



H1 2023 RESULTS

27 July 2023

DUNCAN TAIT GROUP CEO



An excellent performance by Inchcape in H1 2023... ...further momentum

Robust results



45%
revenue growth

£249m
PBT¹ growth of £65m

Continued strategic progress



11 distribution deals and acquisitions

Derco on track



- ✓ Integration
- ✓ Synergies
- ✓ Operating margin
- ✓ Working capital

Inchcape remains well positioned for growth



Based on prevailing market conditions, FY 2023 results expected to be towards top of the range of market consensus²

1. Adjusted PBT

2. The current range of 2023 Adjusted PBT analysts' consensus estimates is between £470m and £506m, as at 12 May 2023

Macro context

Our resilient business model delivers in a challenging market



Global: supply environment improving and demand is mixed

China: the global hub for EV production and supply

US: supply recovery but constrained consumer demand

OUR REGIONS:

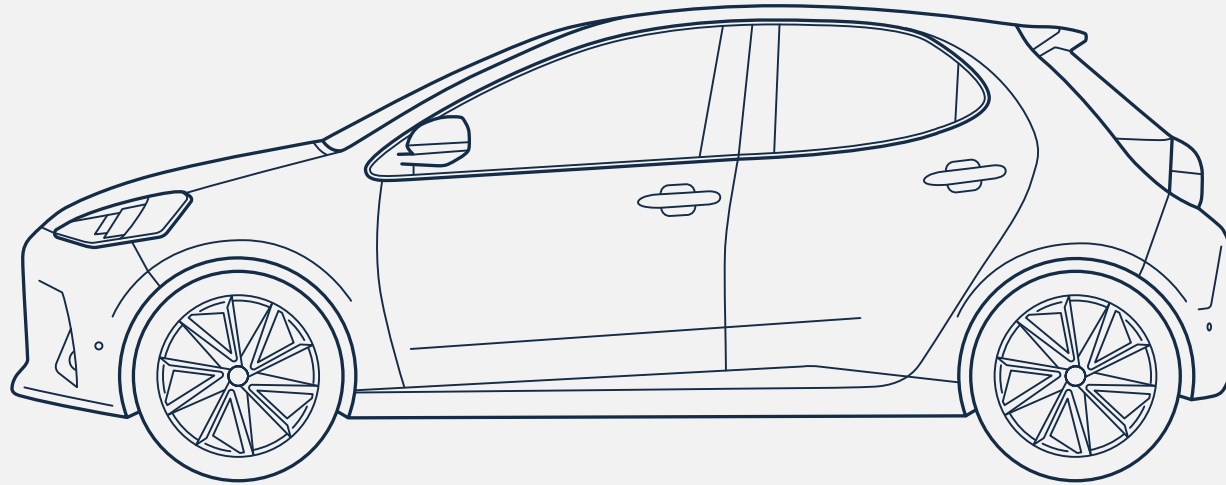
Americas: normalising supply, with strong long-term growth prospects

Europe: improving supply, consumer confidence remains weak

APAC (ex-China): improving supply and resilient consumer confidence

Inchcape's geographic footprint is weighted to markets with higher GDP growth and low motorisation rates

Agenda



01

Results review:
Adrian Lewis,
Group CFO

02

Derco update:
Romeo Lacerda,
Americas CEO

03

**Strategic progress
& outlook:**
Duncan Tait,
Group CEO

ADRIAN LEWIS GROUP CFO RESULTS REVIEW



H1 2023: headline financials

Topline

Revenue

£5.6bn

+45% | +13%

Revenue
growth
(YoY%)

Organic
growth
(YoY%)

Profitability

Operating margin

5.8%

£249m

PBT

Balance sheet

Free Cash Flow

£202m

0.8x

Leverage ratio
(proforma)

Shareholders

Basic EPS

42.2p

+21% from H1 2022

9.6p

+28% from H1 2022

Dividend per share
(proposed)

H1 2023: robust results

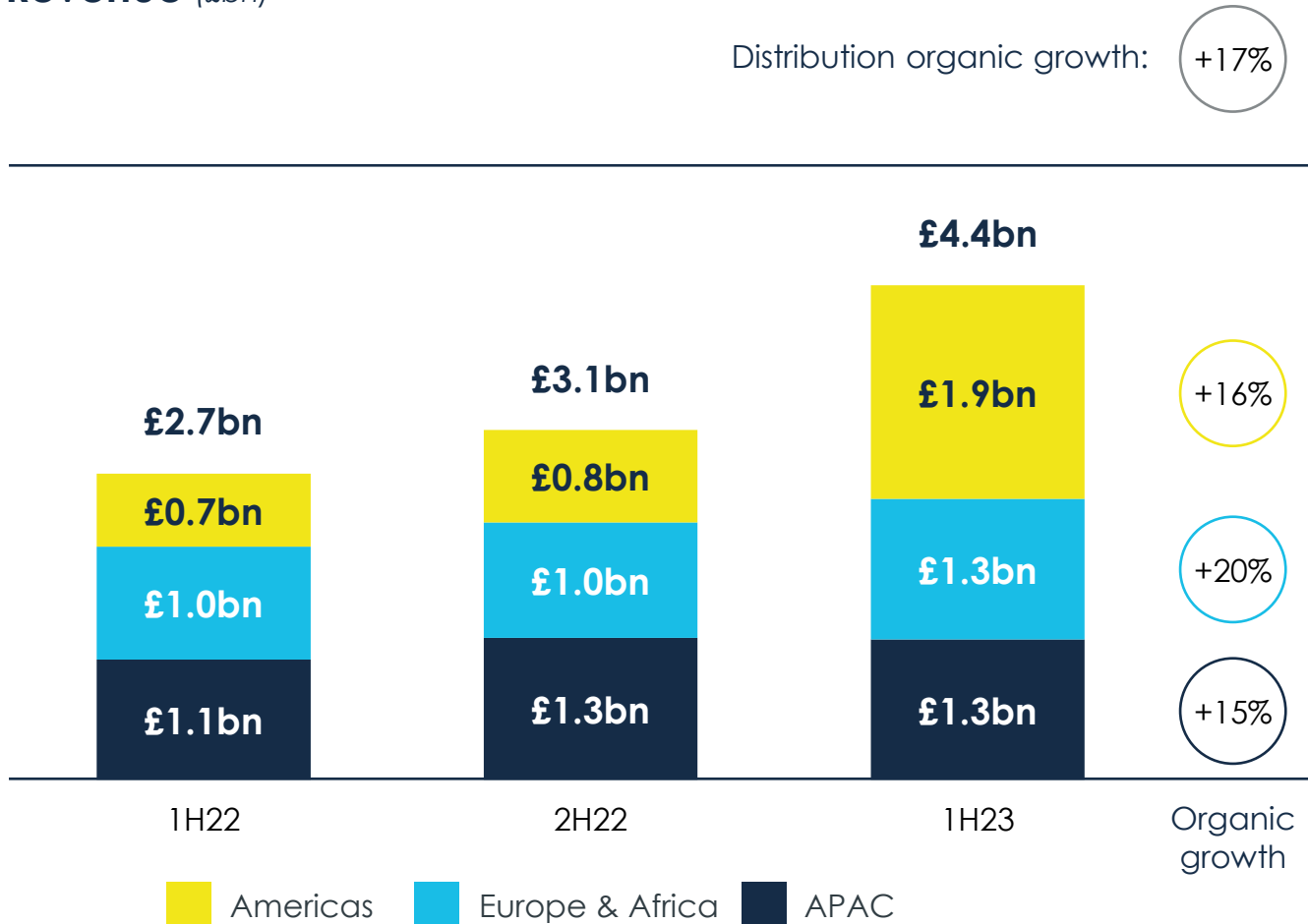
	2023	2022		
	H1	FY	H2	H1
Revenue	£5.6bn	£8.1bn	£4.2bn	£3.9bn
Organic growth (YoY%)	+13%	+15%	+19%	+12%
Operating margin %¹	5.8%	5.1%	4.9%	5.2%
PBT¹	£249m	£373m	£189m	£184m

1. Before adjusting items, and on the basis of continuing operations

Distribution: double digit organic growth in each region

Revenue (£bn)

Distribution organic growth: +17%



Americas

- Growth in 10 of the 12 markets
- Derco on track
- Chile and Colombia resilient despite macro challenges

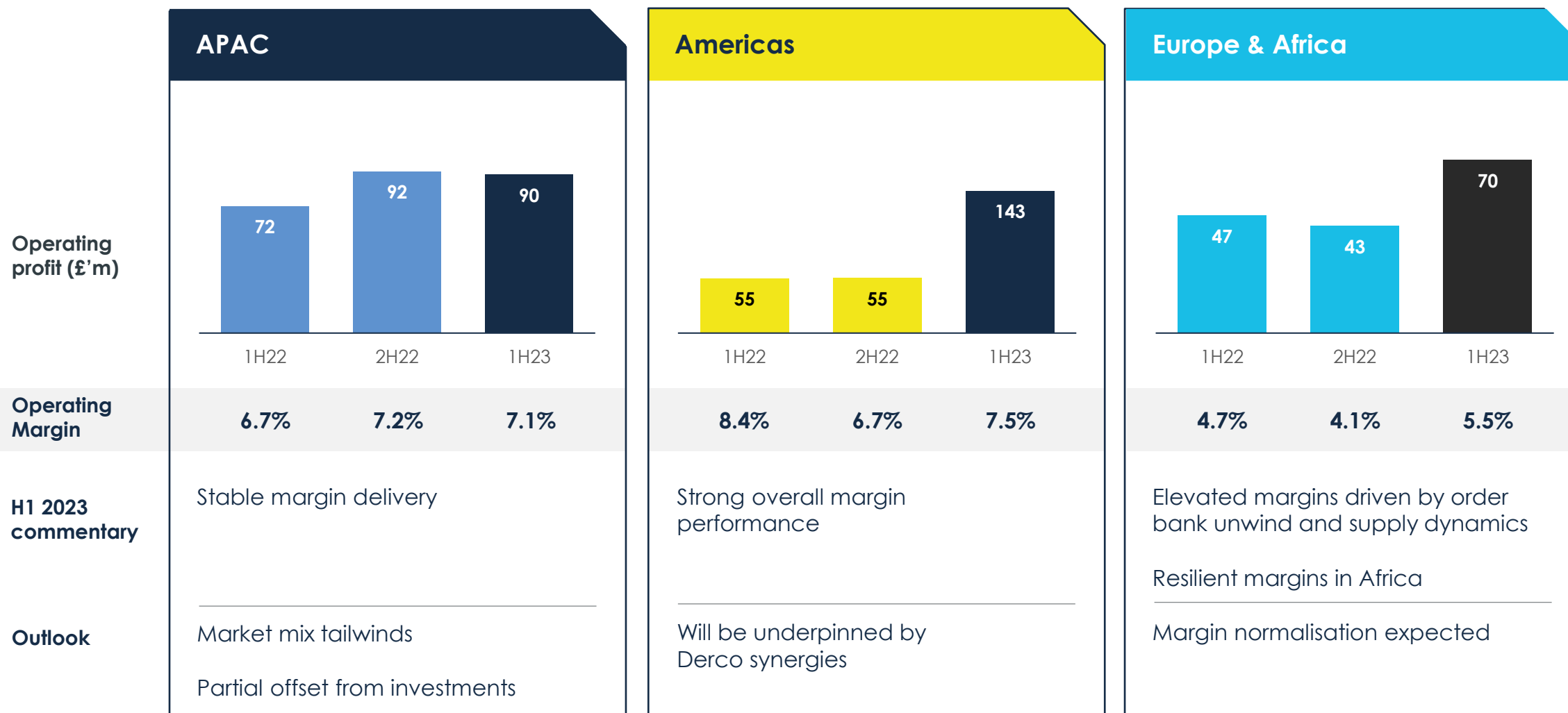
Europe & Africa

- Accelerated supply driving growth
- New consumer demand weak
- Order bank moderating

APAC

- Momentum building
- Consumer demand strong
- Strategic progress – acquisitions & contract wins

Distribution: strong operating margin performance



Retail: strong performance with improved supply

Revenue (£'bn)

1.2

1.1

1.2

Organic
Growth %

8%

12%

4%

Operating
profit (£'m)

£30m

£17m

£24m

1H22

2H22

1H23

Operating
Margin

2.6%

1.5%

2.0%



Retail revenue supported
by **improving vehicle supply**

Used car performance
supported by *bravouato*

Agency model reducing
revenue but additive to
margins, as expected

Outlook: continued resilience
in challenging markets

Income statement

£m (unless otherwise stated)	H1	
	2023	2022
Revenue	5,628	3,890
Adjusted Operating Profit	327	204
Adjusted Net Finance Costs	(79)	(20)
Adjusted Profit Before Tax	249	184
Underlying Tax rate %	27.2%	26.1%
Adjusted Basic EPS (pence)	42.2p	35.0p
Adjusting items	(45)	3
Reported Profit Before Tax	204	188




Interest

Adjusting items include acquisition and integration costs, hyper-inflation in Ethiopia and interest on deferred dividends

Tax rate in line with our guidance of 27% to 28%

Strong EPS growth of 21%

Net Finance Costs - a transitional period for Inchcape

		 Outlook for H2 2023		
		£79m		
Net Interest	£36m	70% fixed GBP corporate debt facilities 5 year debut bond, with 6.5% coupon, brings stability to interest costs Reduction of acquired local debt		
Leases	£10m	Increasing with growth		
Inventory Finance	£21m	Further alignment of commercial terms Gross Margin % offset		
Fees, FX & Other	£12m	Includes transitional costs Continuation as we protect long term value		
H1 2023				

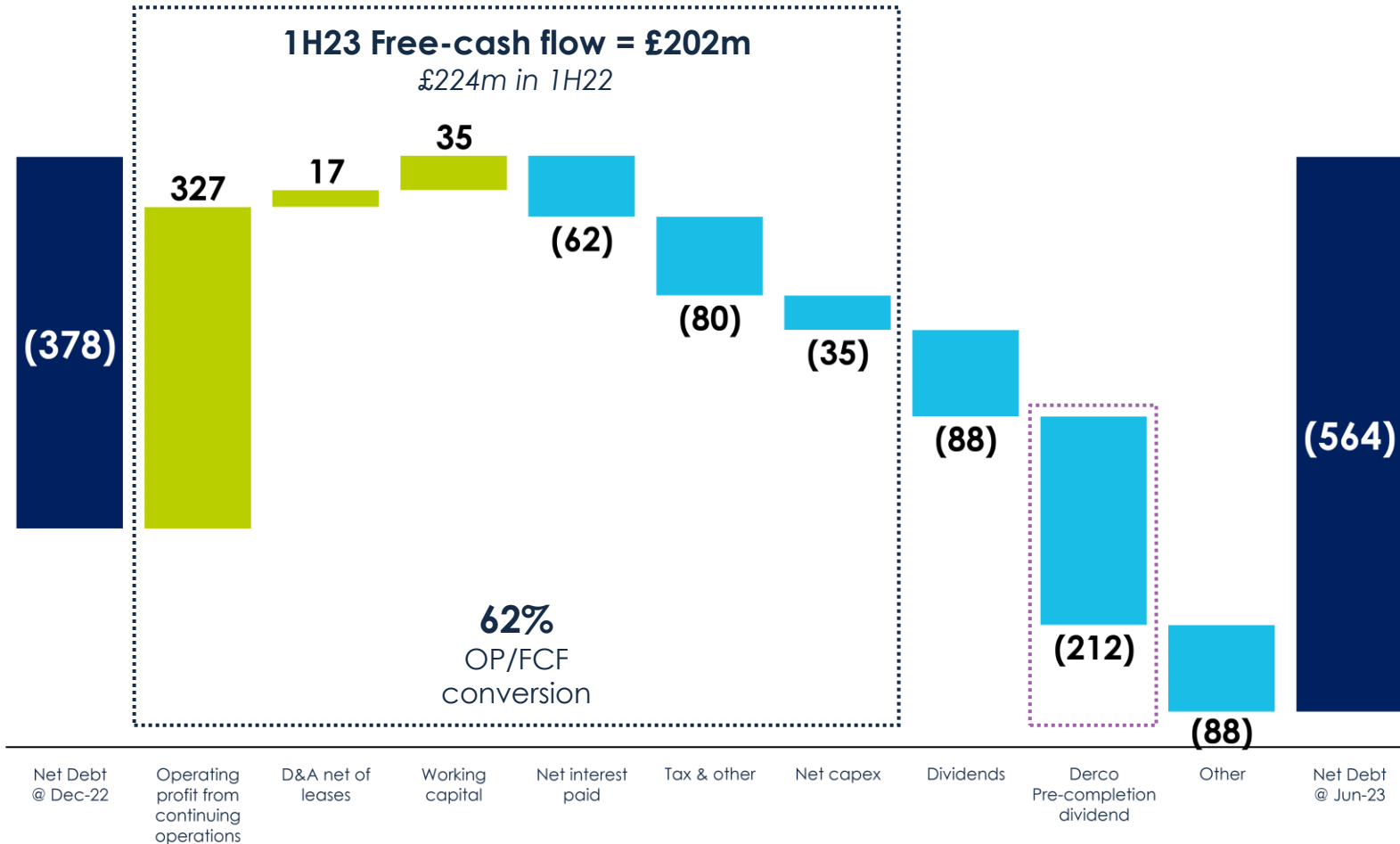
Derco performance drove working capital inflow of £35m for the Group in H1 2023

	Context	Key enablers	Progress in H1 2023	Inchcape's opportunity
INVENTORY	Inchcape distributes 2.5x vehicle volumes today, compared to FY 2016	Processes and systems in place to manage higher inventory levels	Derco inventory unwind already underway – 20% of excess inventory	Further optimisation of Derco inventory in H2 2023
ALIGNING SUPPLIER TERMS	Trading terms variable by OEM	Strong relationships with OEM partners	Supplier terms aligned with certain OEM's	Efficient working capital cycle

Substantial progress in normalising Derco's working capital position - on track to deliver £200m inflow
(partial offset from normalisation in core group)

Strong free cash flow performance in H1 2023

Net Cash / (Debt) bridge (£m)



Leverage of 0.8x: well within 1.0x headroom

£350m debut 5 year bond with 6.5% coupon issued in H1 2023

£490m debt matures from 2027 (USPP & Bond)

£250m term loan matures end of 2024

70%+ of corporate debt at fixed rates

Expecting leverage to reduce for FY 2023, including acquisition outflows

Capital allocation policy: remains unchanged

01

Invest in the business

Capex for organic growth and technological investment

02

Dividends

Policy: 40% annual payout of basic EPS (adjusted)

03

Value accretive M&A

Disciplined approach to valuation

04

Share buybacks

Consider appropriateness of share buybacks

Cumulative
2016 to
H1 2023

**£480m capex spend
(<1% of sales)**

**£650m of
dividends**

**£1.9bn of distribution
acquisitions**

**£440m of
share buybacks**

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

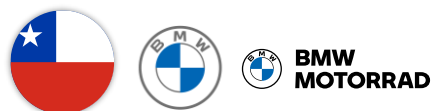
ROMEO LACERDA, CEO AMERICAS DERCO UPDATE



Inchcape Americas - evolution and growth since 2016

2016

Revenue
£160m



Chile



Peru

**2 OEM brands
2 markets**

2022

Revenue
£3.7bn*



Colombia

Argentina

Costa Rica

Panama

Ecuador



Uruguay



El Salvador



Guatemala



Barbados+



Bolivia

12 markets



c.40 OEM brands

CAGR at constant currency

* Includes Derco revenue contribution

+: indicates the base of the core distribution operations which also serves other neighbouring islands

Americas market – outlook and our position



Market outlook

Strong economic growth in majority of our markets

Offsets to market weakness in **Chile and Colombia**

Macro conditions positive

Strategic rationale for regional focus remains:

- Low motorisation rates
- Long term economic growth



Our business is resilient

Supported by our **diversified geographic footprint**

Breadth of brands ensures the Group has a compelling offering for a wide range of segments

Share gains in a number of markets, including Chile and Peru

Margin performance in line with our expectations

Good progress on **inventory normalisation**

Derco integration on track

Derco – delivering against our objectives

As per acquisition
announcement,
July 2022

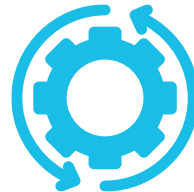
Strong topline growth prospects	Margin upside	Distribution consolidation	Shareholder value creation
			Progress to date
43% of Distribution revenues now in Americas (H1 2022: 24%) A range of achievable revenue synergies being actively targeted	Derco margin accretive to the Group On track to deliver majority of cost synergies of £40m+ in FY 2024	Inchcape now present in 12 markets in the Americas Enabled Inchcape to build further share in key markets	On track to deliver 15%+ eps accretion in year one and 20%+ eps accretion from year two On track to deliver ROIC > Project WACC in year three

Excellent progress already made on Derco integration

**Retained
key people**



**Advanced
integration of
tools and systems**



**Maintained all
OEM relationships**



Enabled by an aligned culture, driven by an energised and collaborative management team

Cost synergies

Key focus areas

Organisation



Efficiencies of combined organisation

Elimination of duplicate positions

Operations



Service contracts rationalisation, e.g. ocean freight

Consolidation of infrastructure, including merging distribution centres

Technology



Harmonise systems, and implement best practices and processes

Revenue synergies

Key focus areas



Enhancing Distribution Excellence

Network benefits

Leverage broader network (new cities and countries)



Finance & Insurance Products

Leverage partnerships with financiers and product knowledge



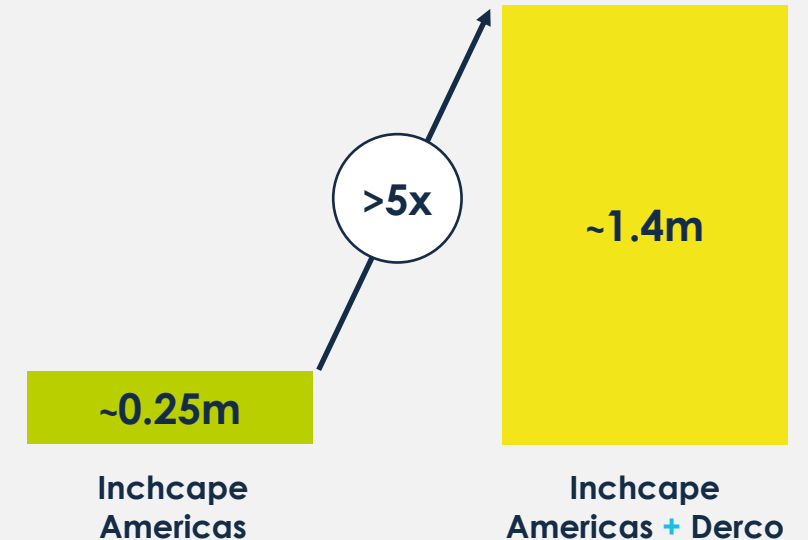
Digital & data

Leverage Inchcape's digital and data capabilities



VLS opportunity

Vehicles in operation¹



Leverage combined scale to capture more of a vehicle's lifetime value

1: total vehicles distributed over the past 10 years

Derco is already transforming our business



Advances our market leadership positions



Delivers margin enhancement



Creates significant strategic benefits



Drives value for shareholders

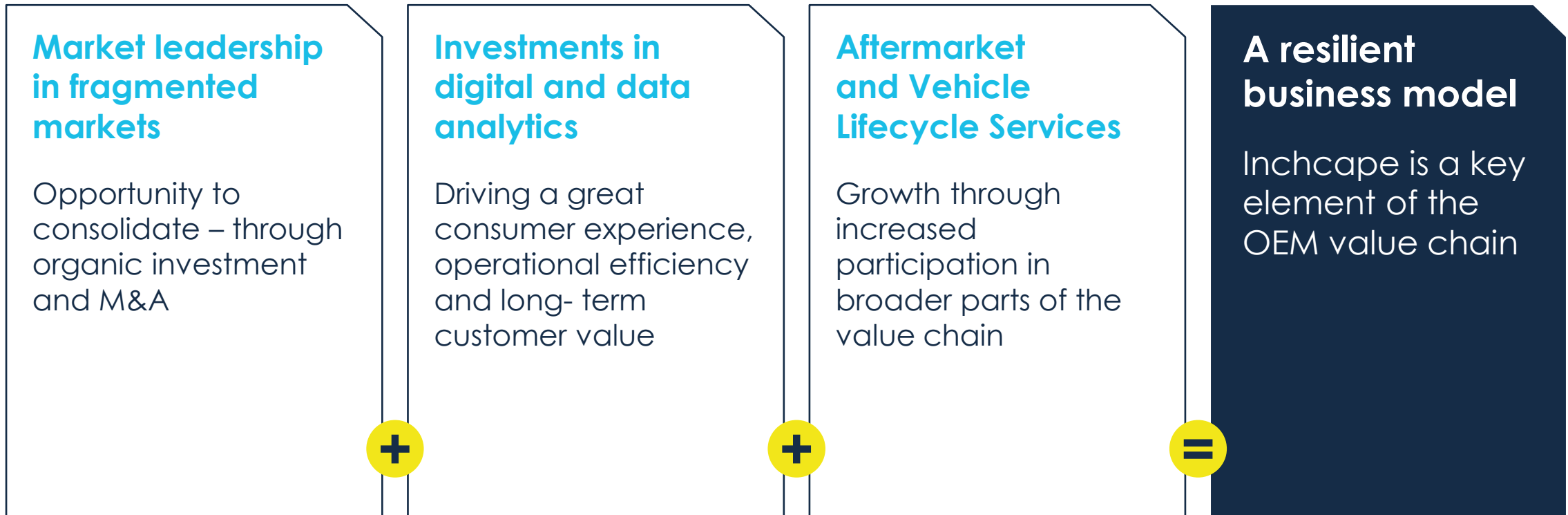
**Derco is an
excellent
business with
exciting growth
prospects**

DUNCAN TAIT STRATEGIC PROGRESS & OUTLOOK



Inchcape has a robust business model

The Group's long-term prospects are supported by



Our Responsible Business agenda: People, Planet, Places and Practices

Global scale and diversification.... ...through further distribution deals & acquisitions



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: Includes acquisitions signed so far in FY 2023, namely: CATS Group in Philippines, Mercedes-Benz Indonesia and Great Lake Motor Distributors in New Zealand

These acquisitions remain subject to customary conditions with completion anticipated in the second half of 2023

3. Only includes annualised revenue contribution from acquisitions signed so far in FY 2023

Distribution Excellence – continued momentum

Driven by contract wins and acquisitions

Americas

Further market share gains - supported by Derco

Bolivia



Ecuador



Guatemala



El Salvador



Colombia



Honduras



APAC

Increased exposure to substantial market

Thailand



Indonesia



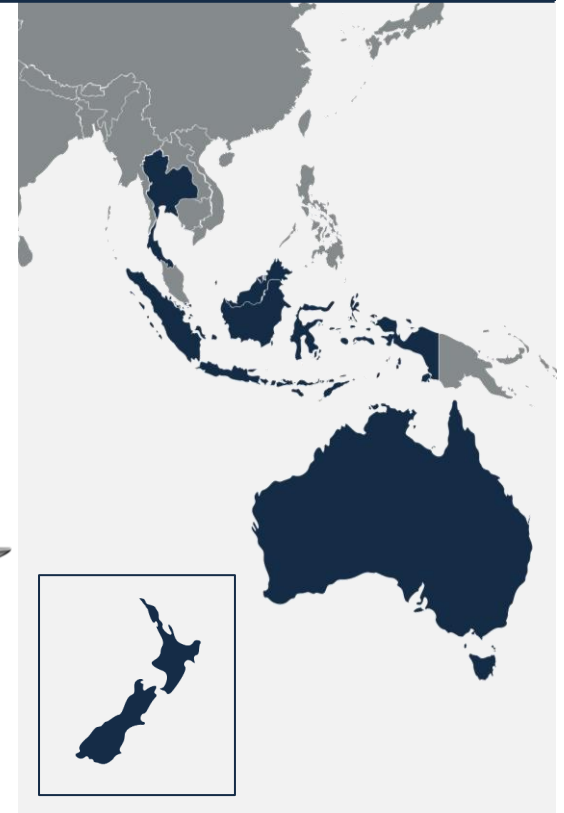
Philippines



JLR

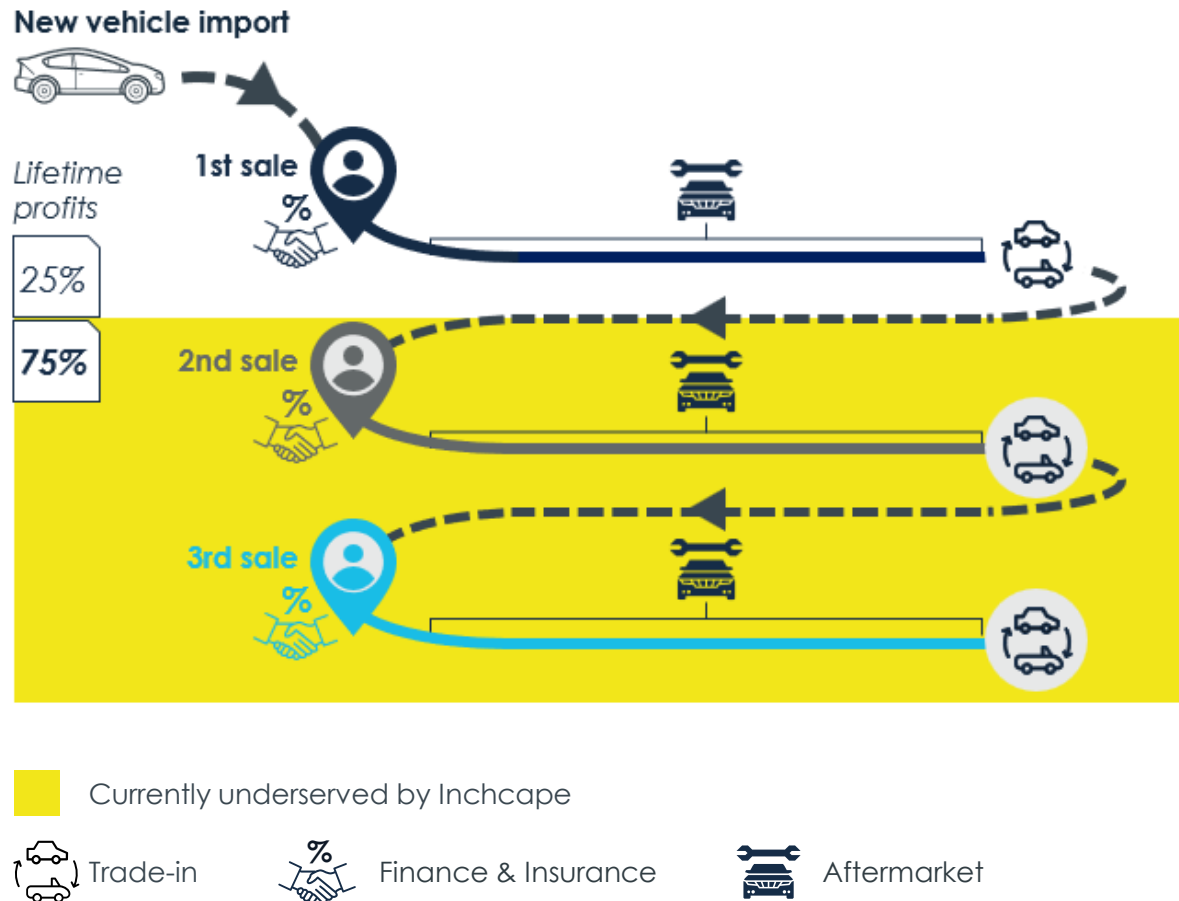


New Zealand



Vehicle Lifecycle Services: further progress achieved

Vehicle Lifecycle Value



Continue to build capacity at bravoauto – now live in 12 markets

bravoauto continues to be driven by our **investment in technology** - deploying next generation of analytics in H2 2023, which is globally scalable

Digital Parts Platform pilot progressing well in Australia – rolling out in other markets in APAC in H2 2023 and 2024

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).

Digital and Data – our key differentiator

Further traction on all fronts during H1 2023

Key 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'

Our digital and data capabilities – help to drive more customers, improved efficiencies and higher growth

Next generation of DXP – with improved functionality, introduced in several markets in APAC. Already seeing enhanced customer engagement results

Major developments in DAP - now has 150 machine-learning models from standing start in H2 2021

Continued expansion of DDCs in breadth of resource, capability and experience – now 1,200+ people in Philippines and Colombia

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Q&A

