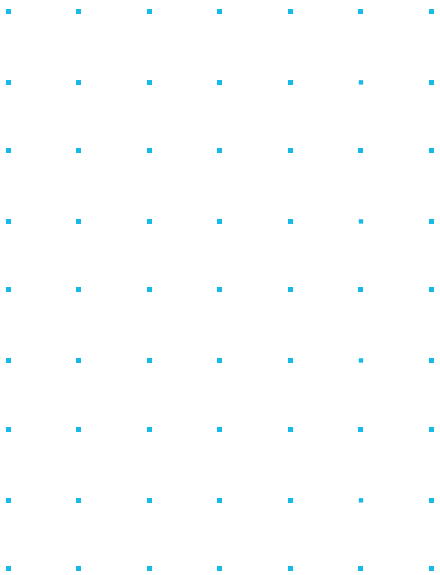




DUNCAN TAIT
GROUP CEO

STRONG FINANCIAL PERFORMANCE IN A TRANSFORMATIONAL YEAR



I'm pleased to report the Group delivered a strong performance during 2022 and made substantial progress with our two strategic growth priorities: Distribution Excellence and Vehicle Lifecycle Services. In 2022 we completed the transformational acquisition of Derco, extending our leadership in automotive distribution in the highly attractive and fast-growing Americas region, and providing a platform for us to capture more of a vehicle's lifetime value.

We also saw developments during the year that contributed to a challenging environment – the war in Ukraine, a return to inflation, rising interest rates, and continuing supply constraints across the globe.

Set against this backdrop, I'm delighted at how the Group maintained the momentum we gained in 2021, with our teams delivering both our commercial objectives and our purpose of bringing mobility to the world's communities – for today, for tomorrow and for the better.

Performance

Inchcape delivered another strong set of results in 2022, with double-digit growth across all regions. Continued strong consumer demand, following a prolonged period of supply shortages, and fantastic operational execution from our teams has driven growth in revenue, profit and cash.

Group revenue for the year was £8.1bn, an increase of 18% on 2021. We delivered adjusted profit before tax of £373m, an increase of 50% on 2021 driven by top line growth and improved operating margins. We also reported free cash flow of £380m, up 39% on last year, further strengthening our cash position.

I believe our success over the past year demonstrates the strength of our strategy and platform which is powered by the unique expertise of our people, our suite of cutting-edge technology products, and our advanced data analytics approach.

Strategic development

In last year's report, I described how we had been rolling out our Accelerate strategy across the Group.

At the time of our last capital markets day in November 2021 we had just over a one per cent share of our target market of 17 million vehicles. As we set out to be the undisputed number one distribution company in our industry, we have, through organic growth, the addition of new OEM partners, and market consolidation, positioned ourselves to achieve market share of two per cent.

We've continued to develop and roll out our omni-channel platform (known as DXP for Digital eXperience Platform). This provides customers with a seamless customer experience however they choose to interact with us, and is rolling out to more markets, with more mobility company partners all the time.

Our Digital Analytics Platform (DAP) provides advanced analytics and machine learning, leveraging our data and driving smarter, faster and better business decisions. DAP is now capable of optimising 70% of our revenue streams around the world, contributing to a better experience for our customers and improved financial performance for the Group and our OEM partners.

Another important part of our technological transformation is our digital delivery centres (DDCs). Over the year, we've doubled the number of 'Inchcapers' working in our DDCs in Colombia and the Philippines. Now, some 1,000 people are providing 24/7 services and solutions, further enhancing our digital delivery capability.

Vehicle Lifecycle Services is about maximising the profitability of a vehicle in the stages of its life after its first sale, through used resale, servicing, parts and finance and insurance products. During 2022, we've taken some big strides towards our VLS ambitions, especially in used vehicles through our global Used Car Excellence (UCX) programme and in building our bravoauto brand. I'm pleased with the progress we're making with bravoauto, which is now live in nine markets across Europe, APAC and the Americas. It's a digital-first proposition in which we are building momentum in volumes adding great value for our customers and revenues for the Group.

We've also made good progress with our digital parts platform, which is planned for launch in 2023.

The Group's digital transformation is fundamental to our future success, given the changing nature of our industry – not only in the rise of electric vehicles (EVs), but in the changing expectations of customers.

People want more of a digital experience, both in terms of buying and ownership of vehicles. We see this wherever we deploy DXP, for example, resulting in a rise in customer satisfaction scores. Similarly, OEMs know digital is vital for the future of our industry and want to partner with businesses that are making the right investments.

Equally, I believe there's nobody better placed than Inchcape to help OEMs introduce new technology to our markets. We're helping brands to operate in new markets where there's very little public charging infrastructure, such as in Chile with

Porsche and Volvo. With others we are helping accelerate their EV ambitions through investing in servicing capacity and supporting customers to install home-charging facilities.

Business development

We continue to focus on markets that have high growth potential; and during 2022 we further expanded our distribution footprint. We agreed deals that increase our existing geographic and brand footprint, while giving us access to new markets and brand partners.

At the end of 2022, we completed our transformational acquisition of Derco. The combination of our two businesses has created the number one independent distributor in the Americas, bringing together two companies with complementary portfolios of OEM partners and aligned cultures.

It's an important step in our ambitious growth journey. The enlarged business will provide exciting opportunities for our colleagues, OEM partners, dealers and customers. You can read about the acquisition in detail on pages 24 to 25.

We also acquired a 70% stake in Ditec, the distributor of Porsche, Volvo and Jaguar Land Rover in Chile. This has broadened our growing footprint in the Americas and added Porsche and Volvo – two leading premium brands – to our list of OEM partners.

During the year we acquired the ITC Group, owner of Interamericana Trading Corporation (ITC) and Simpson Motors from the Simpson Group. The acquisition gives us entry into the Caribbean, further building on our presence in the Americas. It also strengthens our geographic reach with Suzuki, Mercedes-Benz and Subaru, while broadening our OEM relationships, with the addition of Chrysler and other Stellantis brands.

We have further pursued growth with EV-first brands, enhancing our offering in established markets. In Hong Kong and Macau, we have partnered with Great Wall Motor's ORA brand of EV-only cars and in Belgium and Luxembourg we were awarded the exclusive sales contract for BYD.

In February 2022 we announced the disposal of our remaining retail-only business in Russia, selling to our management team in the market.

GROUP CHIEF EXECUTIVE'S REVIEW

CONTINUED

Responsible business

In last year's report, I described how we had developed our Responsible Business plan. It focuses on our '4Ps' of responsible business – Planet, People, Places and Practices – and reaches into those areas of our operations where we can make a positive difference for our stakeholders.

Over the past year, we've focused on bedding in our plan. Much to my delight, it's been embraced positively by our people and our partners, which has been evident wherever I've travelled to meet our teams.

Our work to make a difference for the planet includes reducing our Scope 1 and 2 CO₂ emissions. I'm pleased to report that we're ahead of our targets, and you can read more about this in our TCFD report on pages 44 to 54.

If we're going to fully realise our Accelerate ambitions, we need brilliant people inside our company – and we know that brilliant people want to work for leading responsible businesses. This is why the People aspect of our Responsible Business plan is an important factor in how successful we are in attracting and retaining talent at Inchcape. We have continued our Women into Leadership programme with further cohorts in 2022 and ran Inclusive Leadership for all our senior leadership population (the Group Executive Team and its direct reports). We will have completed this for the next level of management by the end of Q1 this year.

Our Places agenda is all about being a good company where we operate. It's been hugely rewarding to see what we're doing – for example, in some of the markets we operate in we're working with local communities to provide disabled people with prosthetic limbs. Our safe driving programme is another example of how we're contributing to communities around the world.

The Practices aspect of our Responsible Business Plan is critical for us in topics such as our Codes of Conduct, bribery and corruption, and money laundering, all of which enables us to protect our people, our business and our partners' brand equity. Equally, I believe OEMs want to know they're working with partners who are committed to their own responsibility agenda, such as having health and safety programmes that look after both employees and customers. We continue to perform well in this regard; for example, by achieving ISO 45001 at the end of 2022 for our own global health and safety systems.

Overall, I'm pleased at the progress we're making as a responsible business. As ever though, it's work in progress – there's much more for us to do, so we can make even more of a positive difference within the markets in which we operate. You can read more about our progress in these areas in our Responsible Business report on pages 37 to 42.

Our people

As I described earlier, having brilliant people inside our company is fundamental to making Accelerate a success. There's absolutely no doubt the Inchcape team has delivered for our OEM partners, shareholders and other stakeholders during 2022.

I would like to thank all our colleagues for the contributions they've made during the year, both as individuals and within the teams that have collectively helped us achieve another strong performance.

I would also like to thank my colleagues on the Executive team for their leadership and teamwork during the last year. I am delighted to welcome Liz Brown to the Group Executive Team in the new position of Chief Strategy Officer. Liz joined us in February 2023 with a remit to lead the future development of our strategy, as well as leading our strategic OEM relationships. You can read more about Liz on page 81.

Looking ahead

Inchcape has a diverse portfolio and revenue streams, strong balance sheet and disciplined approach to investment; in the face of a global cost-of-living crisis and rising interest rates, these provide the foundation of our resilience and long-term sustainability.

In this context, and that of a transitioning mobility industry, I'm more certain than ever that Accelerate is the right strategy for the Group. It's evident in how our OEM partners are supportive of our consolidation activities. It's evident in how consumers are responding to what we're doing with DXP and bravoauto.

The year ahead will see us working hard on integrating Derco into Inchcape in the Americas. We've made a strong start, but we must make sure we deliver on our commitments to Derco, our partners, our people and our shareholders.

KEY READING

Another important task for 2023 will be to further bring our VLS initiatives to life. This will include operational improvements and growth in bravoauto, for example, and focusing on the continued development and launch of our digital parts platform. We continue to focus on the medium-term outlook outlined at our capital markets day:

- Distribution Excellence: mid-to-high single digit profit CAGR plus M&A
- Vehicle Lifecycle Services: >£50m of incremental profit

Inchcape is a business with great momentum and an exciting future. With a clear strategy, we are well-positioned to capitalise on further opportunities for organic growth and market consolidation, and I am confident we will continue to deliver sustainable long-term value for all our stakeholders.

Directors' approval of the Strategic Report

The 2022 Strategic Report, from pages 2 to 67, were reviewed and approved by the Board of Directors on 22 March 2023

DUNCAN TAIT
GROUP CEO

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