

An aerial photograph of a large industrial complex, likely a vehicle manufacturing plant. The facility consists of several large, interconnected buildings with grey roofs. One building prominently displays the "DERCO" logo. In the foreground and middle ground, a vast parking lot is filled with hundreds of cars, mostly in white, blue, and red, arranged in neat rows. The background shows a clear blue sky and a range of brown, hilly mountains. The overall scene suggests a busy day at a major automotive production site.

# FY 2022 RESULTS

23 March 2023



# DUNCAN TAIT GROUP CEO



# Agenda

1

2022 Overview

2

2022 Results

3

Derco acquisition & Strategic progress

4

Looking ahead

# 2022 strategic highlights

**Great results;** strong performance across all regions

**Excellent Free Cash Flow** generation



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

- Distribution Excellence
- Vehicle Lifecycle Services



**Completed a transformational acquisition** + continued portfolio shift towards distribution

**Reduced retail exposure** (Russia exit)



Further enhanced our **digital and data capabilities**

- DXP rolled-out in more markets
- Improved Analytics



International expansion of **bravoauto**; the first of our Vehicle Lifecycle Services businesses

Development of our **Digital Parts Platform**



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



# Excellent progress across our Responsible Business pillars

## Planet



- Good progress towards our Scope 1 & Scope 2 CO<sub>2</sub> emissions targets
- Adopted renewable energy sources including investments in solar panels

## People



- Launched Inclusion & Diversity and Women into Leadership programmes
- LifeWorks to support mental, physical social and financial wellbeing

## Places



- Partnerships supporting prosthetics charities in Europe & the Americas
- Road safety partnerships now in place in all regions

## Practices



Strong business relies on integrity without compromise.

- Active promotion of our whistle-blower hotline across both employees and suppliers
- Accredited for our global health and safety programme

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

# Continued positive momentum

## FINANCIALS

Revenue

**£8.1bn** 

2021: £6.9bn

PBT

**£373m** 

2021: £249m

FCF

**£380m**

2021: £274m

## CASH & RETURNS

ROCE

**41%**

2021: 28%

DPS

**28.8p**

2021: 22.5p

## PEOPLE

**22%**

**Women in Senior Leadership positions**

2021: 18%

## PLANET

**24%**

**reduction in Scope 1 and 2 GHG emissions**

2030 target: 46% reduction versus 2019-baseline

**1.8%**

**BEV sales as % of Group**

2021: 1.2%

## CUSTOMERS

**671**

**Reputation.com score**

2021: 642

ADRIAN LEWIS  
ACTING  
GROUP CFO



# 2022 headline financials

## Topline

Revenue

£8.1bn

+15%

Organic growth (YoY%)

## Profitability

Operating margin

5.1%

£373m

PBT

## Cash

Free Cash Flow

£380m

£(378)m

Net debt<sup>1</sup>

## Shareholders

Adjusted EPS

72.0p

28.8p

(2021: 22.5p)

Dividend per share  
(proposed)

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

1: net debt reflects the completion of the Derco transaction on 31 December 2022. NB. Derco did not contribute any revenue or profit to the Inchcape Group in 2022

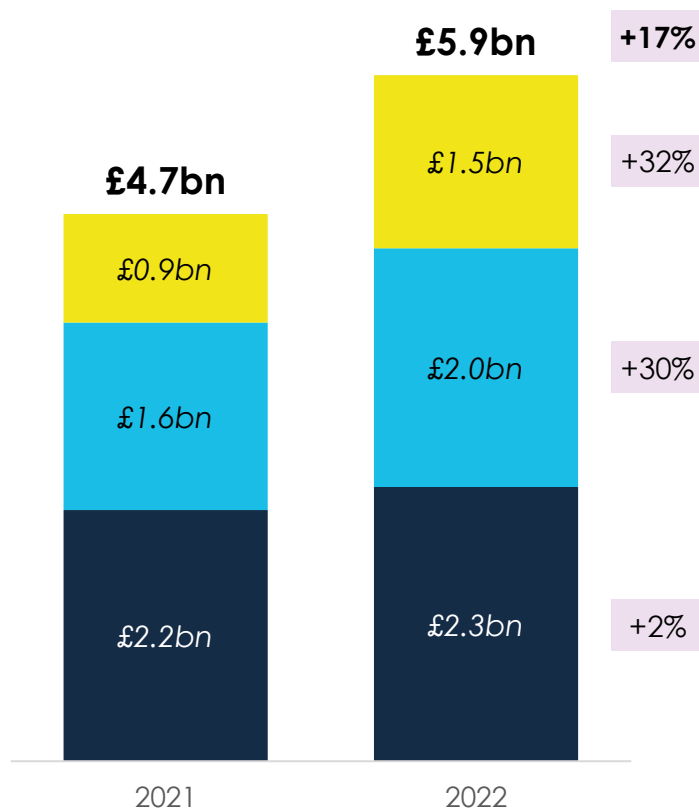


# 2022: a great set of results

|                       | 2022   |        |        | 2021   |        |        |
|-----------------------|--------|--------|--------|--------|--------|--------|
|                       | FY     | H2     | H1     | FY     | H2     | H1     |
| Revenue               | £8.1bn | £4.2bn | £3.9bn | £6.9bn | £3.3bn | £3.6bn |
| Organic growth (YoY%) | +15%   | +19%   | +12%   | +20%   | +7%    | +37%   |
| Operating margin %    | 5.1%   | 4.9%   | 5.2%   | 4.1%   | 4.4%   | 3.8%   |
| PBT                   | £373m  | £189m  | £184m  | £249m  | £128m  | £121m  |

# Distribution revenue: continued strong performance

Revenue (£bn)



## Americas

- Excellent performance across all major markets
- Meaningful contribution from M&A (Ditec & Simpson Motors)

## Europe & Africa

- Gained market share across key markets
- Africa: supported by higher volumes and Aftermarket

## APAC

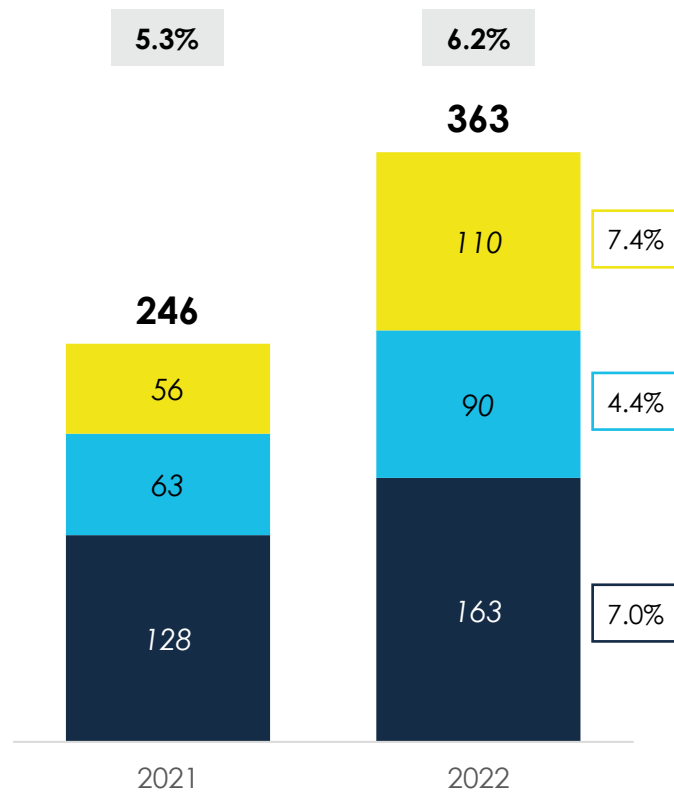
- Australasia rebound (three-year peak in Q4)
- Unfavourable conditions in Hong Kong and Singapore
- Rest of Asia continued to be solid

Americas Europe & Africa APAC % Organic growth YoY %

All figures rounded to the nearest £bn.

# Distribution profit: growth across all regions

## Operating profit (£m)



### Americas

- Robust demand amid vehicle supply shortages supported pricing and margins
- Positive contribution from M&A and contract-wins

### Europe & Africa

- Topline improvement drove higher profitability
- Africa: resilient performance

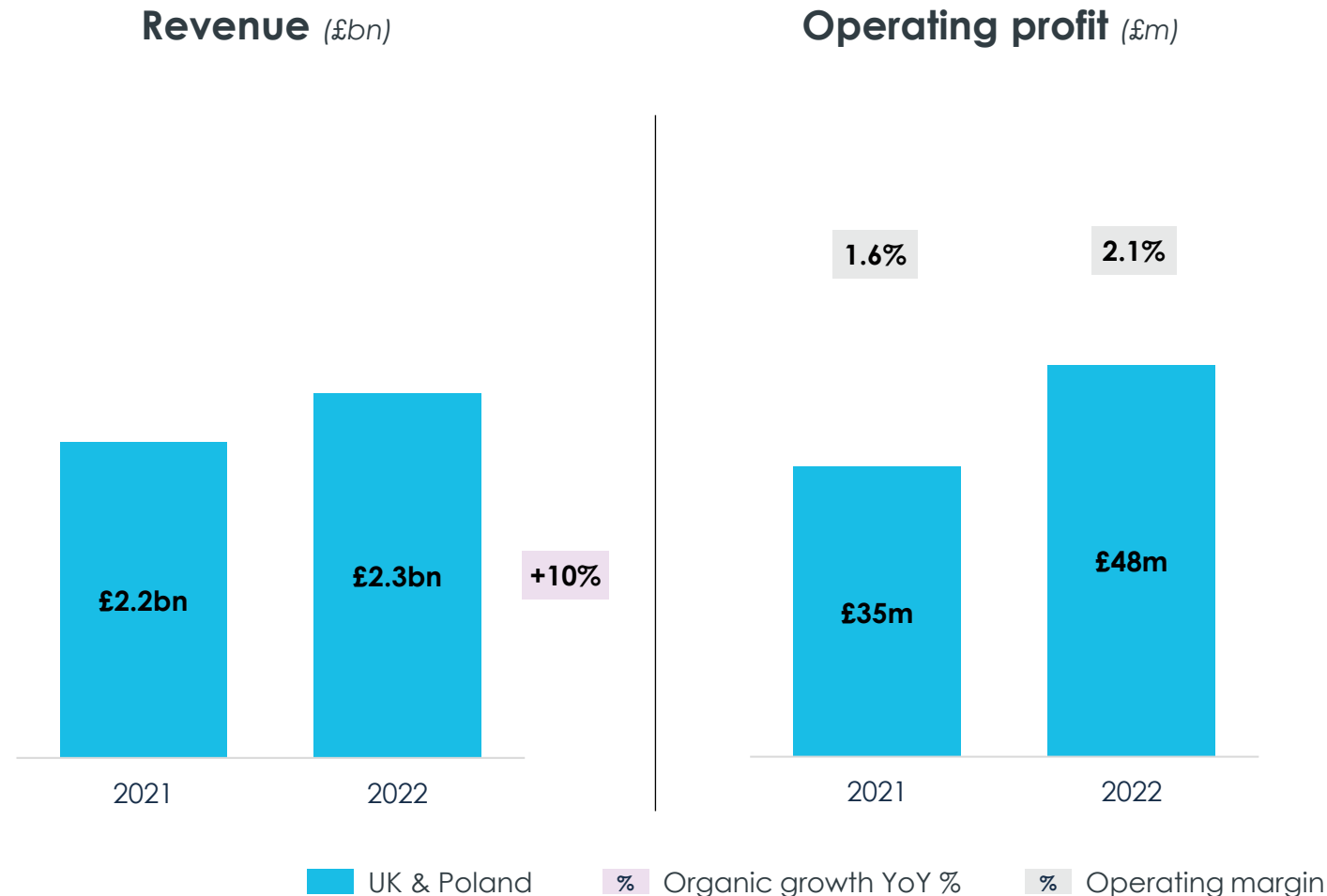
### APAC

- Australasia: driven by topline growth and cost-control
- Hong Kong & Singapore helped by cost-mitigation
- Positive contribution from new businesses in Micronesia

Americas Europe & Africa APAC % Operating margin

All figures rounded to the nearest £m.  
Figures are stated before adjusting items, and on the basis of continuing operations

# Retail: solid performance amid supply constraints



Revenue supported by **gradually improving vehicle supply**

**Normalising vehicle profitability** in the second-half

**2023 (Agency model):** expect a c.£200m revenue reduction due to a change in recognition; immaterial profit impact



# Income statement

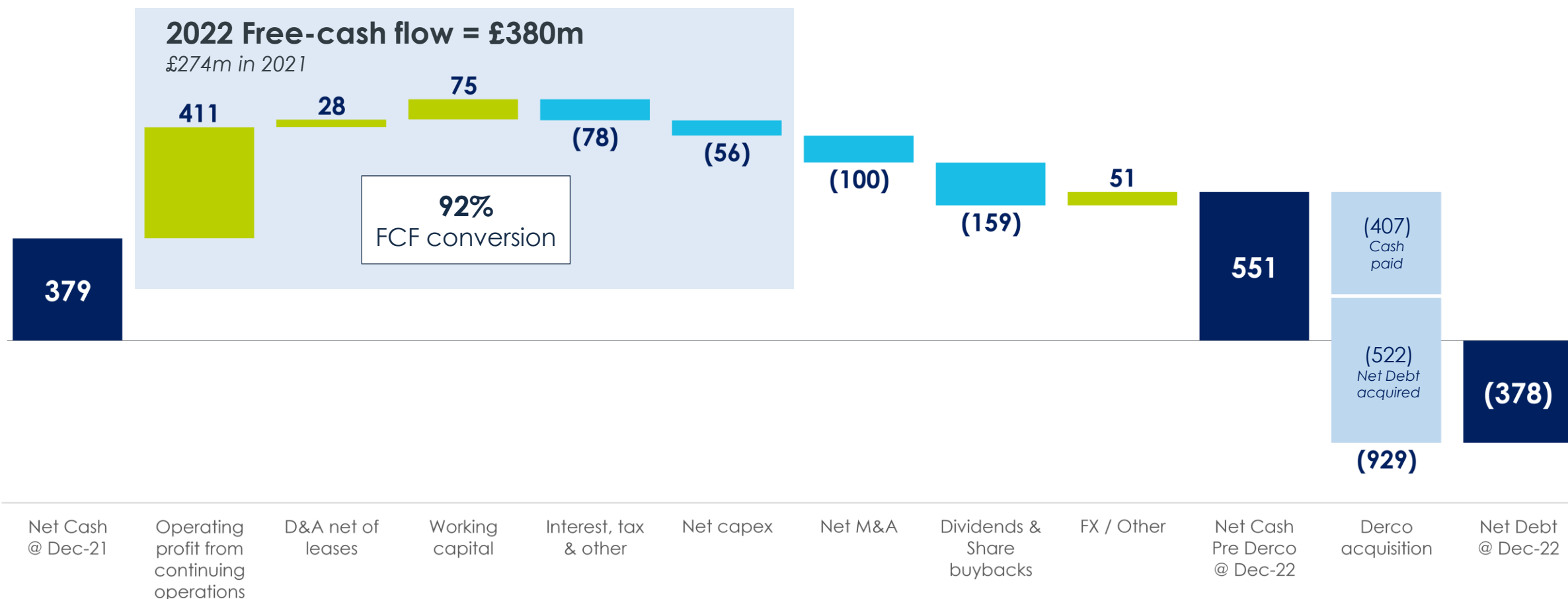
| £m<br>(unless otherwise stated)   | FY         |            |
|-----------------------------------|------------|------------|
|                                   | 2022       | 2021       |
| Adjusted Operating Profit         | 411        | 281        |
| Adjusted Net Interest             | (37)       | (33)       |
| <b>Adjusted Profit Before Tax</b> | <b>373</b> | <b>249</b> |
| Underlying Tax rate %             | 26.1%      | 25.4%      |
| Adjusted Basic EPS (pence)        | 72.0p      | 46.3p      |
| Adjusting items                   | (40)       | (100)      |
| Reported Profit Before Tax        | 333        | 149        |

**Interest costs** increased due to higher cost of financing

**Tax rate** above historic levels (~25%) due to country-mix of profit

# Another year of excellent free-cash flow generation

## Net cash/ (debt) bridge (£m)



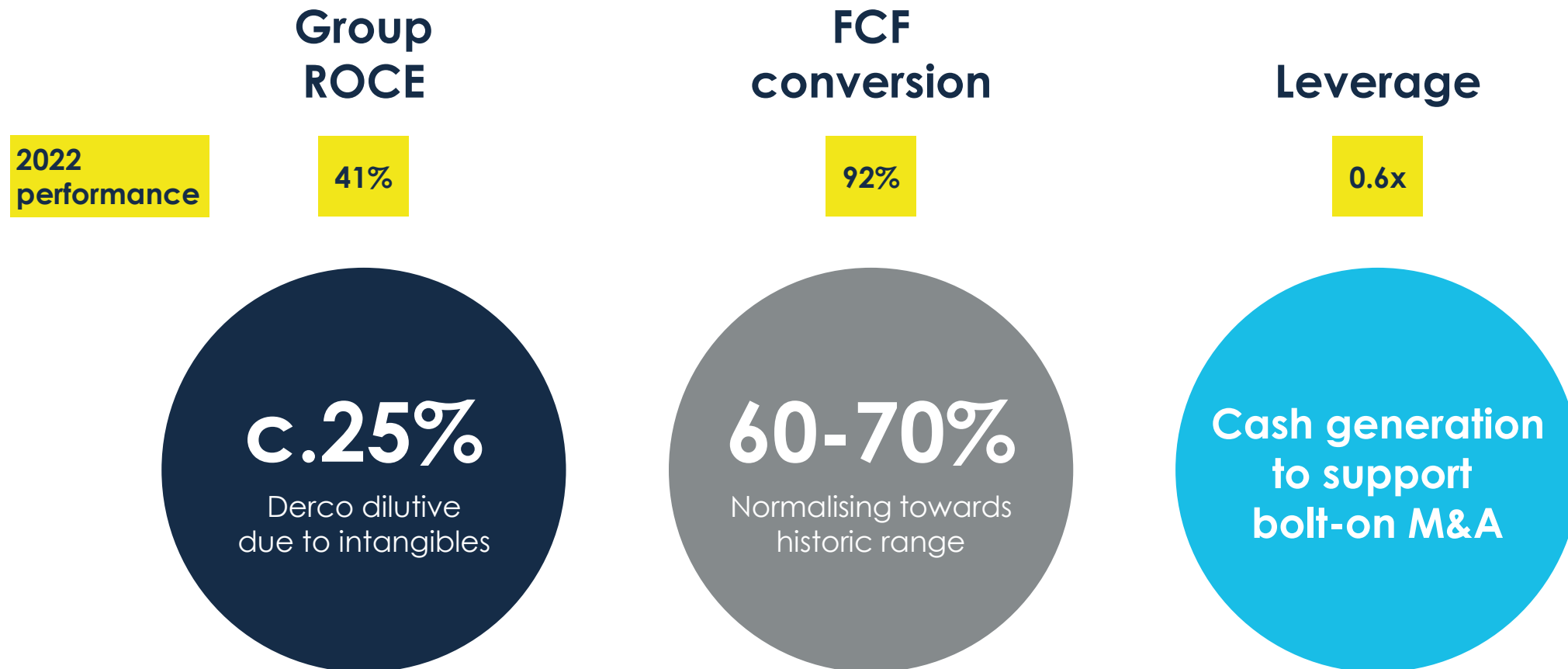
Figures are stated before adjusting items, and on the basis of continuing operations. Net cash/ debt excludes lease liabilities. All figures rounded to the nearest £m  
Liabilities (largely pre-completion dividend) owing to Derco's previous owners amounted to £270m at year end; this was offset by working capital adjustments of c.£200m

# Capital allocation policy: remains unchanged

|                                | <b>1) Invest in the business</b><br><br>Capex for organic growth and technological investment | <b>2) Dividends</b><br><br>Policy:<br>40% annual payout of basic EPS (adjusted) | <b>3) Value accretive M&amp;A</b><br><br>Disciplined approach to valuation | <b>4) Share buybacks</b><br><br>Consider appropriateness of share buybacks |
|--------------------------------|---|---|--|--|
| <b>Cumulative 2016 to 2022</b> | £450m capex spend (<1% of sales)  | £560m of dividends  | £1.9bn of distribution acquisitions  | £440m of share buybacks  |

**Net debt to EBITDA of max 1x (pre IFRS16)**

# Attractive financial characteristics to drive further growth





# DUNCAN TAIT DERCO ACQUISITION



# Accelerating growth with a transformational acquisition

**Inchcape Americas CEO**  
Romeo Lacerda



## Transaction recap

Acquired Derco on 31 Dec 2022

Total enterprise value of c.£1.3bn, mixture of cash and equity

- Del Río family 9.3% stake in Inchcape (c.£300m)
- Juan Pablo Del Río appointed to the Board of Inchcape plc

## Financial impact

**£2.2bn**

revenue (2022)

£1.9bn<sup>1</sup> (2021)

**Operating  
margin**

towards the top-end of  
a typical distribution  
business<sup>2</sup>; pre-synergies

**>£40m**

recurring synergies

**20+% EPS  
accretion**

from year two

# Highly complementary market footprint and brand portfolio

## Markets



Chile



Peru



Colombia

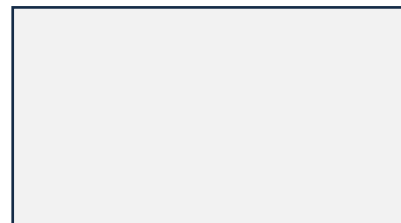


Bolivia

## Derco



## Inchcape



Inchcape present in 8 additional countries across Latin America

## Typical brand structure

### Passenger vehicles

Luxury brands ✓

Premium brands ✓

Niche brands ✓

Mainstream brands ✓

Entry-level brands ✓

✓ Enlarged Inchcape presence

Commercial vehicles



✓

# First 80 days progressing well; focused on the future

## The first 80 days...

- Appointed the new Americas Executive Team
- Excellent cultural alignment supporting integration process
- Plugging Derco into our digital and data capabilities
- Progressing with back-office integration

## Key focus areas

- 1** >£40m recurring synergies  
Organisation, Operations, Technology
- 2** Opportunities for revenue synergies
- 3** Working capital/ inventory efficiency



# Significant progress towards our strategy & growth ambitions

## Strong topline growth prospects

Increases exposure to higher growth markets

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Leverage combined scale to capture more vehicle lifetime value

## Margin upside

Derco is margin accretive for the Group

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Significant opportunity for synergies

## Distribution consolidation

Significantly increases Inchcape's distribution scale

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Global automotive distribution remains highly fragmented

## Shareholder value creation

20+% EPS accretion from year two

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ROIC > Project WACC in year three

**Extending Inchcape's global leadership  
and creating significant value**

# DUNCAN TAIT STRATEGIC PROGRESS





**BRINGING MOBILITY TO  
THE WORLD'S COMMUNITIES -  
FOR TODAY, FOR TOMORROW  
& FOR THE BETTER**

# Inchcape is on an ambitious growth journey

The **leading automotive distributor** in a highly fragmented global market



Expanding the reach of our **plug-and-play global distribution platform**



Our **digital and data capability** is a significant competitive advantage



Uniquely positioned to **capture more of a vehicle's lifetime value**



Growth ambition underpinned by our ESG strategy: **Responsible Business**



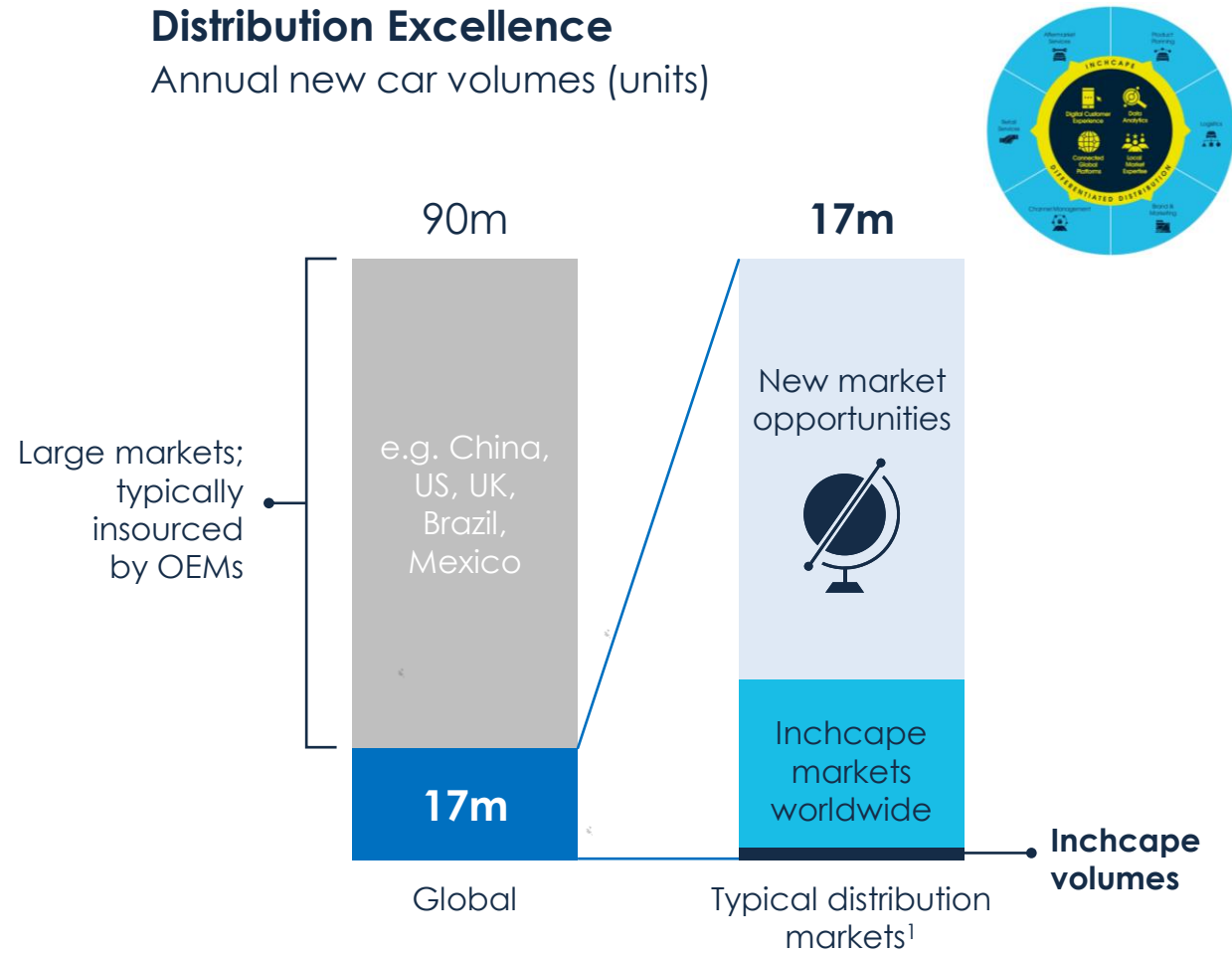
Deliver significant value through **organic growth, consolidation and cash returns**



# Considerable opportunities for an ambitious Inchcape

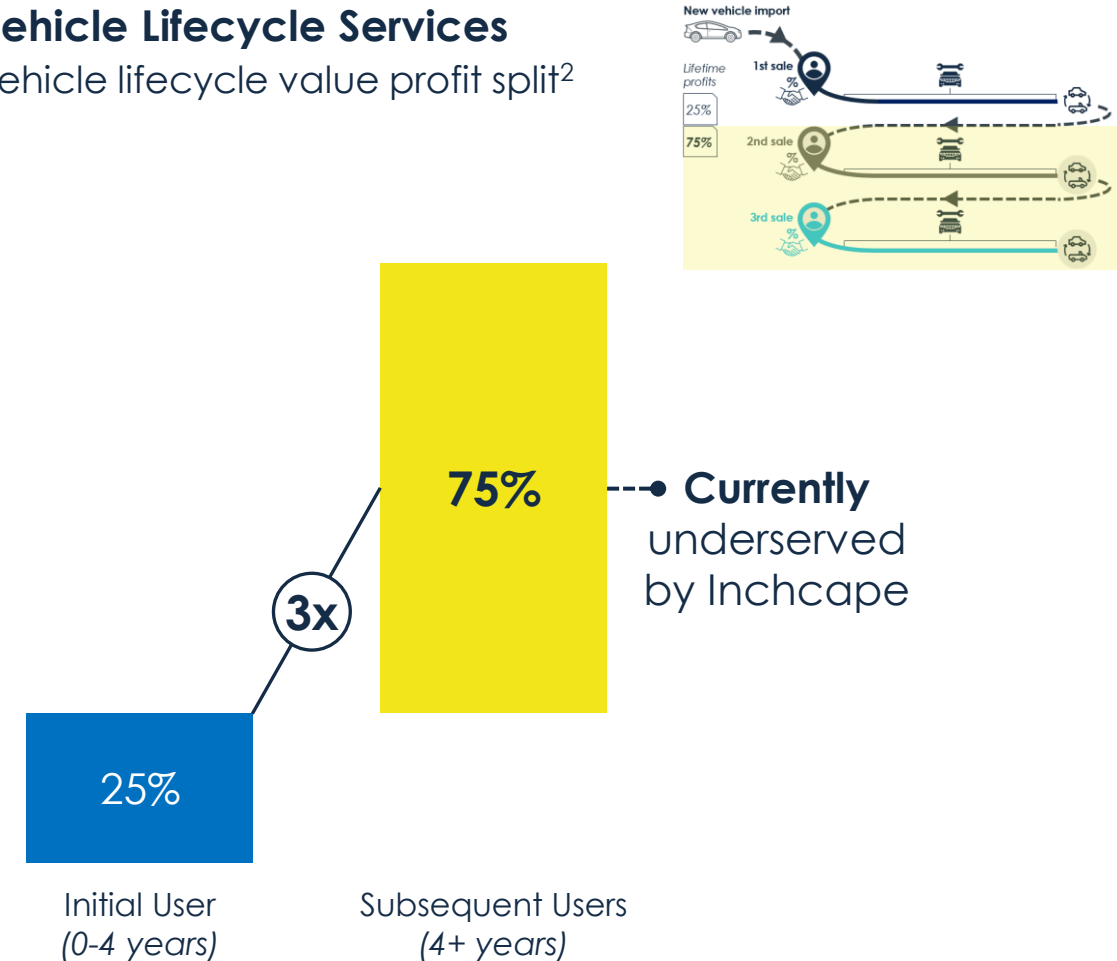
## Distribution Excellence

Annual new car volumes (units)



## Vehicle Lifecycle Services

Vehicle lifecycle value profit split<sup>2</sup>



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)



# Distribution Excellence: accelerating our growth

A huge opportunity... ...to leverage our capabilities... ...and drive further growth



## Progress since 2021 CMD

- Increased our exposure to higher growth markets
- Extended our leadership in Digital & Data Analytics
- Accelerated consolidation
  - Derco
  - Simpsons/ ITC, Morrico, Ditec & CATS
  - Three new contracts<sup>2</sup>

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

2: Geely in Ecuador (2Q22), Great Wall's ORA in Hong Kong & Macau (4Q22), BYD in Belgium & Luxembourg (4Q22)

# Continuing 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'

## 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**



# Distribution deals & OEM opportunities have accelerated



Number of  
deals

0

2

2

3

3

5

5

5

1<sup>2</sup>

Revenue  
added<sup>1</sup>

-

c.£400m

c.£100m

c.£250m

c.£150m

c.£200m

c.£200m

c.£2.3bn

c.£100m

New OEMs

-

1

2

2

1

0

3

7

1

New markets

-

3

0

3

2

2

3

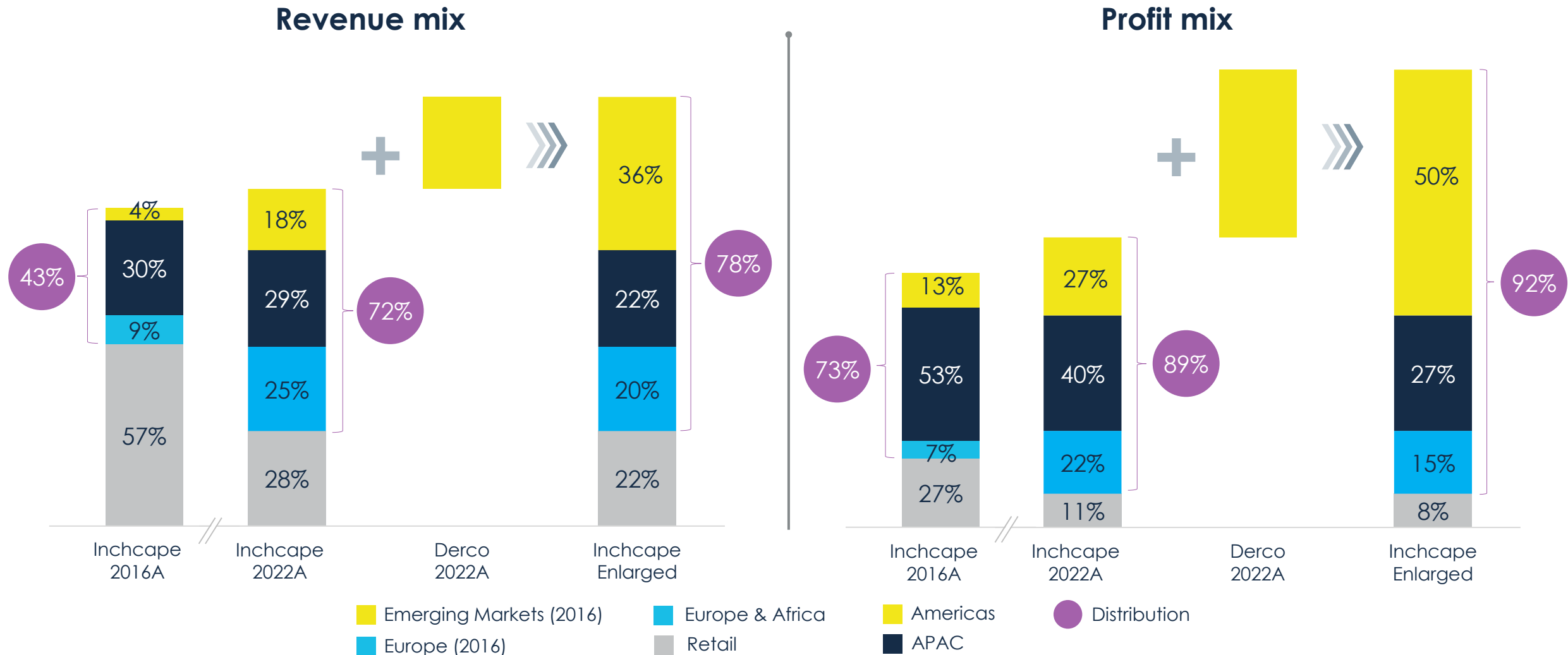
1

1

1: Shows revenue reported in the last full financial year prior to Inchcape's ownership (e.g. Derco acquired on 31 December 2022, and 'revenue added' is the £2.2bn generated in the year ending December 2022)

2: CATS Group (Philippines: Mercedes-Benz, Chrysler, Dodge, Jeep, Jaguar Land Rover and RAM). Remains subject to customary conditions with completion anticipated in the second half of 2023

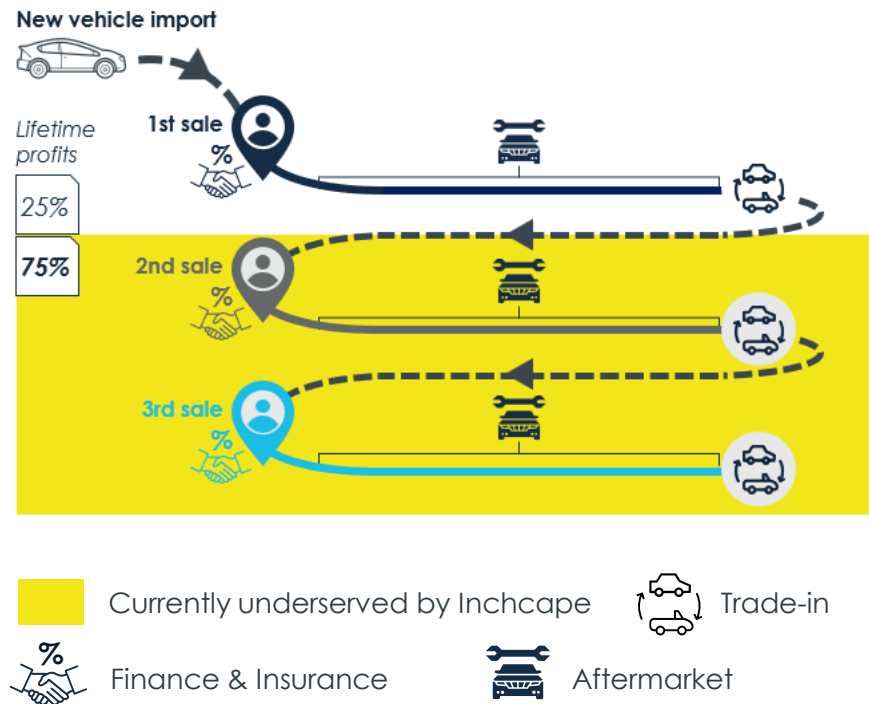
# Significant portfolio shift towards Distribution



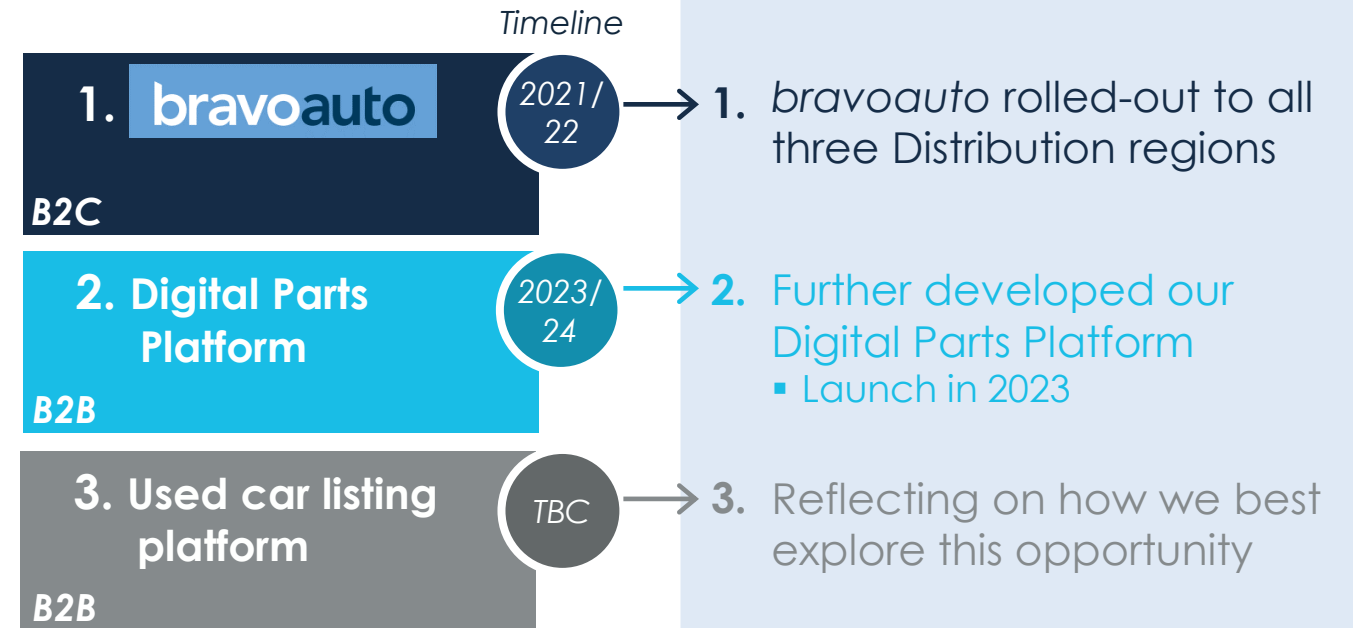
"Inchcape Enlarged" reflects the 2022 performance of Inchcape Group (on the basis of continuing operations) plus Derco  
"Inchcape 2016A" reflects the performance of Inchcape Group as reported in 2016 (on the basis of the prevailing regional split)  
In 2016 "Emerging Markets" included Americas & Africa

# Vehicle Lifecycle Services: exploring new opportunities

## Vehicle Lifecycle Value



### Three opportunities in focus



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)

# bravoauto: focused on execution in new markets

**Business model** Digital first, multi-brand, used car platform (B2C)

**USPs** Leverages existing infrastructure  
Globally scalable model

**Key focus areas** Profitable sales  
Capturing new customers (VLS)  
Global best practice sharing

**Financial drivers** Low marketing costs (SG&A)  
Finance & Insurance Products  
Analytics (for vehicle pricing)  
Aftersales servicing

## 2022: live across nine markets



UK Poland Belgium Latvia Estonia Romania Australia Thailand Colombia

## 2023: rolling-out to more markets



Chile



Bulgaria



Lithuania

## bravoauto execution parameters



Higher GPU



Limited investment



Repeat custom



Lower overheads



Low working capital



Attractive returns

# Drivers of our financial performance



## Distribution Excellence



## Vehicle Lifecycle Services

|                                      | Organic   | M&A   | New opportunities   |
|--------------------------------------|---|---|---|
| <b>Revenue</b>                       | <b>Volume</b> <ul style="list-style-type: none"> <li>Exposure to higher growth markets</li> <li>Volumes c.10% below historic levels</li> </ul> <b>Outperformance</b> <ul style="list-style-type: none"> <li>Market share gains (DXP, DAP, FIP)<sup>1</sup></li> <li>Aftermarket growth</li> </ul> | <b>Acquisitions &amp; contract-wins</b> <ul style="list-style-type: none"> <li>Expand OEM relationships</li> <li>Broaden market footprint</li> </ul> <b>Revenue synergies</b> | <b>bravoauto</b> <ul style="list-style-type: none"> <li>Used volumes &amp; Aftersales</li> <li>Multi-market roll-out</li> </ul> <b>Digital Parts Platform</b> <ul style="list-style-type: none"> <li>Volume of parts sold</li> <li>Marketing revenue</li> </ul> |
| <b>Profit</b>                        | <b>Leverage overheads</b><br><b>Technology efficiencies</b>   | <b>Synergies</b> <ul style="list-style-type: none"> <li>Organisational</li> <li>Operational</li> <li>Technology</li> </ul>  | <b>Profit from new businesses</b>   |
| <b>Medium-term financial outlook</b> | <b>Distribution Excellence:</b><br>mid-to-high single digit profit CAGR <i>plus</i> M&A   |   | <b>Vehicle Lifecycle Services:</b><br>>£50m incremental profit contribution   |

# DUNCAN TAIT LOOKING AHEAD



# Summary & 2023 outlook

## Fantastic execution

- Profit growth across all regions + excellent cash-generation
- Digital & Data investments delivering tangible results
- VLS: started to scale *bravoauto*

## Transformational acquisition

- Accelerated our shift towards Distribution + reduced Retail
- Increased our exposure to higher growth markets

## 2023 outlook

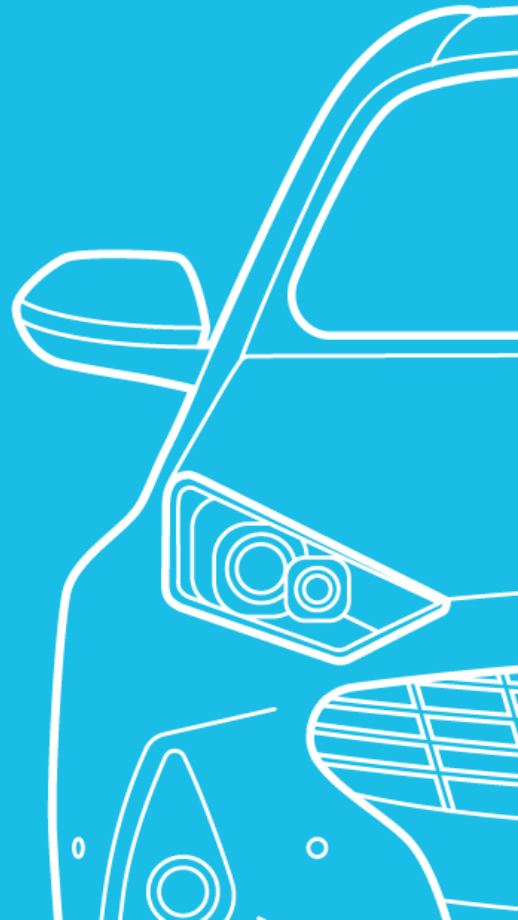
- Mindful of changeable economic environment
- Performance to date inline with expectations
- Improving vehicle supply to support normalisation of order books
- Strategic, operational and financial progress – underpinned by Derco



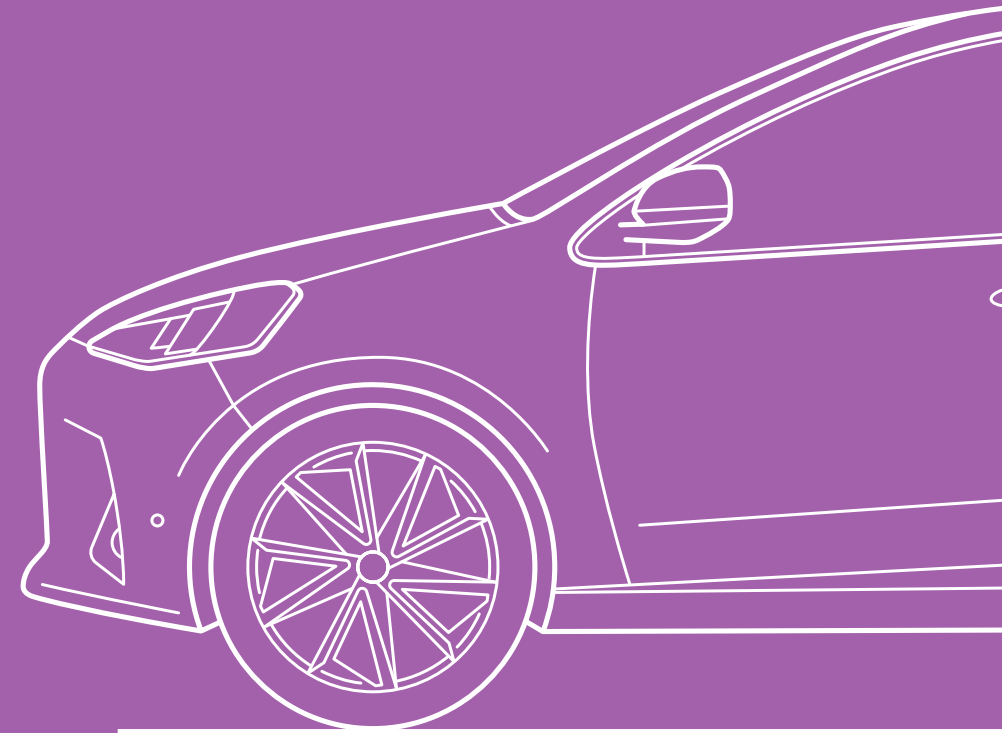
# Investment case: well-positioned to deliver significant value



# Q&A

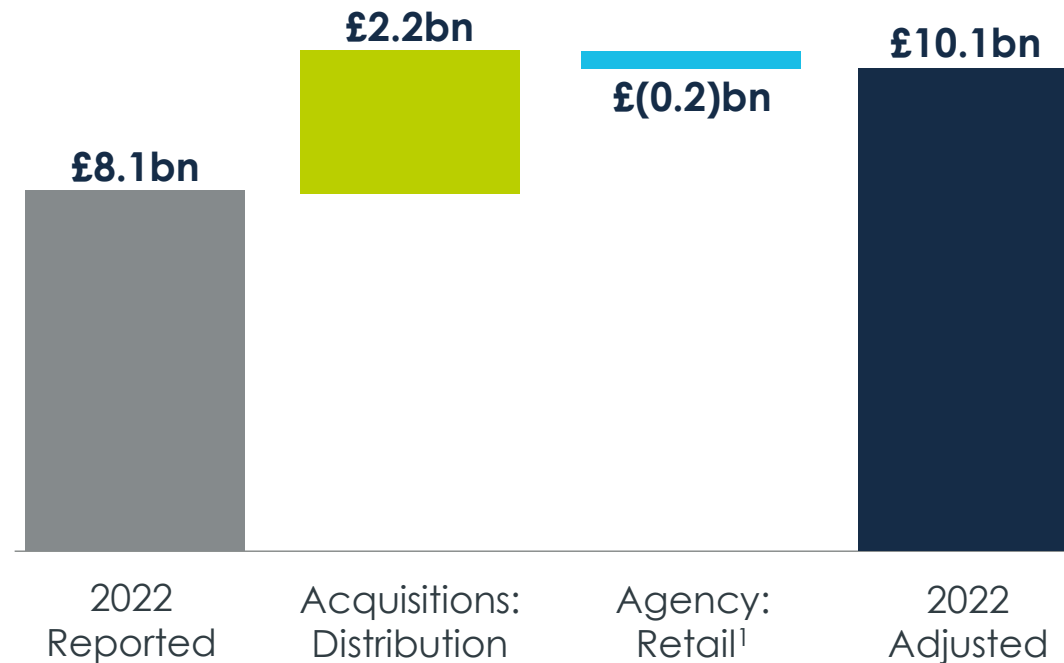


# APPENDIX



# 2023 Group context and considerations

## Revenue



## Operating profit

£411m

Neutral

## Operating profit margin

5.1%  
2H22: 4.9%



>5%

## Other considerations

Net interest:

c.£110m²

Tax rate:

c.27-28%

Net capex % of sales:

<1%

1: Agency model effective from 1 January 2023

2: based on prevailing interest rates

# Group Financial Position post Derco acquisition

|                           | Dec-22        | Dec-21        |   |
|---------------------------|---------------|---------------|---|
| <b>Non-current Assets</b> | <b>£2.6bn</b> | <b>£1.5bn</b> |   |
| Intangibles               | £1.2bn        | £0.4bn        | → £700m intangibles on acquisition of Derco   |
| <b>Current Assets</b>     | <b>£4.4bn</b> | <b>£2.1bn</b> |   |
| Inventory                 | £2.4bn        | £1.1bn        | → £800m inventory from Derco<br>(£200m higher than the level agreed within the terms of the transaction)                      |
| Cash                      | £1.1bn        | £0.6bn        |   |
| <b>Liabilities</b>        | <b>£5.4bn</b> | <b>£2.4bn</b> | → £930m change in net debt due to Derco acquisition<br>(includes £520m of net debt acquired from Derco, and to be refinanced) |
| Borrowings                | £1.4bn        | £0.2bn        |   |
| Trade & Other payables    | £3.0bn        | £1.6bn        | → £270m of transaction liabilities owed to Del Rio family/ minorities   |

# 2022 restatements for new segmental disclosure

To support the change to our revised segmental disclosure we have provided the breakdown for 2022 under both the historic reporting structure, as well as the new reporting structure.

## Old

### AS REPORTED

|                         | Distribution   |                | Retail <sup>1</sup> |                | Group          |                |
|-------------------------|----------------|----------------|---------------------|----------------|----------------|----------------|
|                         | 1H22           | FY22           | 1H22                | FY22           | 1H22           | FY22           |
| <b>Revenue</b>          |                |                |                     |                |                |                |
| Asia                    | 532.6          | 1,137.1        |                     |                | 532.6          | 1,137.1        |
| Australasia             | 541.5          | 1,204.5        |                     |                | 541.5          | 1,204.5        |
| APAC                    | 1,074.1        | 2,341.6        |                     |                | 1,074.1        | 2,341.6        |
| Europe                  | 955.1          | 1,914.6        | 1,151.2             | 2,263.9        | 2,106.3        | 4,178.5        |
| Americas & Africa       | 710.0          | 1,612.7        |                     |                | 710.0          | 1,612.7        |
| <b>Total</b>            | <b>2,739.2</b> | <b>5,868.9</b> | <b>1,151.2</b>      | <b>2,263.9</b> | <b>3,890.4</b> | <b>8,132.8</b> |
| <b>Operating Profit</b> |                |                |                     |                |                |                |
| Asia                    | 41.5           | 92.3           |                     |                | 41.5           | 92.3           |
| Australasia             | 30.1           | 70.8           |                     |                | 30.1           | 70.8           |
| APAC                    | 71.6           | 163.1          |                     |                | 71.6           | 163.1          |
| Europe                  | 39.9           | 71.6           | 30.3                | 47.5           | 70.2           | 119.1          |
| Americas & Africa       | 62.2           | 128.6          |                     |                | 62.2           | 128.6          |
| <b>Total</b>            | <b>173.7</b>   | <b>363.3</b>   | <b>30.3</b>         | <b>47.5</b>    | <b>204.0</b>   | <b>410.8</b>   |

## New

### REVISED DISCLOSURE

|                         | Distribution   |                | Retail <sup>1</sup> |                | Group          |                |
|-------------------------|----------------|----------------|---------------------|----------------|----------------|----------------|
|                         | 1H22           | FY22           | 1H22                | FY22           | 1H22           | FY22           |
| <b>Revenue</b>          |                |                |                     |                |                |                |
| APAC                    | 1,074.1        | 2,341.5        |                     |                | 1,074.1        | 2,341.5        |
| Europe & Africa         | 1,011.5        | 2,047.5        | 1,151.2             | 2,263.9        | 2,162.7        | 4,311.4        |
| Americas                | 653.6          | 1,479.8        |                     |                | 653.6          | 1,479.8        |
| <b>Total</b>            | <b>2,739.2</b> | <b>5,868.8</b> | <b>1,151.2</b>      | <b>2,263.9</b> | <b>3,890.4</b> | <b>8,132.7</b> |
| <b>Operating Profit</b> |                |                |                     |                |                |                |
| APAC                    | 71.6           | 163.1          |                     |                | 71.6           | 163.1          |
| Europe & Africa         | 47.2           | 90.0           | 30.3                | 47.5           | 77.5           | 137.5          |
| Americas                | 54.9           | 110.2          |                     |                | 54.9           | 110.2          |
| <b>Total</b>            | <b>173.7</b>   | <b>363.3</b>   | <b>30.3</b>         | <b>47.5</b>    | <b>204.0</b>   | <b>410.8</b>   |

1: Retail segment includes Retail-only operations in UK and Poland



# Accelerate strategic framework

## Our Growth Drivers

Distribution Excellence



Vehicle Lifecycle Services



## Our Enablers

Culture and Capabilities



Digital, Data & Analytics



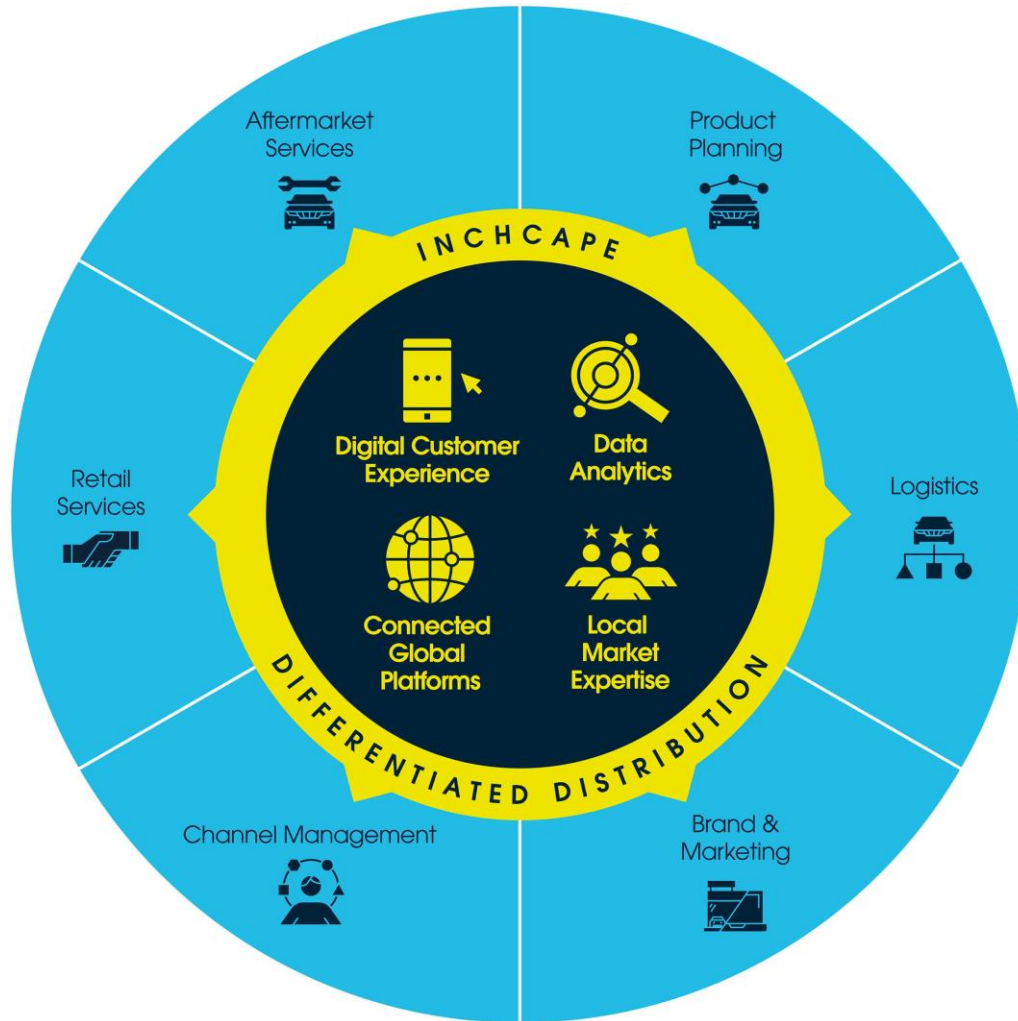
Efficient Scale Operations



Responsible Business



# 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

# Global distribution: plotting the landscape of opportunity

## Typical distribution markets<sup>1</sup>



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