

Inchcape PLC

In the Driving Seat Webinar

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Transcript



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Rob Gurner:

Hello everybody - I am Rob Gurner, head of investor relations at Inchcape. Thank you for joining us today for the latest edition of our "In the Driving Seat" seminars.

Today, we will focus on outlining our evolved strategy and give an overview of our business and growth opportunities in the APAC region. Here is the agenda, and our presenters, today:

- Our Group CEO, Duncan Tait, will shortly give a brief introduction and strategic overview;
- Liz Brown, our Chief Strategy officer, will cover our evolved strategic approach with Accelerate+;
- Ruslan Kinebas, the CEO of our APAC business, will cover our track record in that region, our key growth drivers and opportunities there and he will discuss some market deep dives.

Once the presentation is finished, which will take around one hour and ten minutes, we will host a Q&A session for about 30 minutes, and then there'll be some time for networking with the team.

As well as the presenters, we also have with us today our Group CFO, Adrian Lewis and Nicola Gear, the CFO of our APAC region, who will both be joining the Q&A panel. Other members of our executive team are also here, including Glafkos Persianis, the CEO of our Europe and Africa region, and Phil Jenkins, our Chief M&A Officer.

That's all from me....over to you, Duncan...

Duncan Tait:

Thank you Rob and hello everyone. I am Duncan Tait, Group CEO. Since I joined in 2020, our team has worked to transform Inchcape to become a pureplay automotive distribution business, through the disposal of our retail only operations, the most recent of which came earlier this year when we sold our UK retail business.

We have also grown our position in automotive distribution via organic growth, significant momentum in new Distribution contracts from our original equipment manufacturer, or OEM, partners and through acquisitions, where we are often the acquirer of choice in this fragmented market. These drivers will continue to support our strategy as we look to take advantage of the significant opportunity in front of us.

I am very pleased to be presenting the latest in our - "In The Driving Seat" series. As Rob mentioned, you'll hear shortly from Liz and Ruslan, who are both great leaders with an array of experience and skills from different industries. Since joining us last year, Liz has super-charged our strategy team, leading the way in evolving our strategic approach, while Ruslan is leading the development

of our APAC region, having worked similar magic in the Americas, which he led for us a number of years.

Before we start, I wanted to touch on the Inchcape investment case.

Inchcape is the leading global provider of an essential function in the automotive industry – Distribution. OEMs award us with the exclusive rights to distribute their vehicles and parts in smaller, more complex markets. Our business is characterised by sticky, long term relationships, which are supported by Inchcape’s highly differentiated technology capabilities.

Our business model drives our strong financial profile – which is capital-light, with resilient margins and healthy free cash flow generation, helping us to deliver high returns.

This financial profile ensures the Group is well capitalised, enabling us to invest in significant growth opportunities, which we will access by developing our existing OEM partnerships, gaining new Distribution contracts and executing value-accretive acquisitions.

By consistently leveraging these growth opportunities, we will continue to deliver a balanced and disciplined capital allocation policy, ensuring we drive value and returns for our shareholders.

Our OEMs see Inchcape as a critical partner, as we take responsibility for their brand in a market, managing their vehicles and parts from the factory gate or port, and taking care of every element of the distribution value chain for them.

OEMs focus on the 20 or so higher volume markets, like the US and China, where they tend to run distribution themselves. For smaller to medium-sized, and more complex, markets, many OEMs appoint an independent distributor, like Inchcape, to represent their brand.

These markets are generally higher GDP growth with lower motorisation rates (or a lower proportion of vehicle ownership), which we see as a major growth opportunity. Such markets are Inchcape’s sweet spot and we have operated in many of them for decades. In these markets, OEMs highly value their partnership with us for four key reasons.

First, we provide an efficient, effective and sustainable route-to-market.

Second, our market leading technology capabilities ensure we are data-led in our approach to our work ensuring we drive returns for our OEM partners.

Third, they value our specialist local knowledge and expertise, supported by our global capabilities.

And fourth, we are a highly professional partner for our OEMs, with robust governance, systems and controls so our OEMs can trust us to represent their brand.

So, back to today's session - there are three messages we'd like you to take away.

One, you will hear today about our evolved strategic approach, Accelerate+. This has been developed to enhance our position as the Global leader in automotive Distribution, a very attractive sector.

Two, we want to highlight that our clear ambition of driving our market share towards 10% in our markets, over the medium to long term, will deliver substantial benefits and value for all of our stakeholders. This ambition will be achieved through our successful execution against Accelerate+.

And three, our diversified and scaled APAC business has a range of compelling opportunities from which to access future growth.

Our Total Addressable Market, made up of the type of markets I just mentioned, is estimated to be around 10.8 million vehicles sold annually. We have a market share of only 3% of this TAM, emphasising our opportunity for growth.

The chart on the right brings this to life, by showing that if we were to reach our 10% market share ambition over the medium to long term, we would treble the size of our business.

Achieving this ambition, with a scaled and diversified OEM portfolio across our markets, will drive:

- Sustainable performance over time, for Inchcape and our OEMs;
- Scale in a market, which brings benefits in areas like procurement efficiencies;
- Top line growth, as we work with an expanding range of brands in a market;
- Increased operating leverage and stronger margins, by driving more brands through our operating cost base;
- New revenue opportunities, as OEMs look to launch new product offerings, by leveraging our share in a market.

We have less than 10% share in the majority of our markets, which we see as an opportunity. In markets where we have more than 10% share, we have a broader portfolio of OEM relationships, with, on average, 5 OEM partnerships per market. In addition, across these markets, we are delivering above 6% operating margins, on average. I am pleased to say that we are above this level of operating margins even in some markets where we are below 10% share.

In summary, you can see there is significant revenue growth, value and margin opportunity for Inchcape as we drive towards our 10% share ambition.

There are three drivers that will help us deliver on this ambition.

Firstly, developing our existing OEM partnerships will drive our organic growth performance through market share gains and volume growth in existing markets. We will achieve this by expanding our footprint in-market, through continuing to develop our third party retail networks.

Our second growth driver is winning Distribution contracts with our OEM partners. This will be achieved by converting in-house distribution, winning business from other independent distributors and by taking OEM partners into new markets.

The third growth driver is acquisitions. We have a healthy pipeline of potential deals, in a highly fragmented market of local or smaller distributors. This highlights the highly fragmented nature of our industry and the potential for Inchcape to be the leading consolidator of choice in our markets.

Acquisitions will help us to drive market share with our OEM partners, as we deepen our in-market presence and scale our geographic reach.

This brings us to our overall strategic approach for our Group.

Before discussing how we will evolve our original Accelerate strategy, launched in 2021, I would like to touch on what this strategy has delivered for Inchcape, particularly in fast-tracking Inchcape to becoming a pureplay automotive Distributor.

We have reshaped our business through the execution and integration of seven acquisitions, adding £2.9 billion in Distribution revenues. In that time, we have also disposed of £3.2 billion in retail revenues, mainly with the sale of our UK retail operations this year.

We have gained strong momentum, winning around 25 new Distribution contracts over the last two years. Around 70% of these contracts are with a range of Chinese OEMs, who are looking to rapidly expand their presence on the global stage.

As a result of organic growth and our excellent work on contract wins and M&A, we have transformed into a higher growth, higher returns pureplay Distribution business.

We are also a higher margin business - since 2021, we have grown Group operating margins by 120 basis points to 6.3%, highlighting the impact on profitability of our strategic approach.

Our growth has been underpinned by the rapid development of our technology capabilities, which have transformed the experience we provide to end customers.

DXP, our digital experience platform, and DAP, our data analytics platform, provides us with insight and analytics that is helping us to make smarter decisions and provide customers with an enhanced, and more tailored, experience.

Since launching Accelerate, we have evolved our approach to Vehicle Lifecycle Services. We remain strong believers in leveraging the value of a vehicle over its lifetime. However, we are using our learnings from a number of initiatives, launched with VLS, and embedding them into our new approach in this area.

And finally on this slide, our strategic approach has driven a continued focus on Sustainability. This is evidenced by our consistent reduction in scope 1 and 2 emissions, our record of high reputation scores, which measure customer satisfaction, and the continued development of a high performance culture and spirit of innovation, helping us to attract and retain high quality talent.

In summary, our Accelerate strategy has been very successful for Inchcape, helping to drive the transformation of our business.

Since 2021, the external environment has developed in a number of areas.

From an economic perspective, we are in a different world, with higher inflation and higher interest rates in many markets, putting more pressure on our OEM partners, with more emphasis on Inchcape to continue to deliver for them.

The transition to a pure Electric Vehicle world is taking longer than anticipated three years ago, with hybrid drive trains becoming increasingly relevant.

We have seen a rapidly evolving OEM landscape, which has included the emergence of new OEMs searching for growth, and increasing demands from OEMs for greater efficiencies from their distribution partners, as well as the need to support their Sustainability agendas.

The used vehicle market has changed significantly, impacted by developments in the macro economic environment and the increase in supply of new vehicles, post-COVID.

And, we have continued to see the exponential transformation of technology, particularly the rise of AI, and its impact on the world.

With these factors in mind, Inchcape needs to remain agile and adapt to ensure we stay ahead of the game. Efficiency and cost effectiveness matter more than

ever to our OEM partners, and to Inchcape, so we need to adapt to that new reality.

Given this backdrop, we are evolving our strategic approach, with Accelerate+, which has been developed to enhance our position as the world's leading independent automotive distributor.

Achieving this will mean we will build an even stronger and more diversified business.

The Accelerate+ framework sets out how we will plan to grow by delivering outstanding results for our stakeholders. We have two growth pillars of Scale and Optimise, supported by our enablers to deliver growth.

We will build Scale in our existing markets and expand our business in new attractive markets and adjacent vehicle categories, with our OEM partners.

We will Optimise our Distribution platform, to further enhance our position as a brilliant partner for our OEMs, and deliver an exceptional experience for end customers, through value-added services.

Our success in delivering Accelerate+ will be achieved by a number of important enablers:

- Further developing our high-performing culture and capabilities,
- continuing to invest in industry-leading technology capabilities,
- developing even stronger OEM relationships and
- executing and integrating further acquisitions.

An enhanced approach to Sustainability will underpin our evolved strategy.

To sum up from me, our goal with Accelerate+ is to capitalise on the differentiated platform we have built, establishing a stronger, more scaled Inchcape, in more markets with our OEMs generating sustainable, profitable growth and value.

We recently launched our Accelerate+ strategy internally and our teams are already delivering against it, as you will hear today. With that, I will hand over to Liz.

Liz Brown:

Thanks Duncan and hello everyone. I'm Liz Brown, Inchcape's Chief Strategy Officer. I have been with the business for a year and a half, having previously had senior strategy and M&A roles with other major corporates and leading consultancies.

Accelerate+ will help Inchcape to deliver on our ambition to be the world's leading automotive distributor.

I will now take you through each element of our evolved strategic approach and, later on, Ruslan will show some compelling examples of how we are already delivering against Accelerate+ in APAC.

Starting with our first strategic pillar of Scale. We will scale in two key areas:

- Firstly, we will grow our market share in passenger cars in both existing and new markets, driving towards 10% market share, as this is where we realise the benefits of scale.
- Secondly, we will deliver growth through extending our distribution capabilities into adjacent vehicle categories. In particular, we aim to grow in the premium motorcycle and light commercial vehicle categories where we already operate in a number of markets.

We will drive scale in three ways – through organic growth, through winning new OEM contracts, and through acquisitions in attractive markets.

This slide shows our growth opportunity. We have two opportunities here – to grow share in our existing markets and to enter new markets.

On the left you can see our presence today, in 39 markets. Of those, there are 25 markets where we are below 10% share.

In the middle, you can see that our TAM covers 83 markets, which exhibit the characteristics of a typical Inchcape market, which are smaller to medium-sized and more complex. If you take into account the 39 markets where we are already present, there are 44 new potential markets for us to access.

So, that's 25 existing markets where we have the greatest opportunity to scale and 44 new potential markets. That means we have the opportunity to scale in around 70 markets globally, as we aim to drive towards our 10% market share ambition over the medium to long term.

As we scale our business, it is important that we continue to be the most efficient and effective distribution partner for OEMs. For Accelerate+, this is our second strategic pillar of "Optimise". We have two priorities here:

Firstly, we will continue to be a brilliant distribution partner for our OEMs. This will be driven by the next generation of our Distribution Excellence programme, to ensure we are the most efficient and effective distributor.

Secondly, our goal is to deliver the best customer experiences that drive customer satisfaction and help us create greater value and revenue per

customer. This will be achieved through our Value-Added Services offerings, which will create greater revenue per customer over the lifecycle of a vehicle.

Where our first generation of Distribution Excellence focused on building our key platforms and capabilities, our Distribution Excellence approach with Accelerate+ is focused on leveraging these platforms to deliver outstanding outcomes for all stakeholders.

For OEMS, we will drive efficiencies and excellence across our route to market, for example, through the implementation of new regional planning and logistics hubs and by optimising the management of our retail network.

For end customers, this will mean continuing to transform their omnichannel experience. This means a quality 24/7 service, always available, highly personalised and driven by AI, with a consistent experience across all channels across our retail network.

Getting this right will ensure we improve customer satisfaction, drive our reputation scores and increase the value we can create from each customer.

The second component of Optimise is Value-Added Services or VAS.

This is the evolution of VLS, which is now more focused on leveraging our Distribution offering. The goal continues to be to increase the value of each customer and to increase the value of the lifecycle of a vehicle, but through the lens of a distributor. We will deliver this in four key ways:

Our first service is the distribution of parts, which I will discuss in more detail shortly.

Our second VAS element is our goal to expand our Finance and Insurance, or F&I, activities across more markets to help generate higher revenue and value per customer. F&I tends to be high margin, and drives customer loyalty to brands, accelerating their re-purchase rates.

Our third value added service is developing initial opportunities in the new energy vehicles segment, which include electric and hybrid vehicles. This includes supplying home charging equipment, battery servicing and offering a range of specialist service packages.

Currently EVs represent less than 2% of Group volumes, so we see this as a major future growth opportunity for Inchcape.

And finally we are developing our used car business, by leveraging our Distribution platform, where appropriate.

Ruslan will give specific market examples of how we are delivering in a number of these services across the APAC region later on.

Our most exciting opportunity in Value Added Services is parts, which are high growth, high margin and very resilient.

Our objective is to grow by engaging customers, keeping them in our ecosystem for longer, driving profitability using our data and analytics capabilities and capturing share outside of our ecosystem, from independent workshops.

On the first and second objectives, we use DXP and service packages to engage and retain customers for longer.

To drive profitability, we are using data and analytics to forecast demand more accurately and to optimise pricing. We are also leveraging our scale to drive efficiencies and reduce the costs of distributing parts, for example in areas like shipping.

Finally, in order to drive our share of genuine OEM parts with independent workshops, we recently launched a Digital Parts Platform across our APAC markets to encourage these workshops to buy our genuine OEM parts by making the buying process easier and more efficient.

This proprietary software platform has the potential to be scaled into more markets with more OEMs in the future, as Ruslan will discuss shortly.

So, we have lots of opportunity to develop and grow our parts business, powered by data, which will help to drive our revenues and margins over time.

Accelerate+ will be underpinned by our approach to Sustainability.

At Inchcape our role here is to support a mobility transition that is inclusive and long-lasting, while shaping a future where sustainable mobility is available for all. To deliver this we are focusing our activities in three key areas:

Firstly, by applying both our global perspective and our understanding of local markets, we want to deliver insights for the benefits of OEMs, consumers, governments and policymakers.

Secondly, we want to enable a faster transition to new technologies, particularly with New Energy Vehicles, by enhancing how we support OEMs with their own transition plans.

Finally, we want to ensure we play our part, for example by delivering on our own sustainability targets, to ensure we remain the lowest carbon route to market for OEMs.

Just to sum up from me...

Accelerate+ will enable Inchcape to enhance our position as the world's leading automotive distributor, by scaling and optimising our business to drive growth and value creation. This will be achieved by:

- Remaining an essential element in the automotive value chain;
- Continuing to be a critical partner for our OEMs, driving their volumes and market share in our markets;
- Further developing our market-leading technology capability, to drive our data-driven approach;
- Retaining our customer-centric approach, by delivering exceptional experiences; and
- Building our position as a leading authority on the mobility transition.

That's all from me. I will now hand over to Ruslan.

Ruslan Kinebas:

Today, I will give you an overview of our business in the APAC region and highlight our key growth opportunities through the lens of Accelerate+.

Let me start with some exciting macro-economic data points for our region, as compared to developed markets and to an average of "Inchcape markets" around the world.

The region has a number of characteristics that make it highly attractive for Inchcape in terms of growth potential. APAC is a highly populous region, with strong GDP growth. From the industry perspective, annual volumes, which in the industry are known as Total Industry Volumes or TIV, are robust, and, compared to more developed markets, motorisation rates are low. So, there is a strong upside potential here.

Our car parc, which is the number of cars on the road across the region, continues to grow. This increasing motorisation is another major opportunity for Inchcape, allowing us to optimise and strengthen our market performance through Value Added Services.

Emerging OEMs, particularly from China, continue to rapidly expand their business across the region, launching new products across all drive trains in many countries. As you have already heard, we are a major partner for these fast-emerging OEMs and are already working with them in many of our key markets in the region.

Finally on this slide - EV penetration is not consistent across our markets, but is expected to grow over the coming years, which is a major opportunity for Inchcape, as we support our OEM partners in bringing New Energy products – EV's as well as hybrid vehicles – to our markets.

Here's a quick snapshot of our business in APAC. Inchcape has a long history in the region, with our longest partnership, with Toyota, going back 60 years.

We are a team of 4,000 people in 11 markets today, working with 23 OEM brands, across all vehicle types, from passenger cars to commercial vehicles.

We distribute around 90,000 new vehicles per annum, generating around £2.8 billion revenue or approximately one third of last year's Group revenue.

Our operating margins have averaged around 8% since 2019, which is above the margin range of a typical automotive distribution business. This is driven by our region's mature aftersales profile and by our vertical integration in certain markets, where we are capturing more of the value chain and have higher market share.

We have a highly experienced, market-leading and diverse management team in APAC. This slide shows the nationality of each member of our leadership team. As you can see, the team is truly international. We have leaders here from Inchcape's key global markets and cultures.

On the left, you can see our operational executive team, the people who run our key market clusters and drive day to day performance for our OEM partners. On the right, you can see our functional leaders, who support our market teams in their respective areas.

Linking back to our Accelerate+ strategy – apart from the obvious functions covering Finance, People, IT, we have regional leaders here focused on business transformation, driving our digital and data agenda; M&A, as well as Legal and Compliance.

Our leadership team has an excellent mix of operational, commercial and functional expertise and experience from within automotive and other industries, and we work very well together, enabling collaboration and sharing of best practices to deliver outstanding performance in the markets for our OEMs, customers and shareholders.

Sustainability is a major focus area for the team. In line with the framework Liz talked about earlier, we are focused on delivering insights, enabling new technologies and playing our part.

I will give you an APAC example in relation to each of these elements.

On delivering insights - we recently launched the Singapore Future Mobility academy in collaboration with the Singapore Polytechnic.

More than 200 of our colleagues went through a national EV safety certification course, attending over 20 sessions to get a better understanding of the EV

fundamentals. In partnership with the Polytechnic, we continue to further design and develop the advanced EV training curriculum.

On enabling new technologies - we launched Inchcape One in Hong Kong as a specialist multi-brand hub, a one-stop shop, which can support owners of the EVs we represent in the market, with access to charging or charger installations.

Services include installation of home chargers, technical support for corporate and public charging solutions. Importantly, with such EV-focused service plans, we improve customer experience, giving our customers peace of mind and making adoption of new drive trains easier. This is an important initiative, particularly, for a market that is leading the way in the new energy world, and it ensures that Inchcape remains on the cutting edge of the transformation of our industry over the coming years.

This is also highlighted by the next example, related to “playing our part”. We continue to train and develop our people, to ensure they are ahead of the game on new technologies. In Hong Kong, around 80% of our sites are now equipped to carry out EV operations, with 20% of our sites able to perform battery repair work, and a substantial proportion of our technicians have now completed a battery repair training programme.

By learning as an organisation and developing our people’s knowledge and expertise in this area, we are able to move faster to expand our capabilities, as other markets progress towards a new energy vehicle future.

Here is a video further highlighting the importance of sustainability to our business in the region, particularly in the area of how we develop and nurture our people, and how we are thinking about reducing our carbon footprint.

This slide highlights our regional growth opportunity.

Across our regional addressable market of 4.5 million vehicles, we are in 11 markets, with a 2% market share. We will grow and scale our position in existing markets by expanding our OEM portfolio and their range of products in markets where we already operate.

We have 13 markets across the region in which we either have no presence or where our market share is below 10%. As we continue growing our regional market share over time, we will be able to unlock a significant further upside.

By successfully executing against this growth opportunity, we believe that we can double the size of our business in APAC.

As we do elsewhere across the Group, we have, broadly speaking, two commercial models in APAC. Deployment of each model depends on specific

market dynamics, such as concentration and distribution of population, and the geographic size of a market.

Our typical model, on the left of this slide, covering around three quarters of our regional volumes, is where we leverage 3rd party dealers to provide the retail infrastructure alongside our own retail network. Within this first model, around 80% of the dealerships across our regional Distribution business are owned and managed by third parties.

The second model is vertical integration, where we operate across the entire Distribution value chain, directly operating the dealerships in the market. Around 25% of our volumes come from such vertically integrated businesses. This model tends to operate in geographically smaller markets, like Singapore or Hong Kong, where a limited number of physical retail locations are sufficient to reach the full range of customers..

The relationship with our independent dealers is crucial to the success of our Distribution business in the region. They ensure the efficient delivery of vehicles and parts through to the last mile. In addition, the insights they bring from end customers provide valuable data which we use in our discussions with our OEM partners. So, by managing our dealer network in an agile manner, we can maximise returns for Inchcape and our OEMs across the region.

Just to sum up this section, over the last few years we have made excellent progress in scaling and diversifying our business, supported by 14 new distribution relationships in the region, enabled by contract wins and acquisitions. As a result, we are now a highly scaled regional operator, with 23 OEM relationships in 11 markets.

This has been supported by our technology and data capabilities, which ensure we have a data-led approach to everything we do for our OEM partners across the region. It helps to improve our financial performance and returns for our OEM partners, and is a major differentiator for Inchcape in APAC.

Now I will take you through a number of deep dives into some of our key markets.

I will take the lens of Accelerate+. In particular, I will outline where we see the opportunity to build further scale in certain markets, and how we are optimising the business in our established markets through Distribution Excellence and Value Added Services.

Firstly, lets look at our scale opportunities in the region. The biggest opportunities are in relatively new markets for Inchcape, where we are below our global market share ambition of 10%. Or these are markets where we already have significant share, but there is still room to further develop our portfolio of OEM brands.

Let me start with the two newest markets for Inchcape in APAC – Indonesia and the Philippines.

These are substantial vehicle volume markets, with vast populations which are expected to continue growing, alongside further anticipated GDP growth. What this means for the automotive industry is that these dynamics will support mid-single digit volume growth in these markets, which still have relatively low motorisation rates.

This means that both the Philippines and Indonesia are perfect growth markets for Inchcape, where we will support our OEM partners' market entries, or broaden their brand footprints. And we can achieve it by continuing to win new OEM contracts.

In addition, there are potential acquisition targets in the Philippines and Indonesia, highlighted here by the number of independent distributors in each market. Acquisitions could help us drive further our scale and diversify our OEM partner portfolio.

In Indonesia, where total industry volumes are around 900,000 vehicles per annum, we are building a strong platform for growth. Let me walk you through our brief history in the market. We entered Indonesia in 2021 with Jaguar Land Rover awarding us with a distribution agreement, and then Harley Davidson, who transferred their wholly owned sales company to us.

We increased our presence in 2023, following the acquisition of the Mercedes Benz-owned distribution business, which includes a light assembly operation. Leveraging that infrastructure and scale across premium brands, we won a contract with Great Wall Motor, who were planning to enter Indonesia, and we are using our facilities and teams to build their brand in the market.

While we are still at an early stage of development in Indonesia, with less than 1% market share, we continue to lay the foundations for a strong future position there, putting together building blocks for substantial market share in the future.

The Philippines is another significant volume market, with annual industry volumes of around 450,000. It is a great example of where we have entered a new market through M&A, with the blessing of our global OEM partners.

In 2023, we acquired a controlling stake in the CATS Group, a leading local distributor representing Mercedes Benz, JLR, Stellantis, Mazda, Harley Davidson and Daimler Trucks in the Philippines.

The acquisition brought together the CATS' team's local knowledge and understanding of the market, with Inchcape's global technology and capabilities, as well as our global best practice, systems and processes.

And, within the first hundred days of entering the Philippines, we expanded our portfolio with a contract win, as another global partner of Inchcape, one of the leading Chinese OEM's Changan awarded us a distribution contract.

We believe that we can grow our market share in the Philippines from below 1% today, through further potential contract wins in the future.

We also operate in other, smaller markets, where our opportunity is to drive further organic growth by diversifying our OEM portfolio.

Guam is a good example here. In Guam we have successfully diversified and expanded into adjacent vehicle categories. Historically, in this market we partnered with Toyota for 50 years, as well as represented Lexus and Chevrolet. Inchcape's business there has just celebrated its 110th anniversary and holds business license number 1 on the island of Guam. In 2018, we won a contract with BMW to expand in premium passenger cars. And in 2021, we acquired Morrico, a specialist distributor of around 25 brands spanning multiple vehicle segments - commercial vehicles, heavy machinery and construction equipment, - in Guam and across the Micronesian sub-region.

As a result, since 2019, we have grown our revenues in Guam by one and a half times, increased our OEM brand partnerships by fivefold and doubled our operating profit. Now in Guam, we enjoy the highest market share across Inchcape, around 40% in passenger cars, and control a significant part of the market in the adjacent categories.

Looking ahead, I am confident that with the anticipated recovery in the tourist industry, and a substantial current and medium-term federal investment in infrastructure, our future growth prospects in Guam are very strong. We will continue delivering organic growth and, hopefully, will secure further OEM partnerships.

Having looked at the range of our compelling scale opportunities, let's now talk about how we are optimising the business in our more established markets. These are Australia, Hong Kong and Singapore.

Before sharing a few specific examples, I wanted to touch upon the dynamics of each of these markets.

Starting with Australia, where we see a real opportunity to grow our market share. Its motorisation rates are relatively high, at between 500 and 600 per thousand people, and the market's annual passenger car TIV tends to be over 1m vehicles.

We have a 32 year successful relationship with Subaru in this market. Together, we have established Subaru in Australia as one of the most iconic automotive brands, and Australia as one of the key global markets for Subaru.

We operate around 20 of the 100 Subaru dealerships in Australia, distributing annual volumes of between 40,000 and 50,000, with a market share which consistently ranges between 3% and 4%.

So, with that, we have an embedded, long-term position in a major market. From this foundation, our future growth opportunity is in diversifying our OEM brand portfolio, across variety of drivetrains in passenger cars, and into adjacent vehicle segments, in line with Accelerate+.

We have had major successes in this regard, very recently adding two important Chinese OEMs to our portfolio, covering a larger part of the passenger car market and some adjacent segments, which substantially add to our addressable market in Australia.

First, we added Foton to our portfolio. It is a major manufacturer of light commercial vehicles, like pick-up trucks or utes, with a range of EV products. The ute market in Australia is 25% of the total market, so a major adjacent segment for Inchcape to access and grow.

Secondly, we secured a distribution contract for Deepal brand, formally launched in Australia last month. It is a new all-electric SUV brand from one of our global partners, Changan.

These new brands open up new segments for us, on top of our current portfolio, giving us access to substantial additional annual volumes. This is a major opportunity for Inchcape. Particularly, as we can leverage our retail network and logistics infrastructure to build a lower cost, efficient route-to-market for our new OEM partners. So, our future growth prospects in Australia, which has been a single brand market for us for many years, look very exciting.

Also in line with Accelerate+, our ability to scale up our business in Australia with the launches of new brands is also reinforced by the strengths we have already built on the back of the successful existing business. In Distribution Excellence in Australia, with digital and data analytics, in particular, and in Value Added Services, we already have a very developed finance and insurance business, offering products to all Inchcape brands, efficient franchised used car business, and digital parts platform supporting our growth ambition in aftersales across all brands.

Turning to Singapore, which is a more typically-sized Inchcape market. It has a population of around 6 million people, with forecast GDP growth of 3% over the medium term, motorisation rates of between 100 and 200 per thousand people, and a 10 year average TIV of between 60,000 and 70,000.

Singapore is a unique market in the industry, with the local transport authority running a "Certificate of Entitlement" scheme for new vehicles, to ensure the

amount of cars on the road in Singapore, or car parc, is limited to around 1 million vehicles.

Let me explain how this scheme works. When buying a car, customers must also purchase a 10 year certificate, which can be renewed only once, for an additional 5 or 10 year period. The price of the certificate is set every 2-3 weeks by an auction, against the quotas issued by the transport authority. The price and availability of these certificates varies over this 10 to 15 year time period, effectively driving a purchasing cycle for vehicles in the market.

Inchcape team in Singapore are real specialists in managing the relatively complex dynamics of this scheme for our customers, it is a critical skill to succeed in this market. What is very important for us at the moment is that the scheme is currently in the growth part of its cycle, which will support our growth ambition in Singapore over the coming years.

In Singapore, we are vertically integrated, managing all of our dealerships directly. We work with our long-standing OEM partners. We represented Toyota in Singapore for almost 60 years, and also distribute Lexus, Suzuki and Hino.

We recently signed a contract with BYD to distribute their electric commercial vehicles in the market, which will help us to diversify our OEM portfolio and expand into new adjacent segments.

Our Singapore business already has a very strong diverse base, spanning multiple OEM's and segments, and we are also a leading distributor for taxi fleets. In addition, we have a particularly strong aftersales business, which I will touch upon shortly.

Finally, the last of our three established markets is Hong Kong. This is another relatively small market, with a population of around 8 million people, medium term forecast GDP growth of 3%, motorisation rates of below 100 per thousand people and a 10 year average TIV of between 40,000 and 50,000 per annum. Like in Singapore, we operate a vertically integrated model.

We have historically been focused on long term partnerships with brands like Toyota and Hino, both of whom we have represented, like in Singapore, for almost 60 years. We also distribute Lexus and JLR. However, as the market has quickly moved towards BEV in the past few years, we have had major progress in diversifying our brand portfolio with Chinese EV brands, including Maxus EVs from SAIC, and EV brand Ora, from Great Wall Motor.

We still see a huge opportunity to expand and diversify our portfolio further in this highly innovative market.

Let's now look at some case studies of how we are optimising in these markets, starting with our Value Added Services offering in Singapore.

This is fundamentally about our approach to Aftersales and Finance and Insurance, where we have been successful across a number of key metrics

In our aftersales service, we have targeted fleets of private hire and taxi companies who, by the way, also buy cars from us, given their relative resilience. They look for reliability and speed, and we developed a special proposition for these customers in our service facilities. As a result, around 10% of our aftersales revenue in Singapore is now fleet-related, up from just 1% in 2019. Our strength in this segment allows us to make our profit pool more resilient in the cyclical market.

Our extended warranty programmes now cover 90% of our customers, and since we stepped up our EV capabilities last year, we have developed a wide range of EV related services.

To strengthen our parts distribution business, we launched Digital Parts Platform earlier this year, and we are already seeing early positive signs, which I will touch on more broadly in a minute.

Finally, our market-leading F&I product portfolio has a customer penetration of over 80%.

Our Value Added Services offering in Singapore, with stronger capability in aftersales service, parts and F&I, is a great template for us to replicate and scale into other markets, as this allows us to make our revenue and margin performance more resilient across the region.

As you heard from Liz earlier, growing our high margin Parts and Aftermarket revenue is a key opportunity for us as a distributor. And it is one of the Value Added Services we prioritised in the region. As we are dialing up our offerings to customers to increase retention, provide them with service packages and improve our parts sales infrastructure and data analytics, we have also developed and deployed a digital tool to be able to capture more of the parts eco-system by reaching out to wider range of independent garages and workshops.

This is our Digital Parts Platform, or DPP, which we launched in 2023 for Subaru in Australia.

I would like to share with you a video featuring Valmik Mirani, who runs the DPP globally, and Suttons, a major retail group and parts Distributor in Australia, our pilot partner, talking about how the platform is transforming their business.

We are rolling DPP out to more OEMs in Australia, and into other markets in APAC, including Hong Kong and Singapore earlier this year. We expect to launch in the Philippines and Indonesia next year, with Mercedes Benz as our cornerstone OEM partner in those markets.

The opportunity with DPP is to scale into more markets with more OEMs in APAC and into the Americas. We are already seeing strong early signs of success, as highlighted by the metrics on this slide.

Now – back to Hong Kong, this slide shows our success in embedding our customer experience platform, DXP, and our data analytics platform, DAP - to drive customer engagement, improve our productivity and generate sales.

DXP is an end-to-end omni-channel platform for selling vehicles and managing the ownership lifecycle. Customers can browse, configure and buy a vehicle online. Our sales and marketing teams can then use the data from their digital footprint, powered by our analytics platform, to pick up specific preferences and price sensitivity, and further guide the customer in their decision-making process.

DXP and DAP have been developed in-house and are highly scalable. They are a major differentiator for our OEM partners, as they look to launch their brands across additional markets, and do it at speed, leveraging the data they get from our analytics platform.

In Hong Kong, as well as Singapore, we have successfully launched DXP with Toyota and Lexus, through our owned retail networks in those vertically integrated markets.

This slide shows our progress with those brands. We have also deployed our technology capabilities in other markets in the region, through our owned and third party retail networks, with a range of OEMs.

We have seen, for example, a substantial growth in conversion of digital hot leads to sales, and the percentage of vehicles sold on-line has more than trebled. The use of our technology capabilities has also grown our customer reputation scores to well above the industry average. As further evidence of our success in Distribution Excellence, here is a video, highlighting the customer benefits of our technology, including our AI-based repair quotation service in Hong Kong.

So, to close my section today on our growth outlook for the region...

We distribute around 90,000 vehicles across APAC, and have 2% market share. Delivering Accelerate+ will mean scaling across a range of existing and new markets and optimising our business in our established markets. This will be enabled by targeted acquisitions and contract wins, driving market share and scale, as well as by Distribution Excellence and VAS underpinning our profitable growth.

By successfully execute this strategy, I am sure we can deliver on our ambition to double the size of our business in APAC.

That concludes our presentation. We would now be happy to take your questions. If I could ask my fellow presenters, as well as Adrian and Nicola, to join me for this session, which Rob will moderate. Thank you.

Rob Gurner: Right. Hi, guys. So we'll start the Q&A. We're going to take questions from the room to start with and then we'll take questions online. If I could just ask you to stick to two questions each please, that'd be great. Who wants to go first? Arthur?

Arthur Trusolve, Citi: Yeah, first question. You mentioned that a minority of your markets are such that you've got 10% or more market share, but obviously you distribute about 350,000 cars a year, so can you give us an idea of how many of those 350,000 are in markets where you have less than 10% market share? And second question, are you able to give us an example of a market where perhaps recently you've transitioned from say 5% market share to north of 10%, and then tell us how the margin has evolved in that market? Thank you.

Rob Gurner: Duncan, do you want to take the first one? Adrian, take the second one?

Adrian Lewis: Sure.

Duncan Tait: Sure. Arthur, now I get the first really difficult question of the day, which is segmenting markets out. Look, what I would say, we showed you before, two-thirds of our markets are below this 10% market share number. Now, although we don't break everything out, you can see, look, we distribute about 40,000 or 50,000 vehicles in Australia, that's publicly available data. There's another big chunk that we sell in Chile. But to try and answer your question another way, if you look at most of Central America, most of the Caribbean, a number of markets in the rest of the Americas, almost all of our markets in Europe are either less than 10% or only one OEM, and we have a number also in the patch that we have in APAC. So we're skewed to some big markets with lots of opportunities in those two-thirds.

Arthur Trusolve: So I guess, to summarize what you're saying, is it fair to say that you think over 50% of your volumes are in markets where there's less than 10% markets?

Duncan Tait: I don't have exact numbers to hand, but it would be somewhere in that region, yeah.

Arthur Trusolve: Okay.

Duncan Tait: Yeah. And look, final point, don't forget, in a market like Chile, we have somewhere between 25% and 29%, so very skewed in market share in those markets.

Adrian Lewis: Arthur, in terms of the question around margins and how we see them evolve with scale, which is, I think, the question you were asking, look, there's not an

inflection point, it's a sliding scale of course. As you grow scale, you're able to leverage the platform that you build, whether it be the physical infrastructure in a particular market, whether it be the team that operates in that market, whether it be the finance team, the HR team, the back office team. That's all the assets we leverage with brand specific teams facing into the OEM and setting that brand up for success.

So think about margins evolving as we scale those markets, rather than, say, once you get to 7.5% market share, you can pin margin there. It's very much a sliding scale. But absolutely, we see a correlation, a strong correlation between margins that are accretive to group, and accretive to the regions that they operate in when you see share in excess of 10%. That's why we've anchored around that as an ambition, because we see those benefits in driving margin resilience, and moving the group overall towards the upper end of that 5% to 7% typical distribution business that we talk about.

Arthur Trusolve: Great. Thank you.

Adrian Lewis: Thank you, Arthur.

Rob Gurner: Andy?

Andrew Grobler, BNP Paribas:

Just on the margins, if I can go back to that one. You talked about a sliding scale, so I can understand that, but can you talk about maybe the slope of that scale? As in, what is the difference in margins between those over 10% and those that aren't? Otherwise, it's difficult to translate that into expectations. And then also, for VAS, are there any financial targets sitting around that? Given I suppose you gave targets for VLS, the old solution, where are we now? Thank you.

Rob Gurner: Adrian, over to you I'm afraid.

Adrian Lewis: Both me. Yeah, no, absolutely, I expected that. Thank you, Rob. So when I think about what's the range of margins, which is what I heard you ask about, and actually Asia Pac is a great example, with an average of 8%. So you think, I thought it was 5% to 7%, but you've got a whole region that averages eight. What we've got in that market, we've got some scale markets, where we are fully vertically integrated, so own 100% of the retail, and have very mature after-sales businesses. Those businesses are above 10% market share and we are seeing margins that are accretive to both the region and also to the group.

I think if I took you back to the May webinar, we set out some of the fixed and semi-variable nature of our overhead base, which you can use to try and articulate how that margin profile can grow as you scale markets. Thematically, you can do that and probably that may help you a little bit in terms of the range. But certainly, we see, particularly in Asia Pac, and in other markets to be fair as

well, that opportunity to scale margins towards the top end of the 7% as being very real as we get above that 10% range.

In terms of the financial targets, look, what you've seen today is a strategy for growth, Accelerate+ is a growth strategy. The building block of scaling in markets, and the building block of optimizing our business to deliver resilience in our margins are really the two building blocks of growth. The value added service component is part of that algorithm that we will continue to talk about as we grow. We're not going to set a specific financial target for VAS, because we think that's part of our overall business model and how we're going to deliver a resilient growth profile for the group over time.

Rob Gurner: Any questions not for Adrian. David?

David Brockton, Deutsche Numis:

Sorry to disappoint maybe on this one. It's David Brockton from Deutsche Numis. Just following on from the value added services point, I just wonder if you just help us conceptualize the opportunity there a bit better. Is there anything that you can give in terms of percentage of business by region and where that could go over time? Also, as you split out the various parts of value added service, is it weighted more towards F&I than parts? How should we think about it? Thanks.

Adrian Lewis:

I think if you go back to some of our disclosures, you can see how much of our gross profit comes from aftersales particularly and the resilience you see. That's about a third of the group's gross profit overall, comes from aftersales, so it gives you a sense of the scale of it. F&I is a big component of Value Added Services and how we see both that product offer expanding and the breadth of it. Because that does two things, one, it helps margins in the actual vehicle, but also can accelerate the ownership cycle of a vehicle and drive up the number of cars sold. So the idea of Value Added Service specifically appearing as a specific P&O item isn't where it'll land up. It'll actually drive all of our value drivers as we continue to grow this business. I think that gives you a bit of a sense of where we're going. Value Added Service will grow our aftersales business. That's our big agenda and you'll see that in some of our disclosures as we move forward.

Rob Gurner: James.

James Wheatcroft, Jefferies:

Afternoon. Maybe not a question for Adrian. How about just thinking about the M&A bucket and that growth as an area, how are you finding sourcing deals? How do you source deals? What's the motivating feature of the vendor for them to want to sell, and how involved are the OEMs in the whole process?

Rob Gurner: Thanks, James. Maybe, Ruslan, you could talk about that from an APAC perspective strategically, and Nic can touch on it as well from a process perspective.

Ruslan Kinebas: Yeah, sure. M&A for us obviously is a major growth driver, and we've spent quite a lot of time and put a lot of effort in identifying those most attractive markets, which we shared some numbers on here during the presentation, and the OEMs. So we have a clear view on the prioritization of the OEM opportunities across the markets that we're going after, and that informs the building of the pipeline. Pipeline we have in APAC is quite robust, and we certainly see a lot of further growth coming from those M&A opportunities. Maybe Nick can talk a little bit about how we think about M&A beyond that.

Nicola Gear: Sure, Ruslan. The way that we think about M&A within APAC is we see M&A having three phases. We start with deal selection, we then look at due diligence, and then we look at integration. Thanks to Phil, we've done a lot of great work over the last couple of years to build out the M&A playbook, which really helps guide the regions through those three phases. We also have a dedicated M&A director within the APAC region who will help guide us through deal selection and also due diligence. On top of that, we also have a dedicated project manager who will help lead our M&A integration work streams, and the project manager will pull together cross-functional teams from across the business, where we focus on everything from how we bring our new colleagues into the Inchcape family, how we roll out Inchcape best practice, so including things like DAP, DXP, S&OP planning, and all the way through to how we develop sustainability plans for our new businesses. This process is working really well within APAC, and we're really proud with the integration performance we've seen over the last year.

Ruslan Kinebas: Maybe to close in on some of your sub-points in the question. Cultural feed is very important part of the due diligence, and evaluation on whether this is going to work or not, so that's definitely a consideration that we take. Given the nature of our business, we have to have support of the OEMs, and we are quite privileged to have the breadth of the relationship and the depth that allows us to rely on OEM support in driving those acquisitions.

Rob Gurner: Sanjay?

Sanjay Vidyarthi, Panmure Liberum:

Hi. I know you refined your total addressable market size a while ago, so now in terms of the 44 new market opportunities, are they all realistic market opportunities now, or actually is the number more like 20 to 30 different markets, and within that now, is APAC probably top of the list in terms of where the M&A opportunities lie?

Rob Gurner: Duncan, do want to take that? Maybe, Liz, you could add to that as well, and maybe Ruslan add the APAC slot, so spread it out bit.

Duncan Tait: Yeah, so you've got a good question, Sanjay. The 44 is realistic, so they are markets which are very well suited to Inchcape, and markets that we feel we are able to operate in, where we have some type of regional knowledge. Now, in terms of where the new markets are, there are very few in the Americas. We're in almost all of the markets we want to be. In Europe, there are more markets for us to enter, which look really great markets for us as a company, and naturally there are a whole bunch of markets which happen to be in APAC, as we showed on the slide before, so America's not many, Europe, there are more, and APAC, there's a chunk.

Liz Brown: And just to follow up on that, so we went through a really rigorous process of trying to identify which are the attractive markets for Inchcape, thinking about GDP growth, thinking about TIV opportunity, thinking about whether an OEM is likely to want to use a third-party distributor in those markets. So we went through quite a rigorous process to get to that list of 44, so to reiterate what Duncan says, I think they're very, very viable opportunities.

Duncan Tait: And Rob, if I may just to say one thing, Sanjay, let's not forget with this from our perspective, which is the number one priority for us is to scale in existing markets for all the things we said in the presentation and what Adrian said, and to scale primarily with the OEMs, our A-class OEMs in our existing markets with passenger vehicles. Then, that brings a number of further opportunities in each of those markets, but look, we're entrepreneurs, right. If there's a market that comes up, which suits us, we will enter that market, just like we did with the Philippines.

Ruslan Kinebas: If you look at the map, it's quite easy to probably figure out which are the markets of small to medium size, and the markets which could appeal to Inchcape because of their kind of complexity and low motorization rates as it stands today, so the opportunity for us to grow and build those portfolios, like we've just done in a few markets, and Latin America, obviously, and Indonesia and Philippines. So, when I look at Asia broadly, so we are looking at the markets, around what is called Southeast Asia more broadly, kind of that area of the region, as well as further north all the way to Central Asia to source the markets that we believe will be attractive for Inchcape in the future.

Rob Gurner: Thanks, Ruslan. Charlie?

Charlie Rothbarth, HSBC

: Could you please talk around the nuance of distribution into the archipelago nations for Philippines and Indonesia, versus say a solid landmass such as Australia, and then within your population for those two nations, how much of those sit outside of what is a reasonable place to get a car? So, Indonesia, for

example, covers something like 25,000 islands. I can't imagine you're appealing to all 25,000 of them.

Ruslan Kinebas: It's a great geographic question. So it probably tests my knowledge here, but I think in the bigger picture, we talked about our distribution model, and our distribution model is two-faceted, so we've got our own sites in areas where there is a high degree of concentration of the population and we work with multiple retail partners in the less populated or less affluent areas. So that gives us an opportunity to flex that sort of investment level and rely on the partners that are more fluent in the areas that are less accessible for us, operating from the big cities. This is how you should think about the Indonesia and Philippines, so there would be heavier presence and maybe more effort from us and some of the major retail groups to create that footprint in the big cities. Then, there would be still an opportunity to develop presence outside of the big cities, but through the third-party networks that would be specializing in those areas.

So, that's one aspect of the strategy. The other one is we always talk about the multi-tier, multi-price portfolio that we are developing across countries, and that's very important in us being able to access that market that gives us a share of double-digit share eventually, right. So, therefore, if I take the example of the Philippines, we started with the premium portfolio, what probably doesn't command great market share outside of the big cities, but then we've launched the Changan brand, that is a mass-market brand that would have significantly stronger appeal beyond the major urban centres that are more affluent. So, if you think about our distribution model and the vertical integrated retail versus third-parties, and then the price tiering of our portfolio, that should tell you basically how far we can go, and we think we can actually reach very far into those geographies, regardless of how complex they are.

Rob Gurner: Very good. Any other questions? Jason.

Jason Crawshaw, Polaris:

This question is for Liz. So when you joined and you did your strategic review, was there anything that was missing, I guess, in your mind, and if not, were there areas that you thought you needed to lean in or emphasize and also de-emphasize?

Liz Brown: Oh. Nice question. So when I joined 18 months ago, it was a great time to start thinking about the evolution of the strategy, actually, and that's the point I would make here. The strategy you see today, Accelerate+, is an evolution of what we were already doing with Accelerate. So we've chosen to focus a little bit more heavily on certain areas like scale, so this I would describe as really a growth strategy for Inchcape out to 2030. We've chosen, also, to rethink how we articulate the opportunity of vehicle life cycle services, which we've now broadened and called VAS, Value Added Services. So those are two of the key differences I think we've chosen to evolve on from where we were with Accelerate original. But no, overall, I think that Accelerate gave us a great

foundation, as Duncan laid out in his introduction. It set Inchcape up for success, and it was the right time to then think about how to step back to broaden and to really think about those growth opportunities out to 2030.

Rob Gurner: Any other questions? Yes.

Rory McKenzie, UBS: Good afternoon. It's Rory from UBS, so I can work the mic. Two questions on the OEM partner portfolio. Can you talk a bit more about the process you're going through to try and broaden that list organically, and what level are you interacting with the OEMs? Is it still country, or are there more regional conversations as well? Then, if you look at what you've been adding more recently, so the excellent Utes in Australia or the Chinese OEMs, are there any differences in the contract structures or what they're looking for in their partners, compared to the traditional core of your portfolio?

Rob Gurner: Two very good questions. Maybe Duncan, do you want to give us sort of a high level view? Liz can comment on the specifics, and maybe Ruslan can give the regional perspective?

Duncan Tait: Good question. So the way I think about OEM relationships is we should be building global relationships with those OEMs, whether that happens to be the brilliant portfolio of Japanese OEMs we have, an emerging population of Chinese OEMs, or our European premiums. So we want a relationship, headquarters to headquarters. That's why I spend about 20 weeks a year at least on the road, not just in our own markets, but in the headquarters of our OEMs.

We expect, then, Glafkos, who's here, Romeo runs the Americas, or my friend, Mr. Kinebas, to have regional relationships, as well as to take part in the relationships we have at a headquarters level. Then, yes, absolutely the MDs and CEOs who run our markets should also have a very close relationship with their OEM partners. I think that makes the relationships more sticky, more strategic, and gives us the opportunity for more contract wins and more M&A opportunities, because I think as the question came from James before, ultimately, for us to win a contract or to get supported for a piece of M&A requires OEM approval for us to do that.

I think the strength of our relationships with OEMs is showing up in the number of contract wins, the pipeline we have and the number of M&A opportunities we've closed over the last few years. Then, the final point I would say, and it goes to what Liz said before, we have markets where some of the penetration of EV is 70% or 80%, but if you look at the group level, less than 2% of our volumes are EV; therefore, it is important for us to build a portfolio of OEMs globally and in each country, which are able to move at the pace that the regulatory environment and tax environment moves in that country, as we move to a zero carbon future whenever that might occur, so we're deliberately choosing OEMs that can move rapidly on that journey to a sustainable mobility future. Mr. Kinebas.

Ruslan Kinebas: From my side, just to build on this, the way I think about the relationships, we prove that we're the right partner to drive superior performance in market, in the market, right. So, I think in the end of the day, OEM will assess whether we are the right partner by whether we're delivering against their expectations in the market, and it doesn't matter whether it's Chinese OEM, Japanese OEM, and how many years of relationship we have with them, and therefore the market relationships are the base, the starting point. Then, of course, when you think about the original opportunities, the evolving map of their distribution strategies, so how they want to develop their footprint, those conversations that are happening in the region, and they need to also see that we have a complete endorsement from the group, in terms of the strategic opportunity and investment levels that we need to put in the brands. That's why, as Duncan is saying, these relationships go all the way through and there is no difference in that respect between the types of the OEMs we operate with.

Duncan Tait: I forgot to answer one question, which you asked about contracts, is you should think broadly about the very limited difference between OEMs of different country-based or targeting different segments, having different contracts.

Rob Gurner: Anything else from the room? We've got quite a few online, so let's start with some of those. So this is from James Bayliss at Berenberg. These are for you, Ruslan. First is on aftersales. Presumably, the car parc or installed car base of the country is the bigger driver of the opportunity than annual TIV. Can you give a sense of the average size of the car parks in some of your markets versus sales if you have it? Are you talking 5 times, 10 times, 20 times, if that's something that you can give us sort of guide on? The second is on, we mentioned that EVs were about 2% of group volumes. How does that percentage look in various markets across APAC? Can you give us a sense of that as well? Would there be a range?

Ruslan Kinebas: Yeah, okay. I think on the car park versus TIV, it would vary by market, depending on how sort of old the car park is, obviously, but we are talking dozens. Yeah, so we're talking 10 plus, right. So we're not talking 3 plus in terms of the car parc, so just to give some orientation around that number. And yes, it's true, car parc is more important for the parts' opportunity that we talked about, rather than the actual TIV, but of course it's a bit of a chicken and egg conversation, because the larger TIV growth is obviously fuelling further growth in the car parcs in the markets and creating that renewal opportunity for the used cars as well, hence the conversation about the whole life cycle. The 2%, yes, it's an extremely average number across APAC. We, obviously, have a place like Hong Kong that, this year, at some point, got to almost 80% now just over 70% EV penetration in the new car sales. Again, not in the car parc terms. We, at the same time, have some markets of Philippines with less than 1%. We have Indonesia that's just getting to 2%, gradually, so the range is very wide, and the gap will not necessarily close very soon. There is certainly acceleration across the markets. There is certainly focus across all of our markets on the EV penetration, but the important thing as well is that, unlike some of the other geographies, it's not black and white, ICE versus EV.

It's very clear that there is a sustained role for hybrids in those portfolios in the markets. If I were to point out one drivetrain winner in the recent past across the region, that would be hybrid drivetrains, so it will be mixed future of the drivetrains, and EV will grow, penetration will grow, the car park will grow, but the importance of ice and hybrid will still be very high across the markets.

Rob Gurner: Thanks, Ruslan. Nic, there's a question coming your way. How do margins vary across the APAC region, and what cost initiatives are you driving in APAC?

Liz Brown: Thanks, Rob. So I think Adrian nicely articulated earlier, if we look at APAC margins, we've been running consistently above 8%, and that really reflects the fact that we've got a higher proportion of high margin, vertically integrated businesses within APAC. If we turn to the cost question, so I've been really proud of all the work the team's been doing over the last couple of years, developing a low cost route to market for our OEM partners. I thought it'd be helpful to give you a few examples of some of the things that the teams have been working on, so over the last couple of years, we've been looking at how we leverage our scale to reduce distribution related costs.

A great example of this is down in New Zealand, so last year we acquired LDB and KGM, and following that acquisition we did a tender on road transport, and by combining the volumes from the new brands plus Subaru, we delivered a double-digit save. We've also been looking across the region at how we leverage technology to make better decisions and drive down our costs. So, a great example of that is the use of AI to forecast customer demand, and by feeding that into our S&OP process, we've been able to make sure we've been ordering stock just in time, reducing our stock holding, and reducing our holding costs. So as a result of all of this great work across the region, we're now tracking overhead percent to sales of just under 11%, which I believe is broadly consistent with what we're seeing across the group now.

Rob Gurner: Thanks, Nic. Questions on DPP from Andrew Nussey at Peel Hunt. One of these is for you, Adrian. One is for you, Ruslan. How much is the DPP contributing in terms of profit, and what's the profit ambition? That's for you, Adrian. Then, the second question is around Indonesia and the Philippines. What is the sales pitch to OEMs in that market, given the size of those markets you'd expect that OEMs to go direct themselves?

Adrian Lewis: I'll take the first one. Andrew, thanks very much. The profit contribution, we're not going to split it out. It's very much part of our aftersales operation, leveraging the existing infrastructure we've got. So, you saw the work that Sutton's were doing, and the video around how they were using their existing route to market into the end dealer groups. It's the same for us. At the top end, we are using our existing infrastructure. We've built the digital platform, and for our own parts products, we're using that to use the DPP to reach a greater number of independent workshops, so we're not going to split out the profit specifically from DPP, but certainly it's margin accretive. We've talked about the high margins we see in the parts business in other forums, and we see that as a

great way of growing and increasing the aggregate margins for us, as a distribution company in all of the markets that we operate in. You'll see it, as I said earlier, in some of the aftersales disclosures we'll make as we go through our results cycles over the next few months.

Ruslan Kinebas: Sales pitch to OEMs for Philippines and Indonesia. Our OEM partners have a lot of things to worry about when they look at their local businesses, right. So, I think there are bigger markets across the world where they would do the job themselves, and that's why we believe that these markets don't necessarily represent a big opportunity for Inchcape. What we think about the still small-to-medium sized, and the markets that have a lot of underlying complexity in terms of regulation, in terms of the local processes that you need to go through in order to be operational across distribution, retail, and operations in general, we offer them an opportunity to simplify.

We offer them the opportunity to move at speed, including in the area of digital and data where the capabilities are very patchy, across the automotive industry. So, we offer that, and we offer that right away to our OEM partners, which allows us then to drive performance quickly, gain share on their behalf and for Inchcape, and build a business that is more efficient than potentially a mono-brand business could be in a market like Indonesia or Philippines. We've had quite a lot of success there with conversion of NSCs as well. NSC is National Sales Company, so the OEMs, Indonesia, it's two. So, we obviously took over business from Harley-Davidson directly, and we took a business from Mercedes-Benz. We had the similar successes in other countries as well, particularly in Latin America, and that is just a demonstration of the fact that they trust us to do a better job in those markets than they can do themselves, and we just need to keep proving that.

Rob Gurner: Thanks, Ruslan. Right. I may regret saying this. Any other questions from the room? No? Very good. So, final question before we finish, and then Duncan, I think you're going to sum up, from Ben Isaac from Brizo Capital. You talked about a healthy pipeline of bolt-on acquisitions. What makes something a great bolt-on acquisition?

Duncan Tait: A very simple call from my perspective, Rob, which is one of our treasured OEM partners in a geography we really want to be in, where the valuation makes sense and we continue to grow beyond that acquisition.

Rob Gurner: Perfect. Would you mind summing up? Thank you very much.

Duncan Tait: No. I will, absolutely, sum up.

Thank you for all your questions and thank you to my team for all your efforts today. Just to sum up our three key messages from today...

Firstly, our evolved strategic approach, Accelerate+, has been developed to enhance our position as the Global leader in the attractive automotive Distribution sector.

Secondly, we have a clear ambition of driving our market share towards 10% in our markets over the medium to long term. This will make us even more resilient as a business and deliver substantial benefits and value for all of our stakeholders.

And, finally, our diversified and scaled APAC business has a range of compelling opportunities from which to access future growth.

That's all from us today. We hope you enjoyed the session - thank you for joining. See you again soon.