8p

Net interest increased due to higher finance costs

Tax rate broadly inline with the rate anticipated in the medium term (25%)

Continued excellent cash generation

Net cash bridge (£m)



2022 outlook



Consumer demand
remains robust



Supply improving –
albeit slowly



Pandemic
remains dynamic



Supported by
geo-diversification

2022 outlook

PBT¹ from continuing operations:
£350m - £370m

Based on prevailing exchange rates;
£10m translation tailwind

DUNCAN TAIT DERCO ACQUISITION



Accelerate strategic framework

Our Growth Drivers

Distribution Excellence



Vehicle Lifecycle Services



Our Enablers

Culture and Capabilities



Digital, Data & Analytics



Efficient Scale Operations



Responsible Business



Proposed acquisition of Derco: deal summary

- Derco: LatAm's largest independent automotive distributor
 - A family-founded and family-owned private company
 - Derco 2021 revenue of £2.0bn; LTM¹ revenue: £2.2bn
- Acquisition for £1.3bn (enterprise value). c.6x¹ EV/EBITDA based on a normalised margin
 - Mixture of cash and equity; Del Río family to take a 9.3% stake in Inchcape
 - Valued at normalised operating margin: ~7%
- Significant EPS accretion (15+% year one, 20+% from year two); >£40m recurring synergies
- Subject to shareholder approval and merger control

1: LTM: last twelve months to end June-22, based on unaudited management accounts

2: Based on indicative normalised operating margin of 7% / normalised EBITDA margin of 8% and LTM revenue of approximately CLP2.4 trillion for the 12 months to June 2022, plus recurring synergies

Extending Inchcape's global leadership in automotive distribution



Accelerate strategy in action

Inchcape acquires LatAm's largest independent **automotive distributor**



- Step-up in scale of **distribution** business

Significantly expands Inchcape's position in **highly attractive** and **fast growth markets** within the Americas



- Invest in **higher growth markets**

Combines two best-in-class operators with **complementary market footprints** and **OEM brand portfolios**



- Add **new** and **complementary automotive brands**

Significant value creation through **enhanced growth prospects** and delivery of meaningful synergies (**>£40m recurring + revenue**)



- Distribution Excellence e.g. **digital and data**, FIP
- Opportunity to capture more of a **vehicle's lifetime value**

Culturally aligned with Inchcape
Family to take a **significant stake** in Inchcape



- Strengthening **culture and capabilities**

DUNCAN TAIT INTRODUCTION TO DERCO



Derco: at a glance



Headquarters:
Santiago, Chile



Chile



Peru



Colombia



Bolivia

Existing portfolio: key facts

~4,500
colleagues

4
markets

#1 player in Chile, Peru
and Bolivia¹

#3 player in Colombia¹

11
OEM brands

150k
new vehicles
distributed

£2.0bn
revenue (2021)

£236m
operating profit (2021)

329
locations;
~30% operated by Derco²

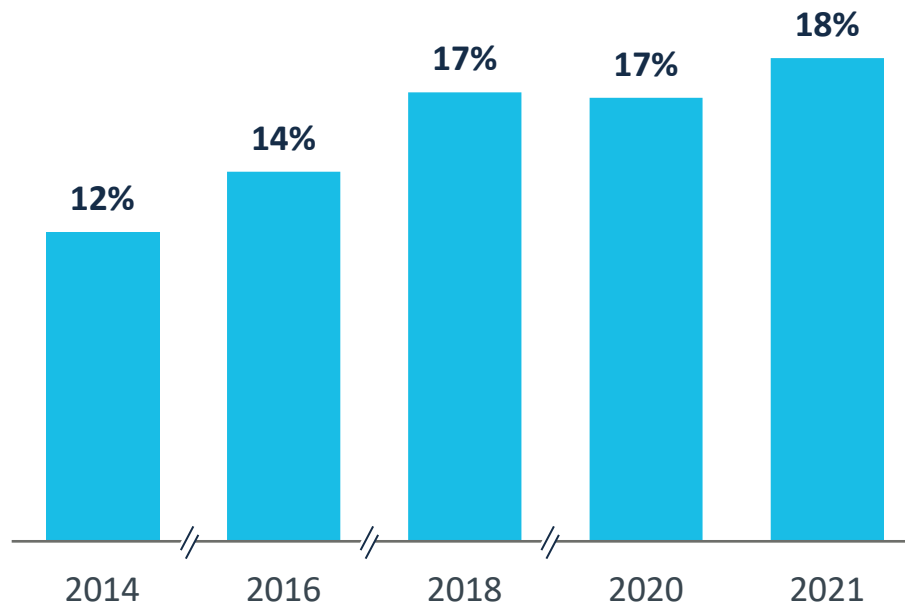
Derco: LatAm's largest independent distributor by volume

- Family-owned multi-brand automotive distributor: passenger cars and commercial vehicles
- Founded by José Luis del Río Rondanelli in 1959
- Owned by the Del Río family
- Strong and experienced senior management and operational teams
- Excellent track record of growth and delivery



A strong and growing platform + deep OEM relationships

Derco aggregate market share¹



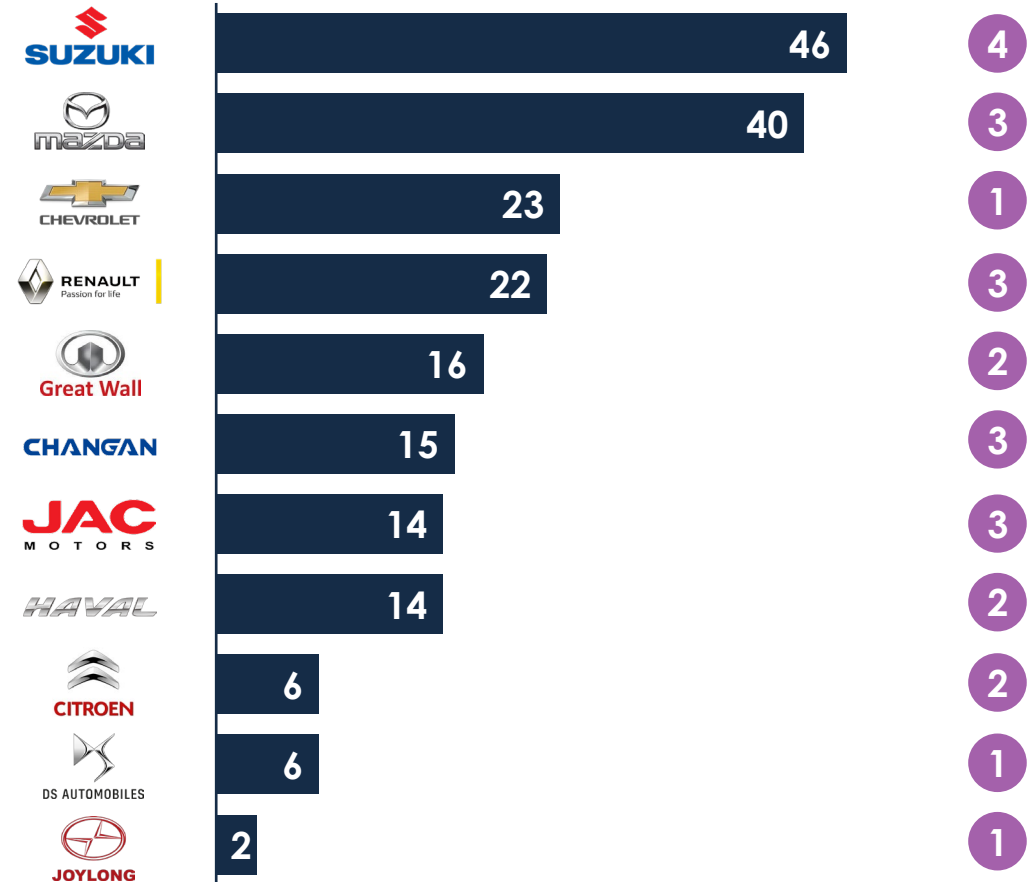
OEM brands



Current markets



Years of distribution relationship



¹: Market share in 2021 by total number of units distributed across four markets (Chile, Colombia, Peru and Bolivia)

GIJSBERT DE ZOETEN TRANSACTION SUMMARY



Significant shareholder value creation

Financial profile

- The transaction is expected to accelerate growth and be margin accretive

Earnings impact

- 15+% EPS accretion in year one; 20+% accretive from year two
- >£40m recurring synergies + significant revenue synergies
- Up to £60m of one-off cash cost of delivering synergies (over two years)

Value creation

- ROIC expected to exceed project cost of capital in third full year following completion

Transaction highlights

Terms

- Acquisition of Derco at an **enterprise value of £1.3 billion** on a debt-free, cash-free basis

Valuation multiple

- Headline pre IFRS-16 multiple: **5.5x** EV/EBITDA 2021 (pre recurring synergies)
- **c.6x¹** at a normalised margin of 7% plus recurring synergies

Financing

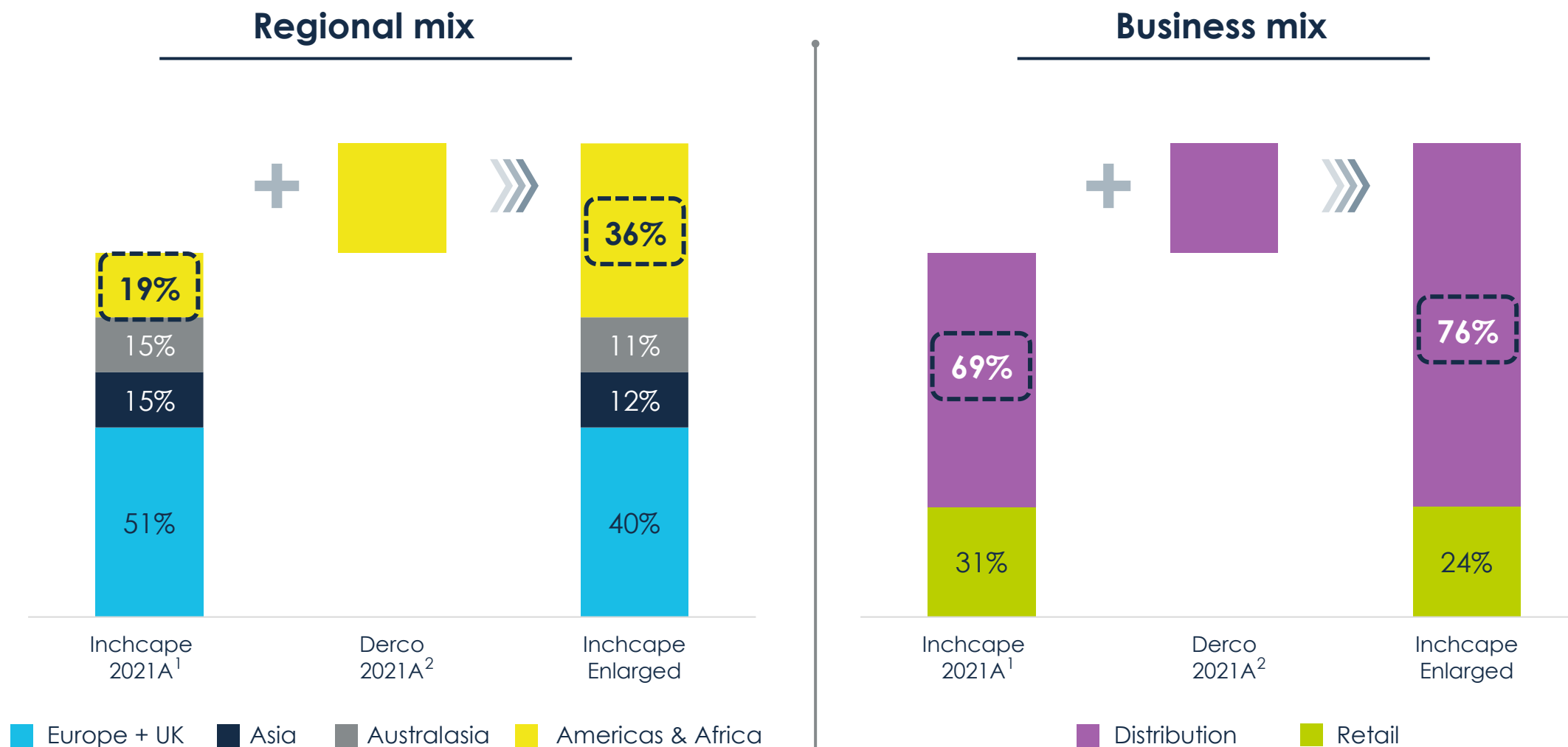
- Transaction financed by:
 - **Existing cash** of approximately **£400 million**
 - **New debt facilities: £600m** arranged and underwritten
 - **£280m Inchcape shares** (39 million) **to Derco shareholders**; representing 9.3% of the enlarged Group's share capital, plus a seat on the Inchcape Board
- **Leverage: ~0.6x** net debt / EBITDA **upon completion** – deleveraging thereafter

Timing

- **OEMs** have expressed their **support**
- **Expected to close end 2022 / Q1 2023**, subject to necessary shareholder approvals and merger control

1: Based on indicative normalised operating margin of 7% / normalised EBITDA margin of 8% and LTM revenue of approximately CLP2.4 trillion for the 12 months to June 2022, plus recurring synergies
LTM revenue is based on unaudited management accounts.

Impact on Inchcape Group revenue



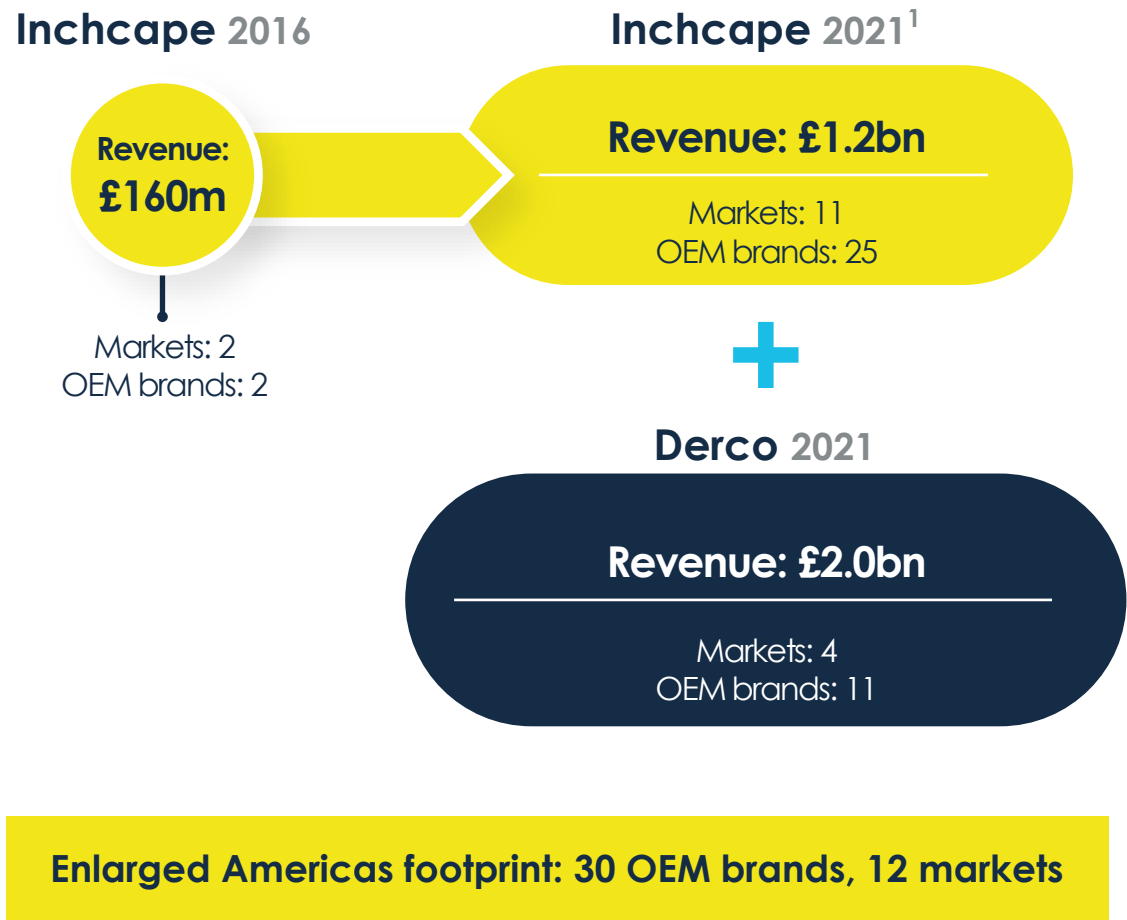
1: 2021 revenue pro-forma adjusted for portfolio changes (retail disposals and new distribution businesses) | 2: Derco revenue classified as distribution

DUNCAN TAIT DEAL RATIONALE



Combines LatAm’s two leading automotive distributors...

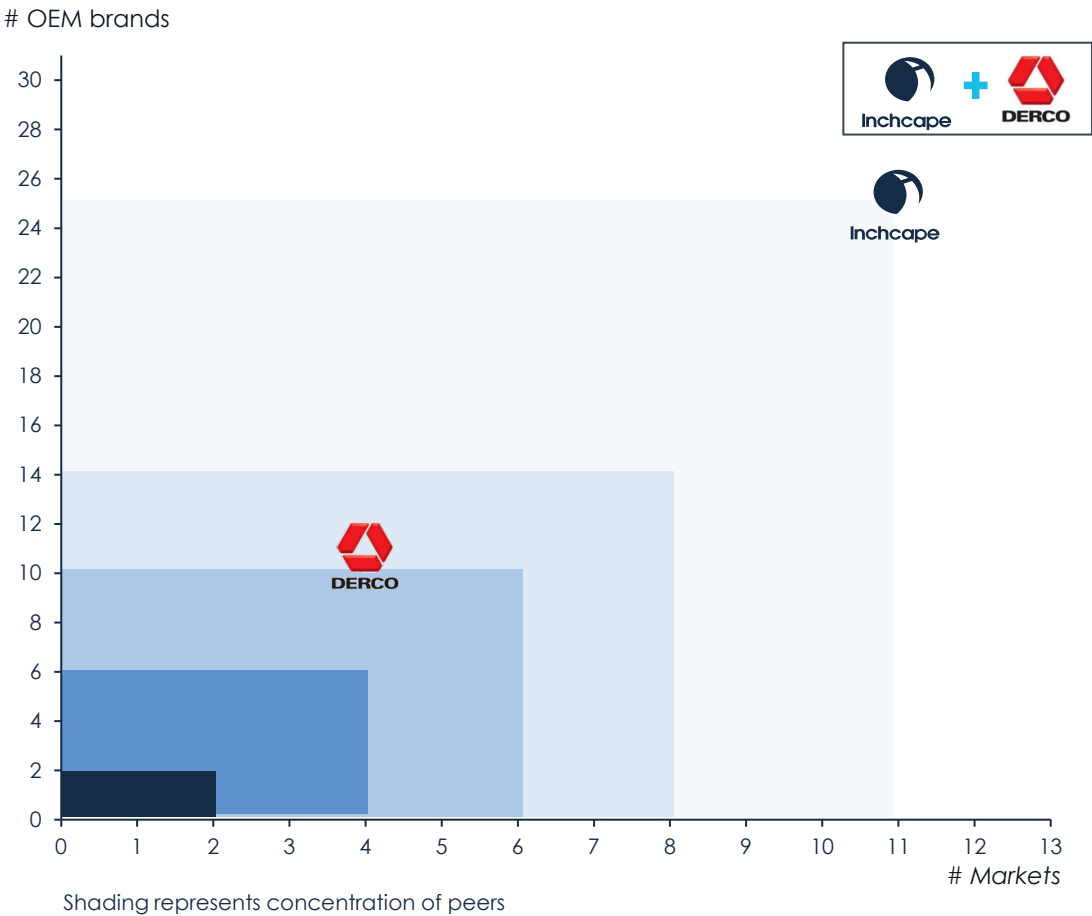
Transforms Inchcape’s Americas scale



Source: Annual reports, Company websites
1: 2021 revenue pro-forma adjusted for portfolio changes (retail disposals and new distribution businesses)

Extending the enlarged business’s leadership in LatAm

Market presence and brand partners of distributors in Americas

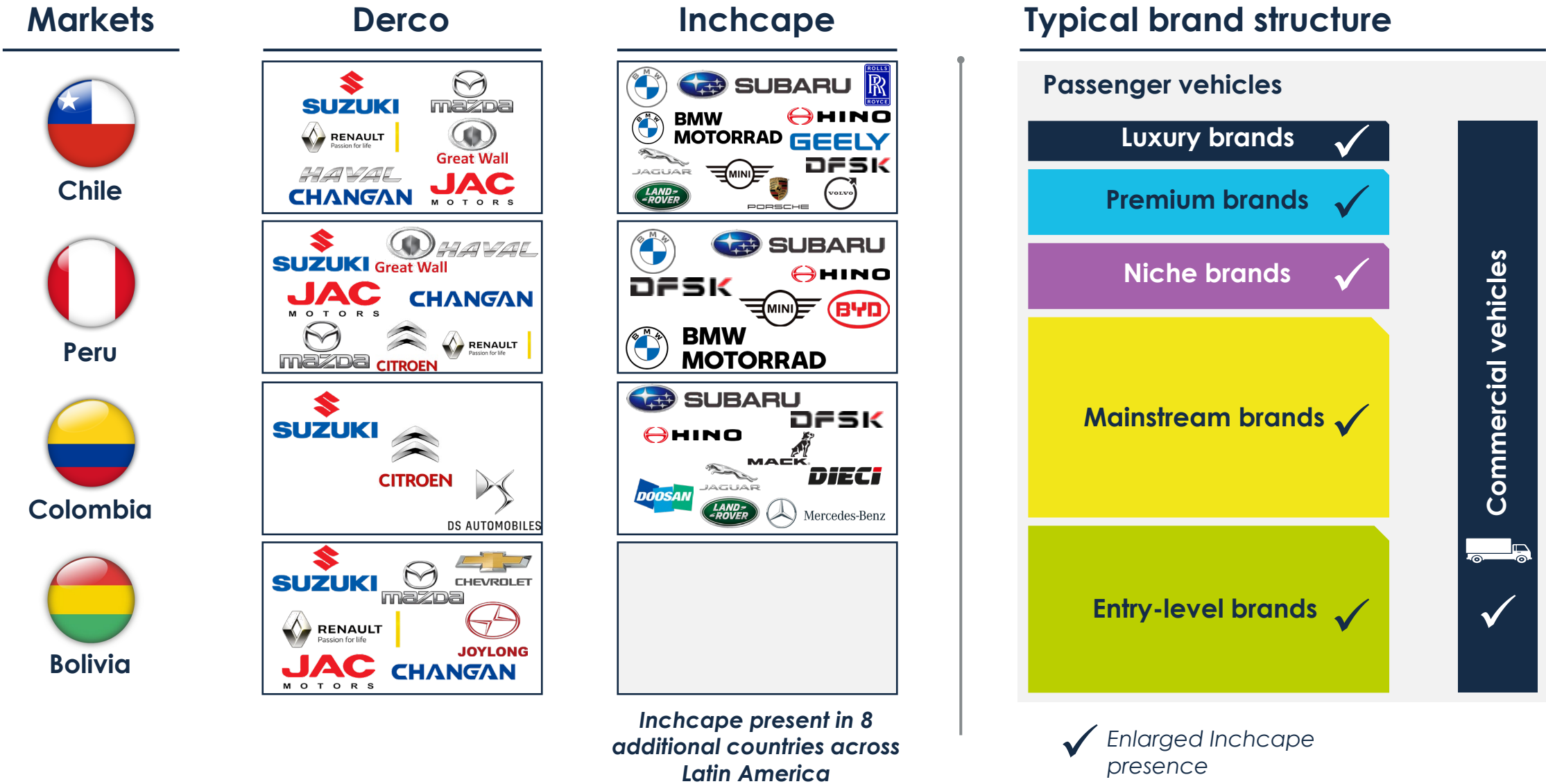


...in the highly attractive and fast growing Americas region

	Inchcape Americas Markets (incl. Bolivia)	Inchcape markets worldwide	Developed markets ¹
Population² (total)	218m	911m	-
GDP/capita² (average)	\$10k (from \$3k to \$17k)	\$23k (from \$1k to \$72k)	\$50k (from \$39k to \$69k)
GDP growth² (2021-26)	3.3%	3.6%	1.8%
Motorisation³ (average)	193 (from 80 to 314)	446 (from 33 to 767)	700 (from 543 to 805)
2021 TIV⁴ index 100 = 10 year average vols	78	87	89
Private debt % of GDP⁵	64%	115%	177%
EV penetration⁶ 2030 forecast	~8%	~25%	~50%
Inflation² (5 year average)	5.8%	2.7%	1.6%

- Attractive (short and) medium-term GDP growth prospects
- Our markets across Americas have a significantly underpenetrated car parc
- New car volumes are set to rebound from low levels
- Household credit has significant upside in our markets
- EV adoption to gradually rise
- Inchcape has a long-history of managing in inflationary markets

Complementary market footprint and brand portfolio



✓ Enlarged Inchcape presence

Strategic acquisition with attractive recurring synergies...

Organisation

- Efficiencies of combined organisation
- Back office (leveraging Inchcape's global and regional platforms)

Operations

- Rationalise service contracts
- Consolidation of infrastructure (footprint and warehousing)

Technology

- Harmonise systems, and implement best practices and processes

Proven track record of integration

- Indumotora in 2016
- Rudelman in 2018
- Mercedes-Benz in 2019/20
- Ditec in 2022
- Simpson Motors/ ITC in 2022

Recurring synergies

- >£40m recurring synergies
- 30% realised in year one
- Significant majority achieved by the end of year two

...and significant revenue synergy opportunities

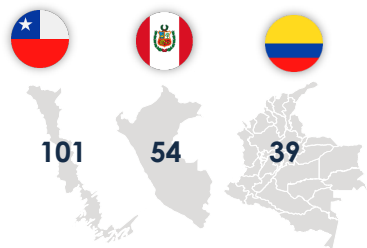
Enhancing Distribution Excellence



VLS opportunity



Network benefits



- Leverage broader network (new cities and countries)

Finance & Insurance Products



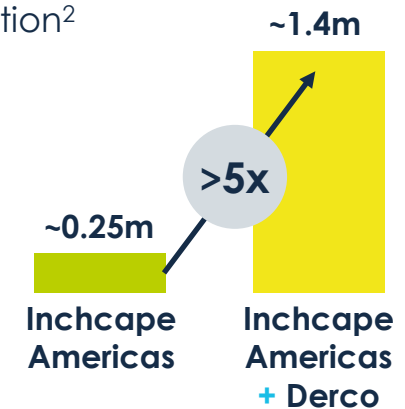
- Leverage partnerships with financiers and GFV¹ product knowledge

Digital & data



- Leverage Inchcape's digital and data capabilities

Vehicles in operation²



- Leverage combined scale to capture more of a vehicle's lifetime value

Two culturally aligned organisations



Inchcape

Heritage	Over 60 years experience in automotive distribution in LatAm	↔ ✓ ↔	More than 200 years of international trade experience
Culture of innovation	Reinvention and innovation , expanding beyond distribution to include aftermarket and machinery rental	↔ ✓ ↔	Driving accelerated change in digital omnichannel and artificial intelligence
Talent development	Long standing management team with a talent development model that leads to high integration between business lines and geographies	↔ ✓ ↔	Strong track record of integrating businesses, and engaging and retaining talent post acquisition
Customer-led service approach	People-centric strategy focused on providing a superior experience for customers	↔ ✓ ↔	Focused on serving customers and being a trusted partner to OEMs
Digital focus	Digital agenda an area of increased focus	↔ ✓ ↔	Digital & Analytics leader

DUNCAN TAIT NEXT STEPS & RECAP



Expected timetable and next steps

Circular published	September / October 2022
General Meeting (+ shareholder vote)	October 2022
Expected completion	End 2022 / Q1 2023 (subject to merger control)

Inchcape + Derco: a highly strategic and accretive acquisition

Strong topline growth prospects

Increases exposure to higher growth markets

Leverage combined scale to capture more vehicle lifetime value

Margin upside

Derco is margin accretive for the Group

Significant opportunity for synergies

Distribution consolidation

Significantly increases Inchcape's distribution scale

Global automotive distribution remains highly fragmented

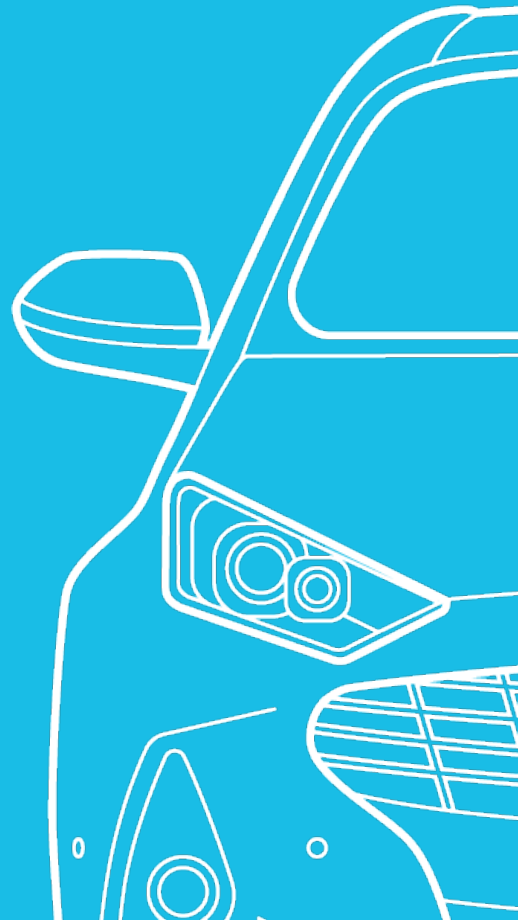
Shareholder value creation

20+% EPS accretion from year two

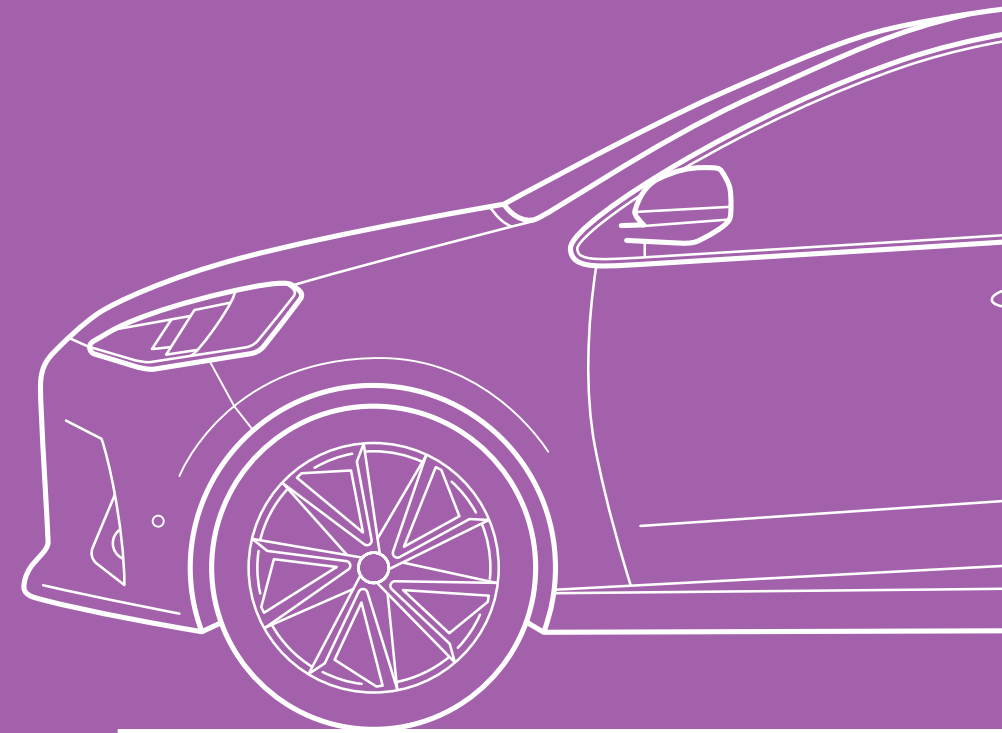
ROIC > Project WACC in year three

Extending Inchcape's global leadership in automotive distribution

Q&A



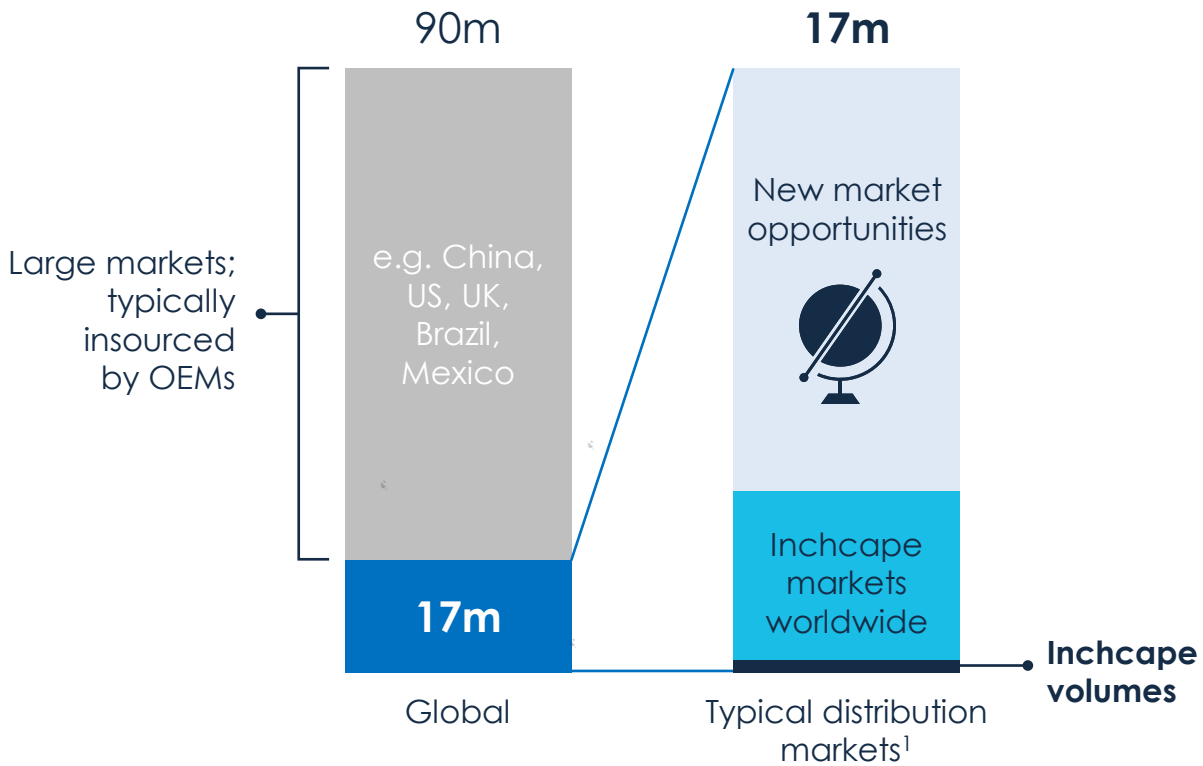
APPENDIX



Considerable opportunities for an ambitious Inchcape

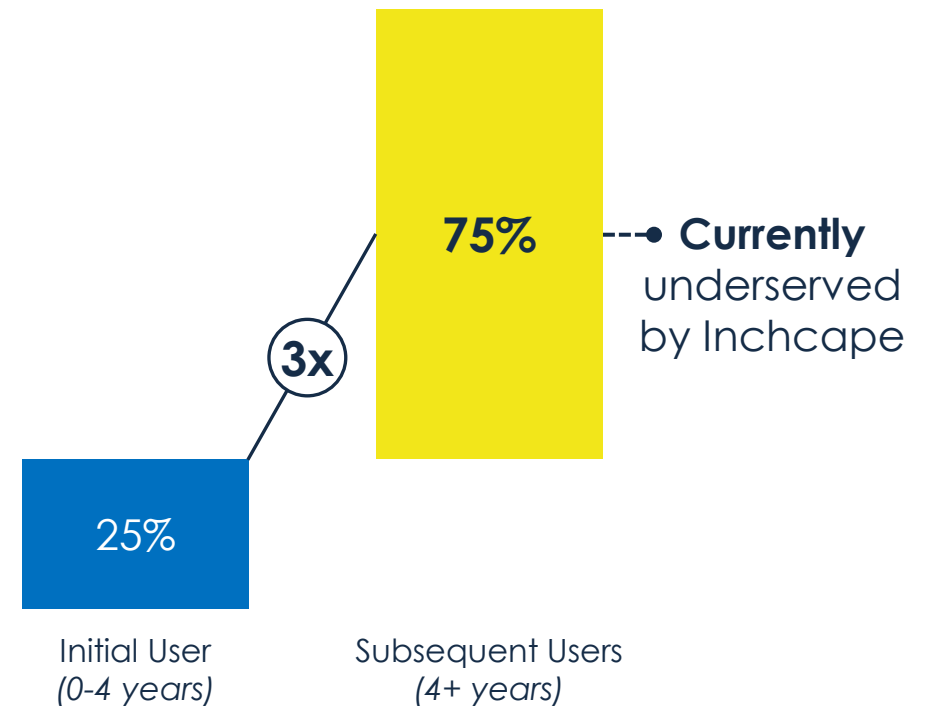
Distribution Excellence

Annual new car volumes (units)



Vehicle Lifecycle Services

Vehicle lifecycle value profit split²

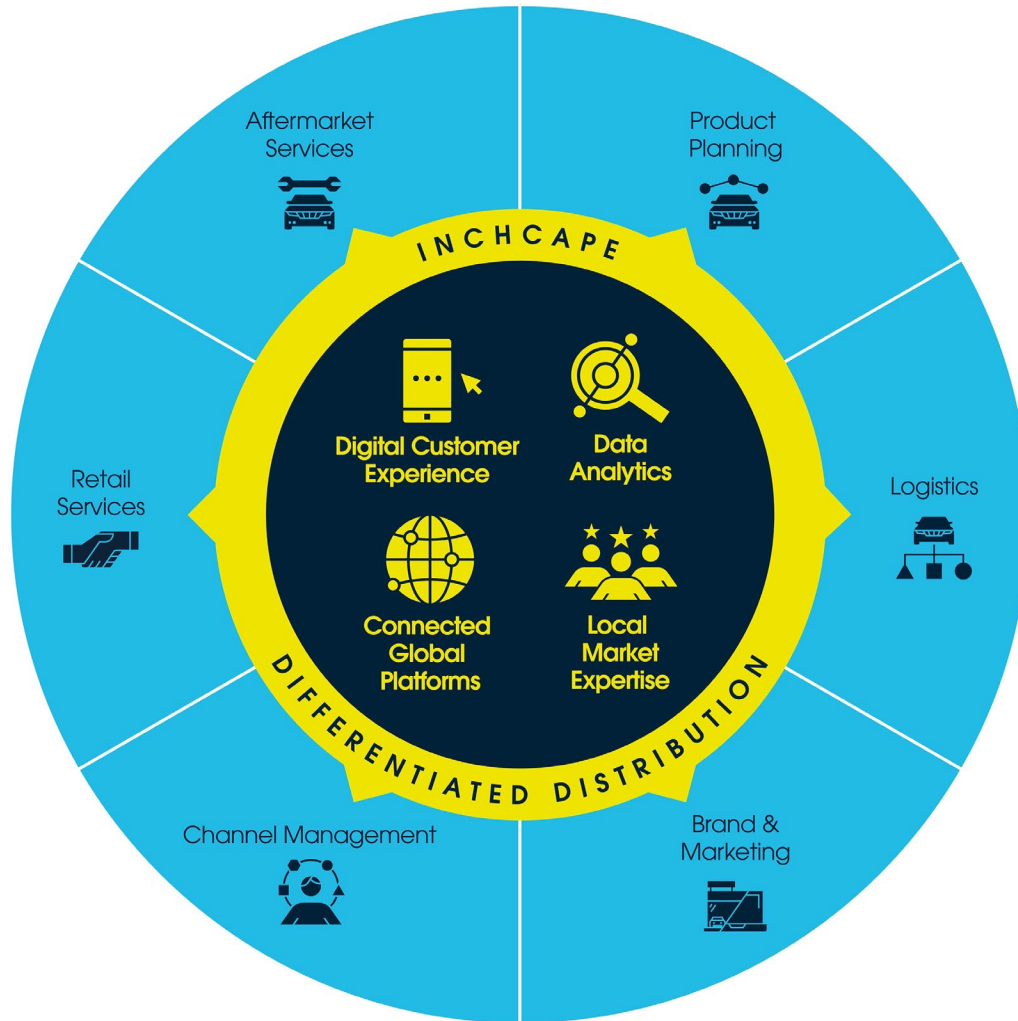


1: Defined as those markets with annual new car volumes of less than 1m units

2: Analysis shows the split of profit attainable over an average vehicle's life, and assumes four different owners during that period

The analysis captures the vehicle sales, finance & insurance commission and the aftersales services (including independent aftermarket)

Inchcape: the leading automotive distributor



Our competitive advantages:

- The global leading distributor: >40 markets across six continents
- Long-term relationships, and several new exciting partnerships, with global OEM brands
- A plug-and-play distribution platform: unique digital and data analytics capabilities

Great progress across our Responsible Business pillars

Planet



- Partnered with SP Group to develop and promote EV shared mobility in Singapore
- Australia and Europe now on renewable energy tariffs

People



- Launched Inclusion & Diversity and Women into Leadership programmes
- Pride and Inchcape is for Everyone celebrated in June

Places



- Partnerships supporting prosthetics charities in Colombia, Bulgaria and Singapore
- Road safety partnerships now in place in all regions

Practices



Strong business relies on integrity without compromise.

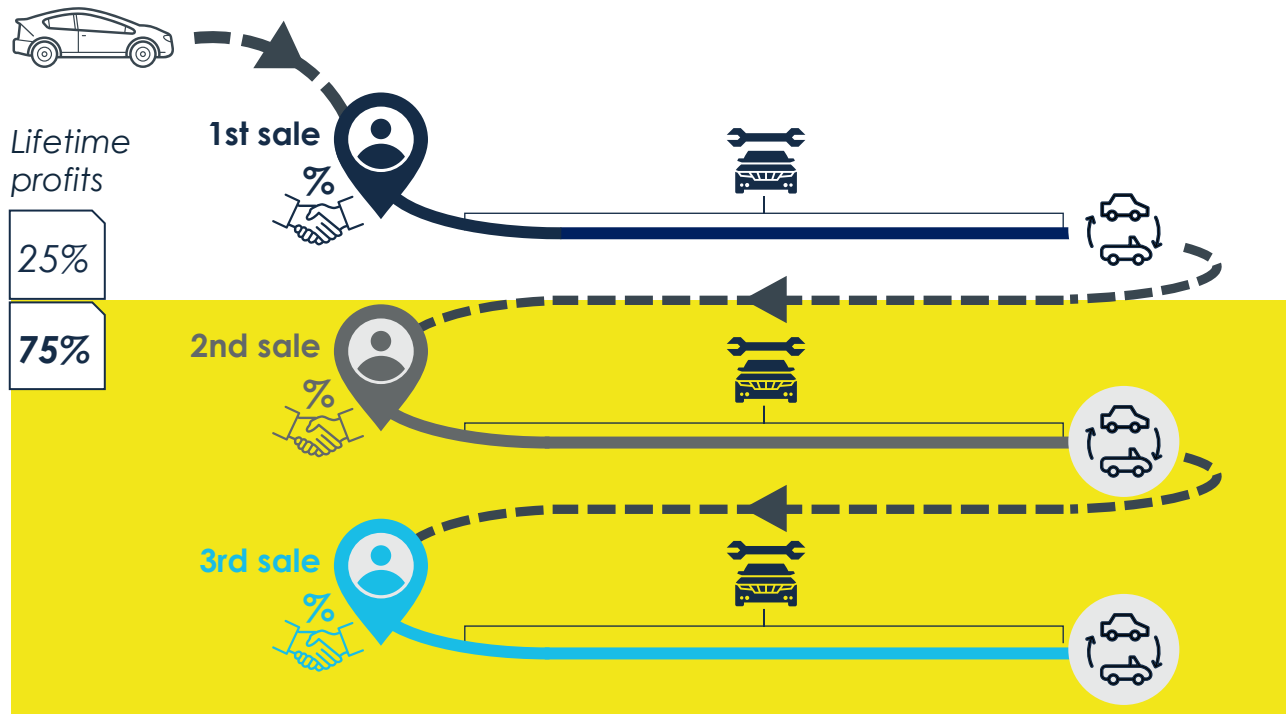
- Whistleblowing hotline rolled out, both for employees and suppliers
- Supplier Code of Conduct launched

**We work responsibly and impact the world for the better,
to the benefit of our stakeholders**

Capturing more of the lifetime value of a vehicle

Vehicle Lifecycle Value

New vehicle import



Finance & Insurance



Aftermarket



Trade-in



Currently underserved by Inchcape

Note: Analysis shows the split of profit attainable over an average vehicle's life, and assumes four different owners during that period
The analysis captures the vehicle sales, finance & insurance commission and the aftersales services (including independent aftermarket)

Three opportunities in focus

Timeline

1. **bravoauto**

2021/
22

Digital first, multi-brand,
used car platform

B2C

2. Digital Parts Platform

2023/
24

Digital platform connecting
parts distributors with workshops

B2B

3. Used car listing platform

TBC

Build the leading aggregator
in less developed markets

B2B

Investment case: well-positioned to deliver significant value



**Medium-term
financial outlook**

Distribution Excellence:
mid-to-high single digit profit CAGR *plus* M&A

Vehicle Lifecycle Services:
>£50m incremental profit contribution