

A YEAR OF IMPRESSIVE STRATEGIC PROGRESS

NIGEL STEIN
CHAIRMAN



DEAR SHAREHOLDERS AND STAKEHOLDERS

I will retire from the Board at the conclusion of the AGM in May 2024 after six years as Chair. I am delighted that Jerry Buhlmann will become Chair upon my departure and a Q&A with him is given on page 14.

I am pleased with the progress Inchcape has made in the last six years, delivering on its strategy; focusing on higher value-add distribution markets; growing organically through new contract wins with successful mobility company partners; and judicious acquisitions leading to a meaningful market presence.

Our wider market presence has not only brought a broader base to our sources of income, but enhanced our standing with current and potential mobility company partners. The Group is very well placed for future growth and success.

This has all been achieved through the hard work and dedication of the Inchcape team in all our markets. It has been a huge pleasure to be part of that and I thank them sincerely for all that they do.

Review of the year

Inchcape produced an excellent performance in 2023, as we continued to deliver on our purpose of bringing mobility to the world's communities. This pleasing result was against a backdrop of continued geo-political and economic uncertainty, including ongoing inflationary pressure. The strong financial and operational performance demonstrates the resilience of Inchcape's global business, the strength and focus of our Accelerate strategy and the quality of our leadership team.

We made good strategic progress, in particular with the integration of Derco, the major acquisition we completed last year, the execution

of a number of bolt-on acquisitions across our APAC region and the achievement of a record number of distribution contracts with our mobility company partners.

Our continued focus on a sustainable future

The automotive industry continues to make progress towards its carbon neutral goals albeit at different speeds in different regions. The transition to electric vehicles (EVs) remains central to the industry's reduction in its CO₂ emissions globally.

During 2023, Inchcape made continued progress in building its position with leading EV manufacturers including adding partnerships with Chinese mobility companies who are EV leaders with more than half the worldwide sales of EVs in 2023. This makes Inchcape one of the largest distribution partners with Chinese mobility companies, adding to our other long-standing mobility partner relationships. Inchcape also supports mobility partners in meeting their own sustainability goals with our aim to be the lowest carbon route to market.

In that respect, Inchcape made excellent progress in 2023 with its own 'Driving What Matters' plan, including delivering ahead-of-plan reductions in its scope 1 and 2 greenhouse gas emissions. Our Group Chief Executive, Duncan Tait, discusses this in more detail in his review of the year, on page 15.

Further strengthening your Board

After the completion of the Derco acquisition, Juan Pablo Del Río Goudie joined the Board in January 2023, bringing a deep and long-standing knowledge of Latin American markets. Byron Grote also joined the Board in January, bringing a wealth of experience gained at several large multi-national organisations, where he held a number of senior executive and non-executive roles.

Following his promotion to Group Chief Financial Officer, Adrian Lewis joined the Board in May 2023. Adrian has brought extensive Inchcape experience to the Board having held

several Finance leadership roles across our global business. Adrian's promotion is an excellent example of Inchcape's commitment to developing leadership talent from within the Company.

In July 2023, we also welcomed Stuart Rowley to the Board. Stuart has over 30 years' global experience at the Ford Motor Company and brings to the Board a deep understanding of the global automotive industry and extensive international experience.

And most recently in January 2024 Alison Platt joined the Board as a Non-Executive Director, adding further excellent listed company experience. Further details are given in the Nomination Committee Report on page 78.

I would like to personally thank my colleagues on the Board for their continued commitment and contribution during 2023.

Building a high-performance culture

Inchcape's culture of being an ambitious but responsible Company is a key enabler of our Accelerate strategy. We are pleased with the progress we continue to make in building and aligning our culture across our global business, particularly in our recently acquired businesses, where local teams have been implementing thorough change and communication plans to integrate them into our global organisation.

During the year, the Board participated in a number of engagement sessions with Inchcape colleagues, including a Reward Forum as well as an Engagement Forum held during our Board's visit to the Hong Kong business in October.

The Group continued to drive inclusion and diversity and we were pleased to see the strong results of Inchcape's 'Be Heard' colleague experience survey. It was pleasing to see Inchcape's inclusion score at upper quartile levels, reflecting the excellent progress made over the previous years. As a Board, we believe in the strong connection between a diverse and high-performance culture and strong business performance.

Delivering shareholder value

We have a clear and balanced capital allocation policy, based on four priority areas which the Board review regularly.

First is to invest in our business to support organic growth. Second, our policy is to pay out 40% of adjusted earnings in annual dividend payment to shareholders. Third, we target value accretive acquisitions where there is a strong strategic fit and, fourth we consider the appropriateness of returning excess capital to shareholders via share buybacks.

Based on this policy, and considering the strong performance of Inchcape in 2023, the Board recommends that the Company continues to pay a dividend of 40% of annual adjusted EPS. This payment would result in an overall dividend payment of 33.9p.

Inchcape is well positioned for sustainable growth

During 2023, Inchcape continued to develop a solid foundation for future growth. Despite muted demand and continuing challenging macro-economic conditions in some markets, our well-executed Accelerate strategy continues to drive outstanding performance for our mobility partners and, subsequently, for the Group.

The unique strengths of our business, in particular our high-quality people, diversified geographic spread of our operations and our industry-leading digital capabilities, ensures that we remain resilient and well positioned for sustainable growth in the future.

Your Board remains confident in Inchcape's ability to bring mobility to the world's communities, for today, for tomorrow and for the better.

NIGEL STEIN CHAIRMAN

JERRY BUHLMANN

Q&A WITH JERRY BUHLMANN



JERRY BUHLMANN
PROPOSED NEW CHAIR

Jerry Buhlmann, the Board's current Senior Independent Director, is nominated to succeed Nigel Stein as Chair following the conclusion of the Group's next Annual General Meeting (AGM) on 9 May 2024, subject to shareholder approval.

Jerry has been a member of the Inchcape Board since March 2017 and his appointment will help ensure seamless continuity of Board leadership to support the Group, as it continues to deliver on its Accelerate strategy.

Jerry has over 40 years' experience in the media and advertising industries and was formerly CEO of Aegis Group plc and Dentsu Aegis Network. Jerry is currently Chair of three private equity-owned digital marketing agencies: Dept, Croud Limited, and Hybrid. Jerry is also a member of the Supervisory Board of Serviceplan GmbH.

What do you see as the focus for the Inchcape Board in the coming years?

Looking ahead, the automotive sector will continue to experience rapid transformation and development. Customer preferences and buying habits will continue to evolve and the need for sustainable mobility solutions across more markets will increase. To that end, while the transition to electric vehicles (EVs) is underway, it is not without its complexities.

Inchcape has a real opportunity here, as we continue to support our mobility company partners across more markets, in a dynamic and increasingly complex industry. The Board has an important role to play in this, leading from the front, ensuring that the Group continues to develop and enhance its inclusive, collaborative, and innovative culture.

What do you think the major strategic opportunities will be for Inchcape in the automotive industry in the future?

The transformation of our industry presents compelling opportunities for Inchcape. I see three key themes where we can support our mobility company partners in a fast-moving environment: driving market consolidation; supporting them in the EV transition; and helping them to drive down the cost of complexity, by supporting them in smaller, more niche markets, where Inchcape will continue to drive market leadership.

Inchcape's unique experience, market insight, and digital platform

therefore provides a compelling value proposition for our mobility company partners. This is reinforced by the tremendous number of new partnerships we achieved in 2023, with 15 new distribution contracts secured across a range of markets and partners.

Furthermore, Chinese mobility company partners will continue to play a central role in the transition to EVs and, in this regard, Inchcape has developed partnerships with several leading players in each of our regions, helping to ensure a wider range of high-quality new energy vehicles are available across our markets.

What do you believe are the key strengths of Inchcape?

I have been on the Inchcape Board for seven years and, in this time, I have been fortunate enough to meet a wide range of stakeholders. Based on these conversations, my view is that Inchcape's key differentiator is our unmatched ability to support our multiple mobility company partners across a wide and diverse range of markets. This is driven by our market-leading digital and data analytics capabilities, the calibre of our people, who have specialist expertise in the markets in which they operate, and our long track record of delivering for our partners on a regular and consistent basis. This provides a solid platform from which Inchcape will continue to deliver for our mobility company partners, to grow, and to lead the industry, thereby driving growth and value for our stakeholders.

A THANK YOU TO NIGEL STEIN



ON BEHALF OF THE BOARD, I WOULD LIKE TO THANK NIGEL FOR HIS LEADERSHIP SINCE HE BECAME CHAIR IN 2018. NIGEL HAS LED A CONSISTENT ENHANCEMENT OF THE BOARD'S EXPERTISE AND SKILLSETS, AS WELL AS DRIVING DIVERSITY.

IN ADDITION, NIGEL HAS BUILT A STRONG COLLEGIATE CULTURE AROUND THE BOARD, AND I AIM TO CONTINUE TO BUILD ON HIS EXCELLENT WORK IN ALL THESE AREAS IN THE FUTURE.

JERRY BUHLMANN
PROPOSED NEW CHAIR

UNLOCKING OPPORTUNITIES THROUGH OUR PEOPLE AND TECHNOLOGY

DUNCAN TAIT
GROUP CHIEF EXECUTIVE



What were Inchcape's key strategic achievements in 2023?

2023 was an excellent year for Inchcape. We produced further positive momentum in key markets and made strong progress in diversifying and scaling our business in our regions.

From a strategic perspective, we made progress in executing our Accelerate strategy. We successfully completed three bolt-on acquisitions in APAC, in the exciting growth markets of Philippines, Indonesia, as well as New Zealand, positioning us well for future growth there. We won 15 distribution contracts across all our regions with Asian and European mobility partners. We were also successful in integrating Derco in the Americas.

Our industry-leading digital and data analytics capabilities continue to support our growth prospects across our global business.

Can you give an overview of Inchcape's operational and financial performance during the year?

Despite a challenging environment in certain markets, Inchcape remained resilient and our global business performed strongly during 2023. I continue to be impressed by the commitment and performance of our global colleagues as they deliver solutions that accelerate the performance of our mobility partners.

During the year, Inchcape delivered a strong set of results, with growth in all regions, driven by consistently high levels of operational execution across our global business, which drove further growth in revenue, operating profit, and free cash flow generation.

Group revenue for the year was £11.4bn, an increase of 41% on 2022. We delivered adjusted profit before tax of £502m, an increase of 35% on 2022 driven by top line growth and improved operating margins. We also reported adjusted free cash flow of £498m, up 31% on last year, further strengthening our cash position.

What underpins the record number of contract wins you achieved during the year?

Inchcape has a winning distribution platform. Our success in winning 15 distribution contracts across our APAC, Americas and Europe & Africa regions highlights the high level of service we are delivering for our mobility partners and emphasises the trust and confidence they continue to place in Inchcape. These contract wins included BYD Commercial in Singapore and Benelux, Subaru in Bolivia, XCMG in Colombia and Peru and Changan in the Philippines and across a number of markets in Africa.

During 2023, we continued to build stronger partnerships with our Chinese mobility partners, including a global strategic partnership with Great Wall Motors. China is now the largest automotive exporter globally. Chinese mobility partners are changing the automotive landscape by playing a central role in the global long-term transition towards new energy vehicles, producing over 50% of the world's electric vehicles (EVs).

Building on the Chinese mobility partnerships through our acquisition of Derco, Inchcape now has more Chinese mobility partnerships than any other automotive distributor.

Can you discuss in more detail your progress on the integration of Derco during 2023?

We are really pleased with our progress on the integration of Derco, which is an outstanding business that has helped the Group to win more distribution contracts, not only in the Americas region but also in our other regions. Derco has therefore already made a substantial contribution in driving our market share in several markets.

We were successful in accelerating cost and cost-related synergies from the acquisition of £21m in 2023, and now expect to deliver at least £50m in FY 2024 with one off integration cash costs of £70m over three years.

Our Americas management team also made progress in improving Derco's working capital position both in the alignment of supplier terms with

Inchcape ways of working and reducing inventory.

Derco also delivered against our margin expectations, producing margins at the top end of the 5% to 7% range, pre-synergies, as expected.

Can you discuss the key market trends during the year?

Our markets continued to evolve and develop at different rates during the year, with supply normalising in many markets, while consumer demand is mixed.

One consistent theme in most of our markets is further demand from consumers for omni-channel experiences, with the initial product touchpoint for customers being through digital channels, particularly for new energy vehicles. There is also some growth in underlying consumer demand for EVs in many of our markets, albeit at different levels of pace of adoption and product penetration, which is fundamentally determined by the quality and reliability of EV infrastructure and government support in a market.

What makes Inchcape's approach to digital and data market-leading?

There are a number of factors supporting our market-leading digital and data position. DXP, our digital customer experience platform, is delivering value for our mobility partners, and DAP, our data analytics platform, is powering our business in several areas.

We have continued to develop and roll out DXP, as we provide more customers with a seamless experience, however they choose to interact with us and our mobility partners.

DAP, which provides advanced analytics and machine learning, leverages our data and driving smarter, faster and better business decisions. By the end of 2023, we had over 250 machine-learning algorithms globally.

These capabilities are supported by our digital delivery centres (DDCs), which operate in Colombia, the Philippines and following the



2023 WAS AN EXCELLENT YEAR FOR INCHCAPE. WE PRODUCED FURTHER POSITIVE MOMENTUM IN KEY MARKETS AND MADE STRONG PROGRESS IN DIVERSIFYING AND SCALING OUR BUSINESS.

acquisition of Derco, we now have a satellite DDC in Chile. By the end of 2023, we now have more than 1,400 digital experts providing 24/7 services and solutions, further enhancing our digital delivery and cybersecurity capability.

How are you progressing with your Vehicle Lifecycle Services (VLS) initiatives?

We continue to believe in the strategic importance of VLS for the Group, with an opportunity to unlock value in the subsequent phases of the vehicle's lifecycle, through value-added services. VLS will drive enhancements to our core Distribution business and initiatives through capabilities which include our Digital Parts Platform, a used car channel for our independent dealers, further finance and insurance programmes and warranty management.

The Digital Parts Platform in Australia continues to gain traction, with an ambition to modernise the aftermarket parts industry. We are further scaling this product in Australia, with 12 distributors and 410 aftersales workshops now using the platform, and several new mobility company partners signed up to the platform. We plan to launch the platform across other markets in APAC in 2024.

We intend to further reduce the scale of bravoauto to its profitable core, particularly given our continued strategic focus on reducing our retail-only footprint. This will ensure a more focused and tailored approach for bravoauto, as a value-added service for our Distribution business, with a moderated operational and geographic profile. Our investment in bravoauto since its inception continues to be disciplined. In light of our review of strategic options for the UK retail business, we are re-evaluating our ambitions for bravoauto as part of VLS. VLS remains a strategic opportunity for the Group but, particularly in light of reducing the scale of bravoauto to its profitable core, we are re-evaluating the phasing of our financial objectives for VLS.

Can you talk about developments on your approach to sustainability during the year?

Operating responsibly is central to our mobility partnerships and how we work globally. In 2021 we implemented our 'Driving What Matters' plan built around our four pillars of Planet, People, Places and Practices, and we continued to make good progress in 2023.

In the second half of 2023 we completed a sustainability materiality assessment of our business to improve our understanding of the sustainability priorities of our stakeholders. The results of the assessment will be communicated in our first Sustainability Report, to be released later this year.

Under the Planet pillar, we made good progress with our scope 1 and 2 greenhouse gas emissions targets, reducing emissions by 31%, ahead of our targets and on track to meeting our 2030 target of 46%. You can read more about our approach to climate change in our Task Force on Climate-related Financial Disclosures on pages 40 to 53.

I am pleased with the progress we are making with our People pillar as we continue to expand the delivery of our programmes to enhance inclusion and diversity across Inchcape. For example, women in

senior leadership positions at Inchcape increased to 28%, up from 15% from 2020.

During the year we ran our global colleague experience survey 'Be Heard' and I was very pleased by the strong results. A record number of Inchcape colleagues – 88% – completed the survey, including our new Derco colleagues, with key engagement KPIs above global averages and our Inclusion score was upper quartile. These results reflect the excellent work of global leadership and People teams to drive colleague engagement and inclusion. The survey also identified areas of development across our business and our global teams have developed action plans to enhance engagement and improve the experience of our colleagues.

An integral part of our Responsible Business approach is being a good company and partner for the communities where we work. I have been delighted to see the passion and enthusiasm from our people on road safety education for local communities, charitable partnerships focused on diversity inclusion and internship programmes for underrepresented groups under the Places pillar.

Fundamental to our value proposition is our approach to high standards of ethical business under the Practices pillar. To support this, during 2023 and early 2024 we rolled out our enhanced Code of Conduct across our global business, including to our new colleagues from acquisitions in Indonesia, New Zealand, and the Philippines, as well as to more than 4,000 new colleagues in the Americas from the Derco acquisition.

What is your message to Inchcape's people, following our performance in 2023?

I was fortunate enough to visit many Inchcape markets during 2023, spending time with colleagues from across our global workforce. I continue to be impressed by the quality and commitment of our colleagues and I am grateful for their performance during the year. What

we collectively deliver for our mobility company partners is outstanding and I am extremely grateful for the hard work and commitment of our people.

I would also like to thank and recognise my Executive team colleagues for their collaborative spirit, outstanding leadership, and delivery during the year. Developing leadership talent from within our organisation is a priority for Inchcape and I was delighted to see two colleagues promoted to the Executive team in the year with Adrian Lewis promoted to Group Chief Financial Officer in May and Phil Jenkins promoted to Chief M&A Officer in October. In addition, Liz Brown joined us from Diageo in February as Chief Strategy Officer.

How do you see the future for Inchcape?

I am really excited about the medium to long-term outlook of our business. Building on our cash generative and capital-light characteristics, I believe we will continue to lead the consolidation of a range of highly fragmented markets.

To that end, our focus for 2024 remains on further consolidating our global position as the leading independent automotive distributor, through leveraging our digital platform across our global footprint so that we can continue to operate at scale, build market share and accelerate the performance of our mobility partners.

Building on our performance in 2023, with our global market leadership position and our diversified and scaled business model, Inchcape remains well positioned for the future.

Directors' approval of the Strategic Report

The 2023 Strategic Report, from pages 2 to 64, were reviewed and approved by the Board of Directors on 4 March 2024

DUNCAN TAIT
GROUP CHIEF EXECUTIVE