



Inchcape plc, the leading global automotive distributor, announces its Q3 trading update covering the period from 1 July to 30 September 2022

## Q3 trading update: continued strong performance

- Group revenue £2.1bn<sup>1</sup>: up 16% on an organic basis, growing in all regions, and up 24% on a reported basis
- Outlook: expect 2022 adjusted PBT from continuing operations towards the top end, or slightly above, the previously guided range (£350-370m)
- Derco acquisition continues to progress well with completion expected at the end of 2022 or in Q1 2023
- Expanded electric vehicle OEM footprint adding ORA in Hong Kong, and BYD in BeLux
- Announces the next 'In the Driving Seat' investor webinar on *Digital & Data* to be held on 24 November 2022

### Duncan Tait, Group CEO, commented:

"The Group delivered another strong performance in Q3. We achieved double-digit organic growth in both Distribution, underpinned by higher vehicle volumes, and in Retail. We continue to see robust demand for vehicles, with record order books across many of our markets, and expect a gradual improvement in vehicle supply. The combination of the strength of Inchcape's business model and geographically diverse footprint means we are well placed to navigate the current macroeconomic climate.

A year following the launch of our *Accelerate* strategy we have delivered substantial progress against our growth drivers of Distribution Excellence and Vehicle Lifecycle Services. We have extended our global leadership in automotive distribution, leveraging our digital and data investments, and continue to move forward with our ambition to capture more of a vehicle's lifetime value with *bravoauto* – our digital-first, multi-brand used car platform.

In July we announced the proposed acquisition of Derco, Latam's leading automotive distributor, significantly increasing our scale in the fast growth Americas region. In addition, during Q3 we have further expanded our OEM footprint with exciting electric vehicle brands, adding Great Wall's ORA in Hong Kong and Macau, and BYD in Belgium and Luxembourg. This expansion is a great example of our *Accelerate* strategy in action, delivering on the Group's growth ambitions.

With a clear strategy, driven by our ambition to be both better and bigger, Inchcape is well positioned to capitalise on further opportunities for organic growth and market consolidation. I am confident we will continue to deliver sustainable long term value for all our stakeholders."

### Outlook:

In light of the strong performance to date and our expectation for the fourth quarter, we now expect to deliver FY22 adjusted PBT from continuing operations towards the top end, or slightly above, the previously guided range (£350-370m) at prevailing FX rates<sup>3</sup>.

The strength of our business model and financial position means Inchcape is well placed to continue to grow profits and generate cash, and we are confident in the medium-term outlook set out at the Capital Markets Day in November 2021.

Revenue YoY%	Reported	Constant FX	Organic <sup>2</sup>	
	Q3	Q3	Q3	YTD
Group <sup>1</sup>	+24%	+20%	+16%	+13%
Distribution	+31%	+24%	+18%	+15%
Retail <sup>1</sup>	+10%	+10%	+11%	+9%

1: Russia business (Moscow) disposed in 2Q22 and has consequently been treated as a discontinued operation. It has therefore been removed from the current and comparative periods

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

3: Prevailing exchange rates provides a c.£15m translation tailwind to 2022 Group PBT (versus £10m at the Interims, 28 July 2022)

## Update on Derco acquisition (as per RNS issued on 6 October 2022)

On 28 July 2022 Inchcape announced the proposed acquisition of Derco (the “Transaction”).

The Transaction is subject to merger control clearance in Chile and Peru and a merger control filing in Colombia. The merger control filing in Colombia has been submitted and accepted. Merger control documents have been submitted to the relevant regulatory bodies in Chile and Peru. We continue to expect those processes to be completed in line with the overall Transaction timetable as detailed at announcement.

The preparation of the Class 1 shareholder circular and notice of General Meeting documentation (the “Circular”) is ongoing, with publication now expected in late November or early December.

The Group continues to expect completion of the Derco acquisition at the end of 2022 or in Q1 2023, subject to necessary shareholder approvals and merger control clearance.

## Channel review

*The commentary that follows covers the period from 1 July to 30 September 2022. Unless otherwise stated, all figures are quoted on an organic basis.*

During the quarter, Group revenue increased 16% year-on-year, with Distribution up 18% and Retail up 11%.

In Distribution, revenue was ahead of the prior year, supported by strong growth in both new and used vehicles and in aftermarket. Revenue in Asia and Australasia reached its highest quarterly level since early 2021, whilst the Americas posted another record quarter.

In Retail, whilst new vehicle supply remained constrained we saw growth of used vehicles. Pricing remained robust enabling us to deliver revenue growth in vehicles. Aftersales performance continued to be solid.

### Distribution

**Q3 organic revenue YoY%: +18%**

#### Asia

- Sequential topline improvement in Hong Kong, stabilisation in Singapore and a continued encouraging trend in other markets (primarily Guam, Brunei, Saipan and Indonesia)

#### Australasia

- Returned to growth; supported by new car volumes and higher used vehicles and aftermarket revenue

#### Europe

- Continued growth in vehicles (new and used) and aftermarket revenue – particularly strong performance in BeLux, Greece and Poland

#### Americas & Africa

- Continued strong performance across major markets in the Americas - notably Chile, Colombia, Costa Rica and Peru

### Retail

**Q3 organic revenue YoY%: +11%**

#### UK & Europe<sup>3</sup>

- Vehicles revenue supported by robust pricing and used volume growth; Aftersales continued to be solid

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<sup>3</sup>: UK and Poland

