



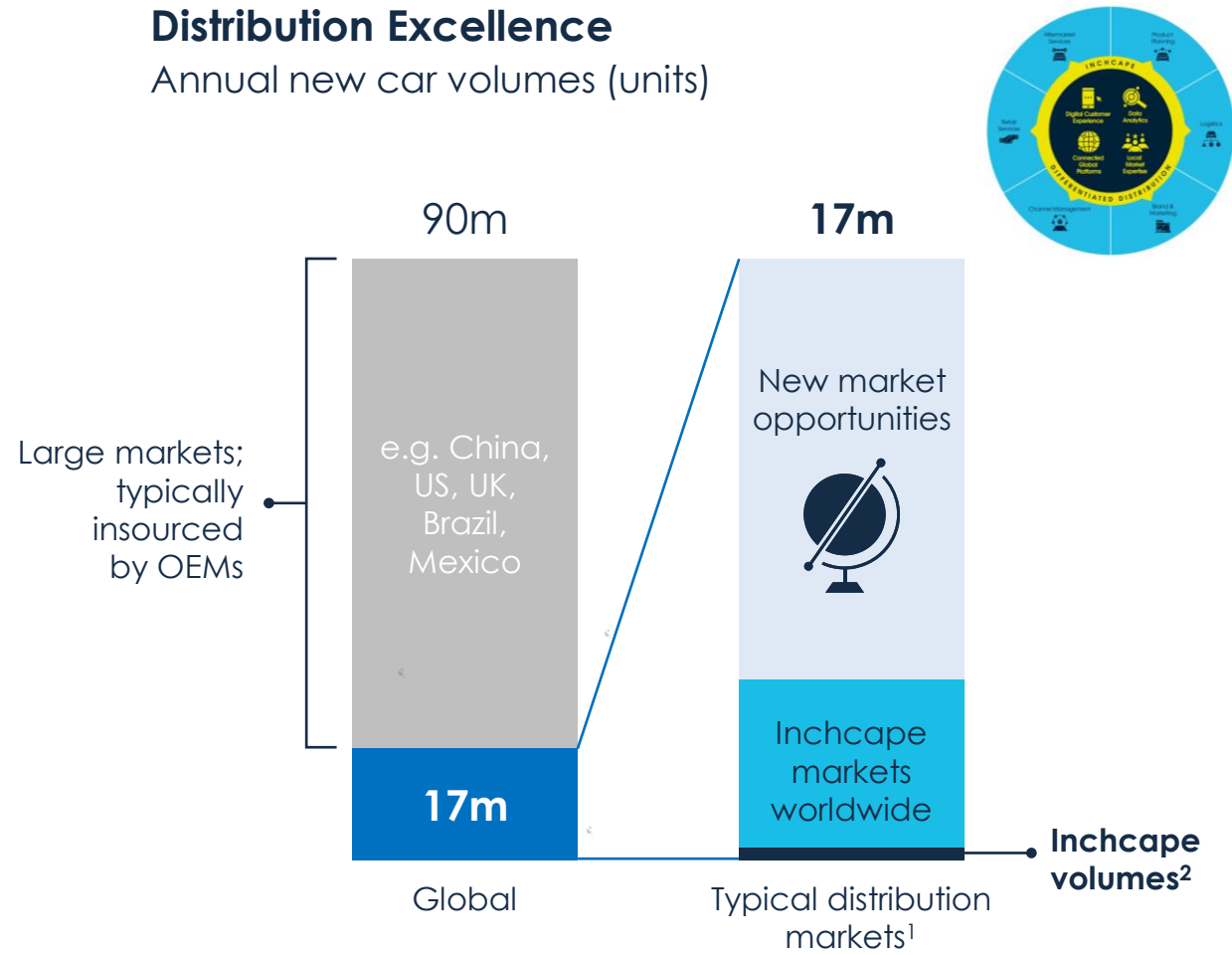
# IN THE DRIVING SEAT: SPOTLIGHT ON DIGITAL & DATA

24 November 2022

# Considerable opportunities for an ambitious Inchcape

## Distribution Excellence

Annual new car volumes (units)



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

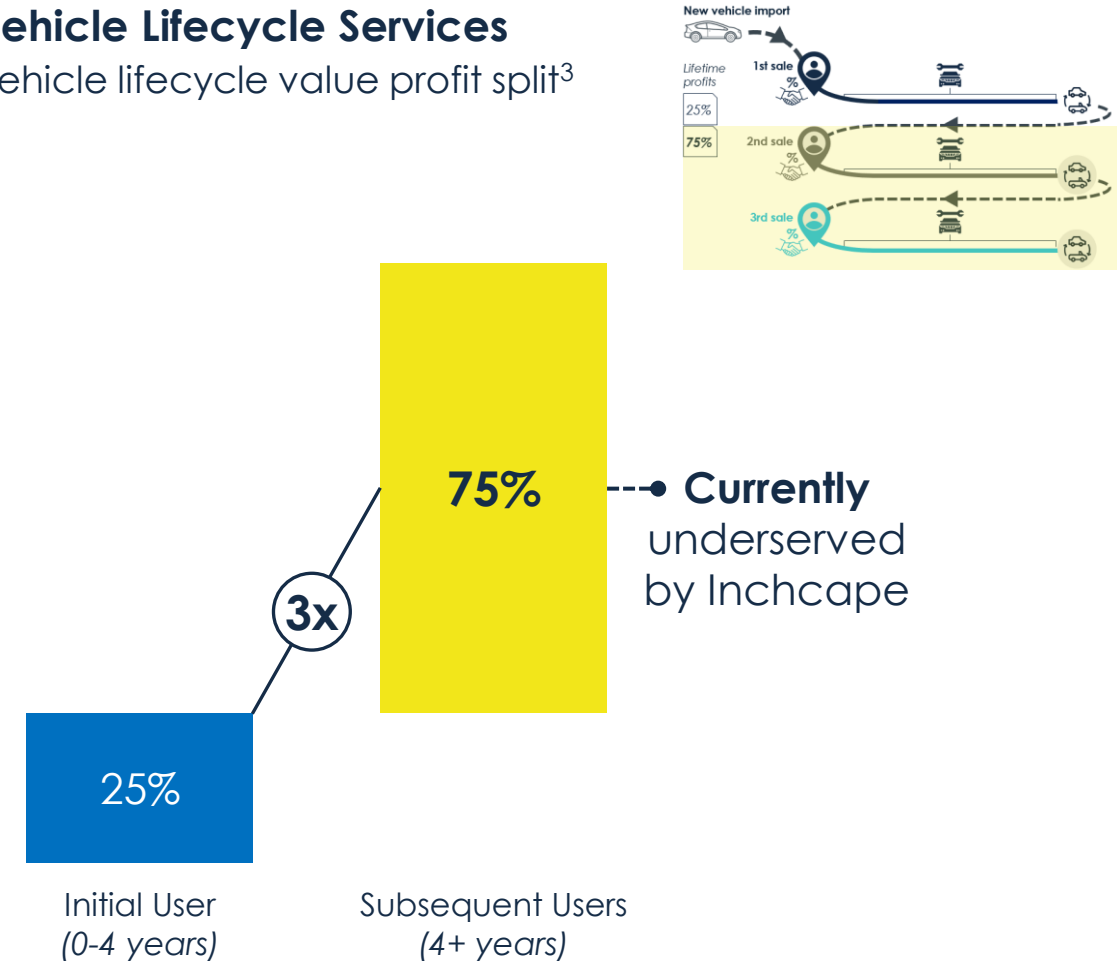
2: Pre Derco acquisition

3: 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)

## Vehicle Lifecycle Services

Vehicle lifecycle value profit split³



# Accelerate: Inchcape's growth strategy

## Our Growth Drivers

Distribution Excellence



Vehicle Lifecycle Services



## Our Enablers

Culture and Capabilities



Digital, Data & Analytics



Efficient Scale Operations



Responsible Business





# Digital & data is integral to the Group's growth ambitions



**More  
Customers**



**Improved  
Efficiencies**



**Higher  
Growth**



**Distribution  
Excellence**

- 1+% outperformance of new car volumes
- Mid-to-high single digit profit CAGR
- Further consolidation and expansion

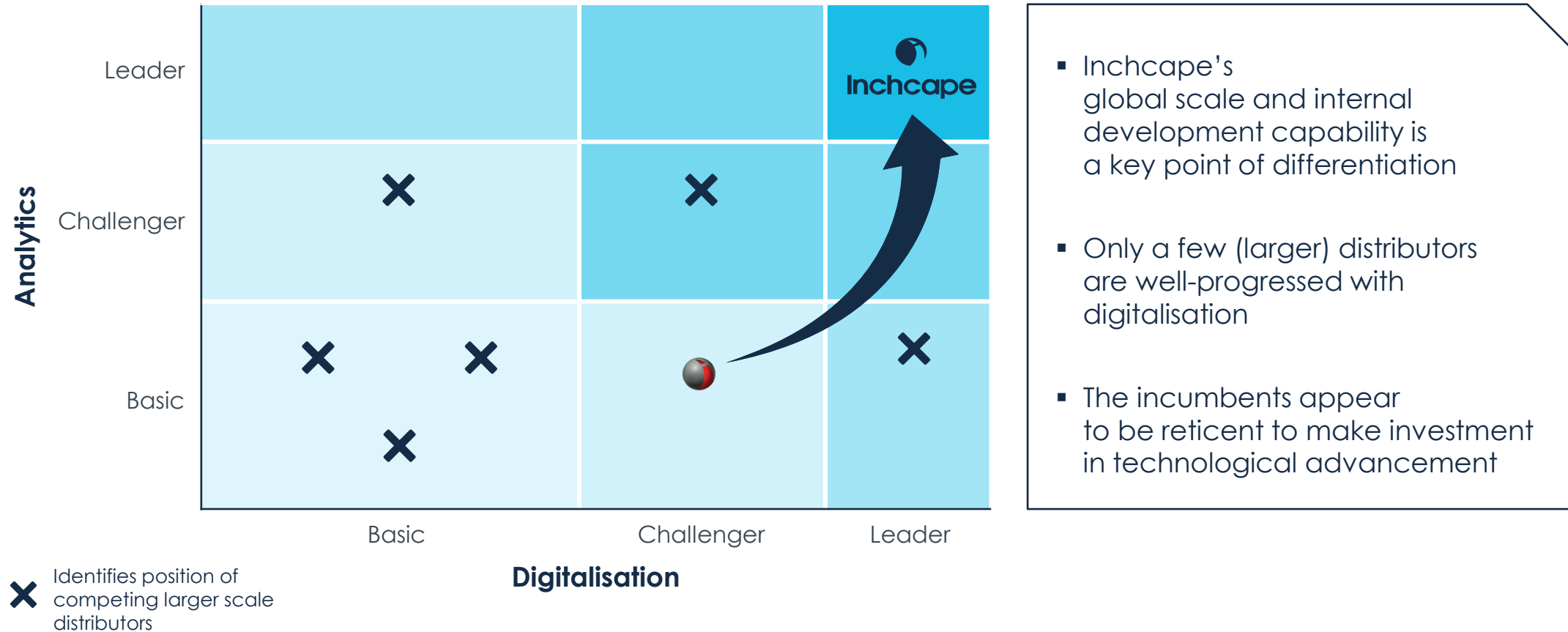


**Vehicle Lifecycle  
Services**

- At least double used car volumes
- Digital Parts Platform:  
operational and profitable
- >£50m incremental profit contribution

# Inchcape has a leading digital and analytical platform

## Results of an independent third-party report



# Introducing Mark, our Chief Digital Officer



## Mark Dearnley

Joined Inchcape: October 2020

### Formative years:

Electronics engineer

Aerospace and satellite design and manufacture

### International digital:

CIO @ Cable & Wireless across 27 markets

UK CIO @ Vodafone (part of the global team)

### Consumer digital:

Launched first Boots the chemist eCommerce site

CDIO @ UK tax department (HMRC); launched personal tax accounts for 45m citizens and business tax accounts for 5m businesses

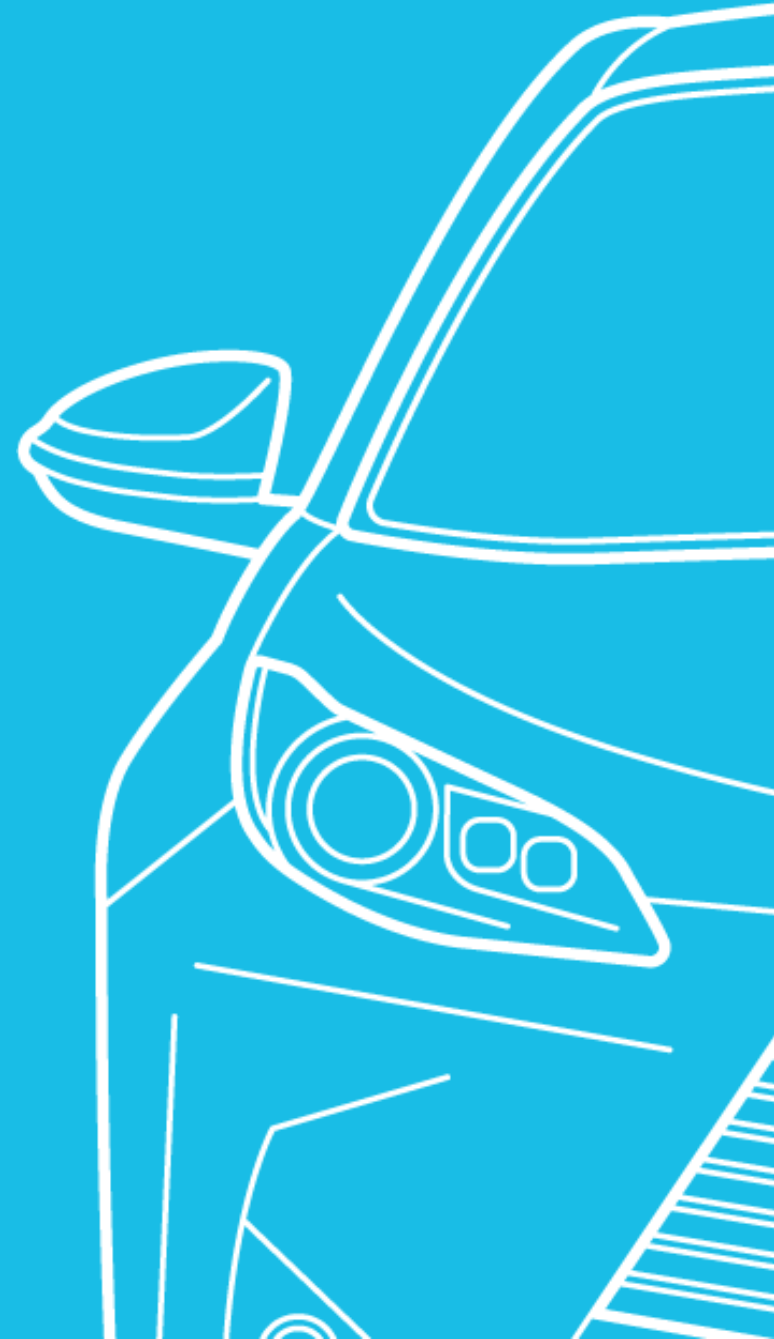
### Business strategist:

Partner @ Bain & Co; focus on private equity due-diligence and post merger integration, enterprise tech and operational transformation



# MARK DEARNLEY

## CHIEF DIGITAL OFFICER



# We continue to transform our approach to digital, globally

## CMD focus areas



**Digital eXperience Platform:**  
our digital touchpoint



**Data Analytics Platform:**  
driving smart, fact-based actions



A digital architecture that  
will scale with Inchcape



Digital Delivery Centres:  
our global 'tech hubs'

## Today



DXP live in 36 OEM markets



~70% of all revenue optimised by AI



Continued technology consolidation  
onto the 'Inchcape Core'



Over 900 people across our  
two Digital Delivery Centres



# Our approach is driven by the customer need



**4.5 to 6 hours**

spent online researching  
price and product  
specifics prepurchase



**>1 visit**

on average  
made to dealership  
prepurchase



**40% to 50%**

customers welcoming  
digital experiences  
at dealerships



**75% to 85%**

of customers make the  
purchase at a dealership  
having chosen a car  
based on online sources

- Consumers spend **considerable time online researching a vehicle** before entering the dealership
- Consumers **expect an omni-channel experience**; one that seamlessly integrates both physical and digital
- Number of visits to a dealership have reduced; however, providing a rich omni-channel and **personalised experience remains crucial**

# A global digital infrastructure, driving smarter decisions

## **DXP** Digital eXperience Platform

### Omni-channel



Providing consumers with a fully functional digital showroom



Built on a platform with the ability to scale, quickly, to new markets



Enables the capture of significant customer and vehicle data

## **DAP** Data Analytics Platform

### Predictive analytics and business intelligence



Central capability to drive better local and global decision



Using predictive analytics to facilitate business intelligence



Globally integrated data repository, addressing the entire value chain

## *Our global tech capability*

**Inchcape Digital Architecture:** a single, common global technology stack

**Digital Delivery Centres:** our internal digital delivery capability

# We have a diverse team, with broad expertise

## Inchcape Digital Executive Team



**Mark Dearnley**  
Chief Digital Officer

2 Years in Inchcape

2



**Tammy Archer**  
Chief Information  
Security Officer

1



**Steve Humm**  
DXP Director

10



**Alex Capewell**  
Global Data & Analytics  
Director

9



**Vincent Petit**  
ERP & Finance  
Systems Director

10



**Bob Wilde**  
Europe IT Director

5



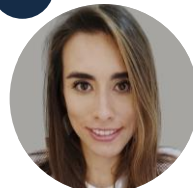
**Ileana Rojas**  
Americas & Africa  
IT Director

5



**Jorge Osman**  
Digital Delivery Director

1



**Paola Gonzalez**  
Head of Colombia  
DDC

2



**Ten Bartolome**  
Head of Philippines  
DDC

14



**Paul Leon**  
M&A and Digital  
Portfolio Director

2



**Gaurav Swarup**  
UK IT Director

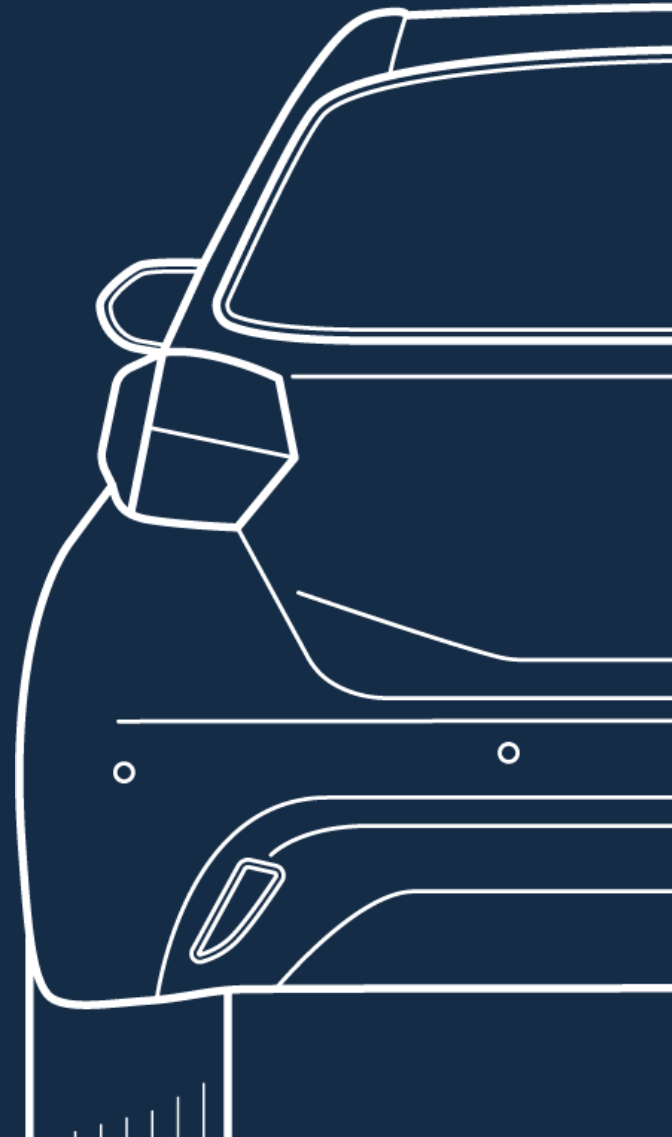
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**Ivan Biryukov**  
APAC IT Director

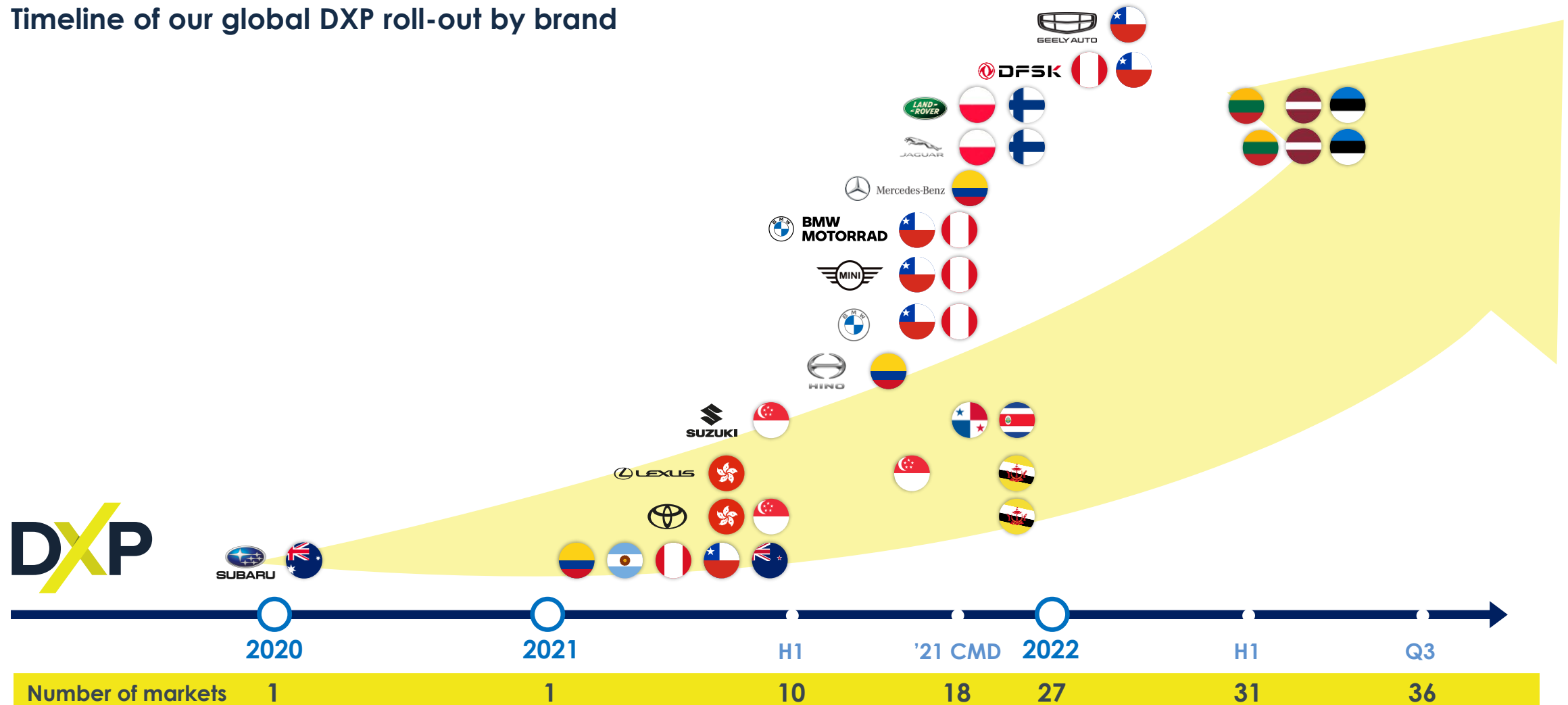


# OUR GLOBAL & SCALABLE, DIGITAL PLATFORM (DXP)

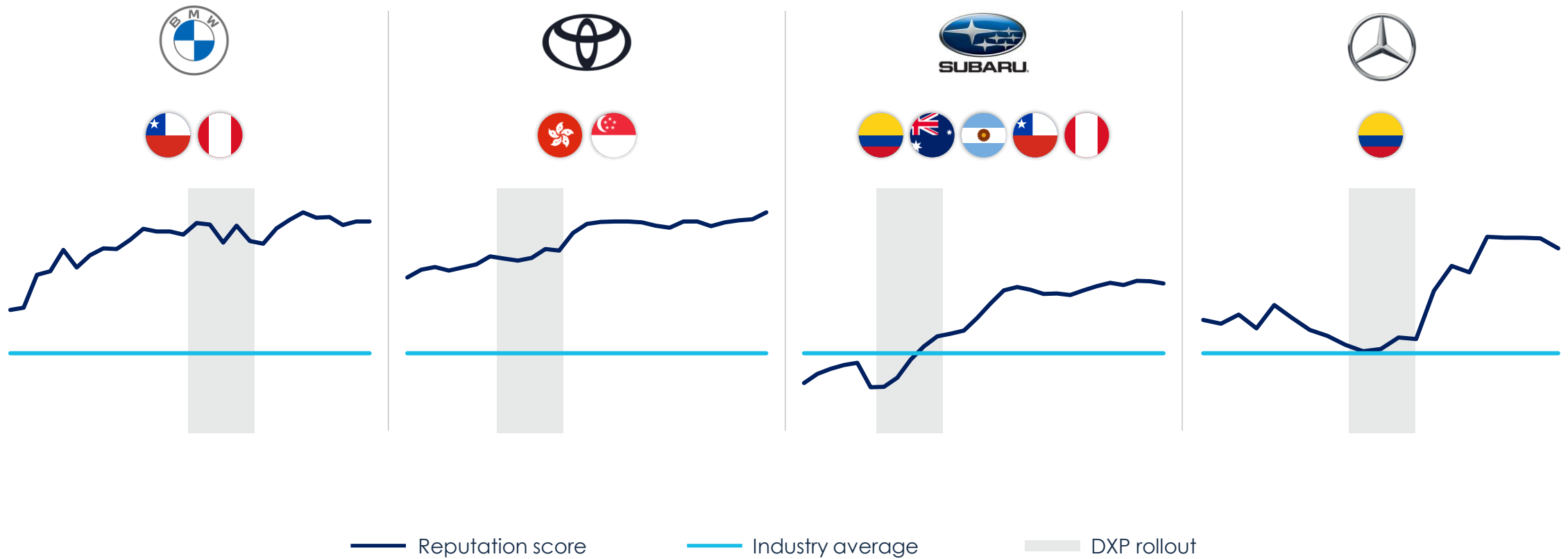


# Accelerating DXP roll-out across the globe

Timeline of our global DXP roll-out by brand



# Customer experience significantly improved post DXP launch





# Omnichannel is supporting our main goals...

**More  
Customers**

**+24%**  
marketable  
customers

**Marketable customers:**  
digital customers  
opting into marketing  
comms

+

**Improved  
Efficiencies**

**+15%**  
sales  
conversion

**Sales conversion:**  
proportion of marketable  
customers translating into  
a vehicle order

+

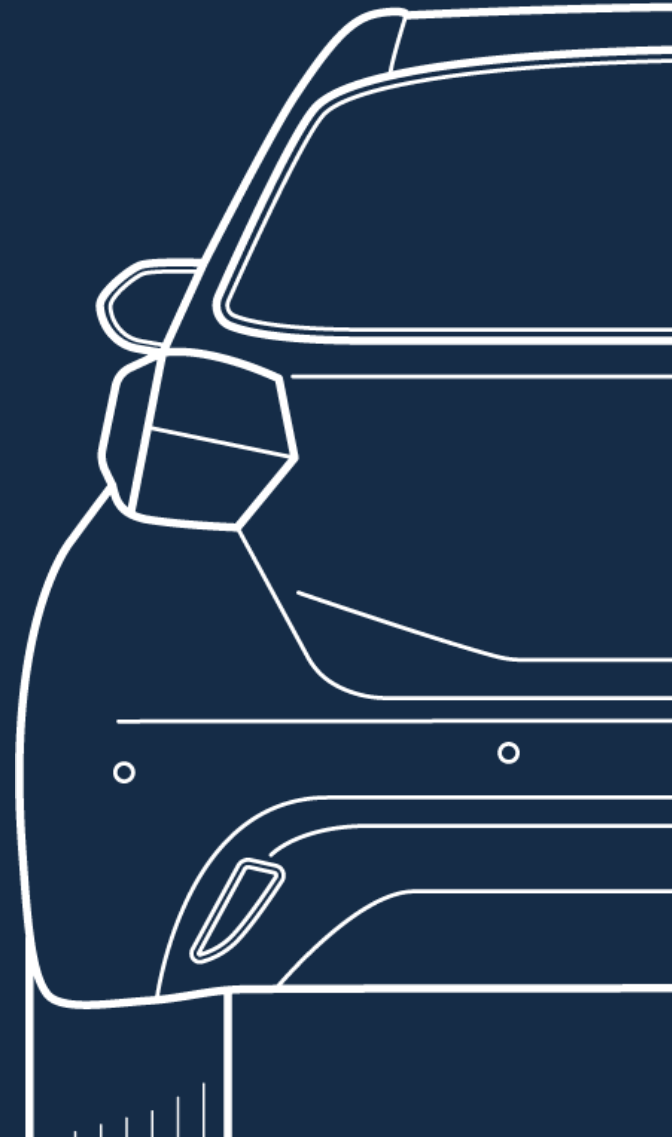
**Higher  
Growth**

**>1%**  
outperformance

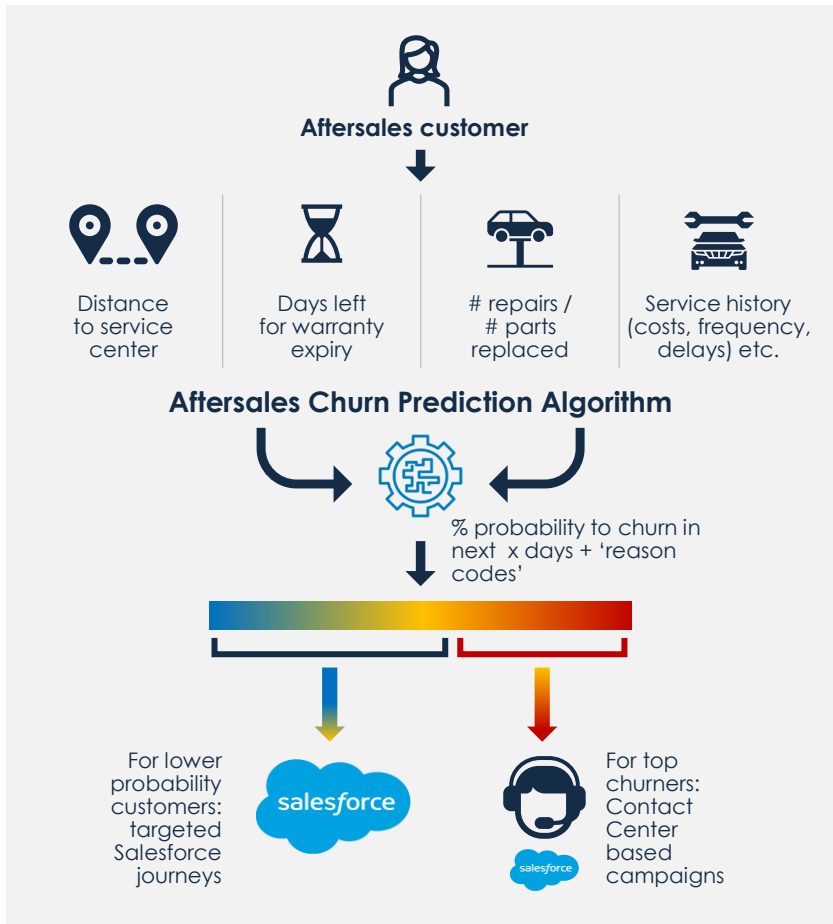
**Outperformance:**  
new vehicle volume  
growth versus  
the market



# OUR PROPRIETARY DATA ANALYTICS (DAP)



# Aftersales churn prediction is improving service retention



## Before

Limited visibility of customers most at risk of leaving service network

Conducted a successful test-phase using data analytics to determine Aftersales customer churn

## Now

Machine learning model identifies customers 'at risk'

'At risk' customers proactively contacted by Contact Centre to drive higher retention

## Future

Global roll out; currently live in 11 markets

Deploy to third-party network; drive higher Parts penetration

Higher aftersales retention rates (beyond years 1-3); meaningful improvement in customer retention during test-phase

# Data analytics is supporting our main goals...

**More  
Customers**

**+26%**

service  
bookings

Aftersales churn-  
prediction algorithm

+

**Improved  
Efficiencies**

**+30%**

time spent on  
genuine hot-leads

Lead scoring  
algorithm

+

**Higher  
Growth**

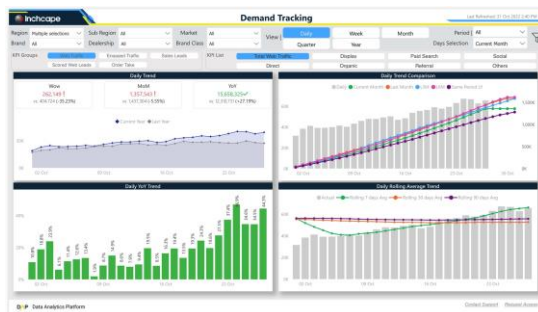
**+10%**

Parts revenue

Parts S&OP  
predictive analytics

# Smarter use of data has improved our business intelligence

## Demand



- Consumer demand dashboard:
  - Website traffic
  - Engaged traffic
  - Sales leads
  - Orders
- Real-time data insights; by market, brand & the dealership level

## Supply



- Stock risk-management tool (successful pilot in 2020, global roll-out in 2021)
- Dashboard shows the health of the stock profile by brand, by market
- Ability to project 18 months forward

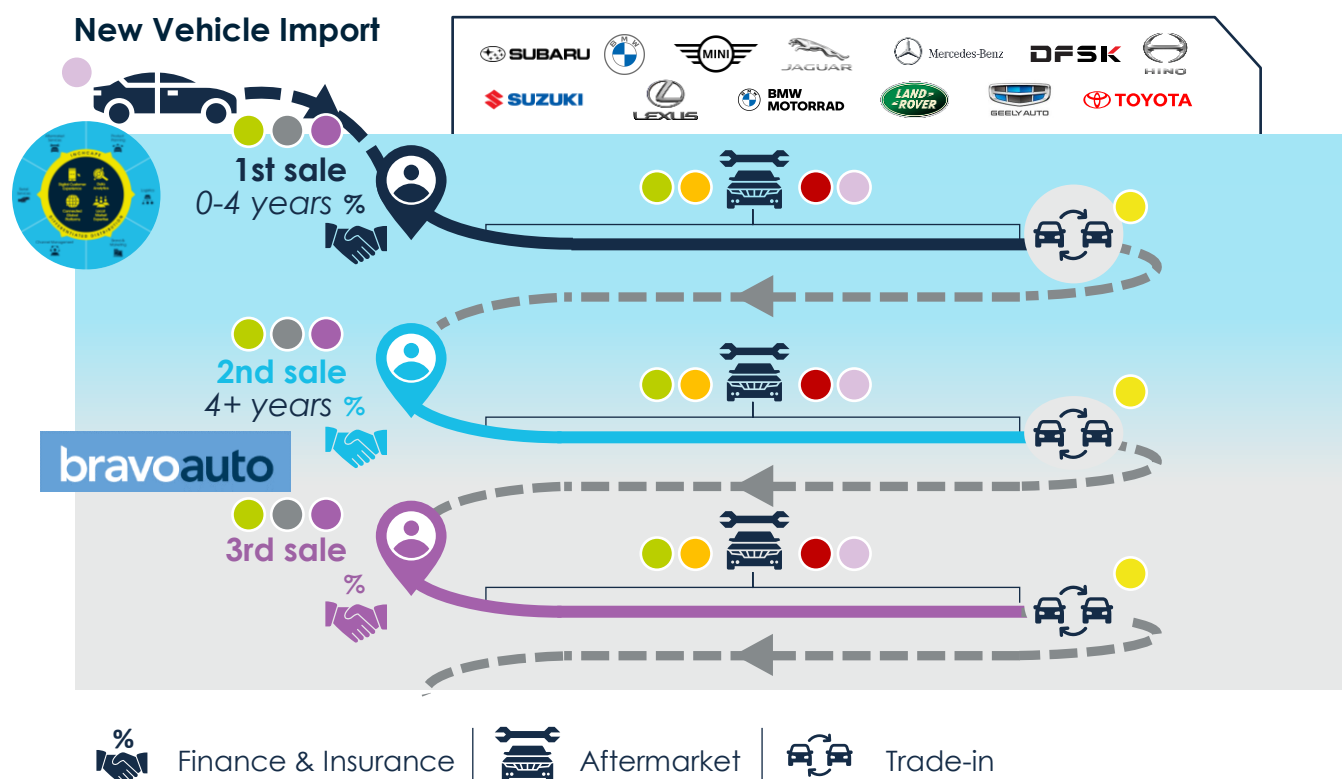
## Decision making

- Daily focus
- Monitoring leading indicators
- Algorithms automatically prompt managers
- Provides insights across the distribution value chain:
  - OEMs, consumers and dealer network
- Now the primary tools when ordering new stock

**Shows excellence to OEMs → Customers get exactly what they want →  
Optimises working capital → Which in turn drives better financial performance**

# Digital and data joins up the vehicle lifecycle

## Vehicle Lifecycle Value



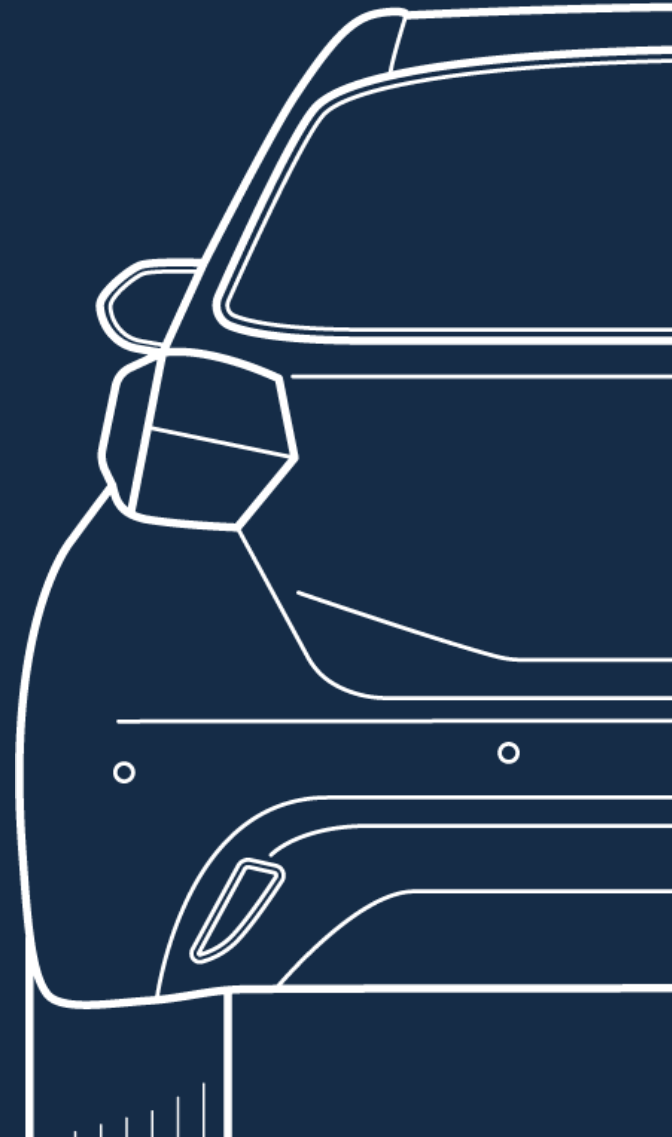
	DXP	DAP
Demand forecasting/supply management		✓
Digital marketing		✓
Omni-channel fulfilment	✓	✓
Aftersales retention	✓	✓
Vehicle trade-in pricing	✓	
New / Used vehicle pricing		✓
Parts pricing		✓

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).





# OUR GLOBAL TECH-CAPABILITY



# Consolidating technology onto our common global stack

Our  
Growth  
Drivers

## Distribution Excellence

A&A

APAC

Europe



## Vehicle Lifecycle Services

bravoauto  
everything you expect and more

Digital  
Parts



## Inchcape core

Digital eXperience Platform **DXP**

Data Analytics Platform **DAP**

Finance Broker Engine

Enterprise Resource Planning

Network, Cloud, Infrastructure

Security and Risk Management

## Inchcape Digital

Single code  
base, globally

Scalable  
infrastructure

Underpins the  
entire business

# Digital Delivery Centres (DDCs): our global 'tech hubs'



## Cost-efficient

Within the Group's existing cost and investment envelopes

Significant capacity; will not need to scale inline with the expansion of the Group

Insourcing capability and reduced reliance on contractors/ 3<sup>rd</sup> parties



**Internal** digital delivery capability; c.900 'Inchcapers' (c.130 temps)

**Global:** 24x7 solutions and services covering Inchcape globally

**Scalable:** accelerating use of digital & data across all regions

## Responsible Business

Partnering with universities in Colombia and Philippines on internship programmes

Free study groups for vulnerable individuals interested in technology



# We continue to transform our approach to digital, globally

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A digital architecture that  
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Digital Delivery Centres:  
our global 'tech hubs'

## Future



Complete omni-channel purchasing, and ownership  
experience for new and used vehicles



Every action optimised by proprietary analytics  
with real time performance visibility



'Inchcape Core' at the heart of all M&A

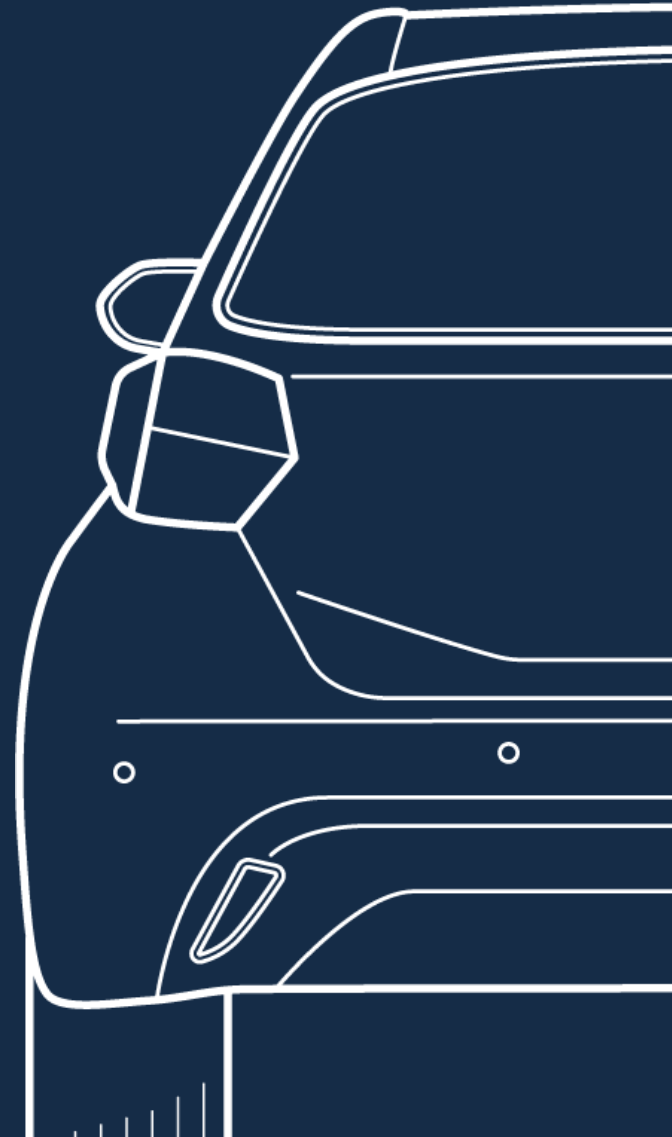


Continued enhancement of our internal  
global delivery capability

**At Inchcape we are doing more, doing better  
and doing it faster for the same spend**



# DIGITAL & DATA IS ACCELERATING CONSOLIDATION



# Geely: a great example of our new OEM launch capabilities

2021: signed a global strategic partnership<sup>1</sup>

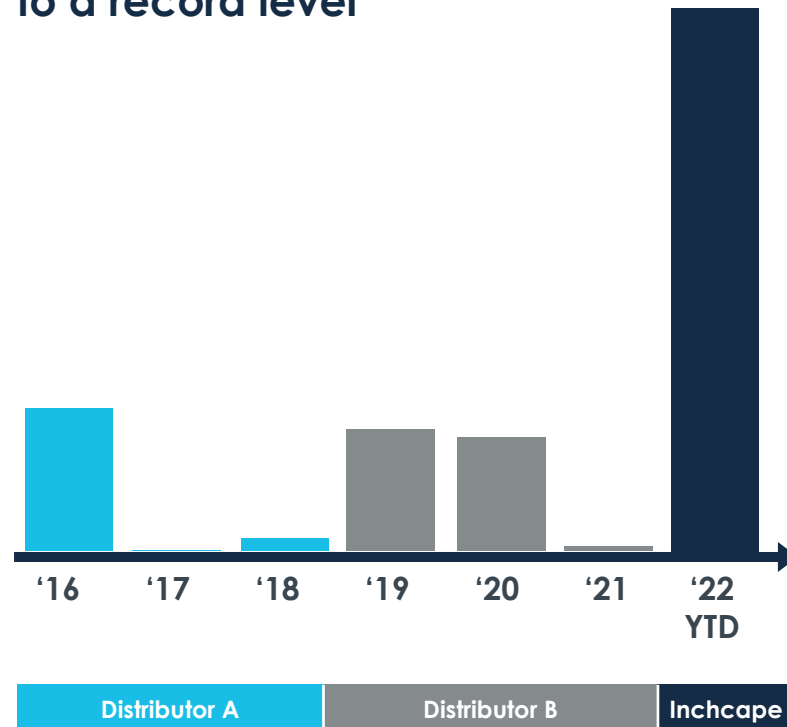


**Leading**  
brand in China

**>1.3m**  
vehicles sold in 2021

Parent company owns  
**Volvo, Lotus & LEVC**

Driving Geely new car volumes in Chile to a record level



Digital was at the heart of the launch in 2022

Plug-and-play distribution platform:  
straight onto DXP and DAP

Large majority of marketing expenditure  
on digital-channels

Brand launch supported by a youtube  
marketing campaign

>250m web impressions

Agreed to partner in other markets (e.g. Ecuador)

1: The partnership, launched with a market distribution agreement for Chile, will be a long-term relationship that will be developed on a country-by-country basis



# Independent distributors find digital & data difficult



**Sebastian de Carcer**

Former President  
Ditec



Ditec, like all companies, has to develop and evolve, to be able to adapt to the changes that will come. **To develop and evolve alone, would be very difficult.** And it became clear that Ditec would need a new partner, and a new owner



**Juan Pablo Del Río**

Shareholder and member  
of the Board of Derco



Inchcape is the **undisputed leader in digital and data** for automotive distribution across the Americas. **This is an increasing area of focus for automotive OEMs**



**Sir Kyffin Simpson**

Founder of  
Simpson Motors and ITC



We are delighted to announce an exciting and **transformational development** for our automotive Group that will propel the business into a new and important chapter in its history that will **strengthen, secure and expand the business for the future**

# Leveraging technology to drive a competitive advantage

## OEMs



Focused on largest markets (20:80 rule)

Plug-and-play platform (digitally driven) supports multi-market roll-out at speed

Looking for fewer and stronger partners

Logical go-to partner with true scale: size and global footprint

## Independents



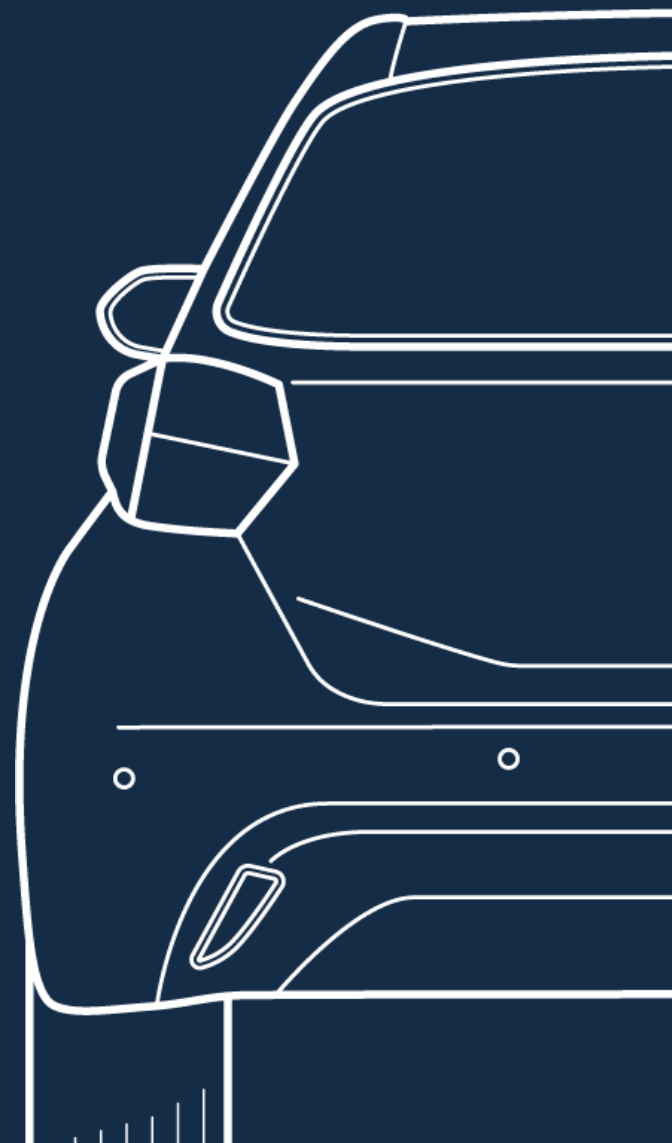
Do not have the scale to invest in digital

Group strategy underpinned by investment in technology and digital

Less experienced with cyber-security

Broad range of technological expertise

# SUMMARY



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**More  
Customers**



**Improved  
Efficiencies**



**Higher  
Growth**



**Distribution  
Excellence**

- 1+% outperformance of new car volumes
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**Vehicle Lifecycle  
Services**

- At least double used car volumes
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operational and profitable
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# Q&A

