



*Inchcape plc, the leading global automotive distributor, announces its Q1 trading update covering the period from 1 January to 31 March 2023*

## Q1 trading update: continued strong business momentum

- The Group has made an excellent start to the year; with full year results expected to be in line with published market consensus<sup>1</sup>
- Group revenue £2.7bn: up 50% on a reported basis, reflecting the benefit of M&A, including Derco, and organic growth of +13%, with growth across all regions
- Derco's revenue and profit contribution was in line with our expectations; delivery of the integration plan is progressing well (including synergy targets), we prioritised aligning inventory management practices with those employed across Inchcape. Reiterate our operating margin expectation: towards the top-end of a typical distribution business (5-7%; pre-synergies).
- Expanding our APAC distribution footprint: agreed the purchase of Mercedes-Benz's distribution operations in Indonesia (c.£200m annualised revenue) and CATS in the Philippines (c.£120m annualised revenue) - with completion anticipated in 2H23. Appointed distributor of Tata commercial vehicles in Thailand.

### Duncan Tait, Group CEO, commented:

"Inchcape has made an excellent start to 2023. Our first quarter results show a continuation of the trends we experienced at the end of last year, with organic growth underpinned by the improvement in vehicle supply. Growth in the Distribution segment was further accelerated by the significant contribution from new businesses in the Americas – with Derco, Simpson Motors and Ditec all contributing positively. I am especially pleased with our progress in integrating Derco, and we remain firmly on track with our plans.

During the quarter we continued to shift the Group's portfolio towards Distribution, expanding our footprint in APAC. This included Mercedes-Benz's operations in Indonesia and an agreement to acquire CATS, the leading distributor of luxury vehicles in the Philippines – another new and exciting high growth market for the Group. The combination of our broad market footprint, strong OEM relationships, our digital and data capabilities and our robust financial position continues to make Inchcape the natural consolidator in a highly fragmented industry.

Inchcape is a business with great momentum and an exciting future. With a clear and proven 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 growth and long-term value for all our stakeholders."

### Outlook:

Following an excellent start to 2023, and based on prevailing market conditions, we expect to make strategic, operational and financial progress, underpinned by the integration of Derco, with full year results expected to be in line with published market consensus<sup>1</sup>.

Q1 revenue YoY%	Reported	Constant FX	Organic <sup>2</sup>
Group	+50%	+44%	+13%
Distribution	+70%	+60%	+15%
Retail	+8%	+8%	+8%

1: 2023 Adjusted PBT analysts' consensus: £487m (as published on 11 April 2023)

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

## Update on Derco

- Derco's revenue and profit contribution was in line with our expectations (with strong performance for certain brands offset by normalising market share elsewhere; Aftermarket performance was resilient)
- Integration is progressing well; we prioritised aligning inventory management practices with those employed across Inchcape and have made good progress in Q1. As previously outlined, before the end of 2023 we anticipate a £200m working capital inflow from reducing Derco's inventories will be partially offset by a working capital outflow across the rest of the Group.
- Reiterating our expectation of delivering an operating margin towards the top-end of a typical distribution business (5-7%; pre-synergies), confidence on the delivery of recurring synergies (of at least £40m; 30% realised in 2023) and EPS accretion of >15% in 2023 and >20% in 2024.

## Channel review

The commentary that follows covers the period from 1 January to 31 March 2023. Unless otherwise stated, all figures are quoted on an organic basis.

During the quarter, Group revenue increased 50% on a reported basis, reflecting the benefit of M&A, including Derco, and organic growth of +13%, with growth across all regions.

In Distribution, revenue increased 70% on a reported basis, reflecting the consolidation of Derco and the benefit from Simpson Motors and Ditec, both acquired in 2Q22. Organic growth increased 15%, supported by improving new vehicle supply and Aftermarket growth.

In Retail, revenue grew 8%, a robust performance in the context of the switch to Agency (for certain brands) at the start of the year. The underlying performance was stronger as supply improved.

### Distribution

Q1 organic revenue YoY%: +15%

#### Americas

- Good performance despite several markets lapping challenging comparators; market share gains for brands that were supply constrained during 2022
- Continued growth of Aftermarket and *bravoauto* roll-out supported growth in Used revenue

#### APAC

- Performance in Singapore and Hong Kong in line with our plan (expect improvement from late-2023); reopening of border with China has increased order books in Hong Kong
- Rest of Asia saw a continuation of its growth trend
- In Australasia, continued strong momentum underpinned by improving vehicle supply and a long order book. *bravoauto* gaining traction.

#### Europe & Africa

- Double-digit growth in Europe in vehicles (new and used) supported by better vehicle supply; with a particularly strong performance in Romania, Greece and Bulgaria. Still early days for *bravoauto*, but business progressing well.
- Africa performance underpinned by robust growth of Aftermarket

### Retail<sup>3</sup>

Q1 organic revenue YoY%: +8%

- Underlying volume growth in new vehicles. Significant improvement in used vehicle revenue supported by a more established *bravoauto* business.
- Revenue growth was adversely impacted by the shift towards Agency for certain brands

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3: UK and Poland

## Market abuse regulation statement

This announcement contains inside information.

## Conference call today

A conference call for analysts and investors will be held today, Thursday 27 April, at 08:30 (UK time).

Dial-in details: +44 (0)330 551 0200 / 0808 109 0700

A replay of the call will be available via the Company's website, [www.inchcape.com](http://www.inchcape.com) later today.

## Financial calendar

Ex-dividend date for 2022 final dividend	11 <sup>th</sup> May 2023
Record date	12 <sup>th</sup> May 2023
Annual general meeting	18 <sup>th</sup> May 2023
2022 final dividend payment	19 <sup>th</sup> June 2023
Half year results	27 <sup>th</sup> July 2023
Q3 trading update	26 <sup>th</sup> October 2023

## Contacts

### Inchcape plc:

Raghav Gupta-Chaudhary	Investor queries	+44 (0)7933 395 158	<a href="mailto:investors@inchcape.com">investors@inchcape.com</a>
Krishma Arora			

### Media enquiries (Brunswick Group):

Kate Holgate / Helen Smith	+44 (0)20 7404 5959	<a href="mailto:inchcape@brunswickgroup.com">inchcape@brunswickgroup.com</a>
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## About Inchcape

Inchcape is the leading global automotive distributor, with operations across six continents. Through the unique expertise of our people, our suite of cutting-edge technology products, and our approach to advanced data analytics, we provide the platform for the world's leading mobility companies to accelerate their ambitions in markets where we and our partners want to succeed.

Our distribution platform connects the products of mobility companies with customers, and our responsibilities span from product planning and pricing, import and logistics, brand and marketing to operating digital sales, managing physical sales and aftermarket service channels.

Inchcape is driven by its purpose of 'bringing mobility to the world's communities, for today, for tomorrow and for the better'. We are committed to making a positive contribution to the communities in which we operate, for our people, for society and for the planet. The Group is headquartered in London and employs around 19,000 people globally.

[www.inchcape.com](http://www.inchcape.com)