



# 2021 CAPITAL MARKETS DAY

17th November 2021



# DUNCAN TAIT

# GROUP CEO



# Today's agenda

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1 Welcome + takeaways

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2 Industry & macro trends

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3 Our strategy

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4 Distribution Excellence & Enablers

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5 Industry consolidation

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Q&A

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Break & refreshments

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6 Vehicle Lifecycle Services

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7 Financial plan

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Q&A

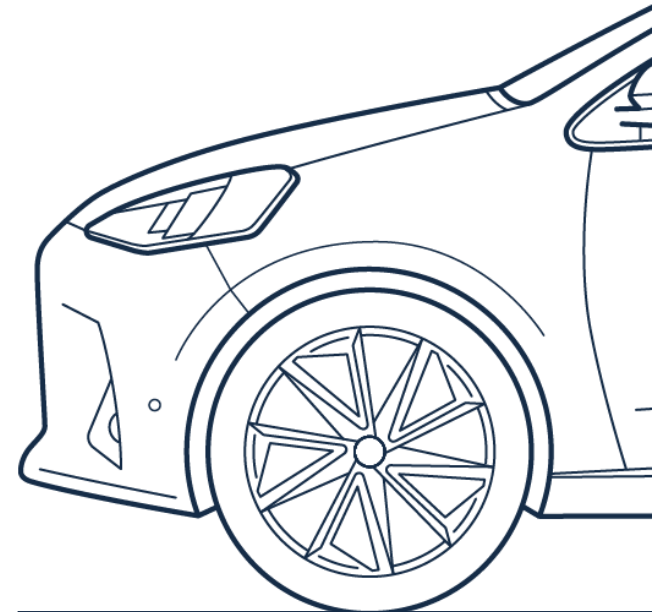
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8 Wrap-up

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Drinks & canapes

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# Today's Inchcape team

## Presenters



**Duncan Tait**  
Group CEO



**Gijsbert de Zoeten**  
Group CFO



**George Ashford**  
Chief Transformation  
Officer



**Mark Dearnley**  
Chief Digital  
Officer

## In the room



**Glafkos Persianis**  
CEO Europe



**Romeo Lacerda**  
CEO Americas  
& Africa



**Helen Cunningham**  
Chief HR Officer



**Mike Bowers**  
Group General  
Counsel



**Jasmmin Wong**  
MD: Singapore and  
Greater China



**Dean Sykes**  
Operations Excellence  
Director APAC



**Katie Marlin**  
Director of Commercial  
Operations UK



**Phil Jenkins**  
Group M&A  
Director



**Gaurav Swarup**  
Chief Technology  
Officer



**Alex Chalmers**  
Group Treasurer



**Finn Lawrence**  
Group Communications  
Director



**Raghav Gupta-Chaudhary**  
Investor Relations  
Director

# Inchcape is on an ambitious growth journey

The **leading automotive distributor** in a highly fragmented global market



Expanding the reach of our **plug-and-play global distribution platform**



Our **digital and data capability** is a significant competitive advantage



Uniquely positioned to **capture more of a vehicle's lifetime value**



Growth ambition underpinned by our ESG strategy: **Responsible Business**



Deliver significant value through **organic growth, consolidation and cash returns**



The image is a composite of two scenes. The left scene shows a family of three—a woman, a man, and a young child—smiling and sitting in the open trunk of a white car. The right scene shows a man in a brown sweater plugging a charging cable into a dark-colored electric car, while a woman in a black jacket stands by the car, smiling and taking a selfie with her phone. The background of the right scene is a modern building with large windows.

**BRINGING MOBILITY TO  
THE WORLD'S COMMUNITIES -  
FOR TODAY, FOR TOMORROW  
& FOR THE BETTER**

# Next section

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6 Vehicle Lifecycle Services

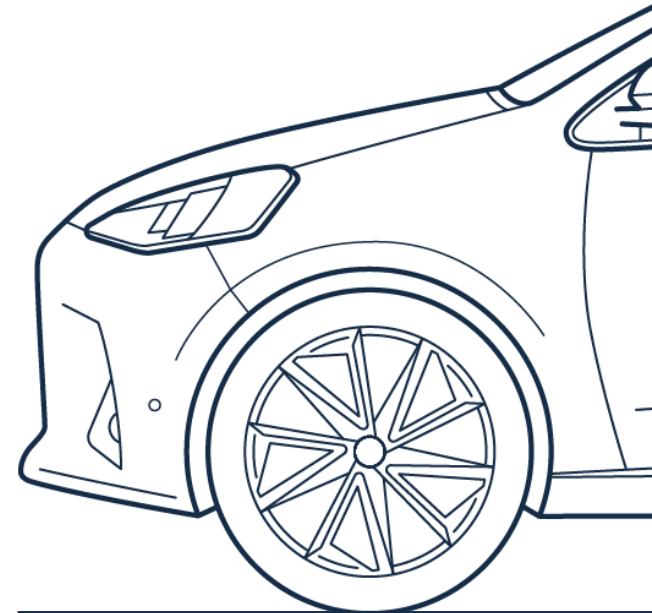
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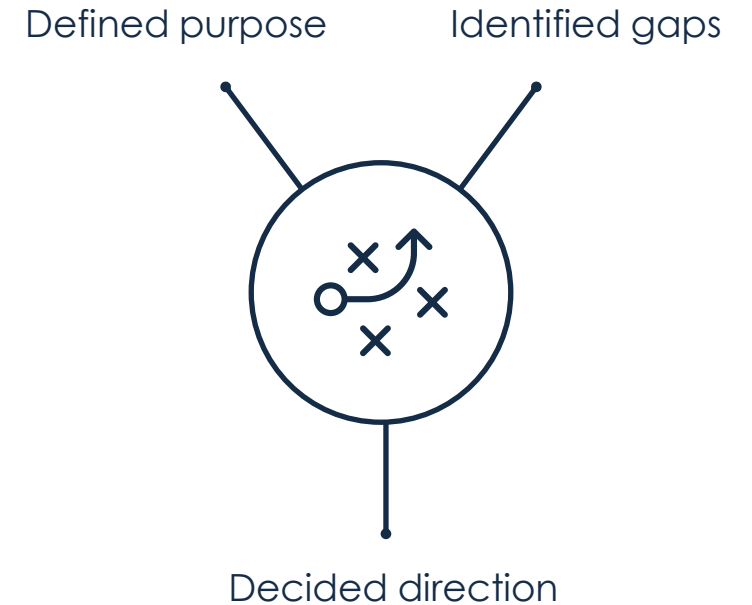
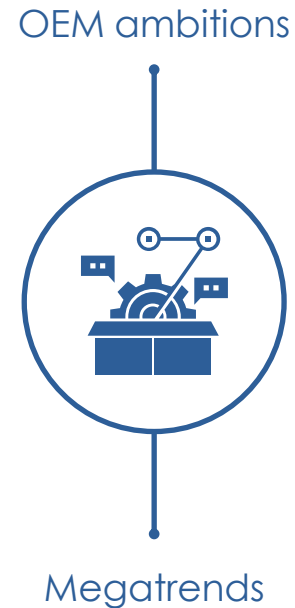
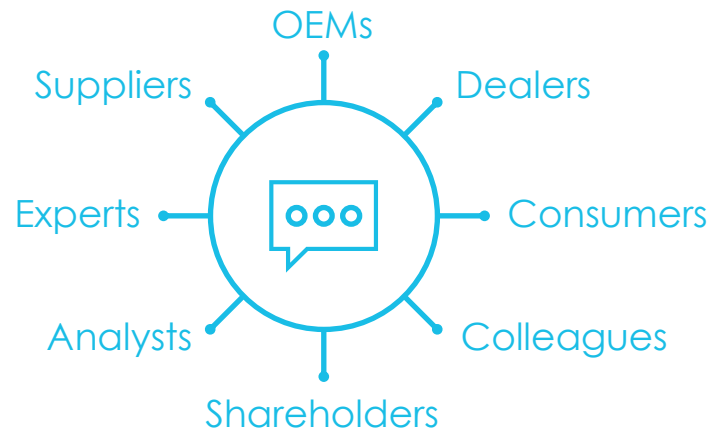
8 Wrap-up

Drinks & canapes

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# The process we've undertaken





# Embracing the changes to our industry

## Changing automotive industry



### OEM ambitions

Partners expected to align with long-term vision, including ESG goals



### CASE trends

Growing BEV / PHEV market supported by regulation; rise of Mobility as a Service



### Route to market

Helping OEMs get even closer to customers

## Changing consumer dynamics



### Retail trends

Expectations for a personalised, digitally integrated experience



### Consumer insight

Being smart with data and analytics to create advantage



### Consumer habits

Catering to different vehicle ownership models

## Focus on environment & society



### Emissions

Low-emission vehicles and corporate GHG targets expected



### Circular economy

Resource scarcity and waste prevention front of mind









### Employee expectations

Young workforce looking for purpose-driven employers

# Electric vehicle sales on the rise, with varying pace

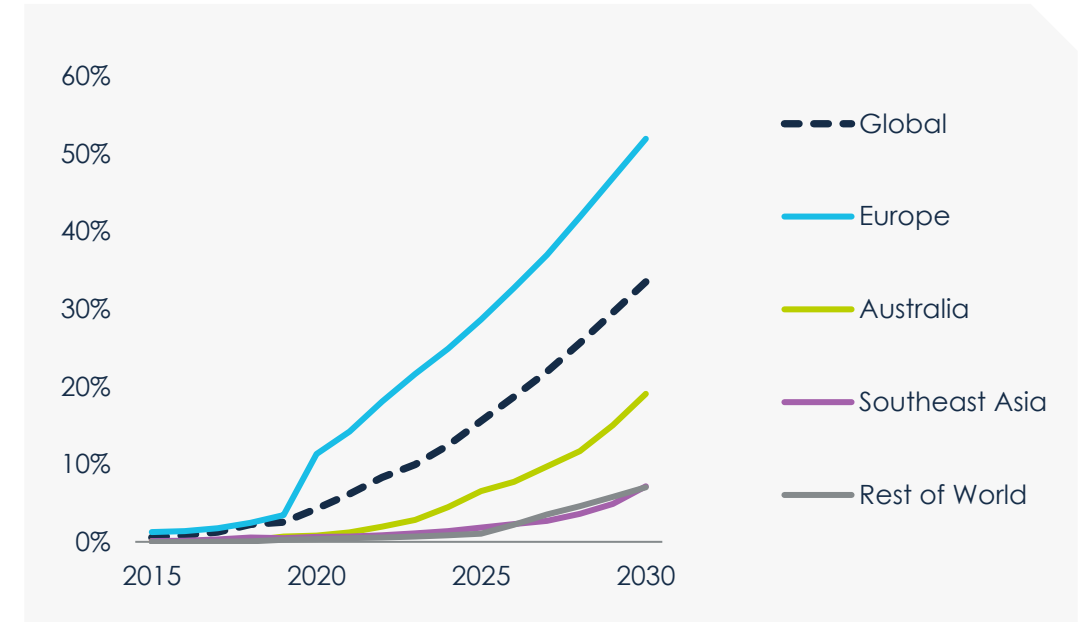
## OEMs are setting ambitious EV targets

2030

 <p>Target of 5.5m total EV sales</p>	 <p>60% of Land Rovers sold to have zero tail-pipe powertrains</p>	 <p>40% of global sales to be HEV or EV</p>
 <p>50% total global sales to be fully electric</p>	 <p>40% of global sales to be HEV or EV</p>	 <p>70% of sales in Europe and 40% of sales in US to be BEV or PHEV</p>

## The pace of EV adoption will vary across markets

EV share of new vehicle sales<sup>1</sup>



1: Source: Bloomberg NEF (Economic Transition scenario) | EVs: include battery-electric (BEV) and plug-in hybrid vehicles (PHEV)

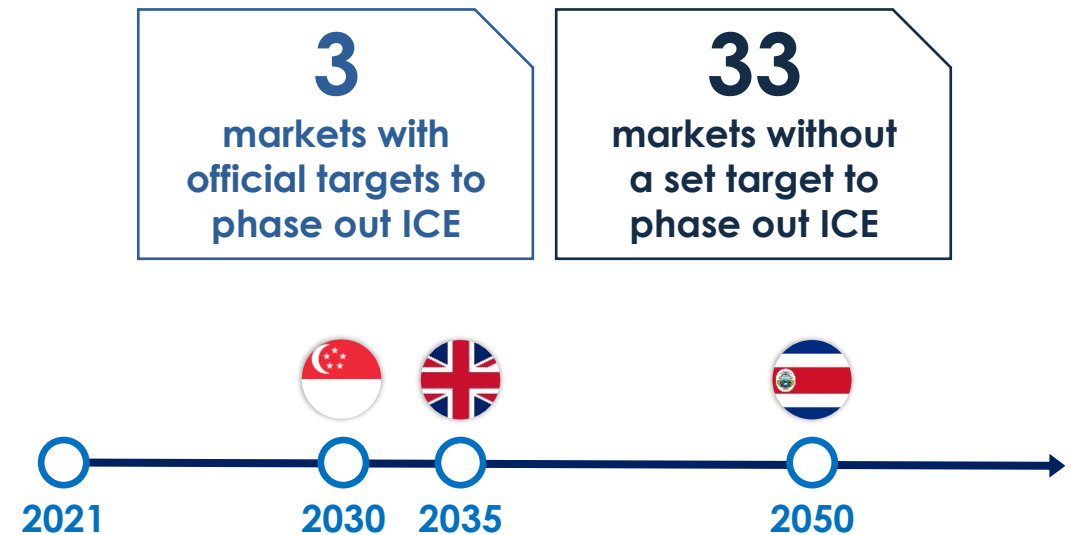
# We are experts in successful OEM market entries

We have operations across six continents; with markets ranging from emerging to more mature

We are experts in our markets, with domain expertise in:

<p><b>Regulation</b></p> <ul style="list-style-type: none"> <li>▪ Market EV regulations</li> </ul>	<p><b>Policy</b></p> <ul style="list-style-type: none"> <li>▪ Subsidy positions</li> </ul>
<p><b>Consumers</b></p> <ul style="list-style-type: none"> <li>▪ Local consumer needs and preferences</li> <li>▪ Sentiment towards EVs</li> </ul>	<p><b>Infrastructure</b></p> <ul style="list-style-type: none"> <li>▪ Charging infrastructure</li> <li>▪ Grid readiness</li> </ul>

Today, three of our 36 markets have targets to phase out ICE vehicles in the next 30 years<sup>1</sup>



**Expertise within and across markets significantly augments Inchcape's value to OEMs – particularly as they approach EV market entry**

1: Source: ICCT | Governments with official targets to 100% phase out sales or registrations of new internal combustion engine cars by a certain date: Singapore, UK, Costa Rica (Status: June 2021)

# Inchcape embraces the adoption of electric vehicles

## BEVs require specialist aftersales capabilities

	Labour	Parts	Bodyshop	Oil
ICE <sup>1</sup> gross profit mix	65%	14%	11%	10%

## BEV<sup>2</sup> impact on aftersales gross profit

No oil				↓
Fewer mechanical parts		↓		
More wear and tear		↑		
More expensive parts		↑		
Increased labour hours	↑			
Higher customer retention	↑	↑	↑	

- Adoption of BEVs is not expected to be a headwind for the Group's aftersales profitability

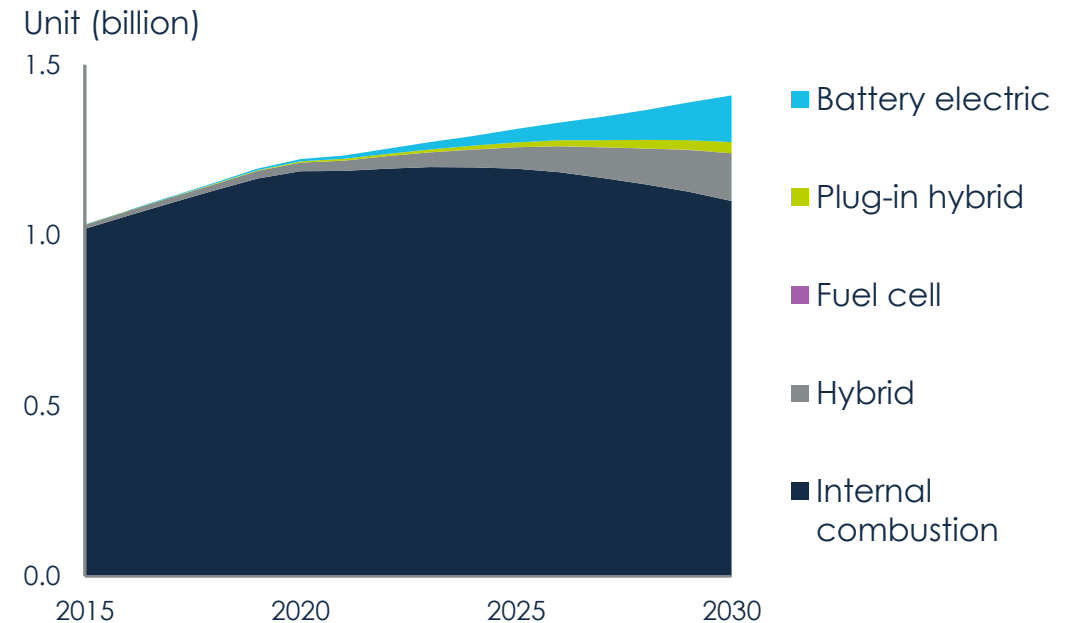
1: ICE = internal combustion engine vehicle (i.e. traditional petrol or diesel)

2: BEV = battery electric vehicle

3: Source: Bloomberg NEF

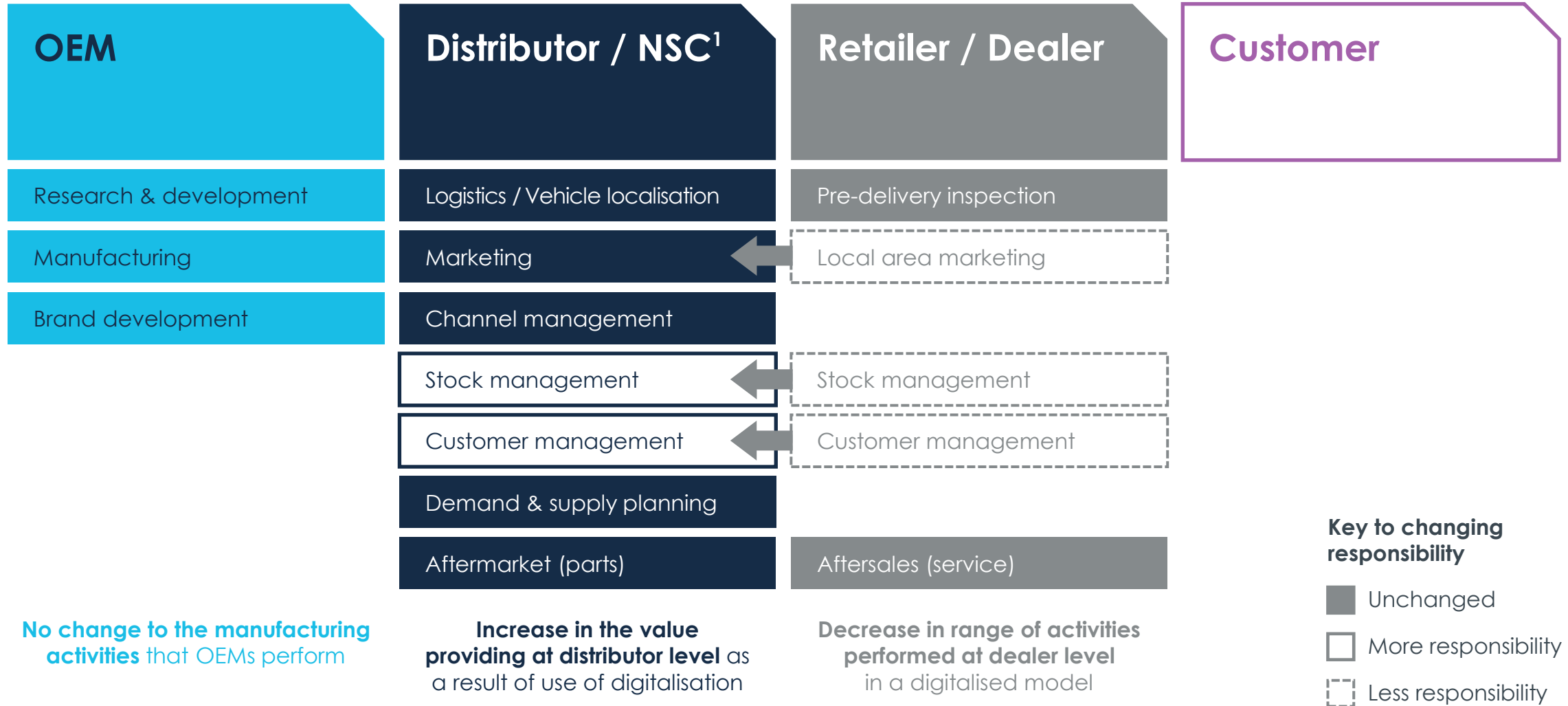
## EV penetration in our markets will lag more developed markets

Global passenger vehicle outlook (by drivetrain)<sup>3</sup>



- By 2030 BEVs are expected to be 10% of the global car parc

# The digital shift gives distributors more responsibility



1: NSC: National Sales Company

# Consumer expectations continue to evolve



**4.5 to 6 hours**  
spent online  
researching price  
and product  
specifics prepurchase



**1.4 visits**  
on average  
made to dealership  
prepurchase



**40% to 50%**  
customers welcoming  
digital experiences  
at dealerships

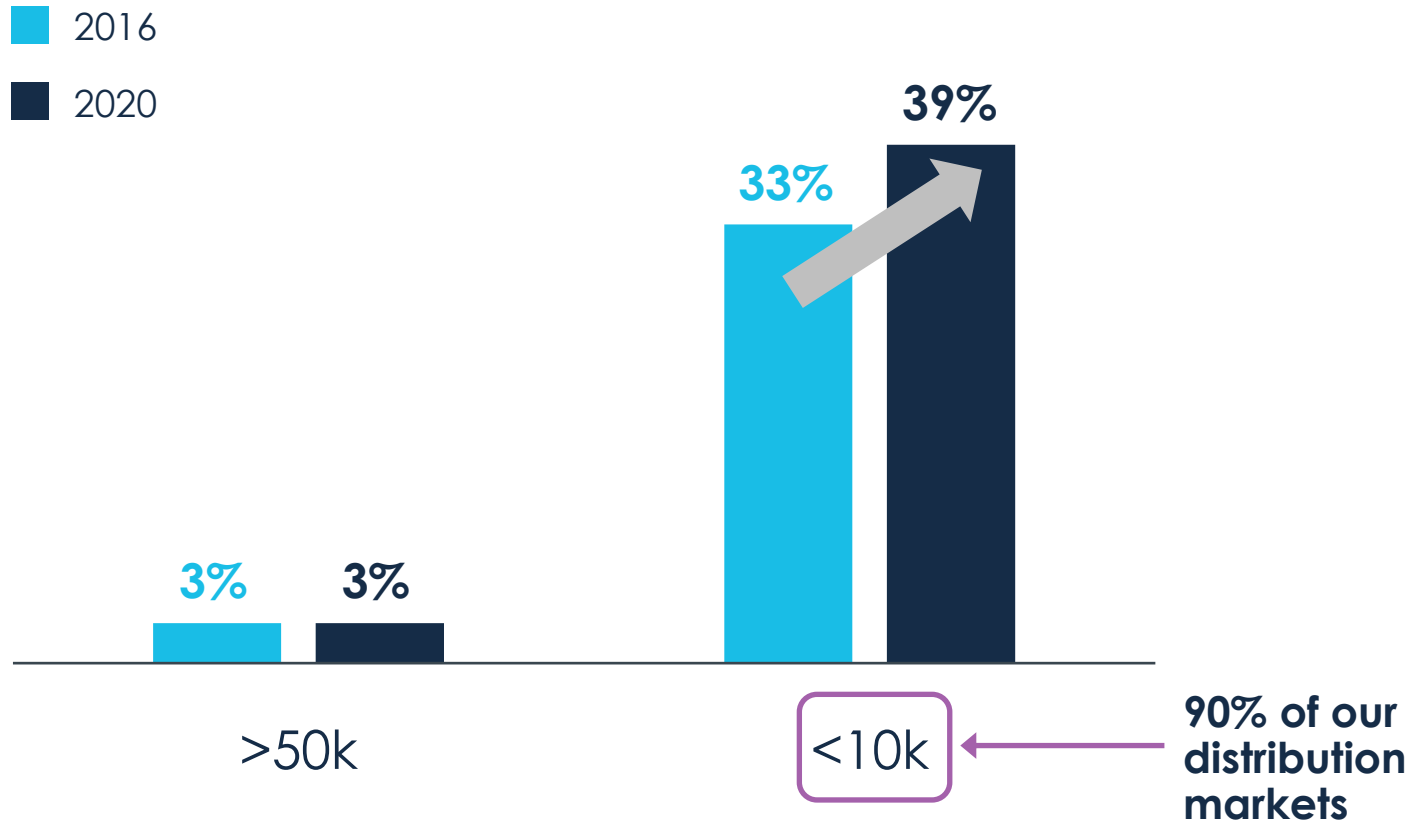


**75% to 85%**  
of customers make the  
purchase at a dealership  
having chosen a car  
based on online sources

- Consumers spend **considerable time online researching a vehicle** before entering the dealership
- Consumers **expect an omni-channel experience**; one that seamlessly integrates both physical and digital
- Number of visits to a dealership have reduced; however, providing a rich omni-channel and **personalised experience remains crucial**

# OEMs outsourcing distribution will gather pace

## % of distribution outsourced to independents



- OEMs are focused on the largest TIV markets
- OEMs are reallocating capital to CASE
- OEMs would like fewer partners

X: Vehicles distributed by a single distributor in a market  
 Y: % of distribution outsourced to independents

# Embracing the changes to our industry

## Changing automotive industry

- We provide OEMs with a solution in smaller and emerging markets

- We collaborate with OEMs to help them reach their goals (EVs or otherwise)

## Changing consumer dynamics

- Our digital & data capabilities are focused on the consumer experience

- Our expertise supports customers throughout the buying journey and their ownership lifecycle

## Focus on environment & society

- We are a forward-thinking, purpose-driven employer

- We take our environmental responsibilities seriously across our markets

**Strategic direction chosen with a 360-degree view of our industry, consumer expectations and the communities in which we operate**



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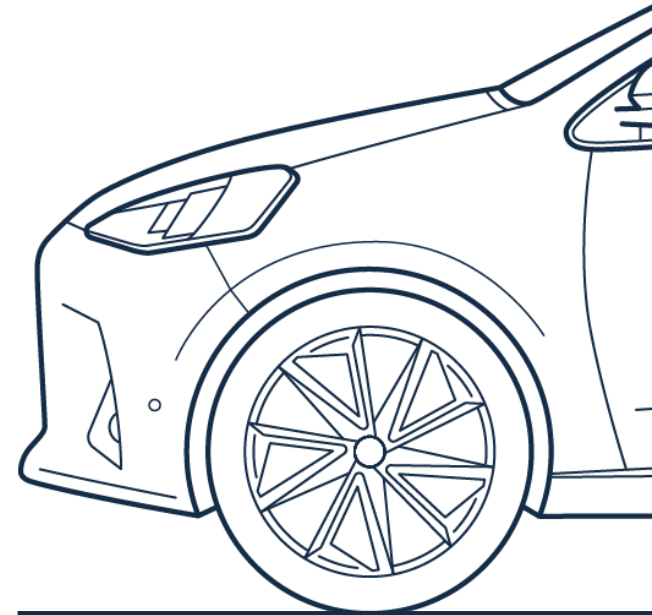
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8 Wrap-up

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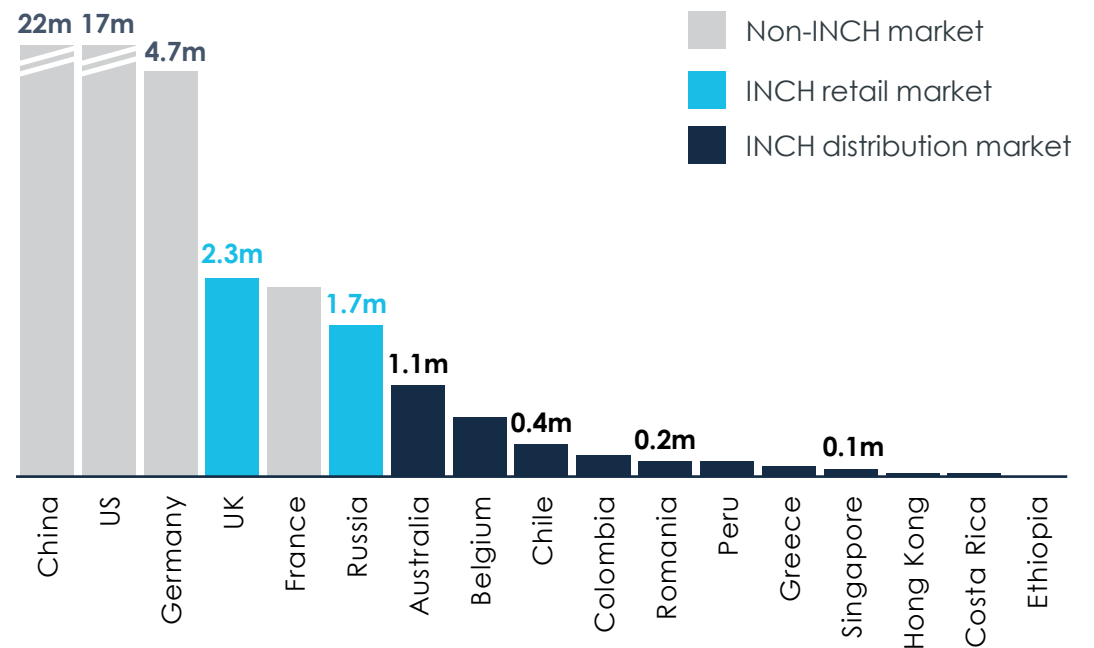
# Strong OEM relationships built on long-term collaboration

## Why our OEM partners need us?

- Distribution is our specialism
- We are nimble, fast and efficient
- OEMs focus attention and capital on larger markets
- We have developed market-leading technology
- We have been helping car brands grow for decades
- Strong global governance for emerging markets

## Specialist distributor in smaller & emerging markets

Inchcape key market TIVs vs Typical 'retail market' TIV<sup>1</sup>

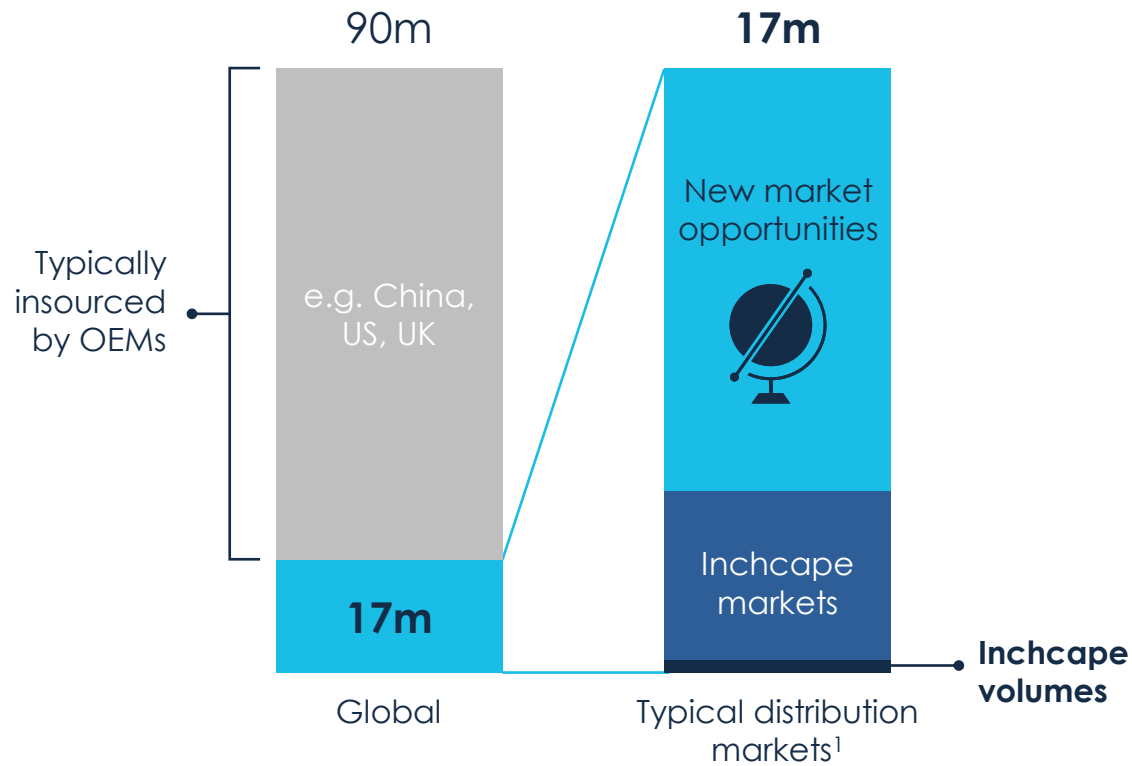


- OEMs focusing their attention on largest markets (>1 m units p.a.)
- We specialise in distribution in smaller markets

1: TIV = total industry new car volumes (per annum)

# Considerable opportunities for an ambitious Inchcape

## Annual new car volumes (units)



## Vehicle lifetime value<sup>2</sup>

	Revenue	Profit
Initial User (0-4 years)	45%	25%
<b>Subsequent Users (4+ years)</b>	<b>55%</b>	<b>75%</b>

⋮  
**Currently underserved**

1: Defined as those markets with annual new car volumes of less than 1m units

2: Analysis shows the split of profit attainable over an average vehicle's life, and assumes four different owners during that period  
 The analysis captures the vehicle sales, finance & insurance commission and the aftersales services (including independent aftermarket)

# Supercharging our strategy: from Ignite to Accelerate



# Accelerate strategic framework

## Our Growth Drivers

Distribution Excellence



Vehicle Lifecycle Services



## Our Enablers

Culture and Capabilities



Digital, Data & Analytics



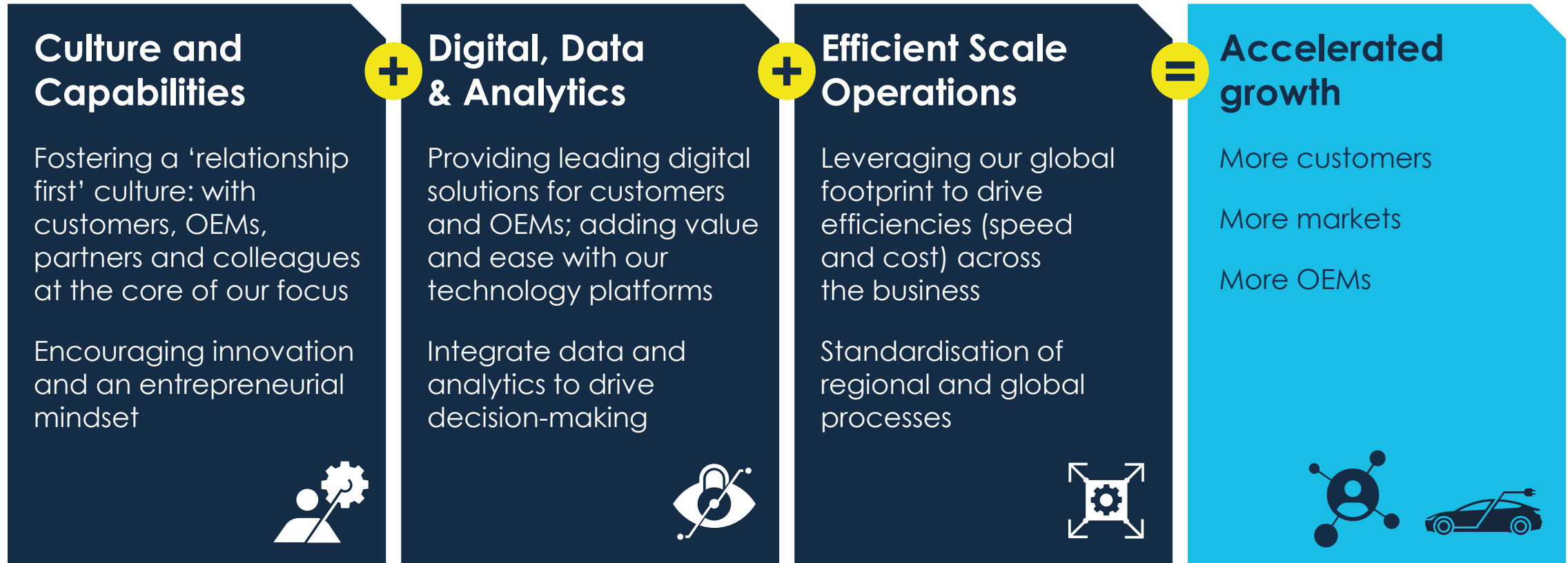
Efficient Scale Operations



Responsible Business



# Doubling-down on distribution and accelerating growth



## Responsible Business

Responsible Business strategy creates resilience, captures future opportunities, and ensures we can support our OEMs in meeting their ESG goals



# A strategic Responsible Business framework

## Planet



- Mapping the **risks and opportunities of climate change**
- Setting **GHG targets**
- **Reducing waste**

## People



- Prioritising **safety and wellbeing**
- Creating an **inclusive and diverse** colleague base

## Places



- Positively impacting **local communities**
- Supporting **safer roads**
- Facilitating **mobility solutions** for people with disabilities

## Practices



- Strengthening our **governance policies**, reflecting our standing as an international plc

### Key milestones achieved in FY21

- **Board approval** of our ESG strategy
- **Global workstreams established** for each pillar
- **Science-based targets set:** reducing scope 1 and 2 emissions by 46% by 2030, in line with a 1.5°C target
- **Climate-related risks and opportunities identified**
- Workstreams started on **Inclusion & Diversity and wellbeing**

### Next steps

- **TCFD-aligned reporting** in our 2021 ARA
- **2022 priorities towards our science-based targets:**
  - Switch to renewable tariffs
  - Invest in solar PV
  - Reduce base energy usage
- **Scope 3 emissions to be published in 2022**



**We work responsibly and impact the world for the better,  
to the benefit of our stakeholders**

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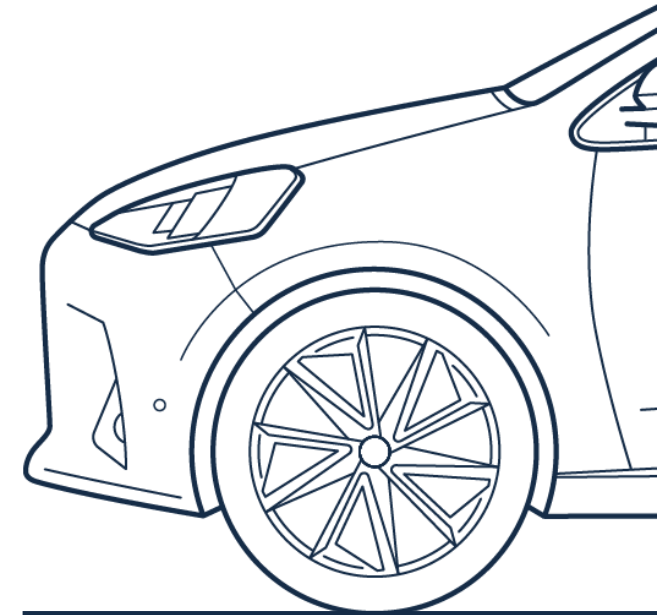
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# Becoming the undisputed number one choice for OEMs

## Our Growth Drivers

Distribution Excellence



Vehicle Lifecycle Services



## Our Enablers

Culture and Capabilities



Digital, Data & Analytics



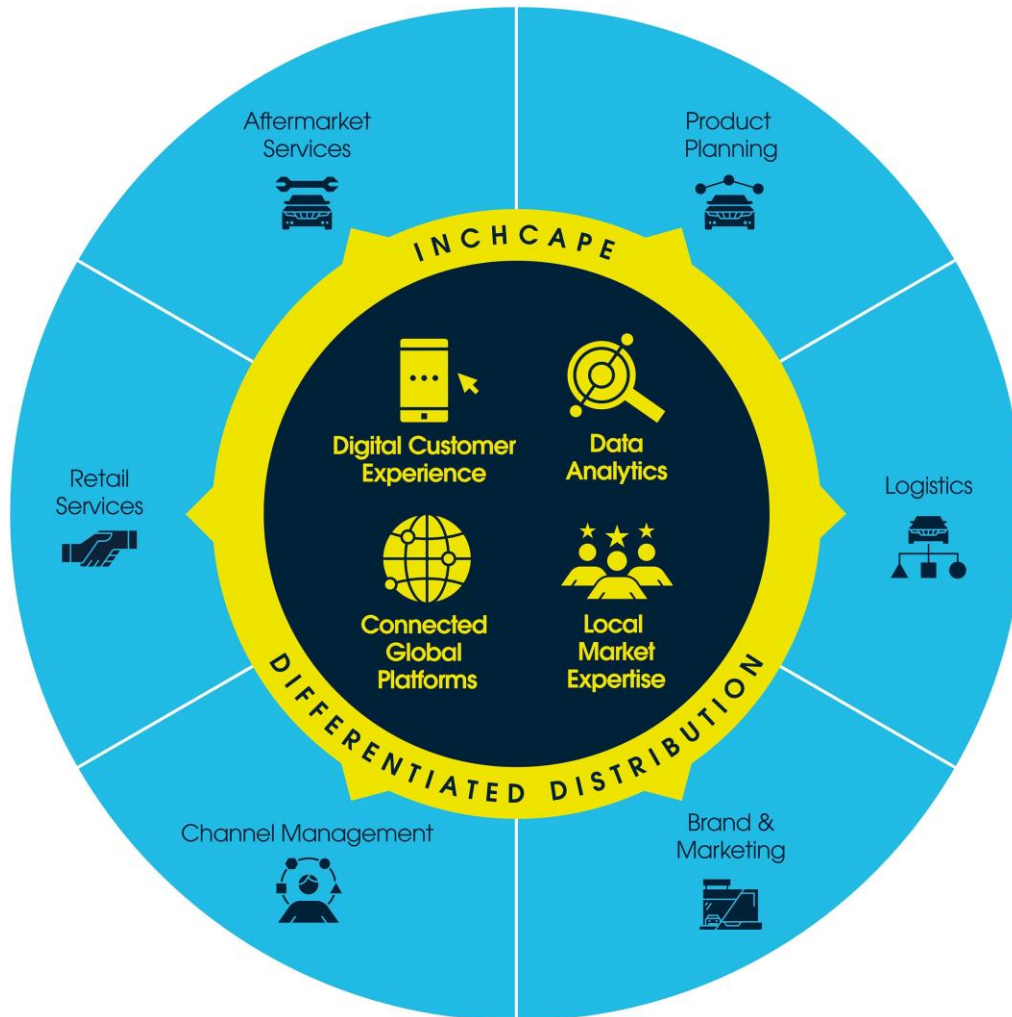
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Responsible Business

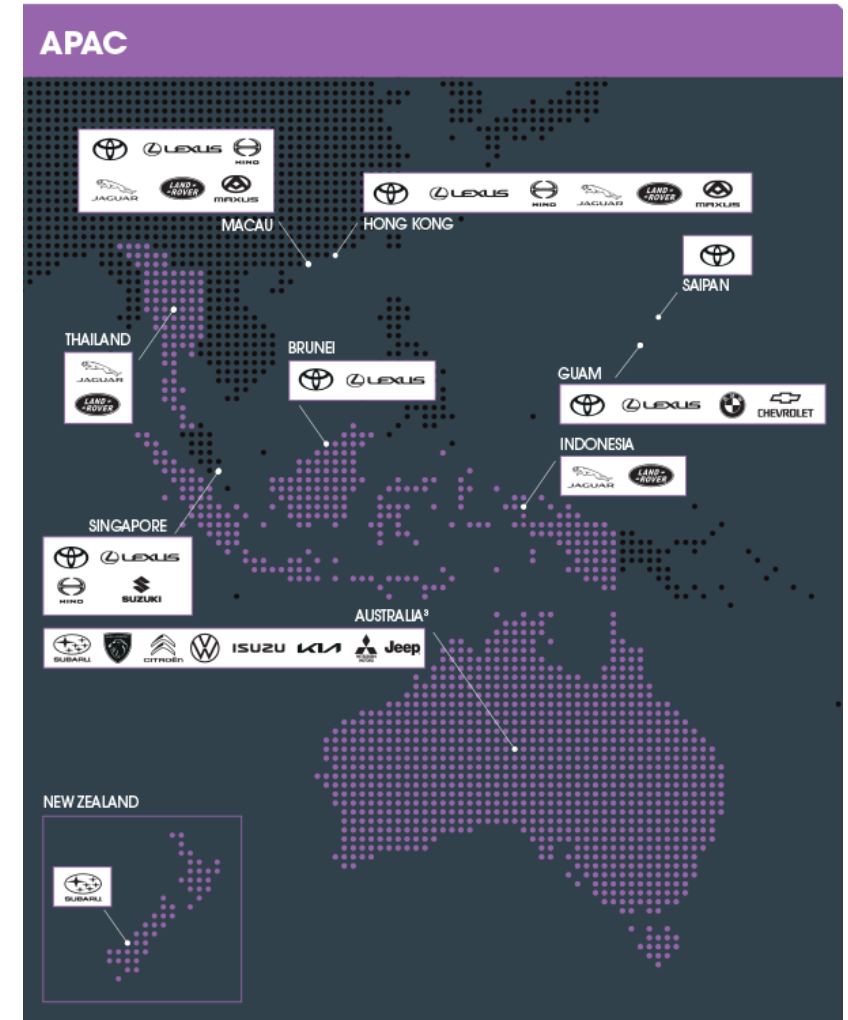
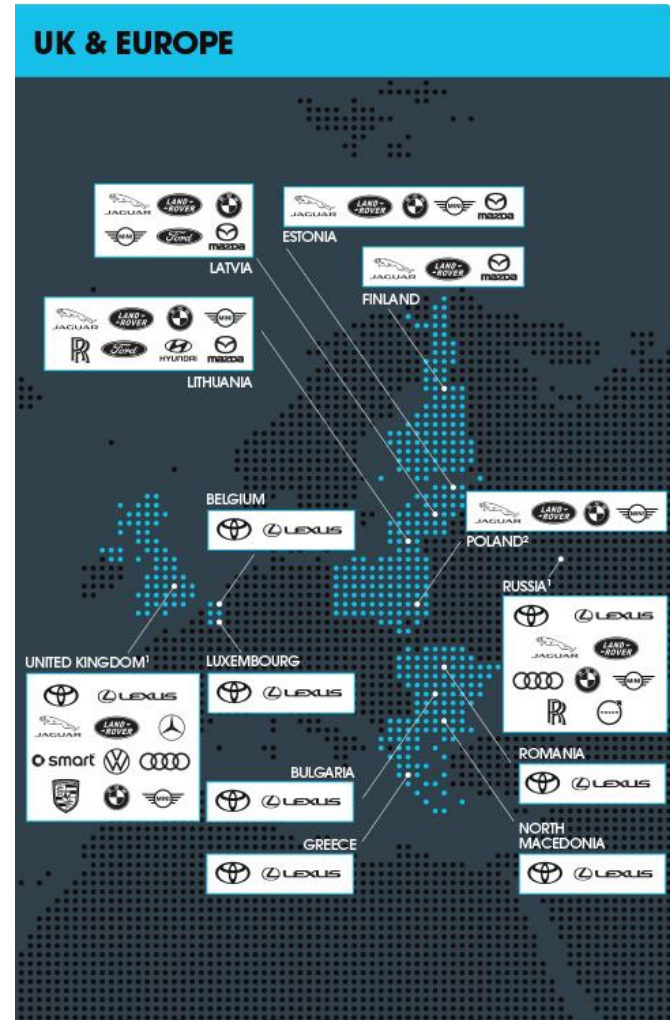


# We have created a plug-and-play distribution platform



- Inchcape has developed a **differentiated approach to distribution**
- Our **global platform** makes it easy to **plug-in OEMs** and **enter new markets**
- Our focus is to drive:
  - **Better performance** for our brands,
  - An **unforgettable customer experience**,
  - Attract the **best people**, and
  - Deliver **excellent results**

# Our global footprint: 36 markets spanning six continents



1: Retail only  
 2: BMW and MINI retail only  
 3: Subaru, Peugeot and Citroen distribution, all others retail only



**Hao Q. Tien**  
Toyota

# Inchcape: a differentiated approach to distribution



## High barriers to entry

- **Exclusive distribution contracts:** one contract per brand per market
- **Long-standing relationships** with brand partners
- Partners require **track record of delivery** making it difficult for new-entrants
- **Strength and expertise** across several areas, from logistics to brand development
- **Financial capability** to execute and invest for the future and attract talent



A **well invested** business; leading digital platform

**OEM partnerships** up to 54 years

Excellent **track record** of delivery

**Global** scale advantage: 36 markets, 41 brands

**Strong financial** position

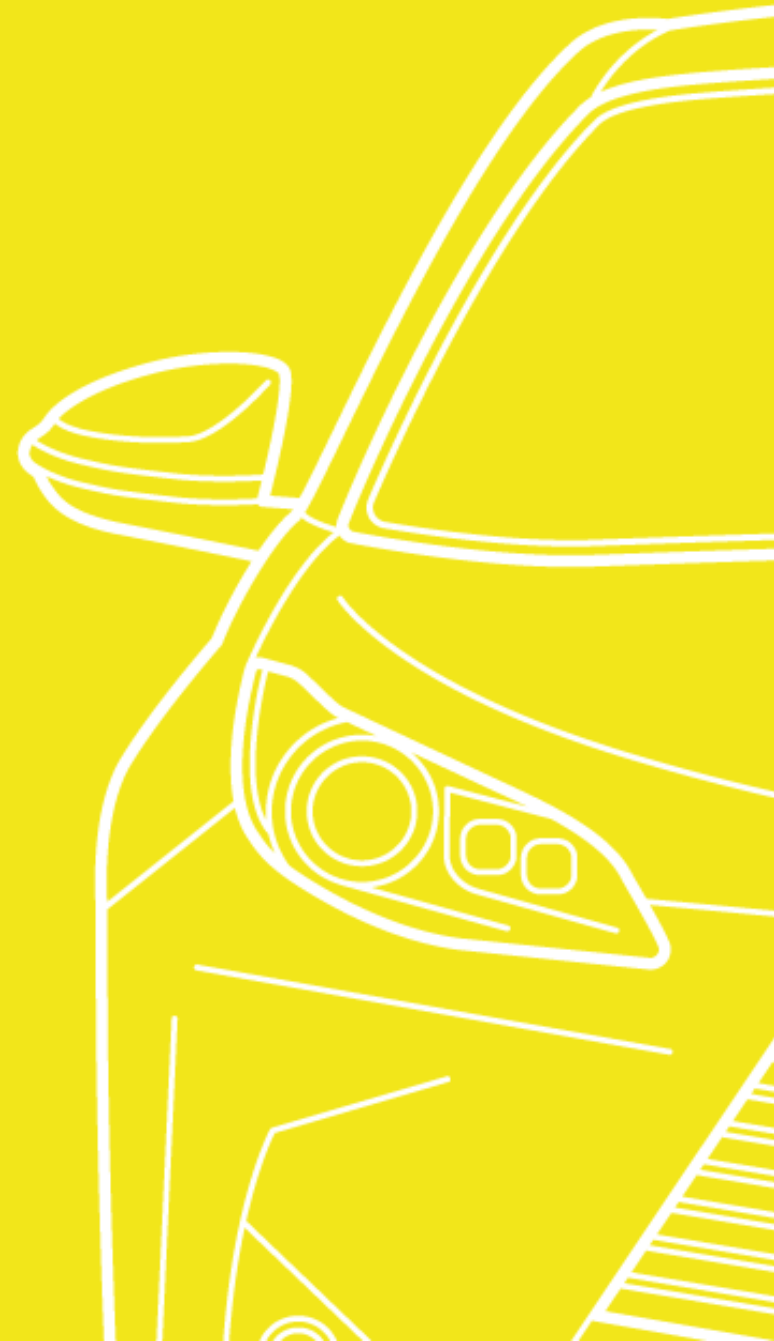
**Experienced, future-focused, management** team

ESG focused **professional plc** for global business

**Focused on becoming the undisputed number one choice for OEMs**

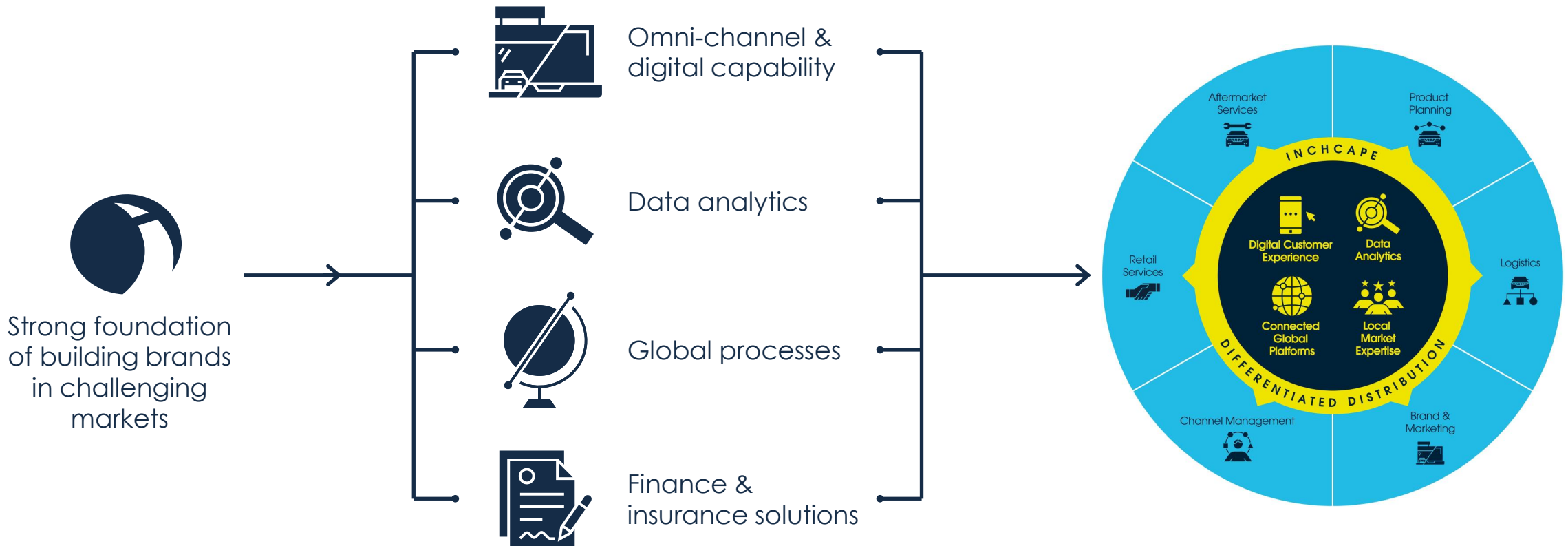


GEORGE  
ASHFORD  
CHIEF  
TRANSFORMATION  
OFFICER

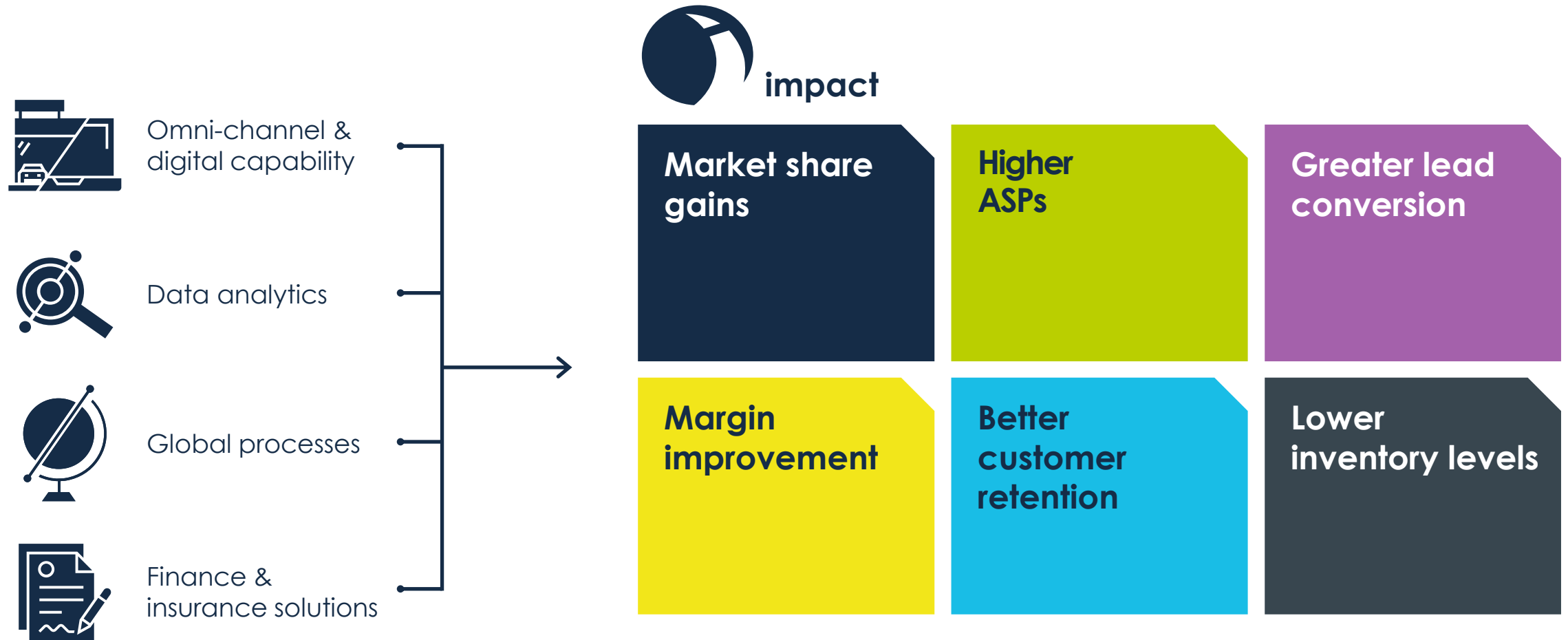


# Redefining distribution excellence & accelerating growth

**'Disruption' = 'Opportunity'**



# Leveraging our global leadership, to grow faster





# Passionate about fulfilling our customers' needs

## Four core values:



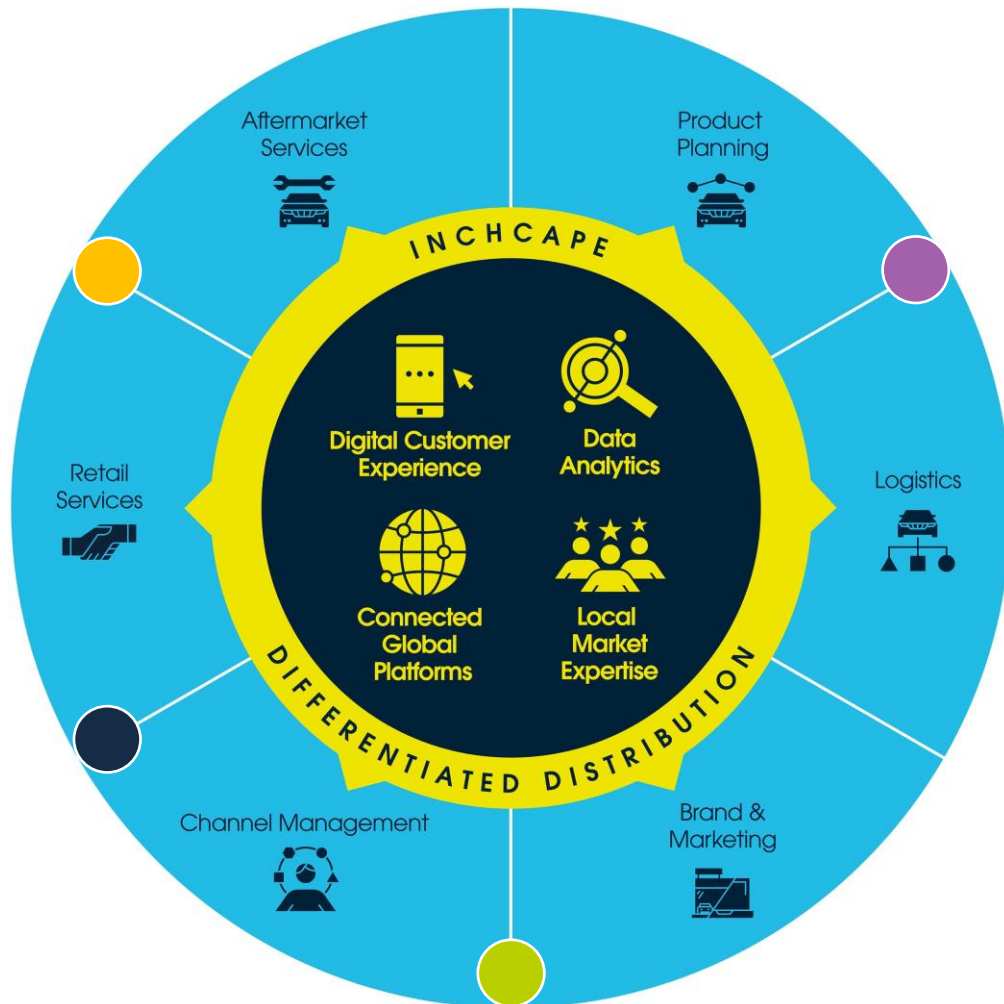
## Powered by:

**Culture:** putting our customers first

**Technology:** a leading customer experience

**Data:** pre-empting our customers' needs

# Striving for excellence throughout the value chain



## Current priorities

### Sales & Operational Planning (S&OP)

- Demand forecasting
- Supply management

### Digital marketing

- Search engine optimisation
- Conversion rate optimisation

### Customer relationship management

- Aftersales retention
- Customer loyalty

### Omni-channel fulfilment

- Digital platform roll-out

# Using advanced analytics to drive our buying decisions

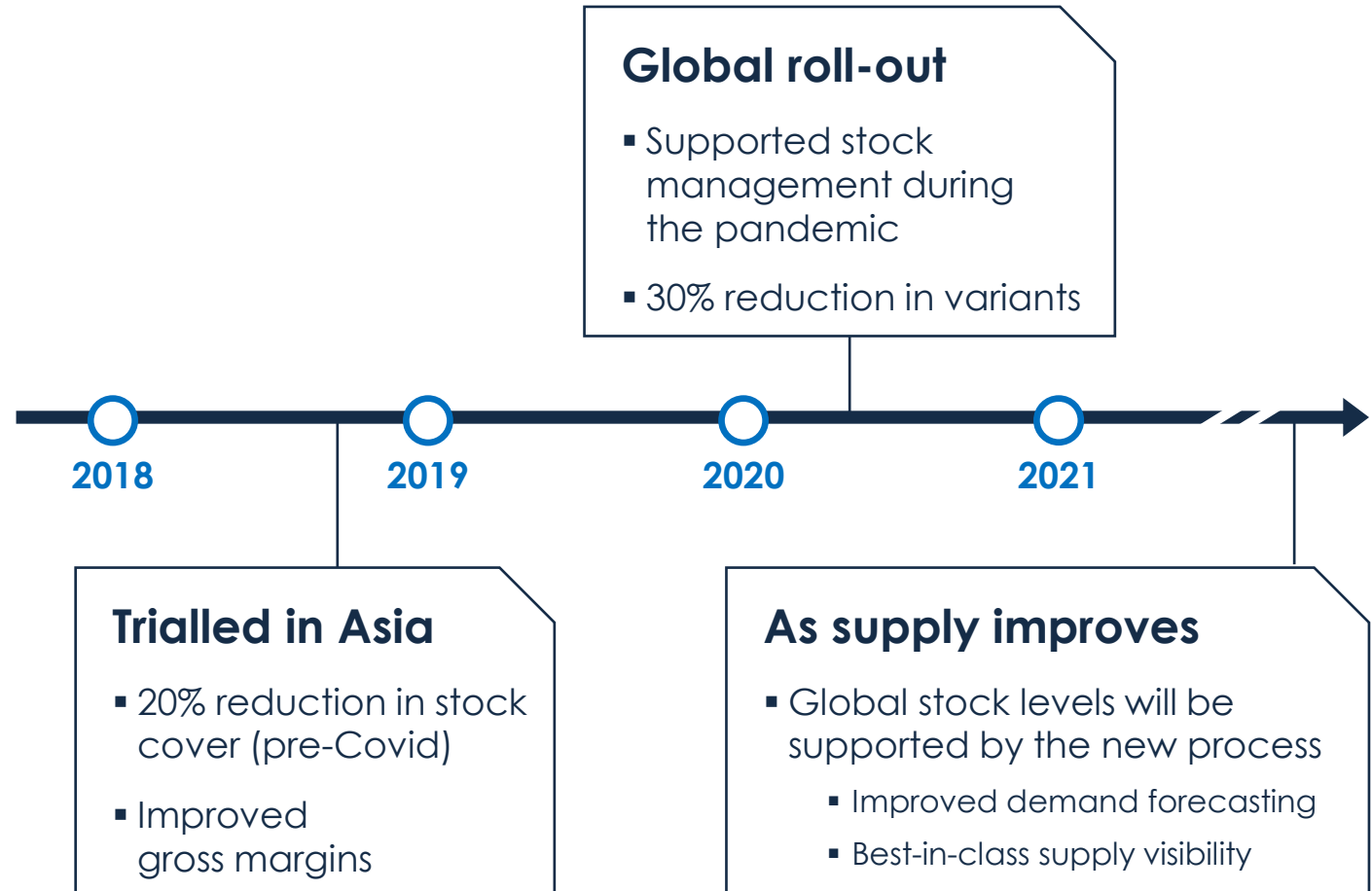
## How we've overhauled our S&OP process:

### Before

- Reactive planning approach
- Manual, time-consuming
- Disparate regional processes
- Intuition-based, little governance

### Now

- Proactive forward-planning
- A consistent process (automated)
- Common insights on a portal
- Data-driven, strong governance
- More OEM collaboration



# Significant growth from innovative financing solutions

**F&I:** driving greater customer loyalty and retention



Improves vehicle purchase accessibility



Deepens customer relationships



An enhanced digital proposition

**GFV<sup>1</sup> product loyalty 4x higher than other available finance products**

**How F&I supports our core revenue streams:**

**F**

**Finance**

**I**

**Insurance**

Commission based revenue & profit model

**New car sales**

**Shortens vehicle ownership cycle** *increases purchase frequency*

**Used car sales**

**Greater supply** of high-quality **used cars** *broadens our customer base*

**After-sales**

**Higher propensity to service** at franchise dealer using **genuine parts** *supports retention*

Extended warranty **promotes dealer loyalty** *higher after-sales retention*

1: GFV = guaranteed future value (also commonly referred to as "PCP")

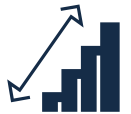
# Embracing digitalisation and making smart use of data

## **DXP** Digital Experience Platform

### Omni-channel



Providing consumers with a fully functional digital showroom



Built on a platform with the ability to scale, quickly, to new markets

## **DAP** Data Analytics Platform

### Data analytics



Central capability to drive better decisions across the Group



Capturing significant data for better customer and vehicle lifecycle management

**Combining innovation with our global scale to  
create clear blue-water between us and our competition**

# Distribution Excellence delivering better performance



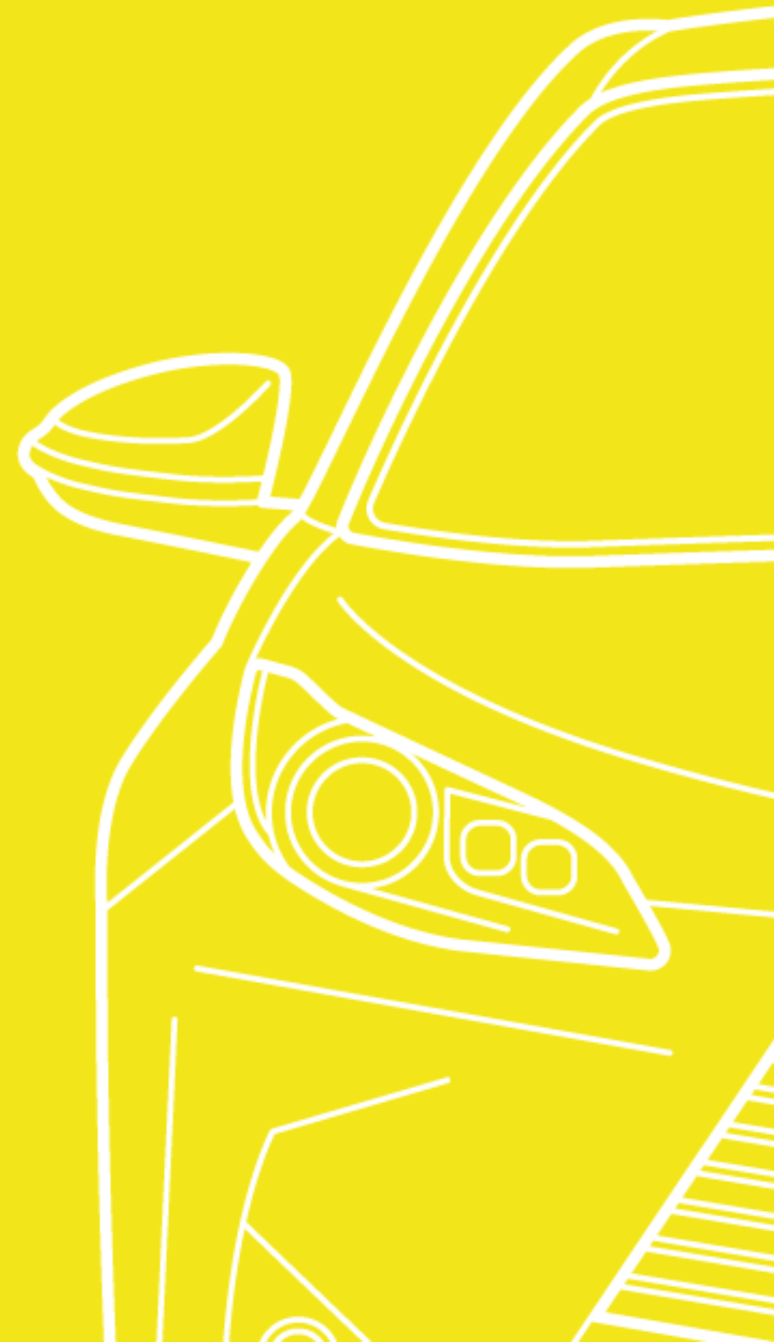
**Customer experience scores<sup>1</sup> increased 16%**



**DXP: omni-channel**



**MARK  
DEARNLEY**  
CHIEF DIGITAL  
OFFICER

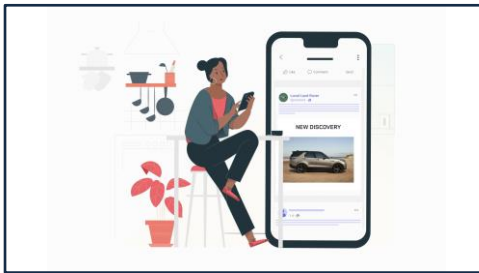




# Digital eXperience Platform: our digital touchpoint



### Customer campaign management



### Customer contact management



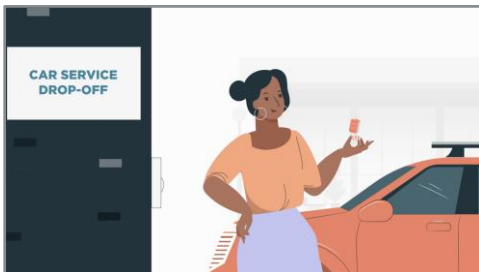
### Lead management



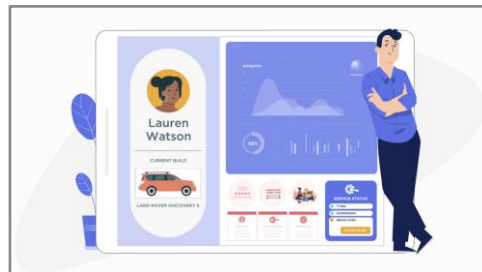
### E-commerce



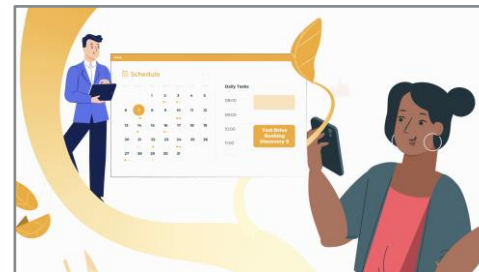
### Aftersales



### Customer account



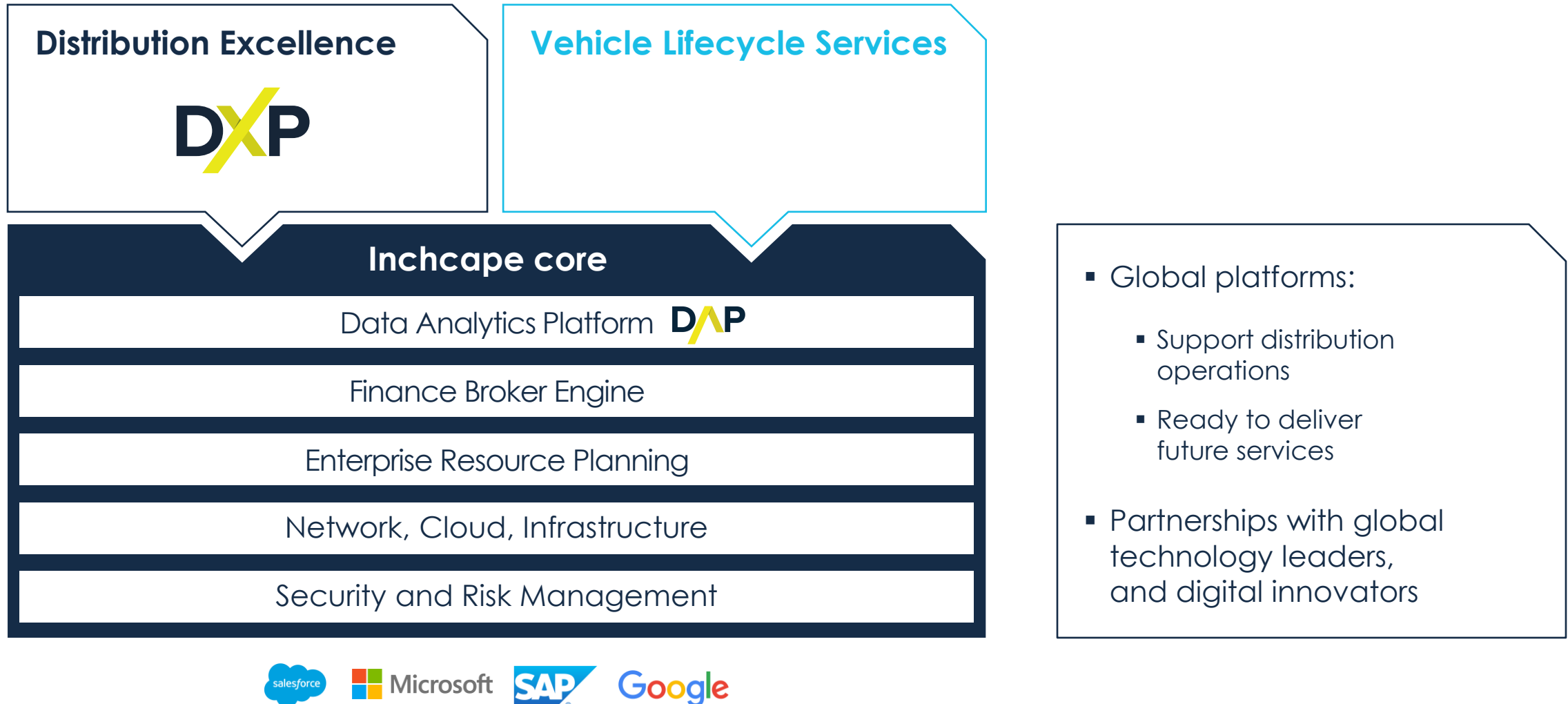
### Dealer solutions



### Listing & syndication



# A digital architecture that will scale with Inchcape



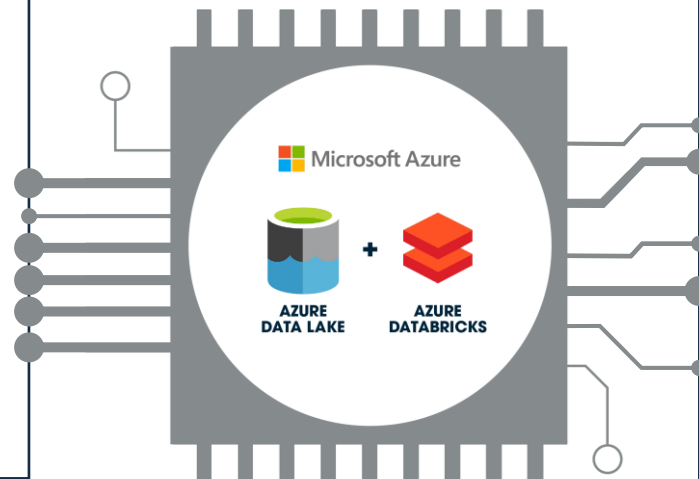
# Data Analytics Platform: driving smart, fact-based actions



## Predictive analytics

- Using Machine Learning to dynamically optimise action

	Improved financials	Operational efficiencies	Increased conversion
Lead scoring	✓	✓	✓
Vehicle pricing	✓	✓	
Parts pricing	✓	✓	✓
Churn prediction	✓		✓



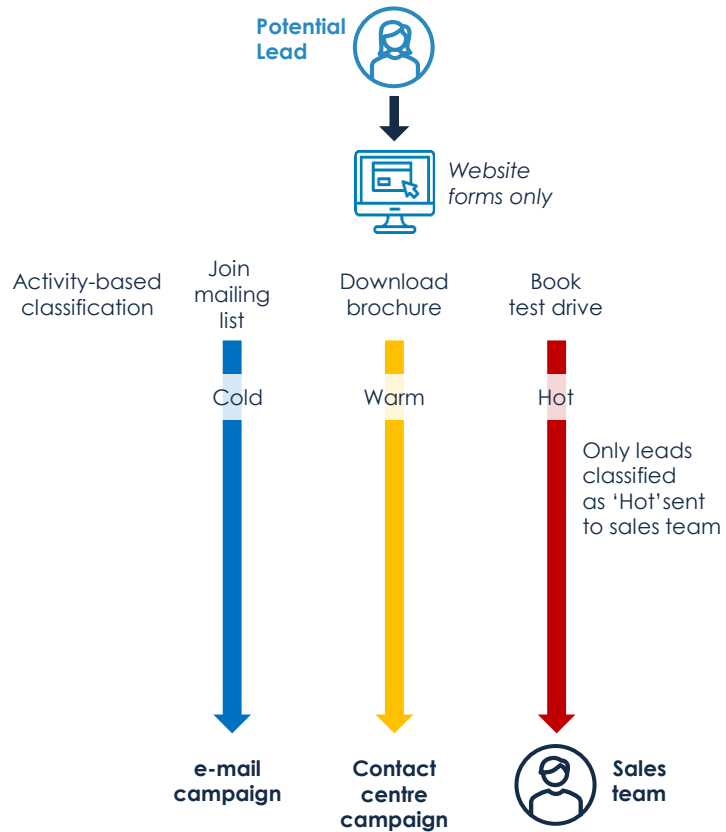
## Business Intelligence

- Empowering market teams with a consistent set of live KPIs
- Helping drive improved performance across:
  - Digital Marketing
  - Lead and Sales management
  - After-sales performance
  - Stock management
  - Financial performance

# Lead scoring: improving our marketing efficacy

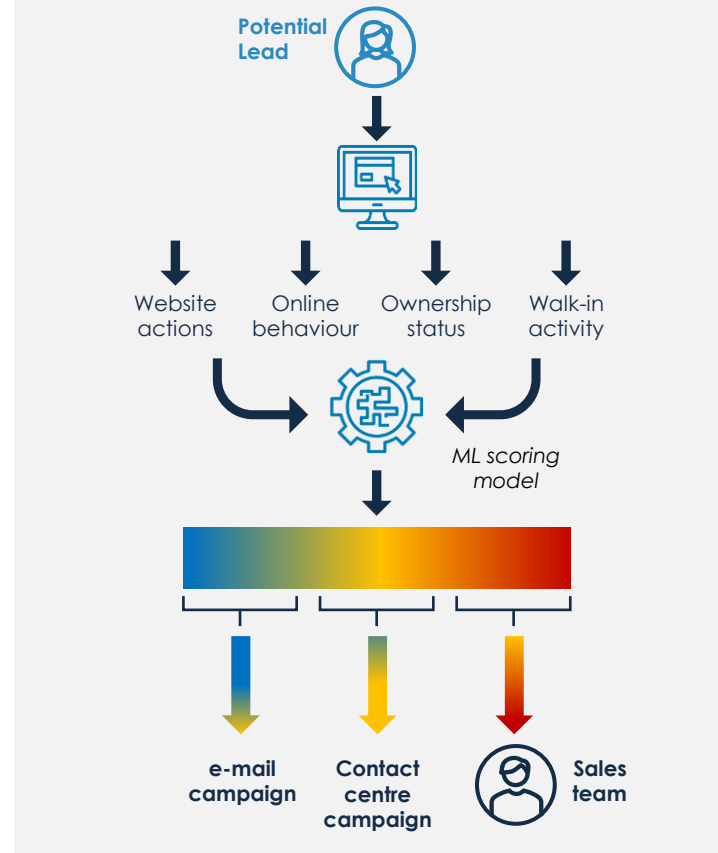
## Historic approach

Activity-based lead-classification



## New approach (powered by DAP)

Machine Learning lead-scoring model



## Key differences

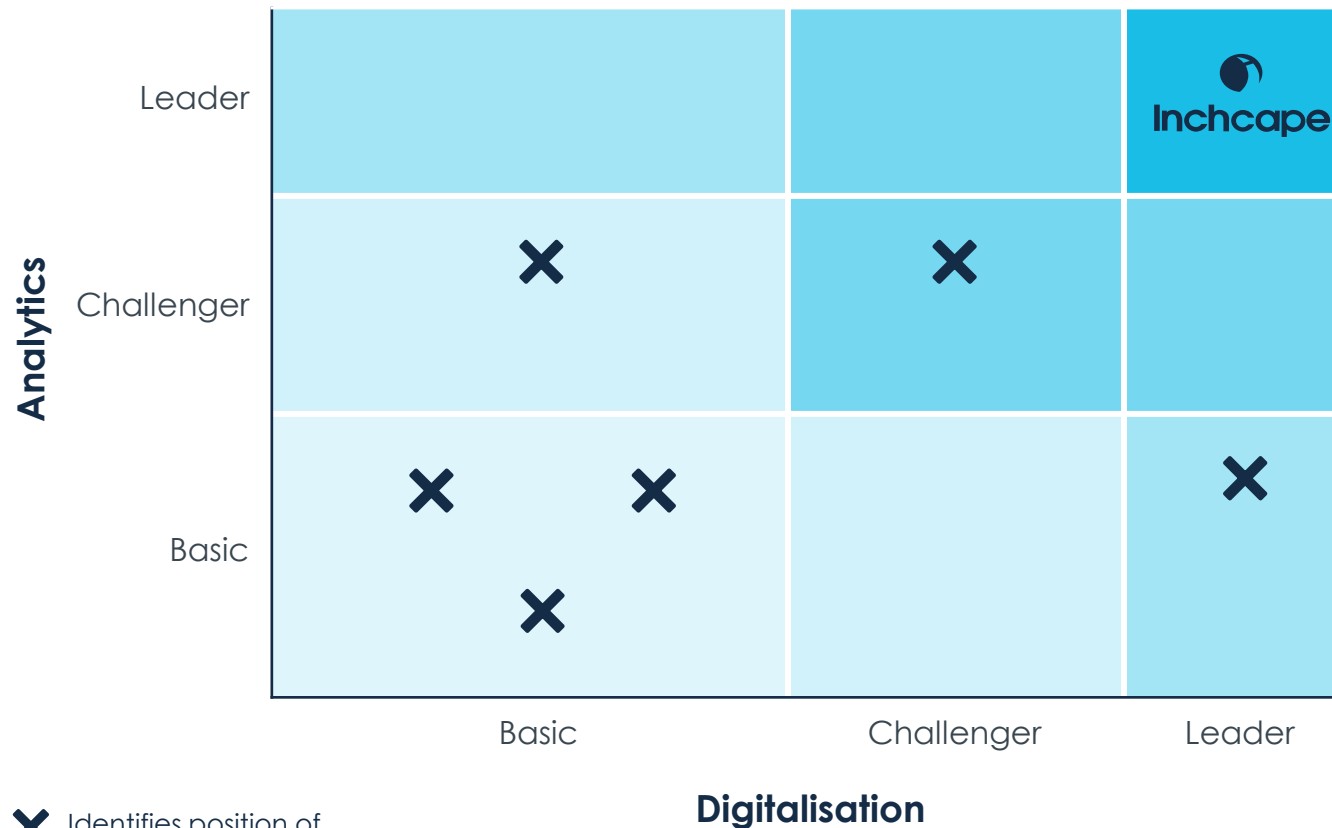
- Data driven machine learning model drives action taken
- Real-time tracking of lead volume and temperature
- Model continually learns and improves

## Impact

- 'Hot' leads with >60% higher conversion rate
- c.30% efficiency improvement (number of leads sent to front line)

# Inchcape has a leading digital and analytical platform

## Results of an independent third-party report



X Identifies position of competing distributors

- Inchcape's global scale and internal development capability is a key point of differentiation
- Only a few distributors are well-progressed with digitalisation
- The incumbents appear to be reticent to make investment in technological advancement

# Digital Delivery Centres: our global 'tech hubs'

- Accelerating use of digital and analytics across all regions
- Internal digital delivery capability; twice as efficient as 3rd parties
- 24x7 solutions and services covering Inchcape globally



## Progress in last 6 months:

- Set up two centres
- All six 'Digital Platforms' using the DDCs
- Recruited c.500 'Inchcapers'

Efficient Scale  
Operations



Doing more, better and faster, for the same spend

# Global Business Services: leveraging our global scale

**Finance  
Transactional  
Services**

---

APAC, Russia  
and UK already  
migrated

Partnered with  
Cognizant

**HR &  
Recruitment  
Services**

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Programme  
launched

Partnered with SAP

**Distribution  
Transactional  
Services**

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*For future review*

Efficient Scale  
Operations

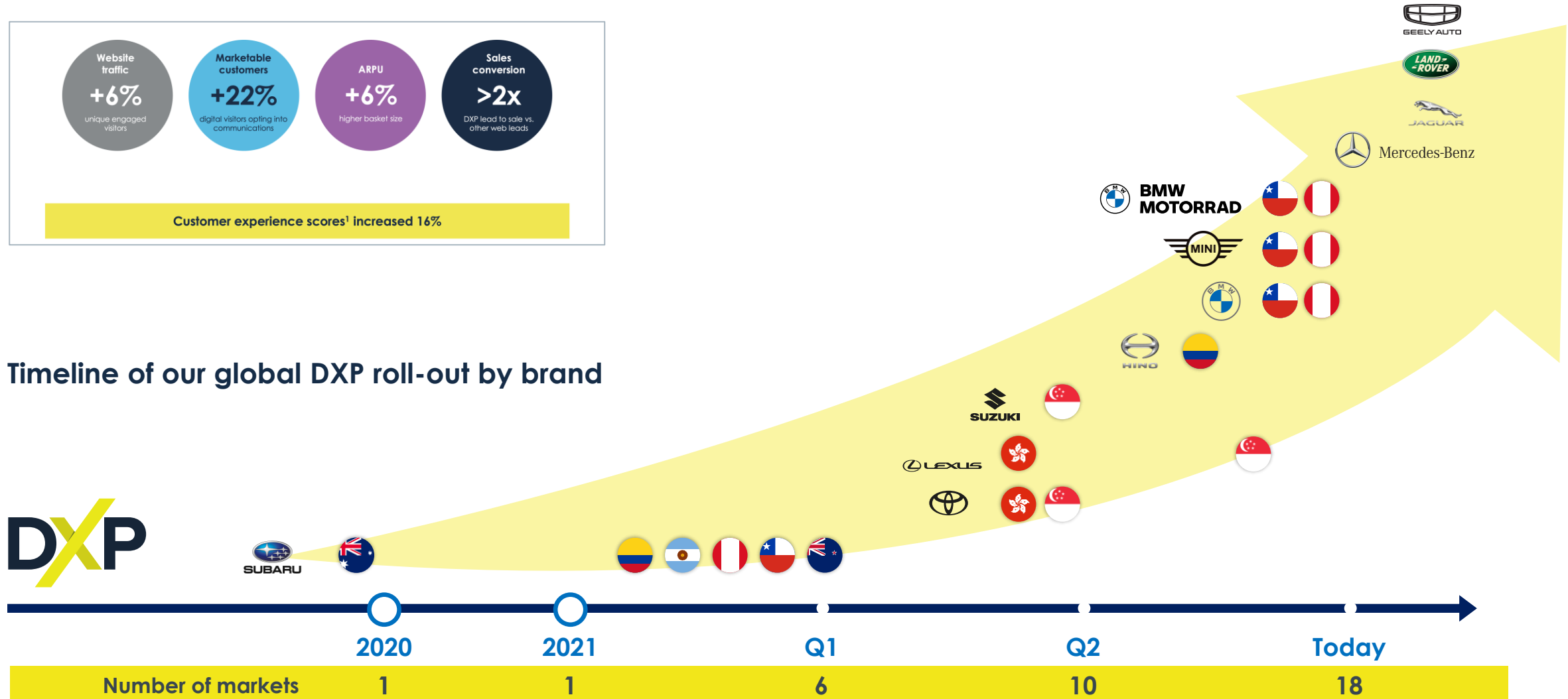


**Doing it better for less spend &  
creating a platform that supports rapid M&A integration**

# Accelerating DXP adoption across the globe



Timeline of our global DXP roll-out by brand

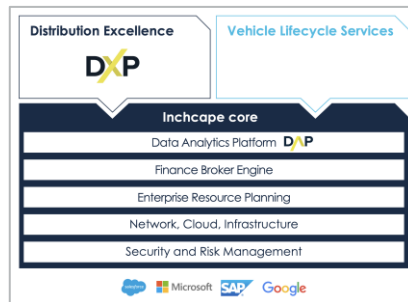




# Leveraging digital & data to drive transformation

## Digital platform established

- Digital architecture for Distribution Excellence and ready for VLS
- Partnerships with leading technology players



## Building our digital capability

- c.500 Inchcapers across two global centres
- Already supporting DXP and DAP rollout, and M&A



## Leveraging data & analytics

- Machine Learning dynamically optimising action
- Live KPIs improving performance



## Accelerating digitalisation

- In 2021:
  - 17 new markets
  - 7 new OEMs
- Already delivering benefits for customers and our OEMs





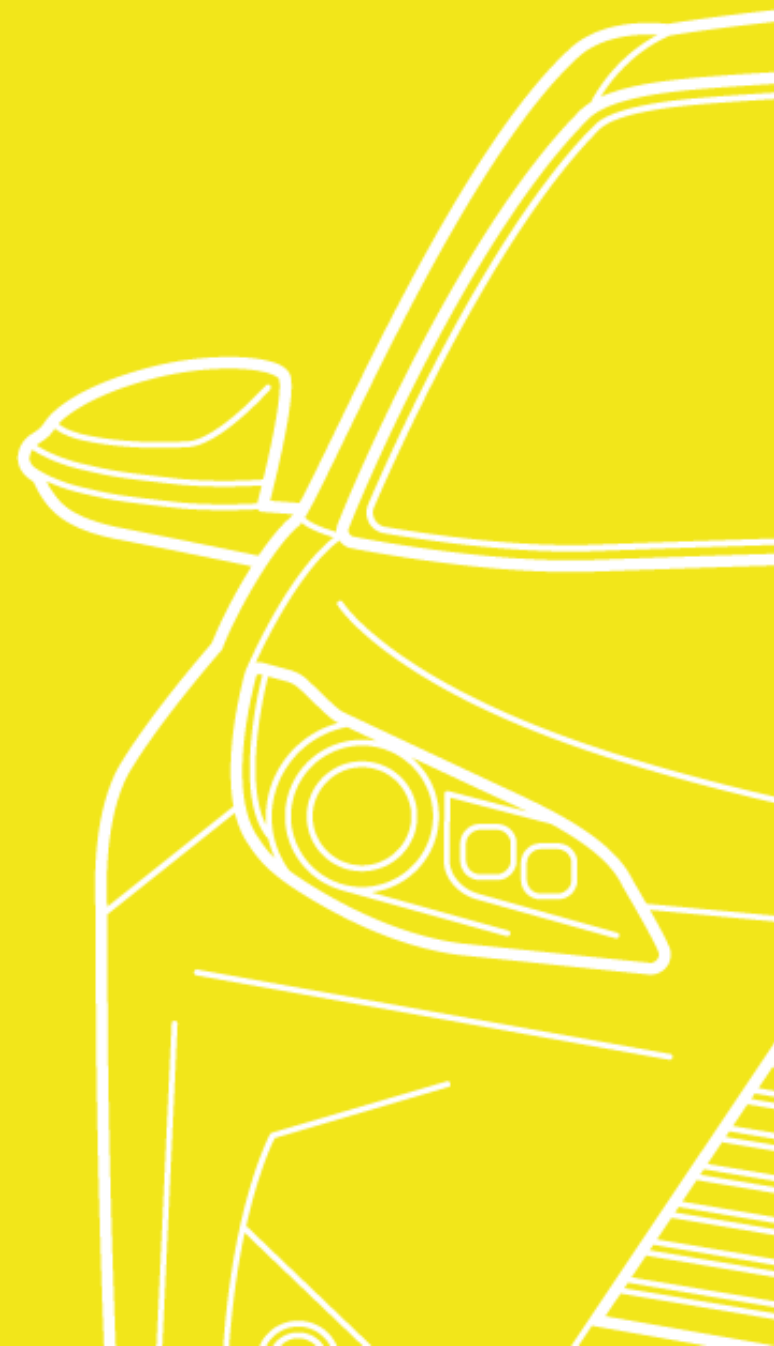
**Frank Wittemann**  
JLR



**Romeo Lacerda**  
CEO Americas & Africa



# GIJSBERT DE ZOETEN GROUP CFO



# Next section

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1 Welcome + takeaways

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2 Industry & macro trends

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3 Our strategy

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4 Distribution Excellence & Enablers

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**5 Industry consolidation**

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Q&A

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Break & refreshments

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6 Vehicle Lifecycle Services

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7 Financial plan

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Q&A

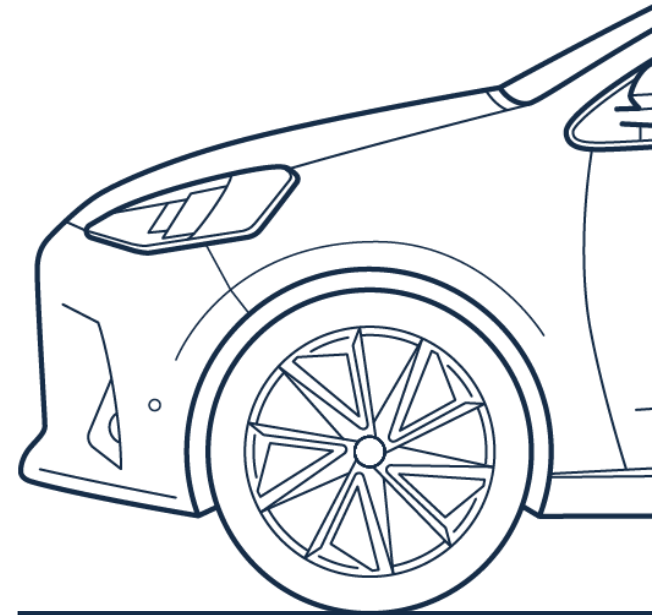
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8 Wrap-up

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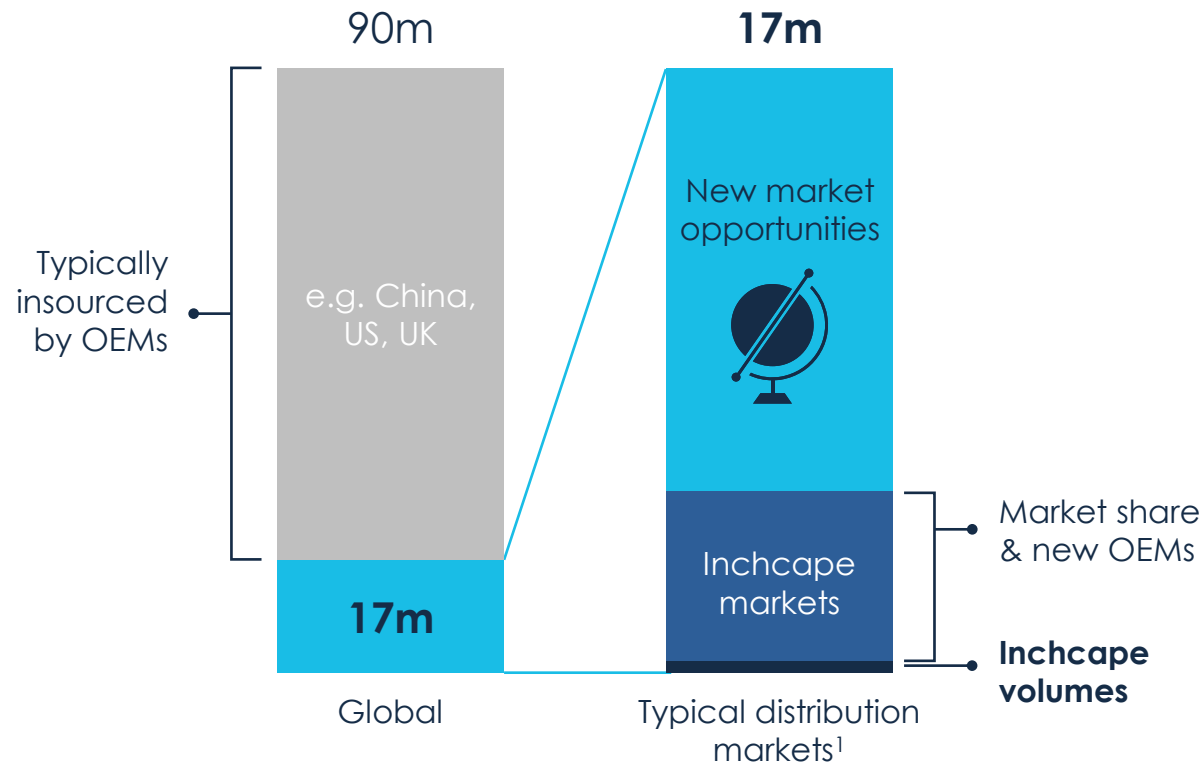
Drinks & canapes

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# Distribution fragmentation a huge opportunity

## Annual new car volumes (units)



### **GDP+**

Distribution markets offer greater growth prospects

### **30%**

Inchcape markets coverage of 'typical distribution markets'

### **0.2m**

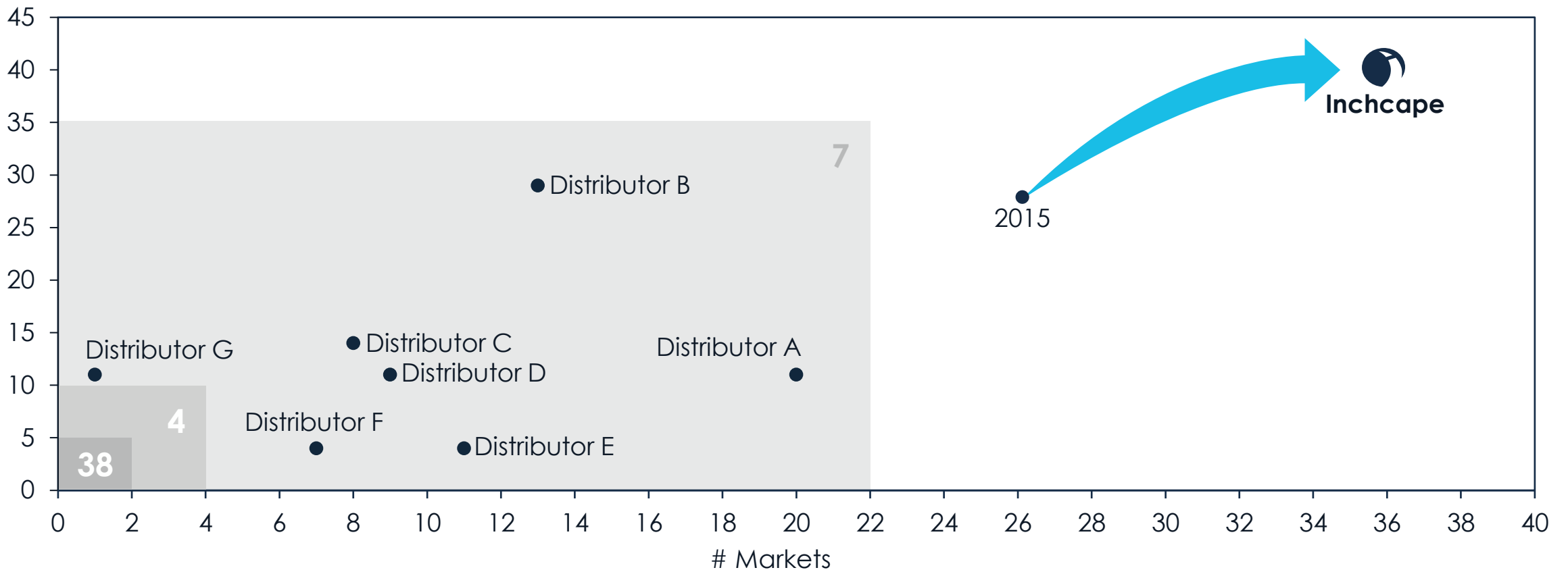
Total number of new cars we distribute across our markets

1: Defined as those markets with annual new car volumes of less than 1m units

# The leading independent distributor by some distance

Market presence and brand partners of top 50 distributors (of >1000)

# Brands



Sources: Annual reports, Company websites (2019 data)

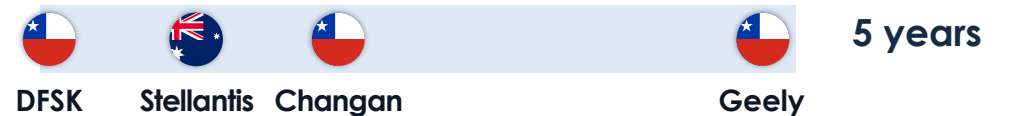
# Our OEM relationships have strengthened and expanded

## Core OEM partners

Length of OEM relationships (flags signify the award of a new distribution contract)



















## New OEM partners





# Deals have accelerated in the past five years

			<b>New markets</b> Strategic move to enter a new geography	<b>Existing markets</b> Leveraging existing market and regional infrastructure
2010-2015				
2016	Chile, Colombia, Peru & Argentina	Subaru, Hino		✓
	Thailand	JLR		✓
2017	Estonia	BMW		✓
	Australia	Stellantis		✓
2018	Kenya	BMW, JLR		✓
	Costa Rica & Panama	Suzuki		✓
	Guam	BMW		✓
2019	Lithuania	BMW		✓
	Ecuador & Uruguay	Daimler, Fuso		✓
2020	Colombia	Daimler, JLR		✓
	Poland	JLR		✓
	Chile & Peru	Mini, Motorrad		✓
	El Salvador	Daimler		✓
2021	Guatemala	Daimler		✓
	Indonesia	JLR		✓
	Chile	Geely		✓
<b>Revenue added</b>			<b>c.£500 m</b>	<b>c.£700 m</b>

# Proven track record of integrating acquisitions

**2016**



Revenue +£400m



- Combined with our existing business and consolidated back-office (£15m savings)
- Retained and developed all employees in key leadership roles

**2018**

Rudelman

Revenue +£200m



- Invested in a best-in-class aftersales centre
- Provided customer service workshop training to staff

**2020**



Mercedes-Benz

Revenue +£100m



- Created a Mercedes-Benz centre of excellence to support all five markets
- Retained and transitioned all existing employees

**Impact:**

**Catalyst for Latam expansion**

**Suzuki's global aftersales award: Costa Rica (#1) and Panama (#2):**

**Became Mercedes-Benz's leading distribution partner in Americas in 2021**

# The factors that will further accelerate consolidation

## External factors

**Covid-19 has accelerated the digital shift**

**Independents do not have the scale to invest in digital**

**Growing evidence that OEMs would prefer to consolidate their distribution partners**

**OEMs focusing capital on largest markets and CASE trends**

## Internal factors

**Significantly strengthened our OEM relationships**

**Ramped up our technological and digital investments and progress**

**Invested in additional regional M&A capability**

**Significant M&A firepower**

# Our M&A framework

## Strategic

- Additive to existing brand footprint
- Broadens geographic reach
- Enhanced by Inchcape's distribution platform



## Financial

- Focus on markets with higher growth prospects
- Take a considered approach to valuing targets
- ROIC > project WACC targeted in years 2-4



## Organisational

- Focus on retaining and nurturing talent
- Sophisticated ESG program
- Opportunity to professionalise processes





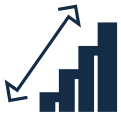

# Global distribution: plotting the landscape of opportunity

## Typical distribution markets<sup>1</sup>



<sup>1</sup>: Defined as those markets with annual new car volumes of less than 1m units

# Our distribution proposition is very attractive for OEMs

	Market focus	Technology	Capital	Distribution footprint
OEMs	<ul style="list-style-type: none"><li>▪ Focused on the largest markets</li></ul>	<ul style="list-style-type: none"><li>▪ Aim to be at the cutting edge</li></ul>	<ul style="list-style-type: none"><li>▪ Need to allocate capital to CASE</li></ul>	<ul style="list-style-type: none"><li>▪ Looking for fewer and stronger partners</li></ul>
Inchcape	<ul style="list-style-type: none"><li>▪ Smaller and emerging markets specialist</li></ul>	<ul style="list-style-type: none"><li>▪ Created a leading digital distribution platform</li></ul>	<ul style="list-style-type: none"><li>▪ Focus on building and growing OEM brands</li></ul>	<ul style="list-style-type: none"><li>▪ Logical go-to partner: size and global footprint</li></ul>
				



**Matthias Lürs**  
Mercedes Benz



**Ruslan Kinebas**  
CEO APAC



# Leveraging our scale and capability to drive consolidation

We are the **industry leader** and the **natural consolidator**



Internal and external factors a **catalyst for deal acceleration**



**Good track record** and **strengthened capability**



**Strong financial position** gives us **significant firepower**





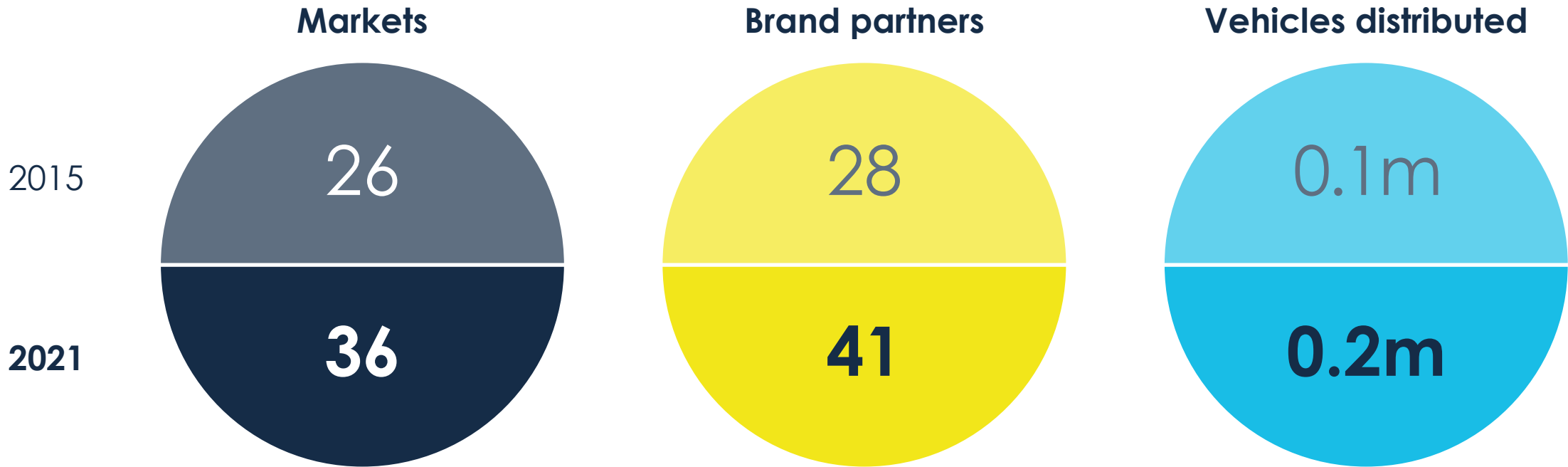
# DUNCAN TAIT

# GROUP CEO



# Inchcape has made significant progress since 2015

Number of...



# We are accelerating our competitive advantage

Inchcape has **never lost a distribution contract**; but has **added 17 new contracts** in five years



Our **digital and technology investments** sets us apart from our competition



We are a **truly global business**; with presence in 36 markets across six continents



**Broaden our footprint in existing markets** by creating clear blue-water between us and our distribution competition



Trusted as brand representatives, guided by our **Responsible Business approach**



Leveraging this excellence to **grow our distribution business, fast** – broadening our **market footprint**, with **new and existing OEMs**



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4 Distribution Excellence & Enablers

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5 Industry consolidation

**Q&A**

Break & refreshments

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6 Vehicle Lifecycle Services

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7 Financial plan

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Q&A

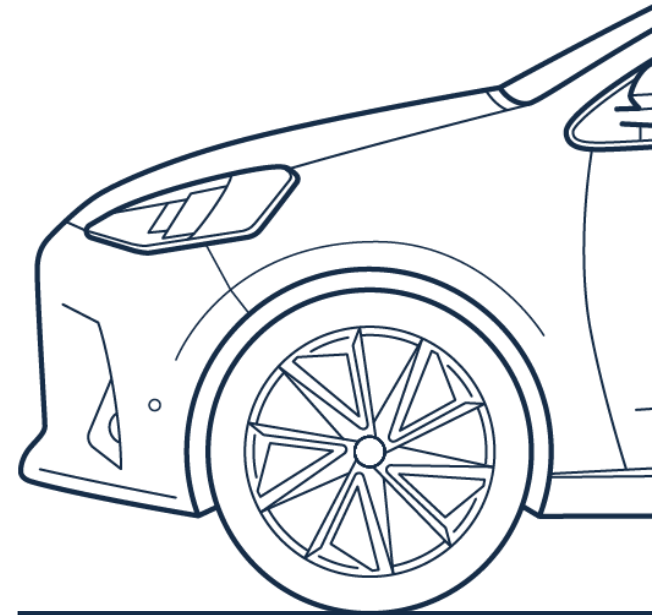
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8 Wrap-up

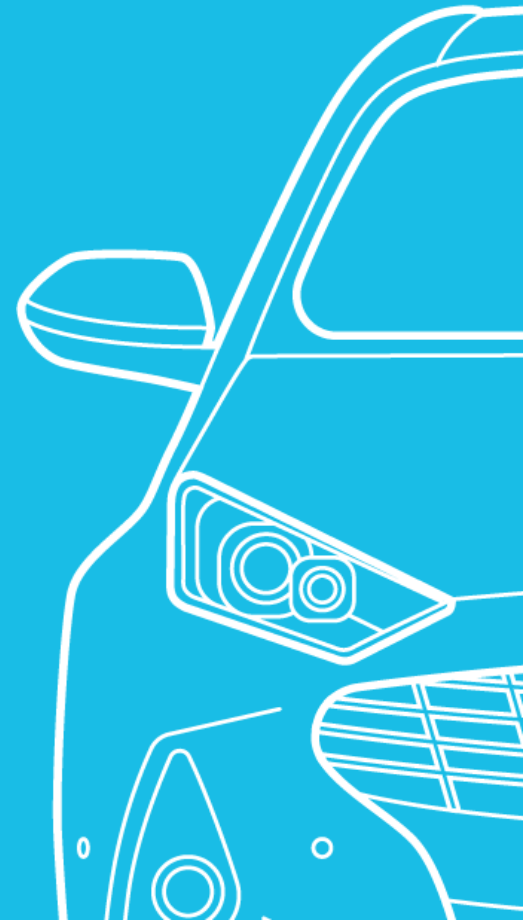
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Drinks & canapes

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# Q&A



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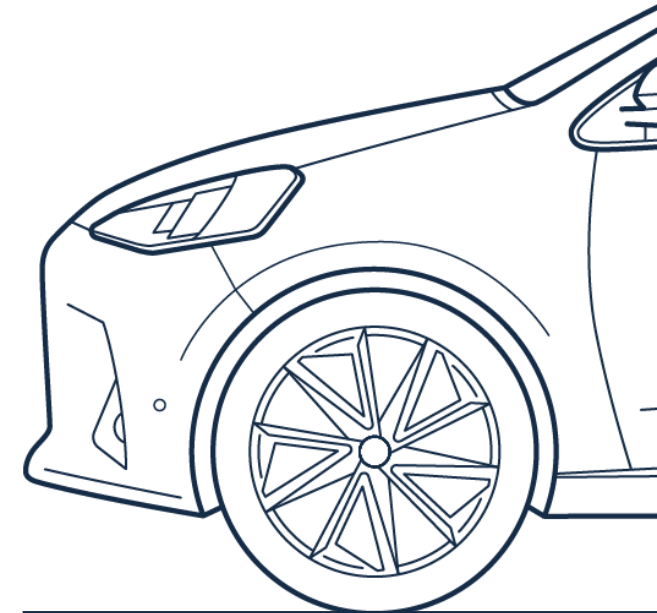
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8 Wrap-up

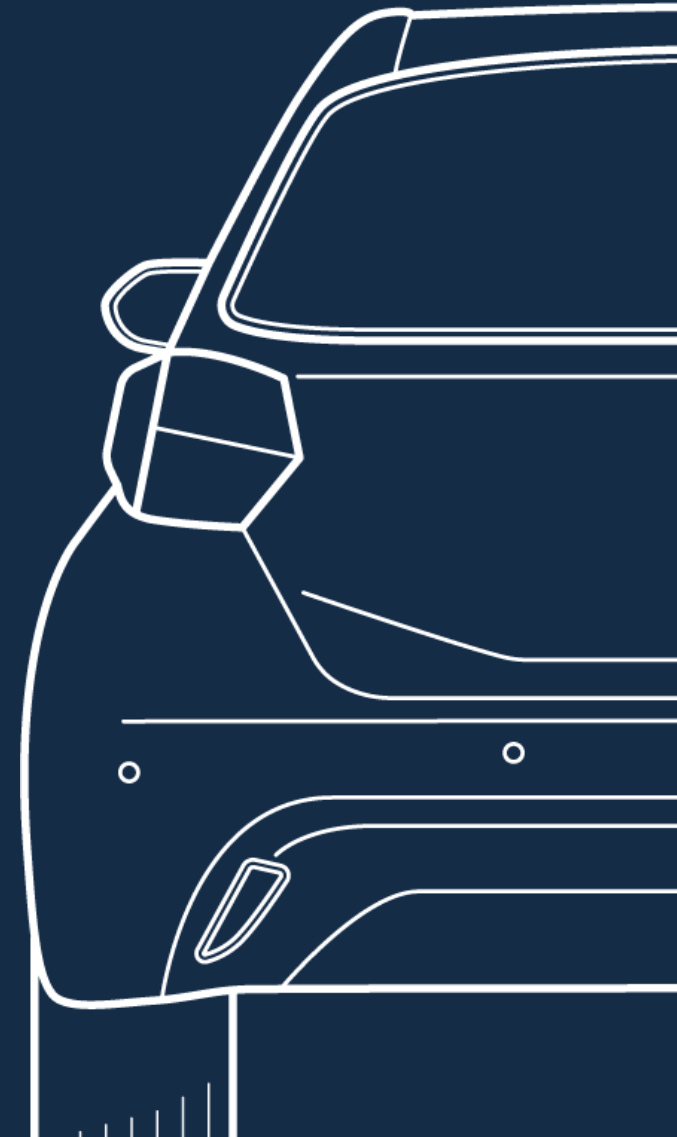
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Drinks & canapes

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# BREAK & REFRESHMENTS







# DUNCAN TAIT

# GROUP CEO



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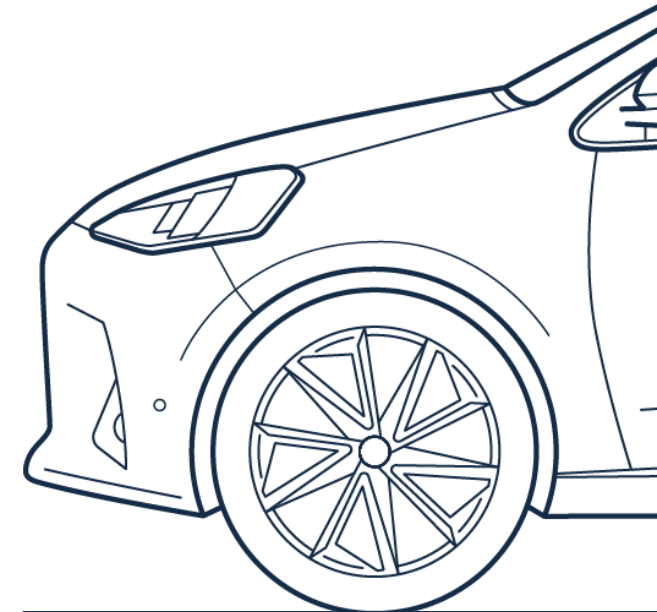
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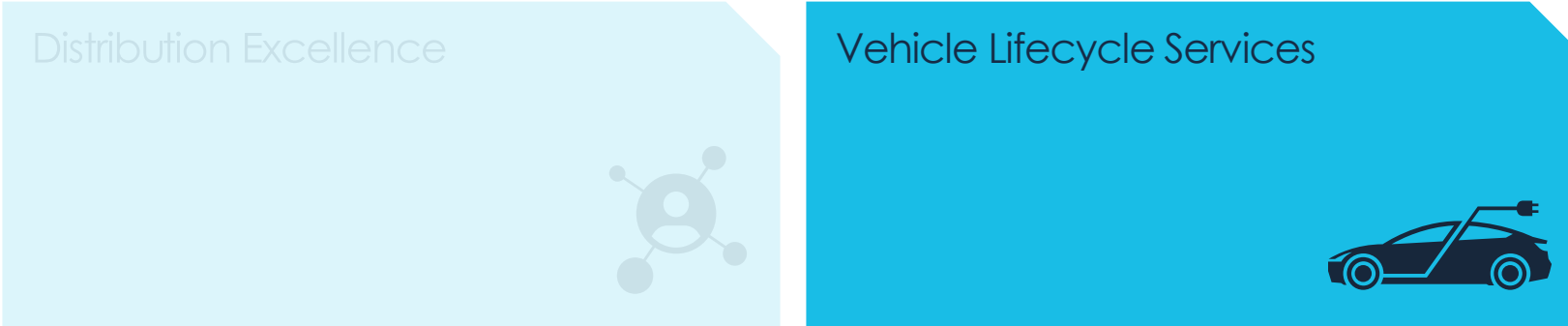
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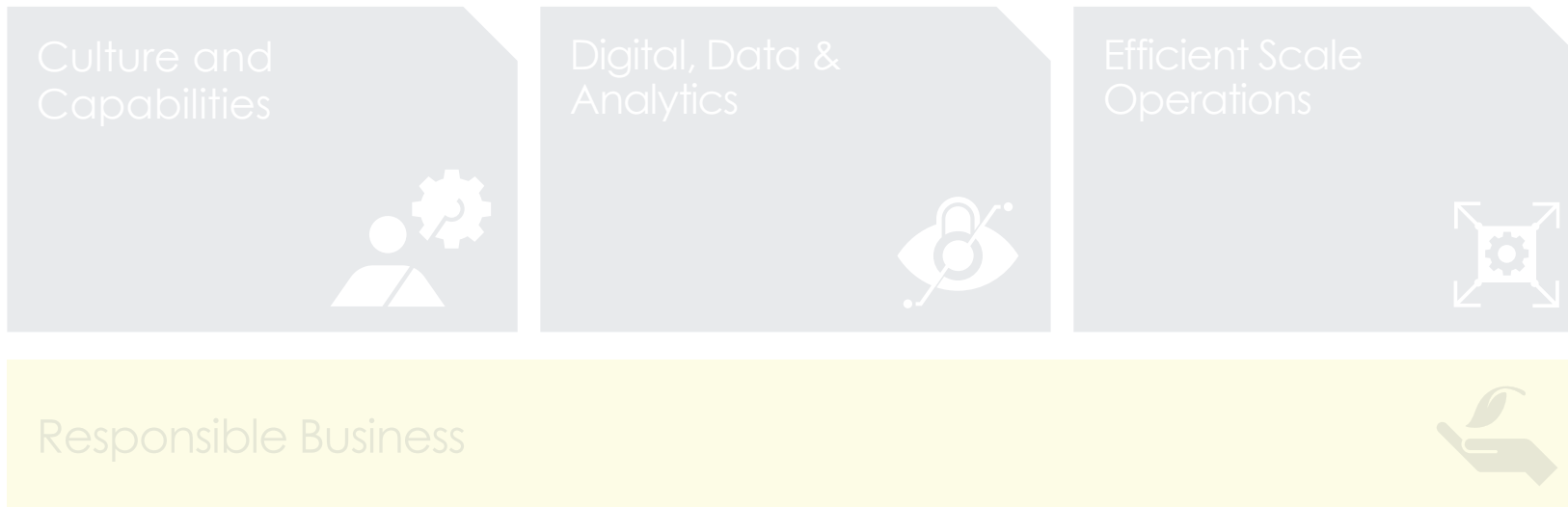


# Capturing more of the vehicle lifecycle opportunity

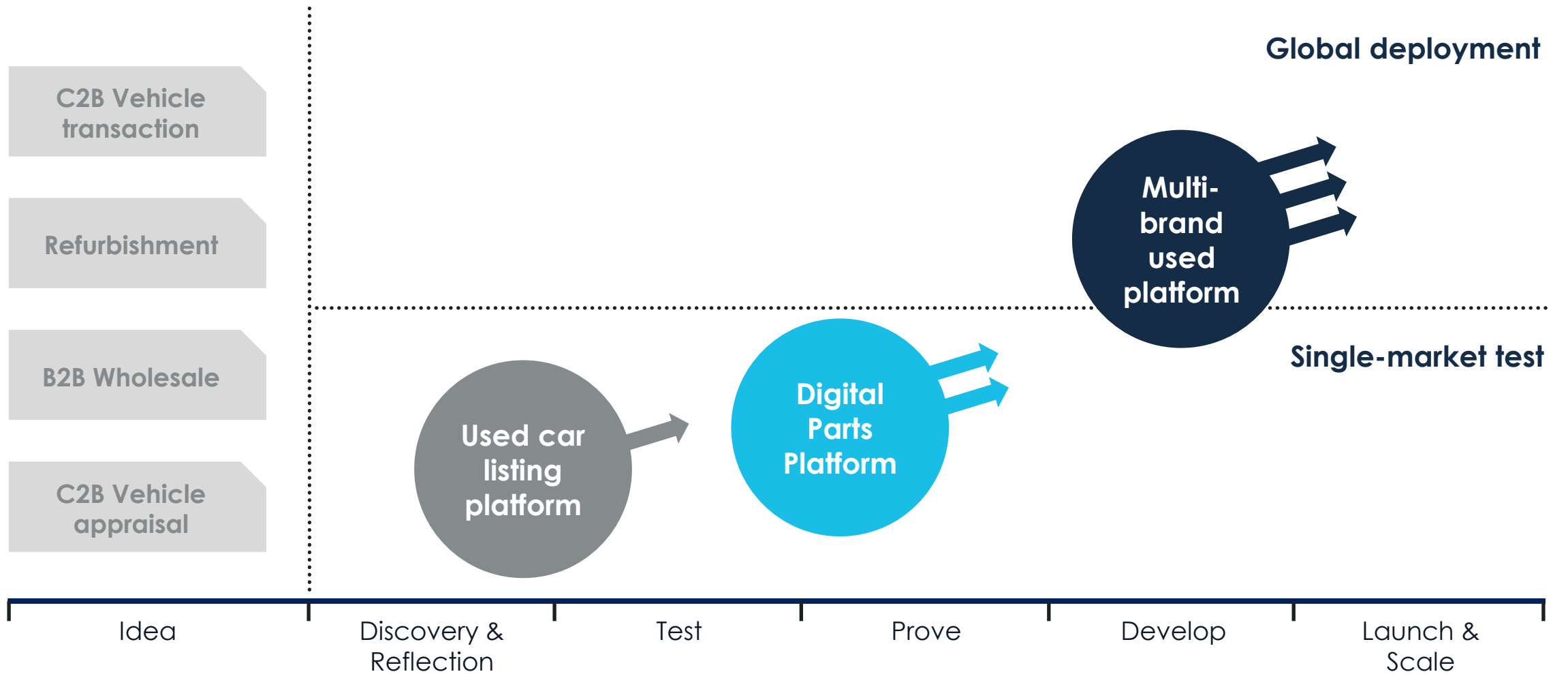
## Our Growth Drivers



## Our Enablers



# Focused on three game-changing opportunities



# Uniquely positioned to increase our share of wallet

# 1

**Significant opportunity** for us to capture more vehicle and customer value

# 2

Profit pools beyond the first user are **more stable** and offer **higher returns**

# 3

Our existing capabilities and resources provide a **competitive advantage**

# 4

Our global footprint provides **access to early stage high growth markets**

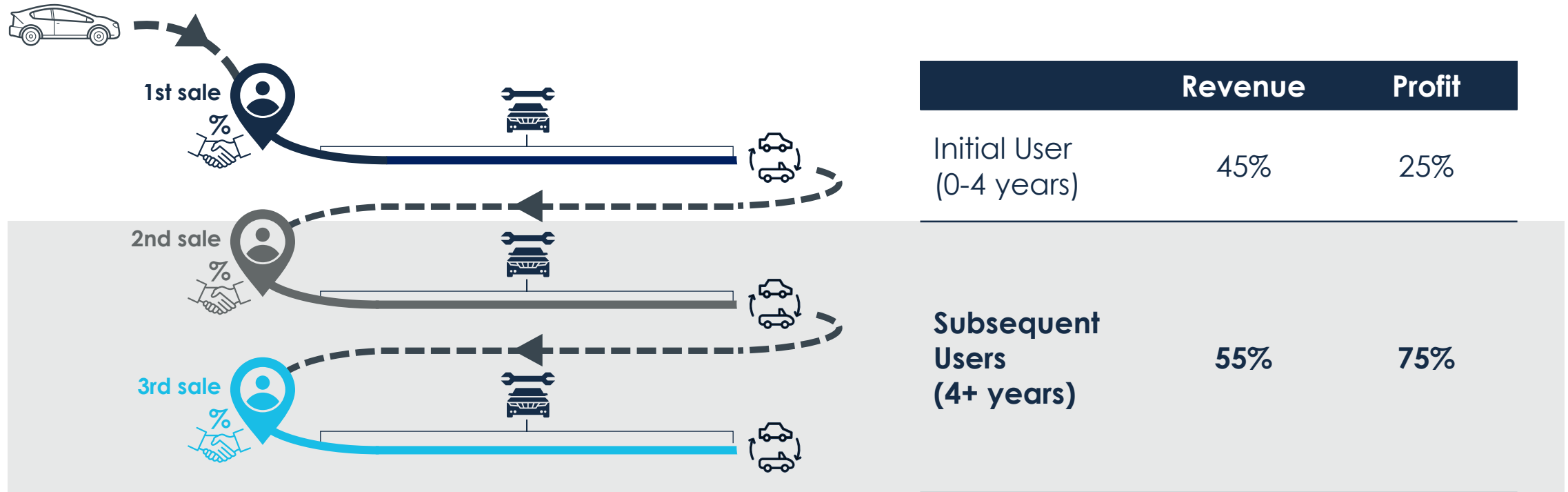
# 5

Harnessing our expertise to **drive digital adoption** across more of the value chain

# 1 Significant profit opportunity beyond the first user

## Vehicle Lifecycle Value

New vehicle import



Finance & Insurance



Aftermarket



Trade-in

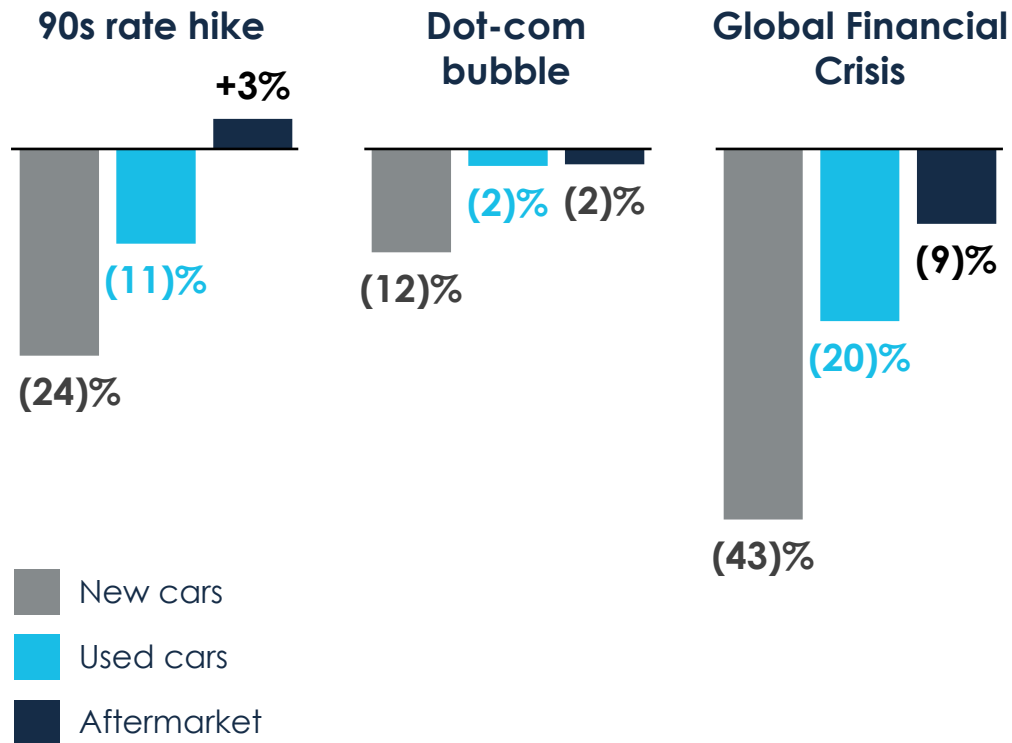


Currently underserved by Inchcape

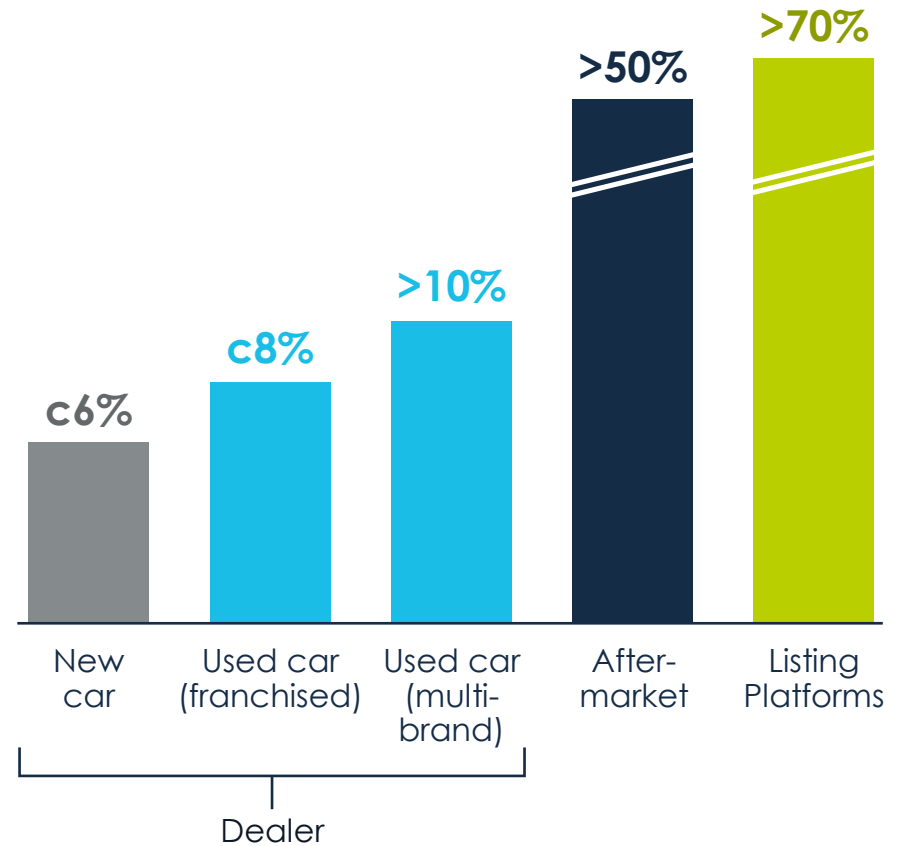
Note: Analysis shows the split of profit attainable over an average vehicle's life, and assumes four different owners during that period  
 The analysis captures the vehicle sales, finance & insurance commission and the aftersales services (including independent aftermarket)

# 2 Used and aftermarket are more stable and profitable

Demand is more insulated from market shocks<sup>1</sup>



Significantly higher gross margins



1: YoY% data for US car market

# 3 Advantaged by existing capabilities and resources

## Sourcing

- **Supply of used vehicles** from existing retail network
- **Accurate valuations** enabled by new vehicle pricing and competitive knowledge



## Operational expertise

- Proven **retailing expertise**
- **Broad aftersales capability** (refurbishment, bodywork, servicing & maintenance)



## Technology & Data

- **Global technology** platforms
- **Leading data & analytics**
- **Business intelligence** solutions
- Unique and **proprietary data**



## Infrastructure

- **Storage and refurbishment** sites
- Extensive **franchised dealer network**
- **Logistics partners** (where not in-house)



## Partnerships

- **Finance & Insurance** providers
- Pre-existing **commercial agreements with OEMs** and third party **suppliers** (e.g. parts, tyres and consumables)



## Customers

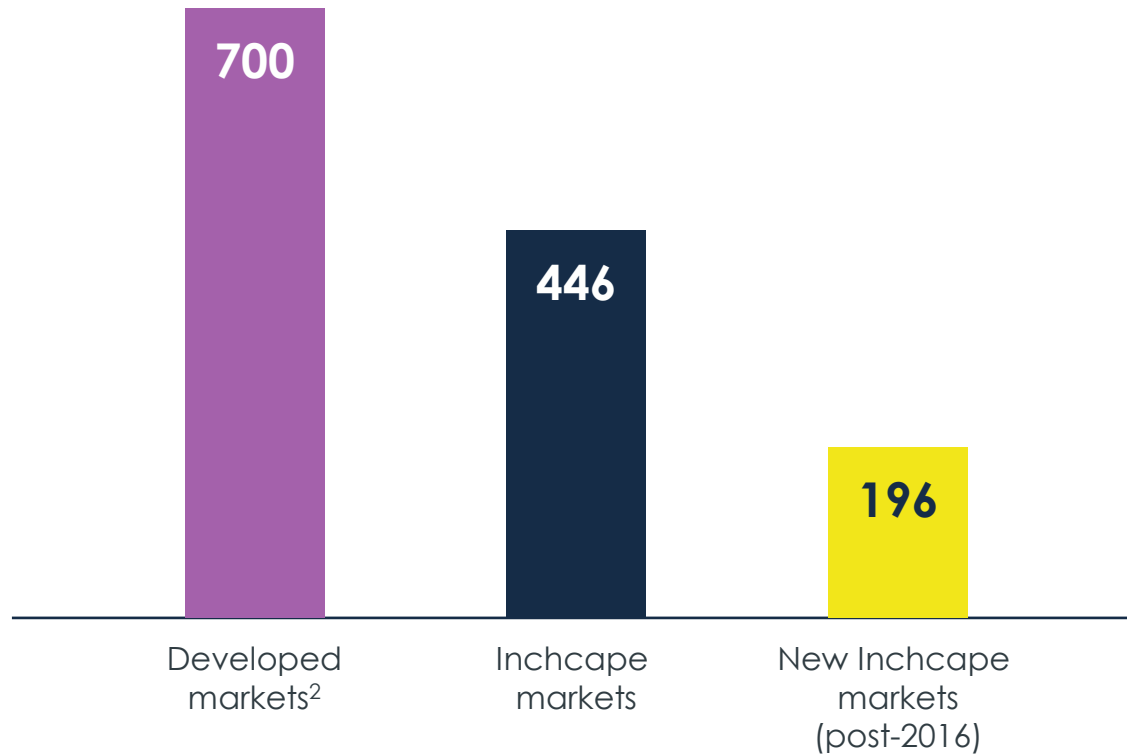
- **Established reputation and trust** from customers and partners
- **Deep understanding** of local markets and consumer preferences





## 4 Our footprint provides access to high growth markets

### Motorisation rate<sup>1</sup>



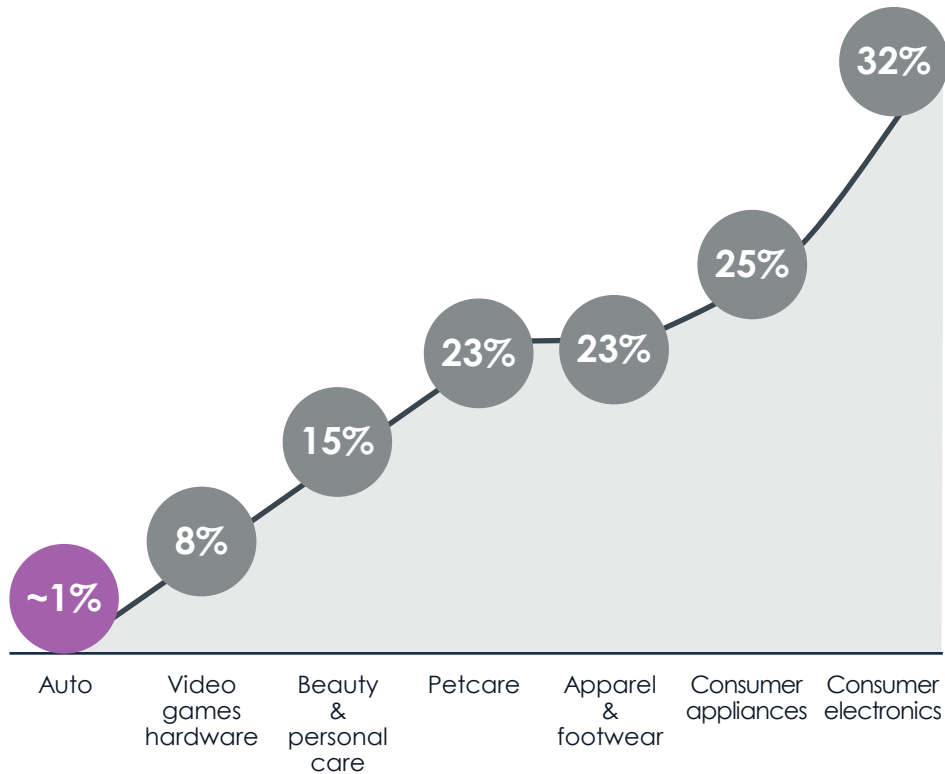
- Exposure to **higher growth markets** with significantly lower motorisation rates
- Leveraging our **well-established** and **trusted local brand** to become a **dominant player** in several parts of the vehicle value chain

1: vehicle penetration per thousand people (2019 data)

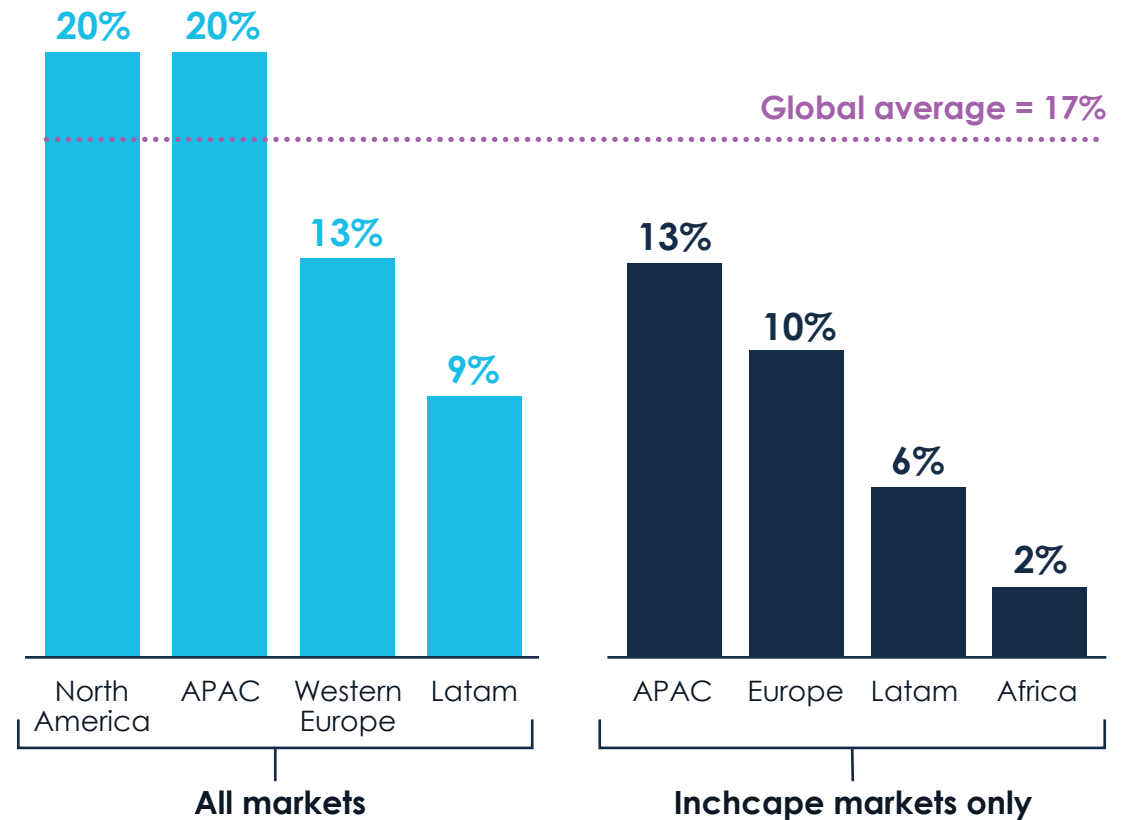
2: USA, UK, France, Germany, Japan

# 5 Digital adoption is still nascent in our markets and industry

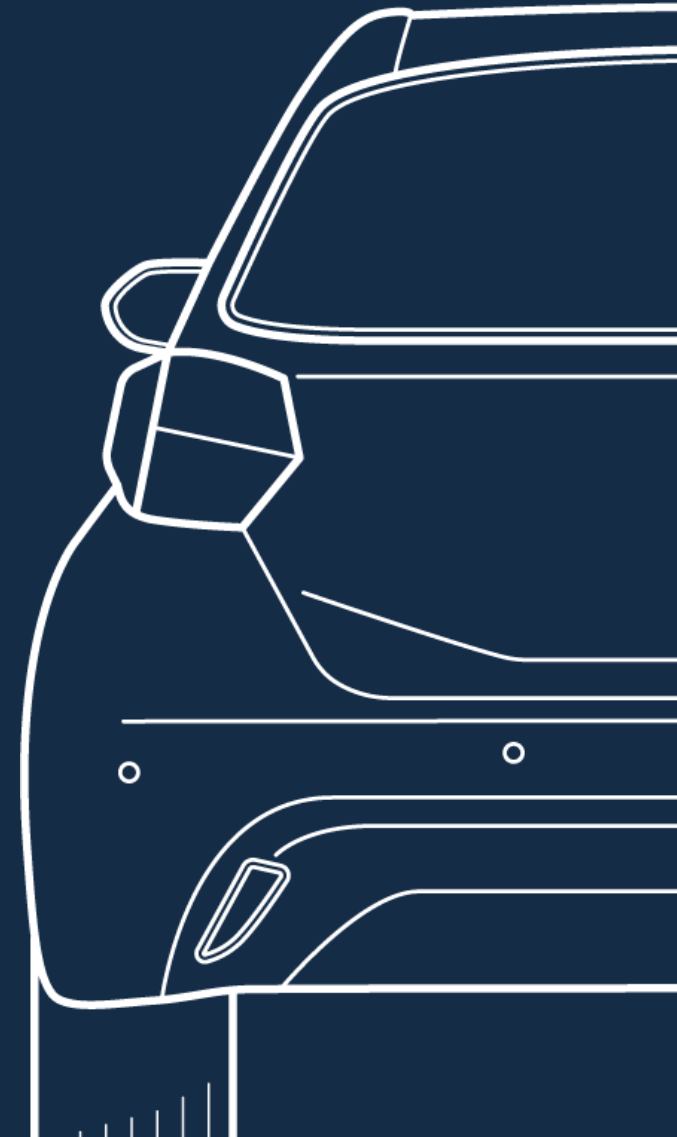
E-commerce penetration (by industry)



E-commerce penetration of general retail sales



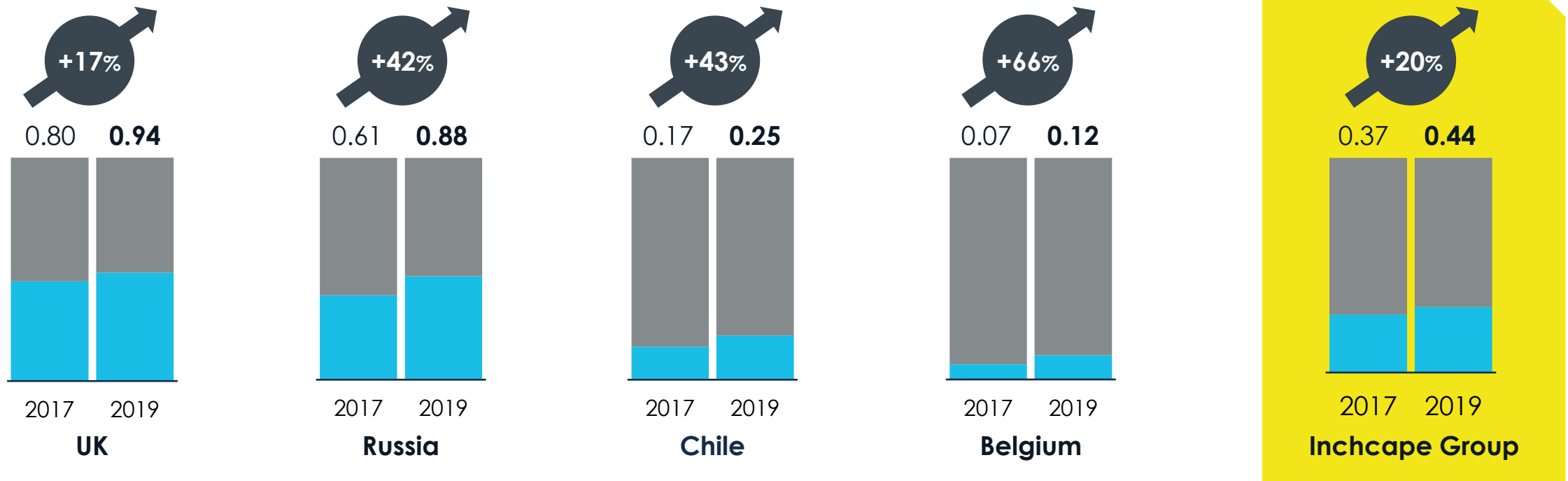
# MULTI-BRAND USED PLATFORM



# Further accelerating our used vehicle progress

## Used to New volume ratio

Used New

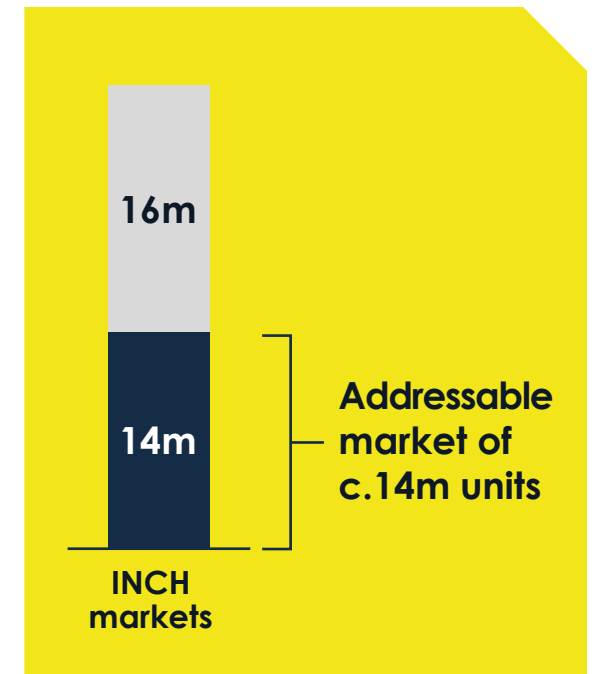
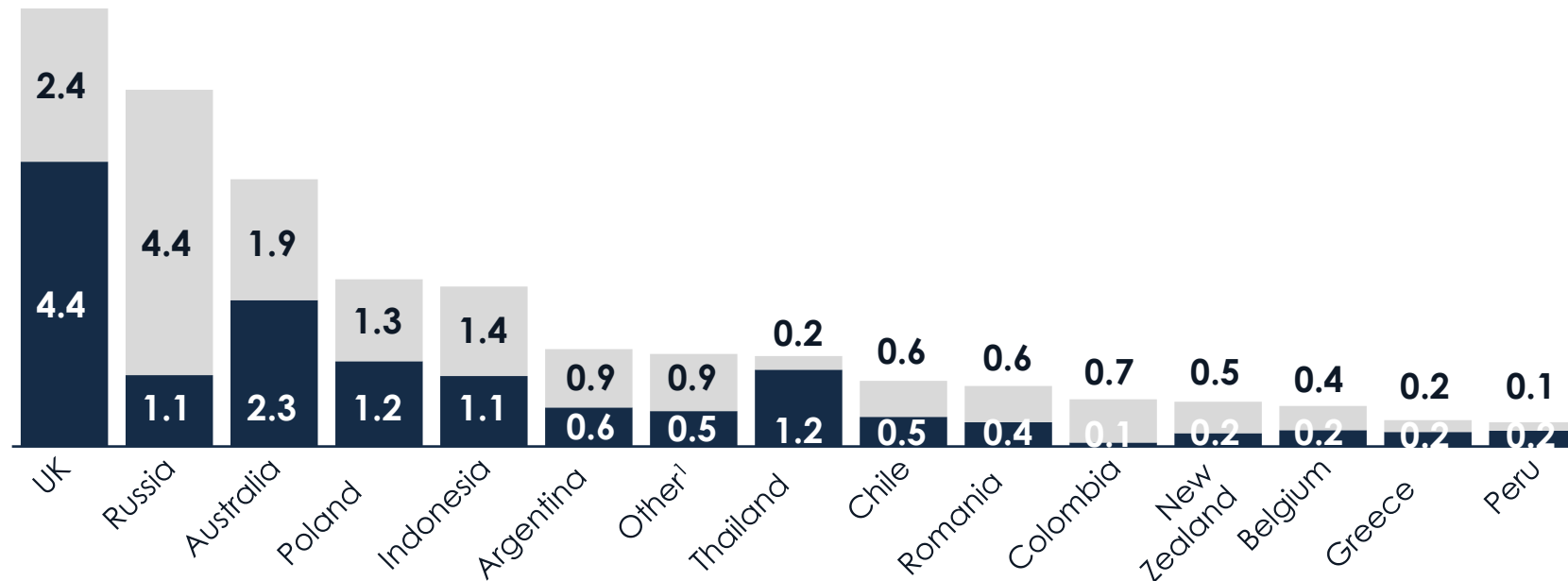
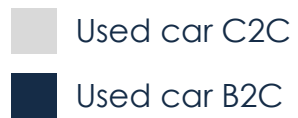


Leveraging the substantial progress made in growing our used vehicle business, and taking it to the next level

# The used car market opportunity is huge

## Used car volumes and B2C / C2C split in selected markets (>90% of Inchcape TIV)

Millions of units sold (2020)



1: Includes Finland, Bulgaria, Estonia, Latvia and Lithuania | Source: Corporate Value Associates, Mordor Intelligence; Momentum; Roland Berger; Ken Research, Aggregator Platforms, National statistics agencies

# Capabilities to win in a highly fragmented market

## Market presence

- Ready supply of quality used vehicles
- Existing partnerships (e.g. providers of financing)



## Operational expertise

- 50+ years experience in retailing and servicing
- Deploy best practices across our global operations



## Technology & Data

- Dynamic pricing model allows us to deploy unique pricing strategies
- Global insights from machine learning and analytics



## Scale

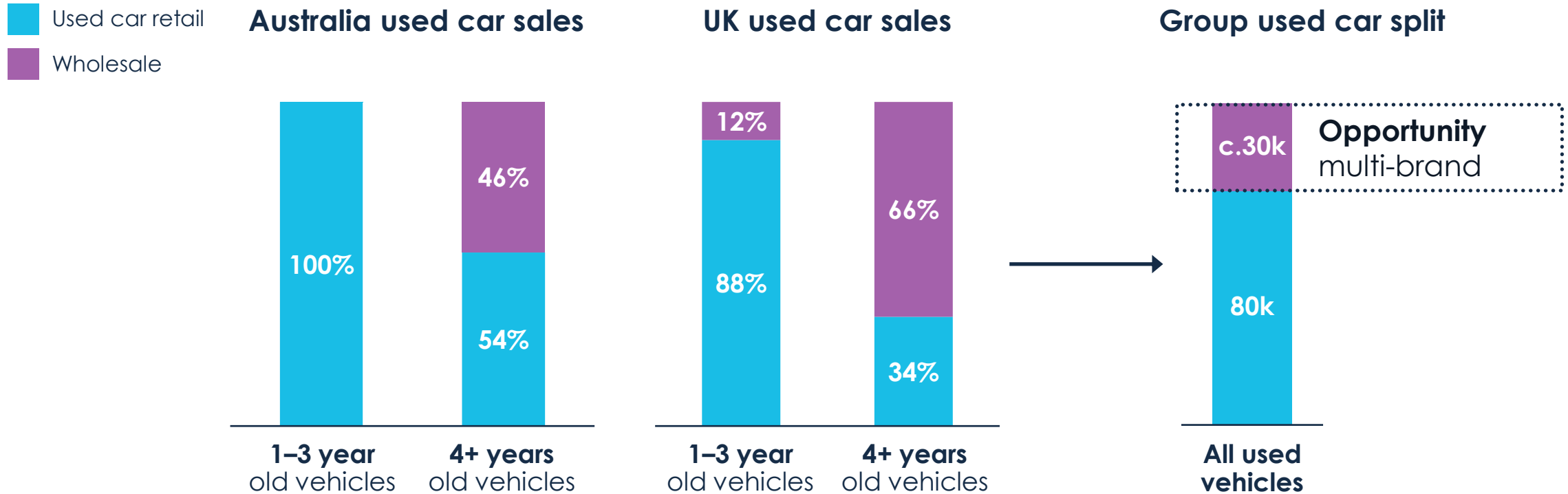
- Global technology platforms support lower cost operations





**Glafkos Persianis**  
CEO Europe

# Significant uncaptured opportunity on older vehicles



**In 2019 the group sold c.30k used vehicles via wholesale for negligible margin; this is a source of significant uncaptured profit opportunity for both used cars and aftermarket**

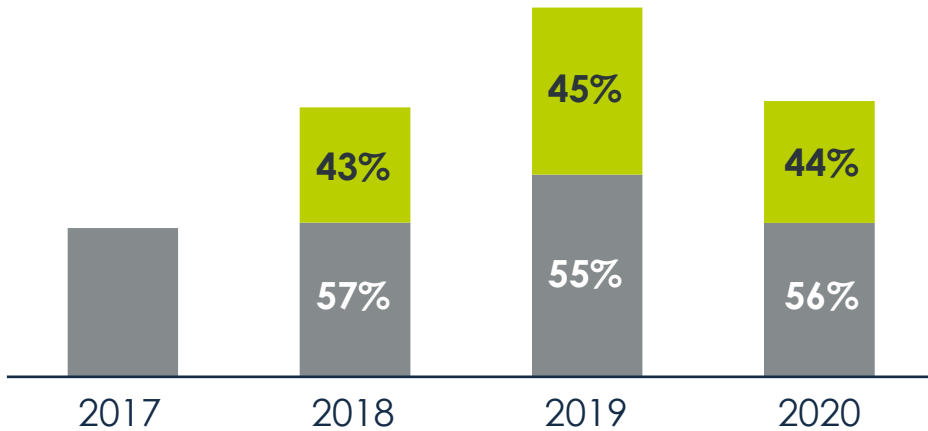


# Capability to source independently of our retail network

## Russia

Split of used cars by source (% of total)

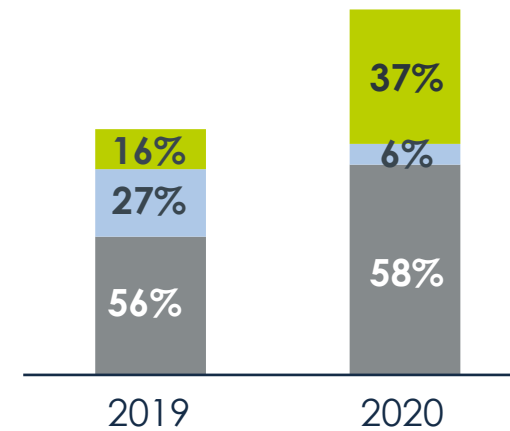
- Franchised trade-in
- Direct from customer



## UK used car centres

Split of used cars by source (% of total)

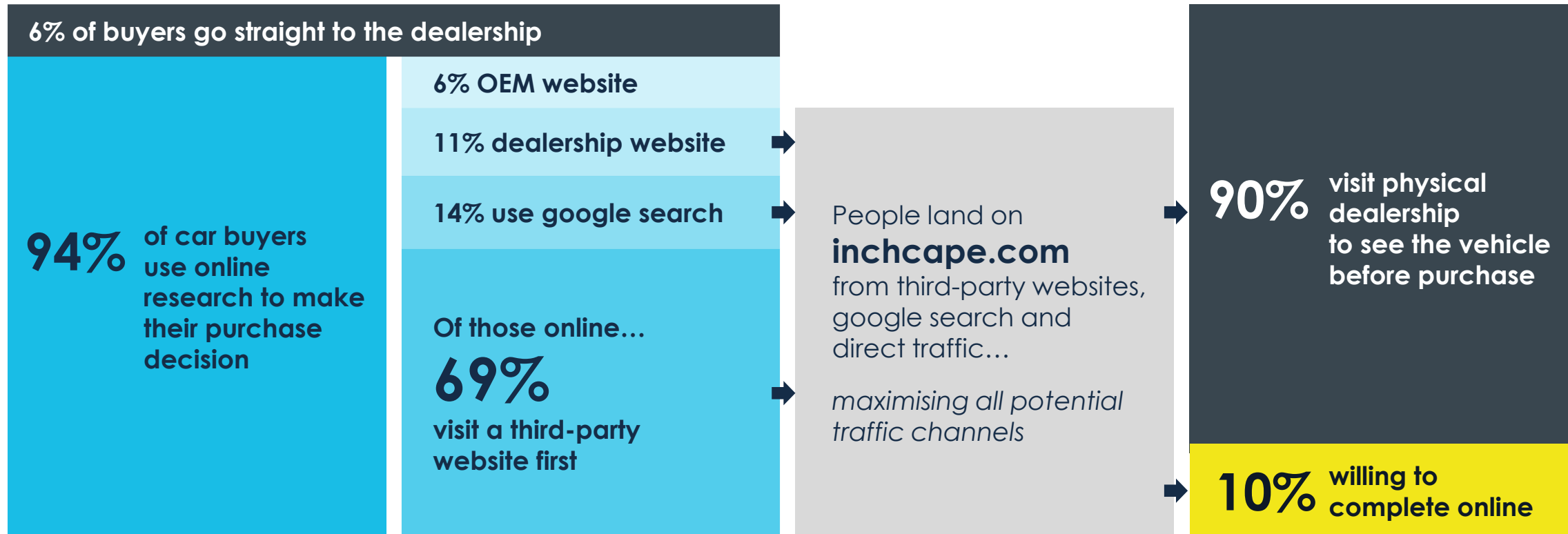
- Franchised trade-in
- Purchased from wholesaler (e.g. ex-fleet)
- Direct from customer



**Proven ability to increase the volume of used cars sourced directly from customers**

# Consumer buying journey relies on a listing platform

Representative of developed markets with mature used vehicle ecosystems





**bravoauto**

# A model designed to deliver the best outcomes

<b>Market presence</b>		Aftermarket services
		Sourcing from existing operations
<b>Operational expertise</b>		Omni-channel & digital capability
		Proprietary data and algorithms
<b>Scale</b>		Low-cost lead generation

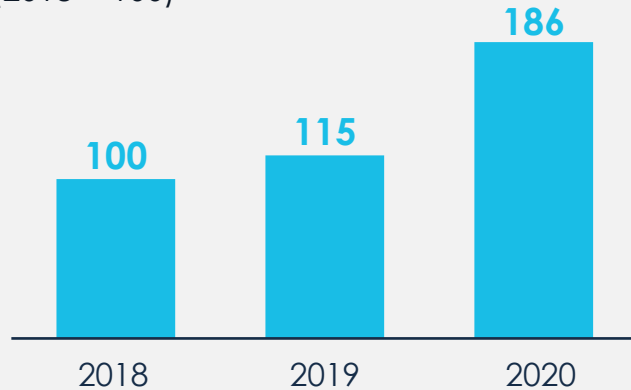
**bravoauto** impact

	<b>Higher GPU</b>		<b>Repeat custom</b>
	<b>Lower overheads</b>		<b>Limited investment</b>
	<b>Low working capital</b>		<b>Attractive returns</b>

# Case Study: Russia used vehicles

## Higher GPU

Indexed Gross Margin evolution  
(2018 = 100)



## Repeat Custom

Inchcape Certified  
Yandex 675 Reviews

4,4

## Low overheads

Less than **50%** of new car operations

## Limited investment

Payback in under **2** years

## Low working capital

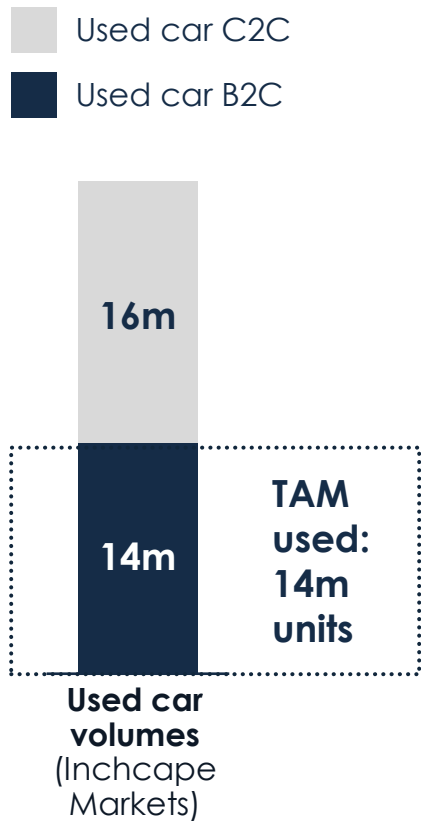
Stock turn every **30** days

## Attractive returns

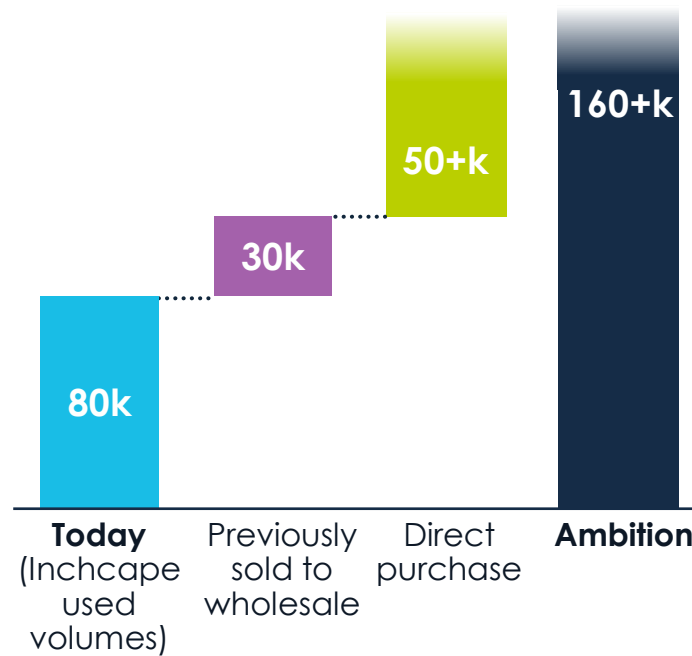
Well-above  
group  
average  
ROCE:  
**>20%**

# Global ambition: double used volumes within five years

## Addressable market of c.14m units



## Ambition to at least double volumes



### We sell c.80k used cars globally

- Less than 1% of addressable market

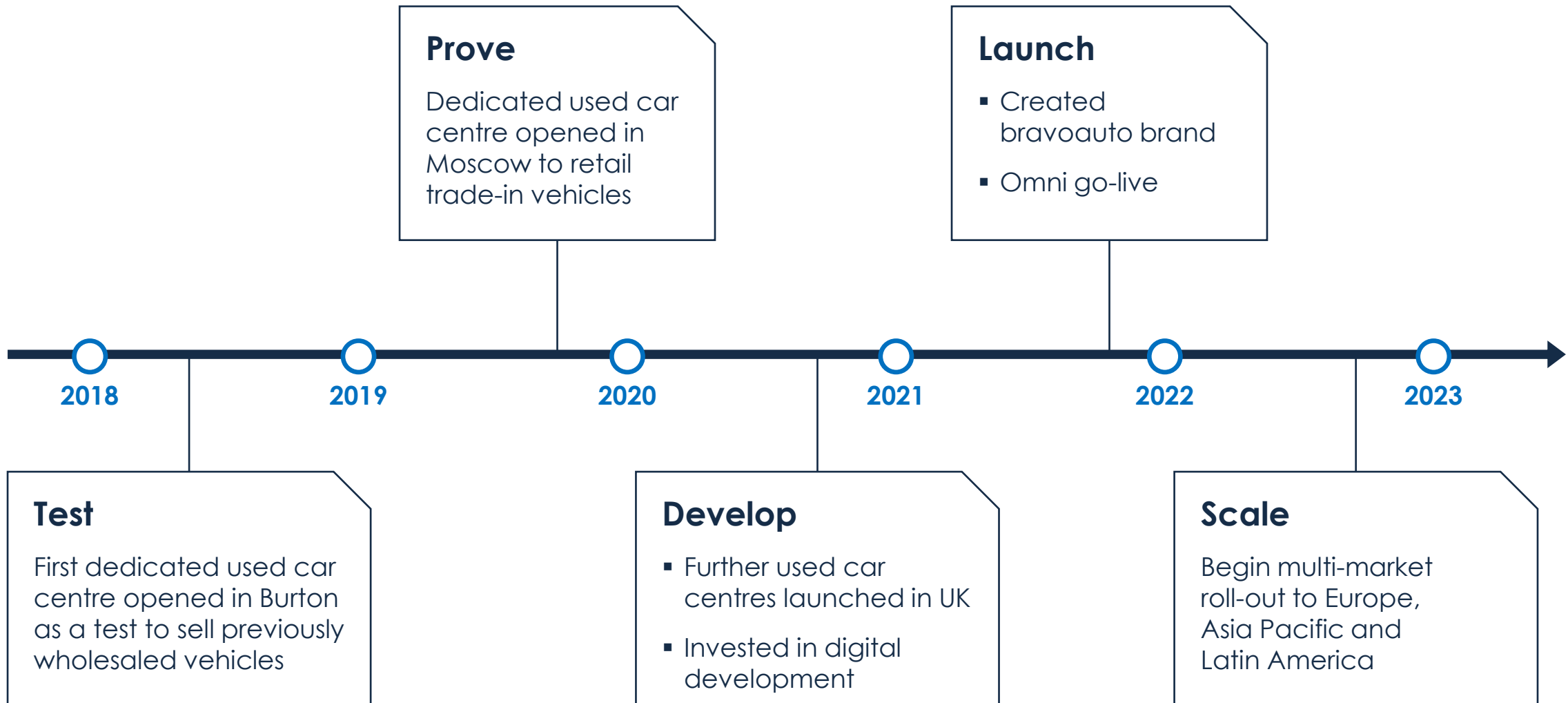
### We generate c.£100m used car gross profit

- Gross profit per unit = £1.2k

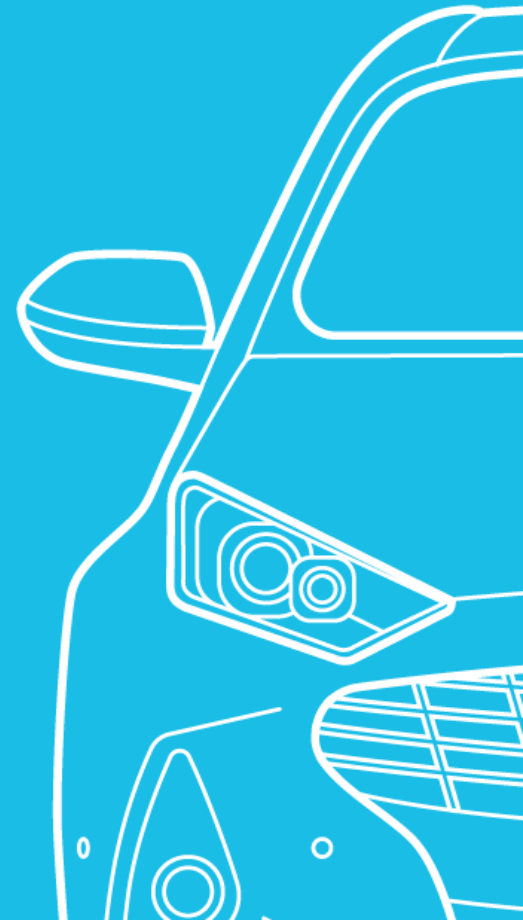
### Ambition to at least double our used volumes

- Supplement existing wholesale volumes with direct vehicle purchase
- **bravoauto** to deliver class leading proposition and omni-channel experience
- Targeting a higher share of the addressable market

# Timeline of bravoauto



# DIGITAL PARTS PLATFORM





# Broadening our aftermarket focus

## Retention

Increase aftersales retention for our OEMs across all 36 markets



## Penetration

Broaden aftermarket penetration beyond just OEM garages (e.g. via bravoauto)



## Digitalisation

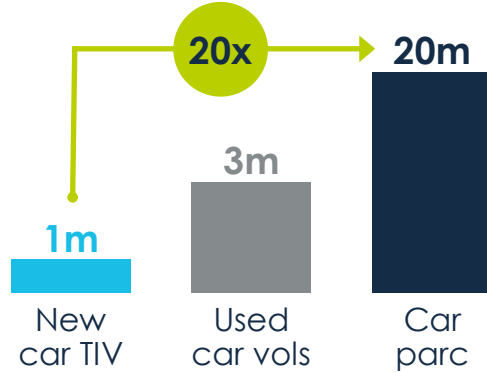
Develop and globalise a digital parts platform



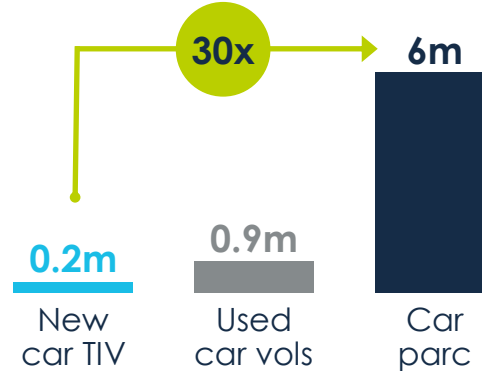
**Leveraging our core competencies, and technological capabilities, to capture greater share of aftermarket spend**

# Large vehicle parcs create significant opportunity

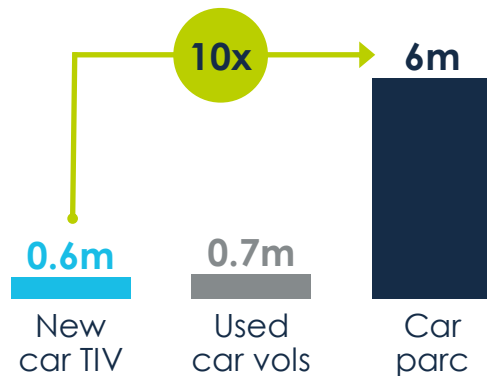
## Australia



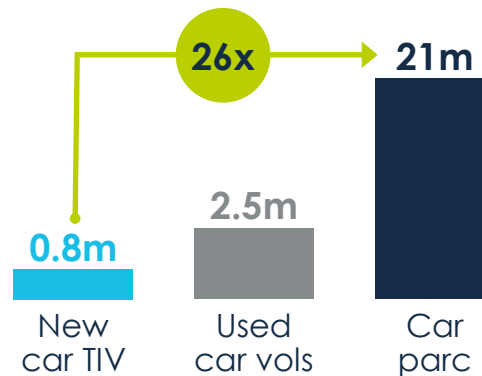
## Colombia



## Belgium



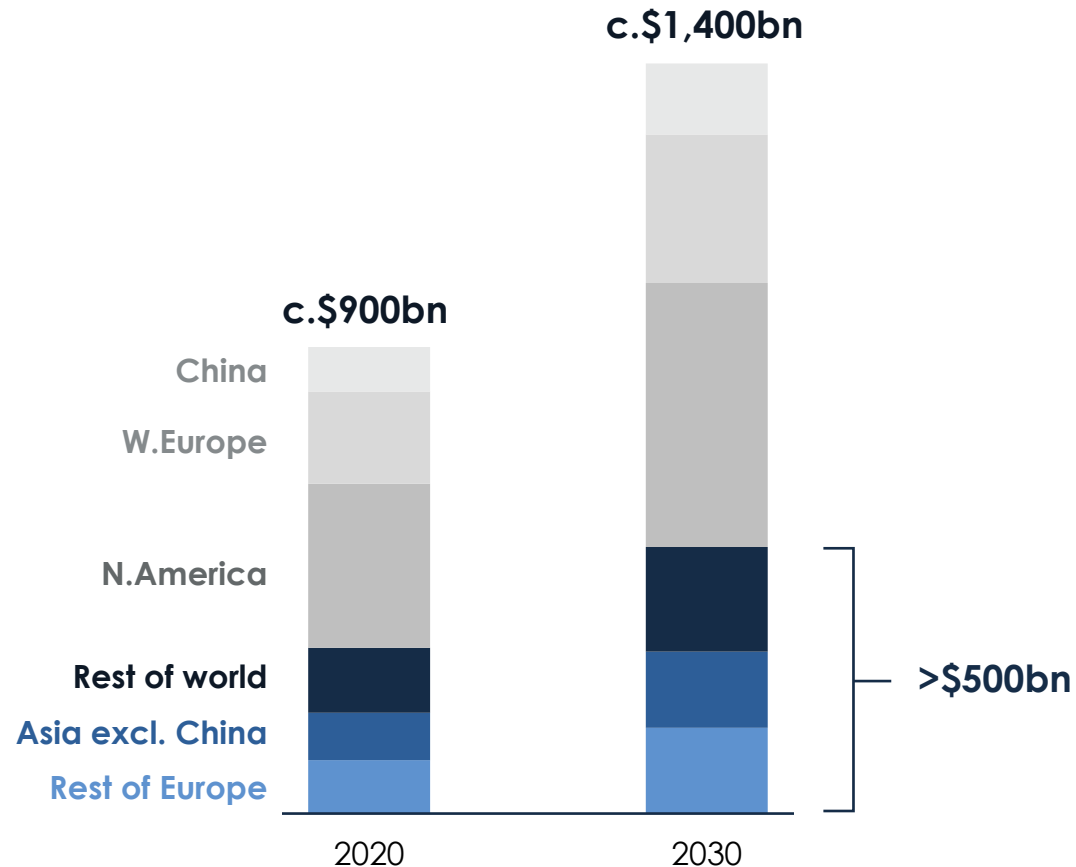
## Indonesia



- Car parcs are **>10x annual new car volumes** in all markets
- **Significant untapped opportunity** for Inchcape to capture more of the aftermarket profit pool

# Aftermarket upside is enormous and is highly fragmented

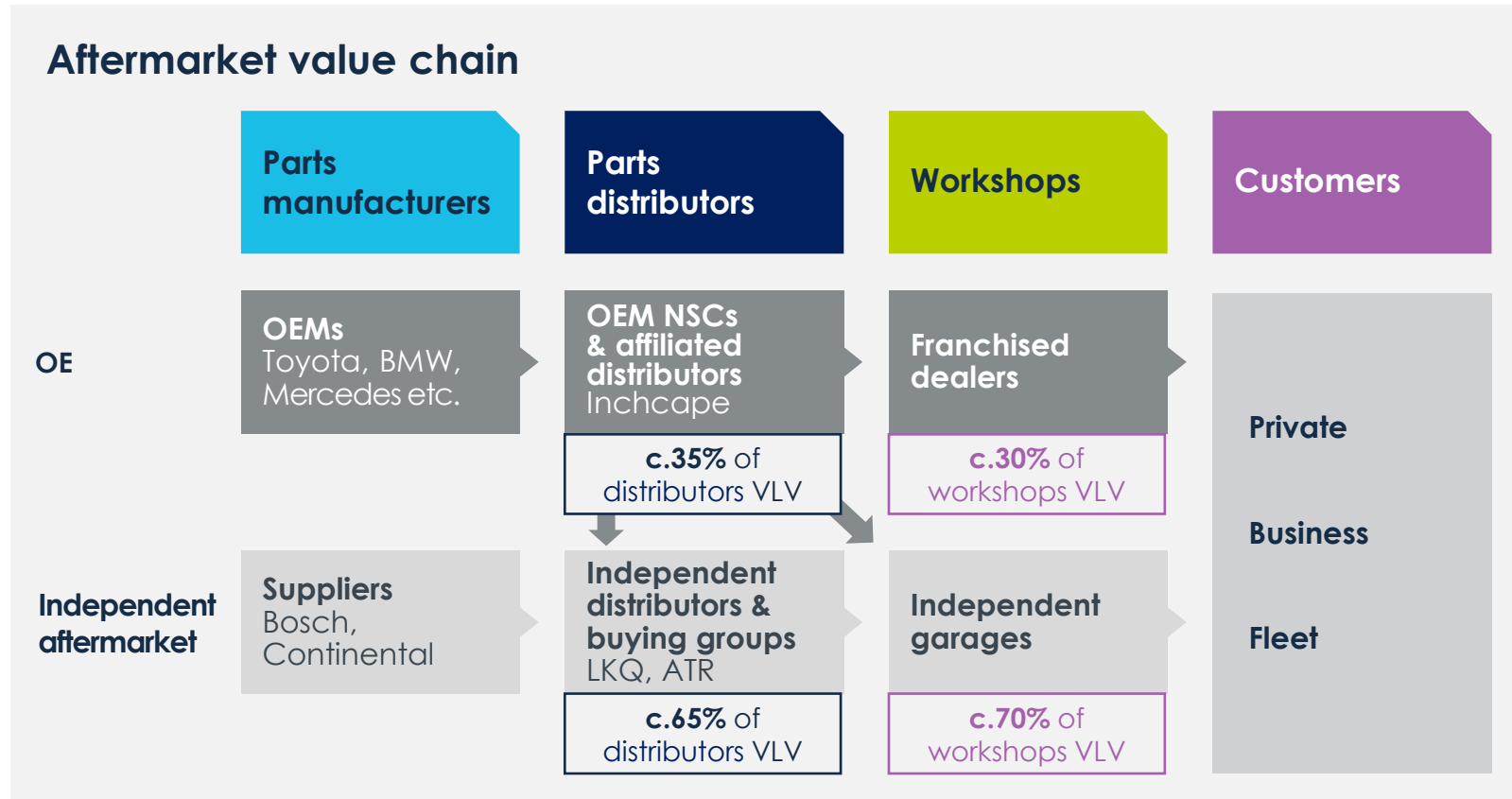
## Global aftermarket revenues<sup>1</sup>



- **>\$500bn aftermarket revenue** across Inchcape regions
- **Highly fragmented** with varied business practices; something we can address
- Extremely **attractive profit stream**

1: Including parts, labour, maintenance and repairs-related revenues

# Leverage our expertise to increase our aftermarket share



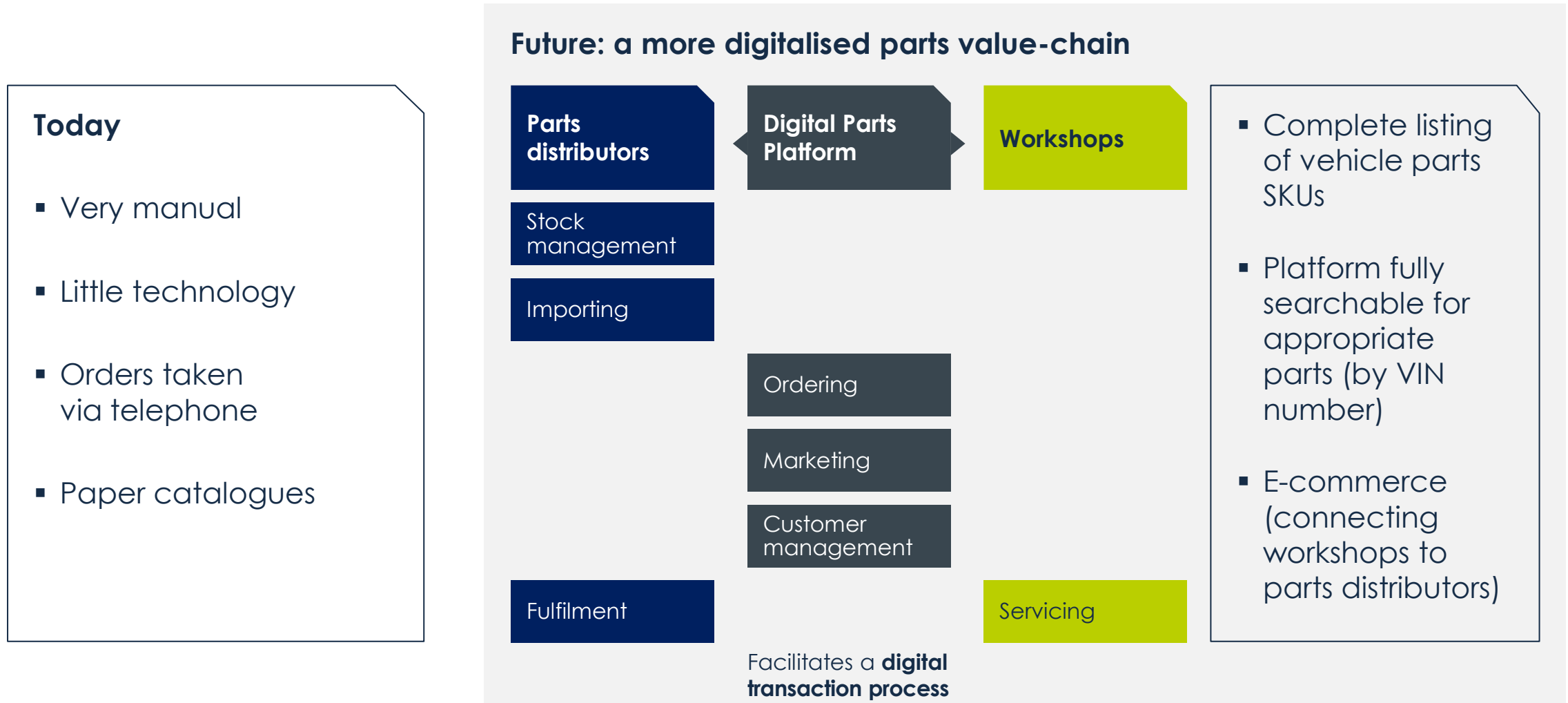
## Digitalisation of parts

- Opportunity to modernise parts-distribution
- Leverage our distribution and technological expertise
- Create a platform to connect parts distributors with workshops

Opportunity

Digitalisation 

# How the Digital Parts Platform fits into the value chain



# Digital Parts Platform: our proposition

## How we make money?



**Commission  
on parts sold**



**Marketing**

**Highly accretive returns;  
asset-light business model**

## What is required to succeed?



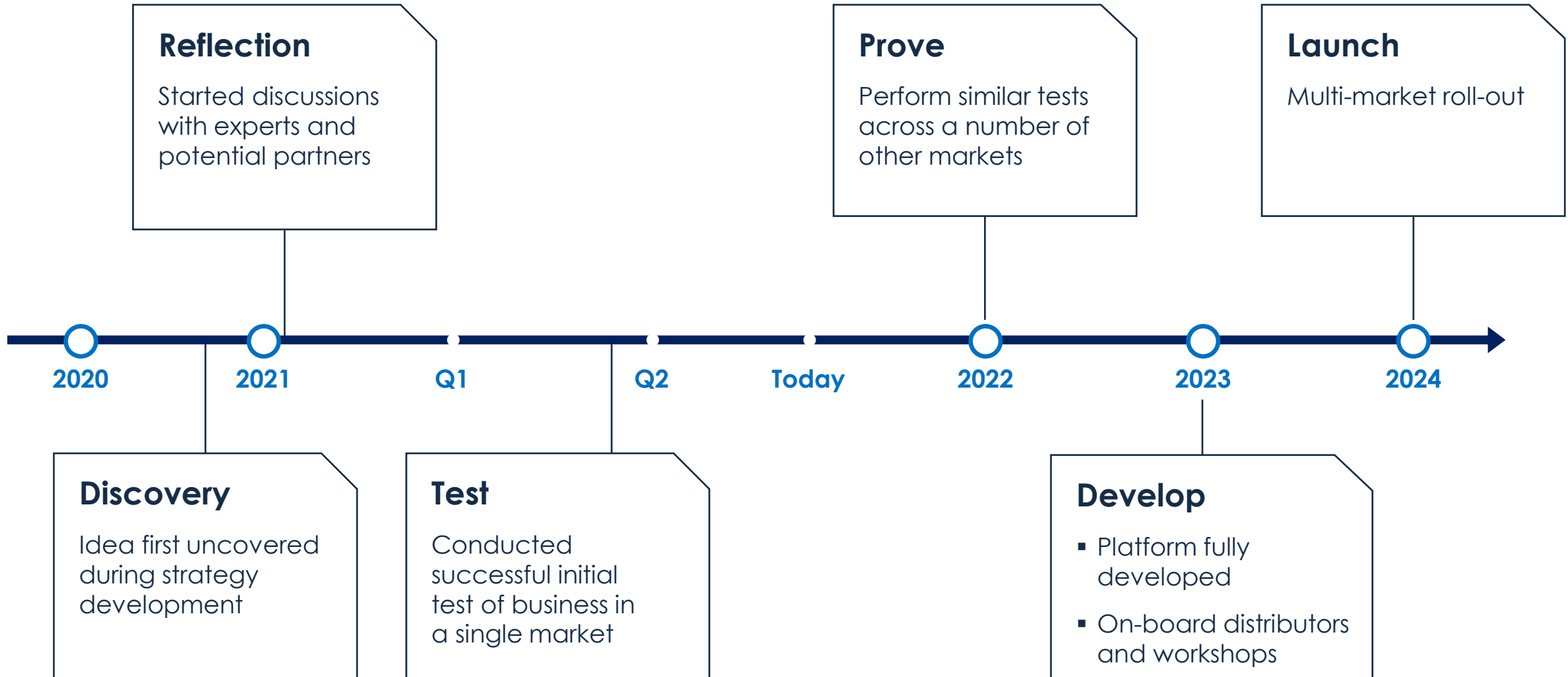
**Automotive  
relationships**



**Technological  
expertise**

**Leveraging our core distribution competencies,  
and technological expertise**

# Development timeline of Digital Parts Platform



# SUMMARY

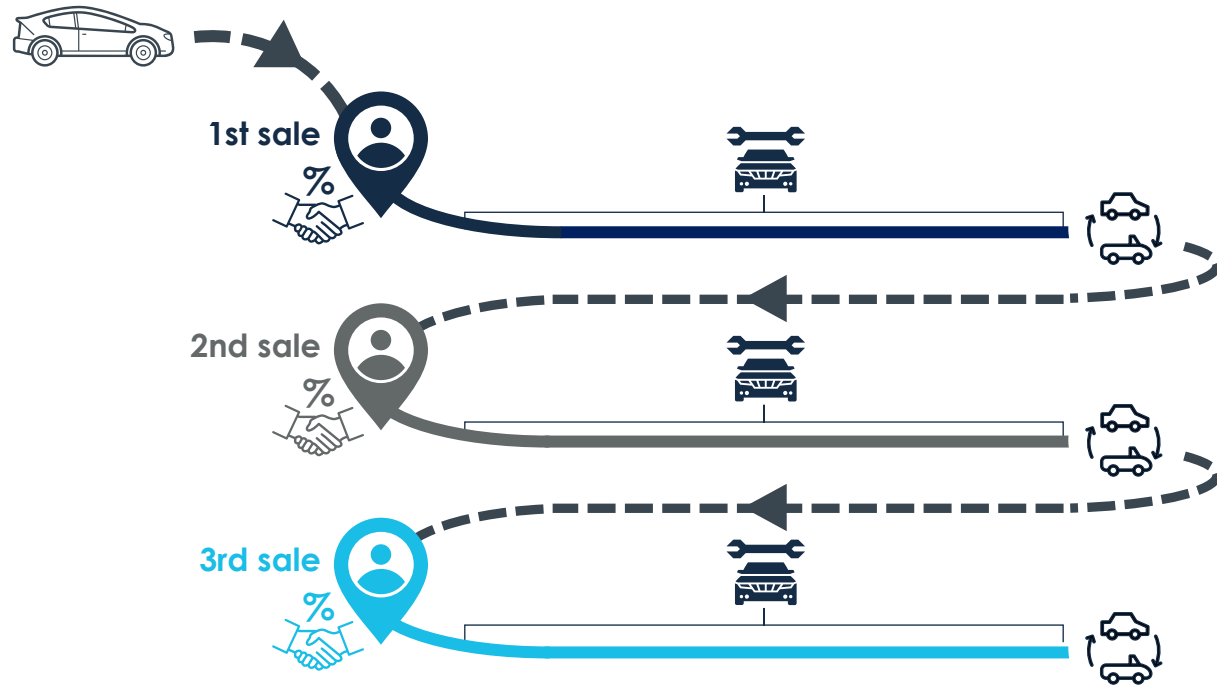




# Significant profit opportunity beyond the first user

## Vehicle Lifecycle Value

New vehicle import



Finance & Insurance



Aftermarket



Trade-in

## Our launch roadmap

1. bravoauto

2021/  
22

2. Digital Parts  
Platform

2023/  
24

3. Used car  
listing platform

TBC

# Uniquely positioned to increase our share of wallet

Strong OEM relationships; encouraging us to **capture more of the Vehicle Lifecycle Value**



Leveraging our market footprint and expertise to **accelerate our growth**



Globalising our **bravoauto** used-car platform; aim to **double used volumes**



Drive up our **aftermarket retention rates**, particularly in later vehicle life stages



Digital Parts Platform; **a significant realisable profit opportunity**

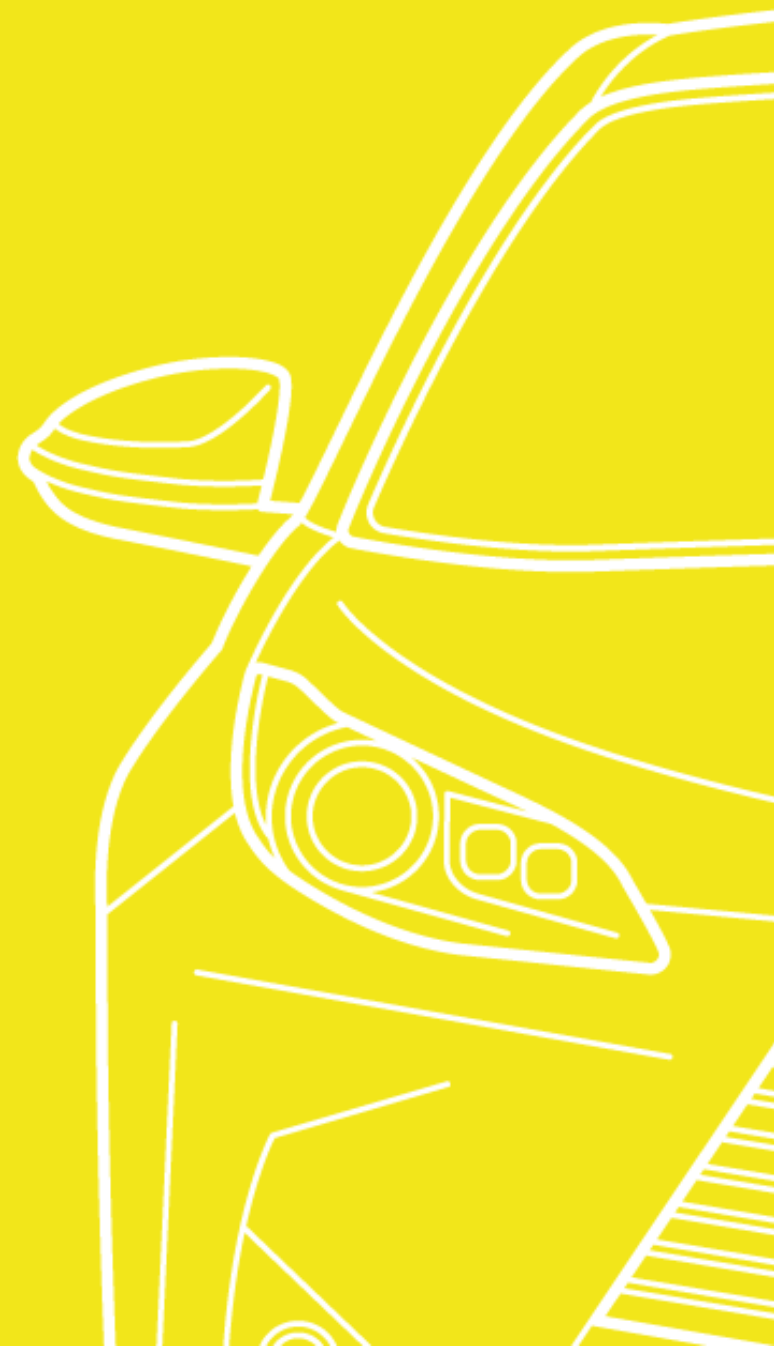


**>£50m incremental profit contribution** within five years





# GIJSBERT DE ZOETEN GROUP CFO



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**7 Financial plan**

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Q&A

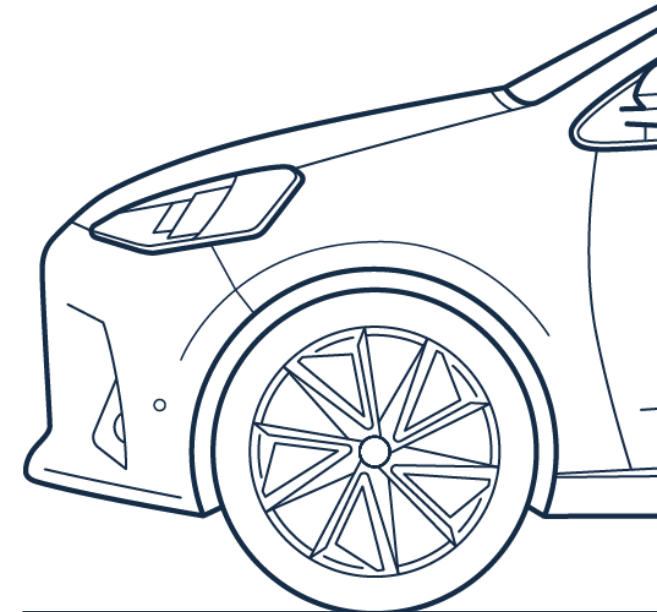
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8 Wrap-up

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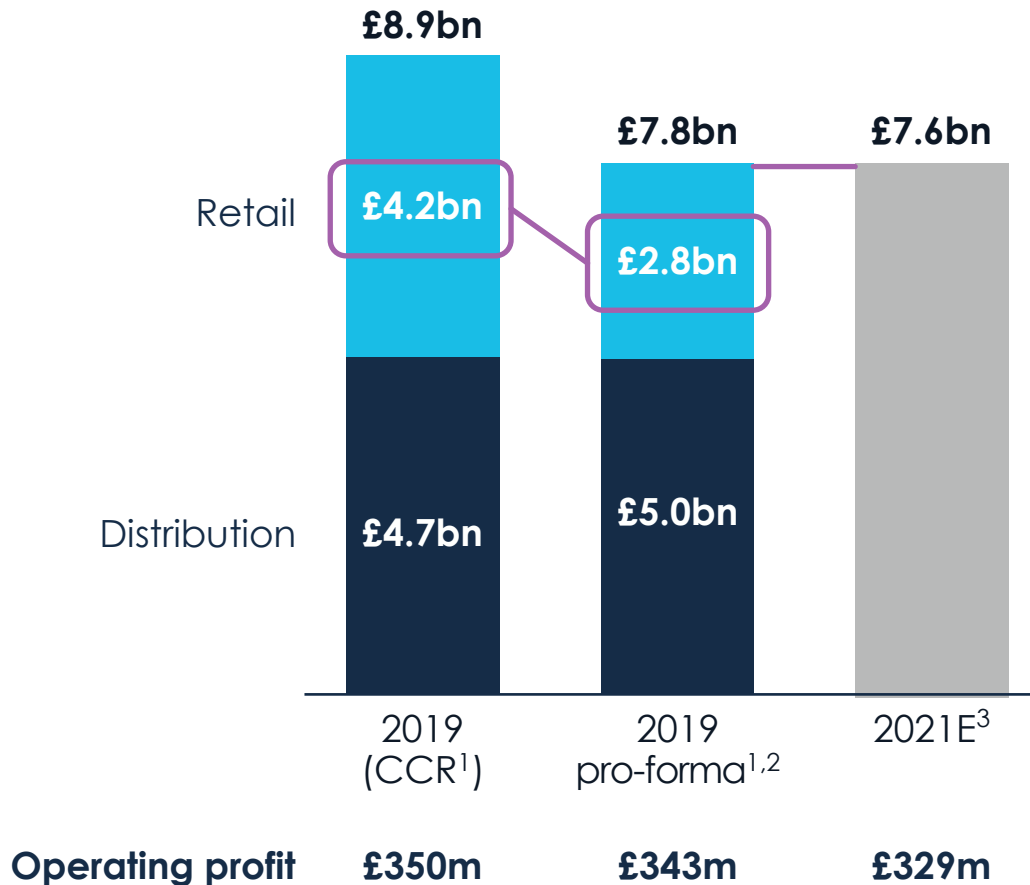
Drinks & canapes

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# A stronger business with attractive growth opportunities

## Revenue



### Distribution focus

- Significantly changed the shape of the Group
- Attractive growth opportunities across our markets

### Strong resilience

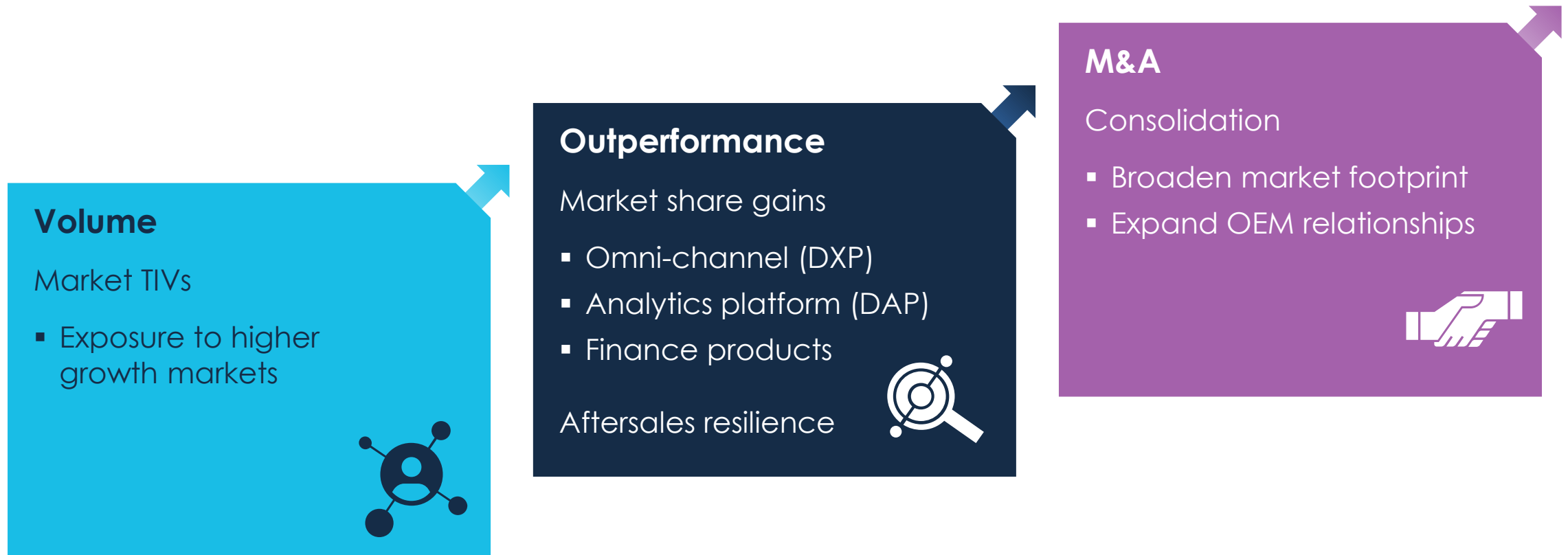
- Group revenue has recovered to 2019 levels
- Overhead savings supporting profits

# Geographically diverse with meaningful upside

Operating profit split (2021E <sup>1</sup> )		Operating margin (2021E <sup>1</sup> )	Medium-term expectation	New car volume (TIV) CAGR <sup>2</sup> (2021-2026)	
Distribution	33%	Asia	9.3%	High single digit	4%
	13%	Australasia	4.1%	Mid single digit	1%
	12%	Europe	2.8%	Low single digit	5%
	20%	Americas & Africa	6.3%	Mid single digit	5%
	22%	Retail	2.4%	c1.5%	3%

- Geographically diverse business with higher growth exposure
- Distribution: margin upside across most regions
- Retail: currently helped by supply-demand imbalance

# Distribution Excellence: drivers of topline growth

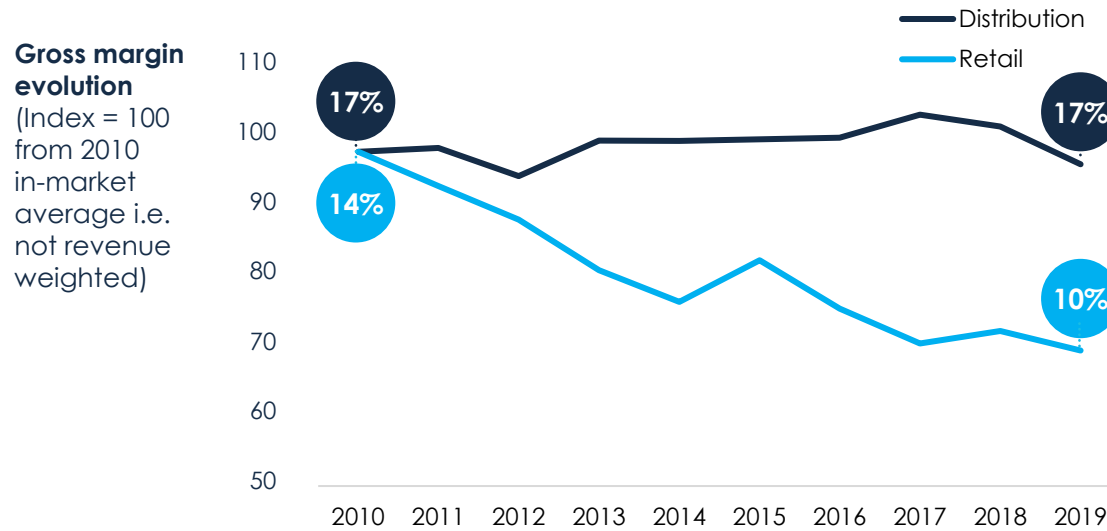


**A highly attractive revenue growth trajectory,  
accelerated by our differentiated approach to distribution**

# Distribution Excellence: drivers of profitability

## Gross margin

- Vehicles and Aftersales
- Regional mix
- Evolution of M&A
- Supply-Demand dynamic



## Overheads

- Savings / Cost inflation
- Leveraging global scale (GBS & DDCs)
- Advertising & Promo effectiveness
- M&A synergies

### Group overheads (£m)



2019-PF



Post savings<sup>1</sup>

- Delivered £45m of overhead savings
- c.50bps reduction of overheads as % of sales

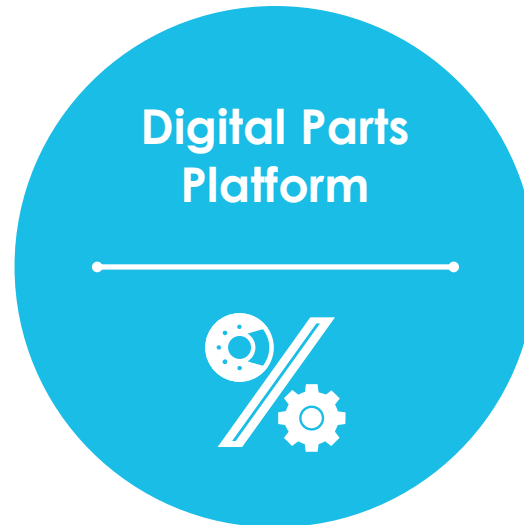
1: Indicative overheads post Covid restructuring as the business returns to 2019 levels



# Drivers of Vehicle Lifecycle Services



- Used volumes & AFS
- Platform roll-out



- Volume of parts sold
- Marketing revenue

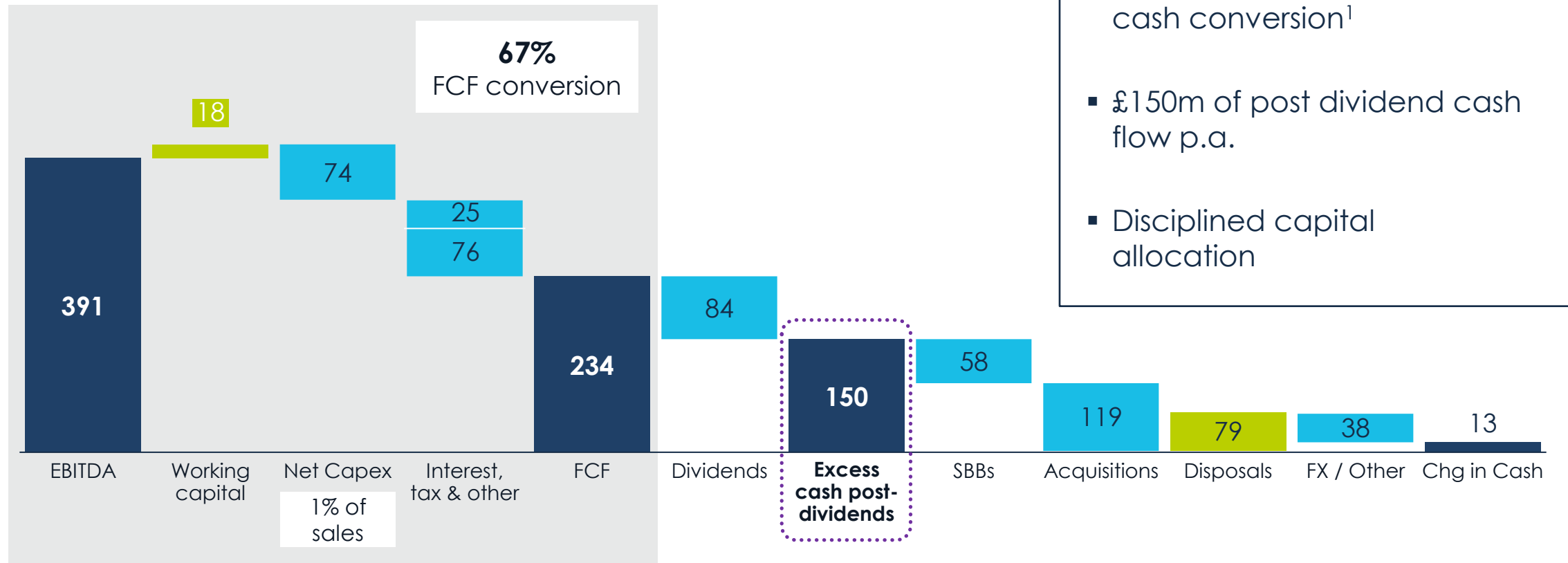


- *Too early*

**Maintaining the Group's low capital intensity**

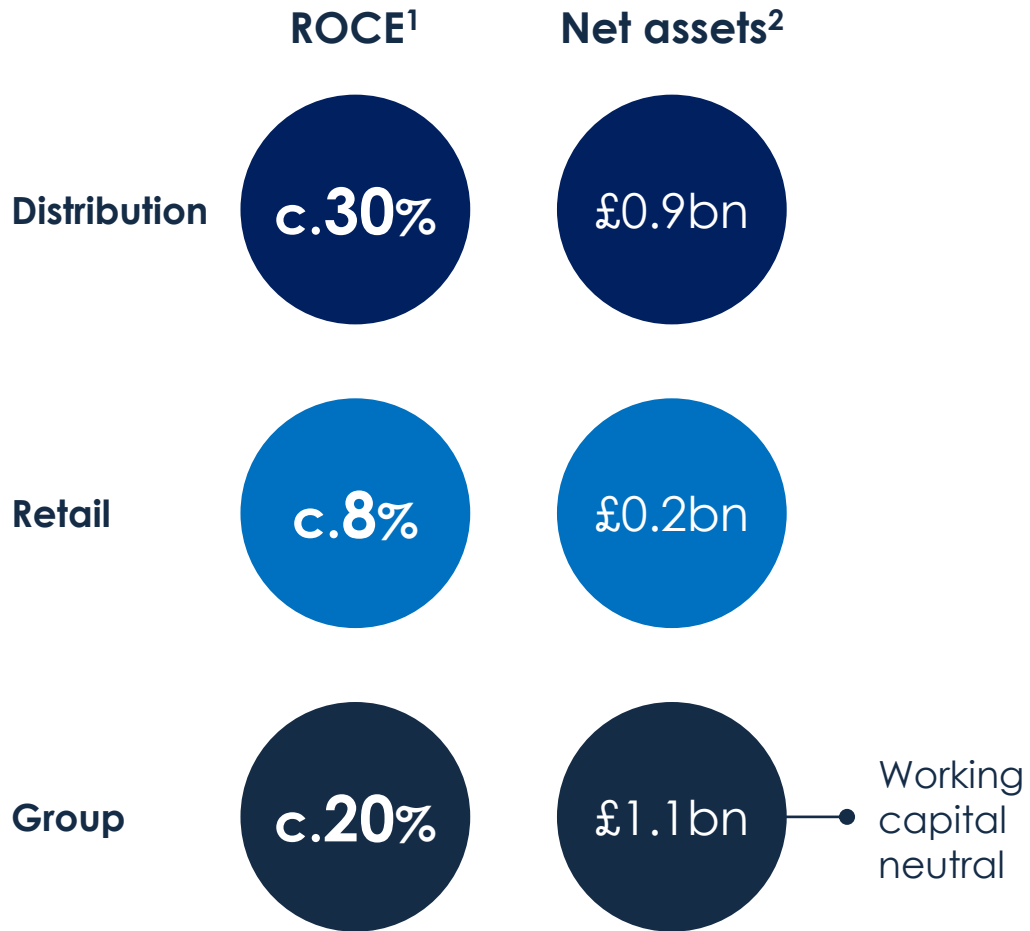
# Extremely cash generative business model

Annual cash flow generation (£'m; five year average)



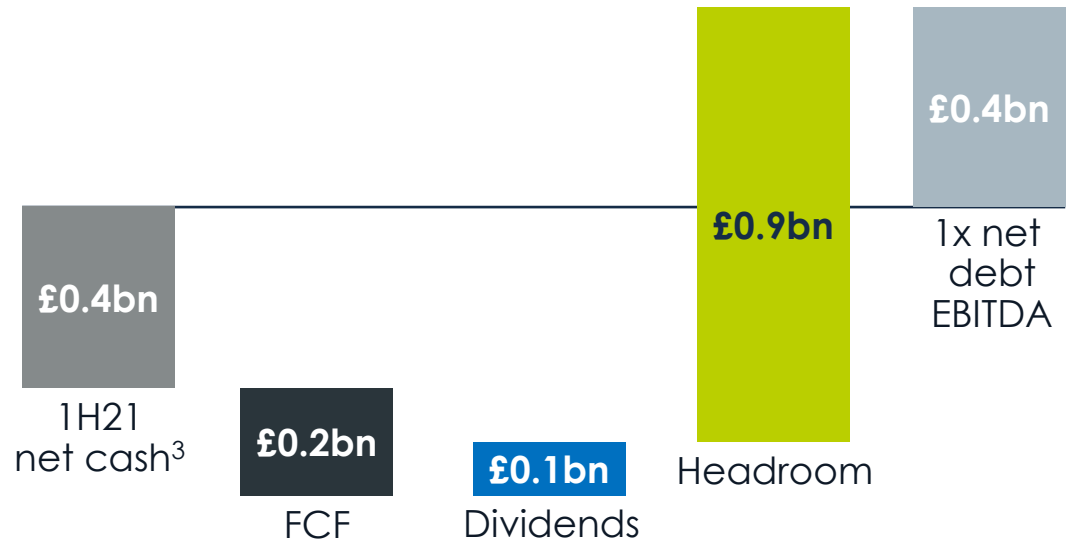
<sup>1</sup>: Defined as free cash flow (FCF) as a proportion of operating profit (i.e. pre interest and tax)  
 Note: EBITDA net of principal payment of lease liabilities

# High returns supported by balance sheet efficiency



## Financial position snapshot

Illustrative based on 5-year average movements



- Current position supported by disposals
- **Significant firepower** for capital deployment

1: 10 year average IFRS 16; net funds allocated to divisions based on profitability, 2: as at Dec-20, 3: net cash excludes lease liabilities

# Capital allocation policy: highly attractive and disciplined

	<b>01 Invest in the business</b>	<b>02 Dividends</b>	<b>03 Value accretive M&amp;A</b>	<b>04 Share buybacks</b>
	Capex for organic growth and technological investment	Policy: 40% annual payout of basic EPS (pre- exceptionals)	Disciplined approach to valuation	Policy: distribute excess FCF (post-dividend and M&A) via buybacks
<b>Cumulative 2016 to 2020</b>	£370m capex spend (<1% of sales)	£420m of dividends	£600m of distribution acquisitions	£290m of share buybacks

**Strong balance sheet**  
**Net debt to EBITDA of max 1x (pre IFRS16)**

# Strong business model with exciting growth prospects

Exposure to markets with **significant growth potential**



**Innovation** our clear **differentiator** that will **accelerate** our **global expansion**



**Strong financial position** gives us **significant firepower**



Leveraging **distribution capability** to **capture more value** of a vehicle's life



# Medium-term financial outlook



## Distribution Excellence

### Organic

- TIV: 3+% growth p.a.
- Outperformance: 1+% p.a.
- Higher operating margin than historical average

**Mid-to-high single digit profit CAGR<sup>1</sup>**

### M&A

- Continue to bolt-on new distribution businesses
- Attractive pipeline of larger scale opportunities



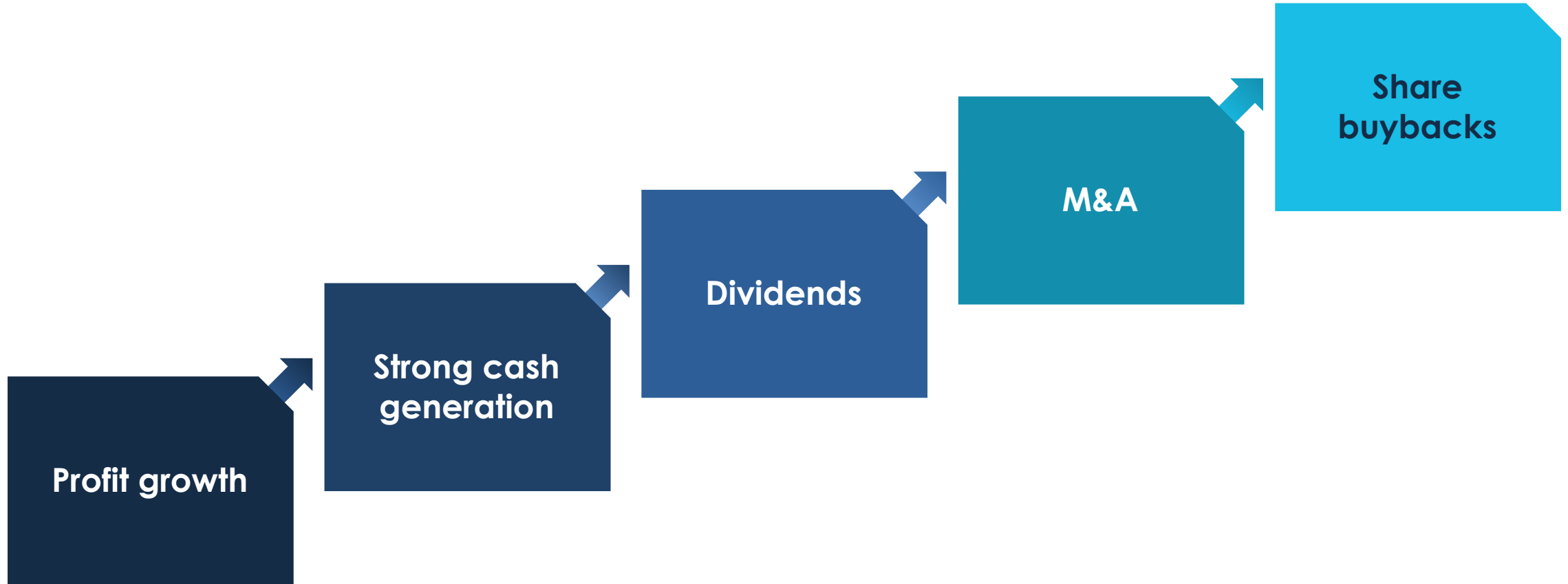
## Vehicle Lifecycle Services

- At least double used car volumes
- Digital Parts Platform: operational and profitable

**>£50m incremental profit contribution<sup>1</sup>**

<sup>1</sup>: based on constant exchange rates (>90% profits derived outside of the UK)

# A compelling growth story and highly attractive returns



**Well-positioned to deliver significant value through organic growth, consolidation and cash returns**

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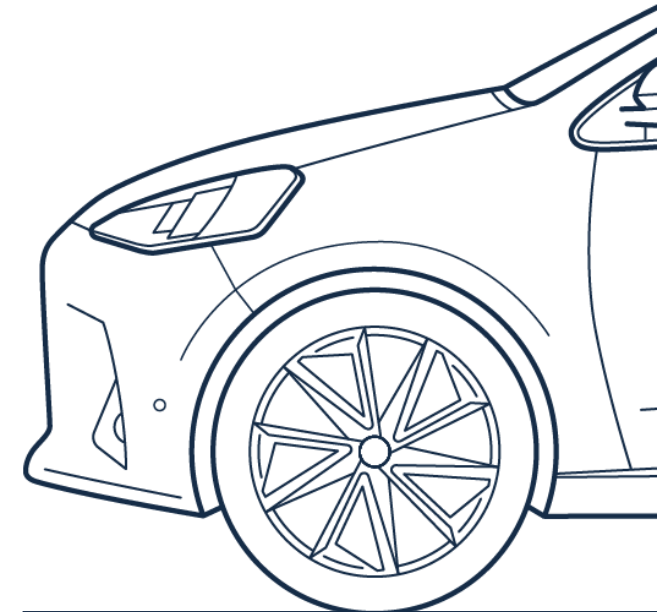
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8 Wrap-up

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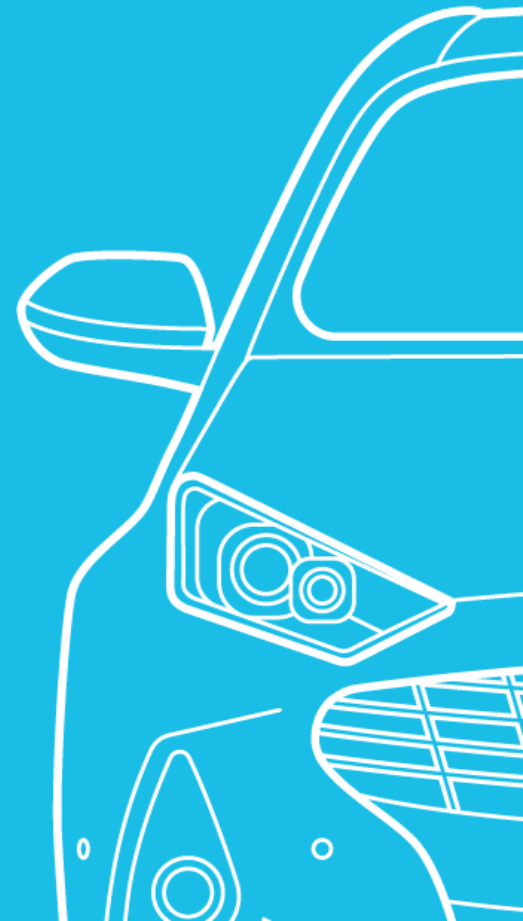
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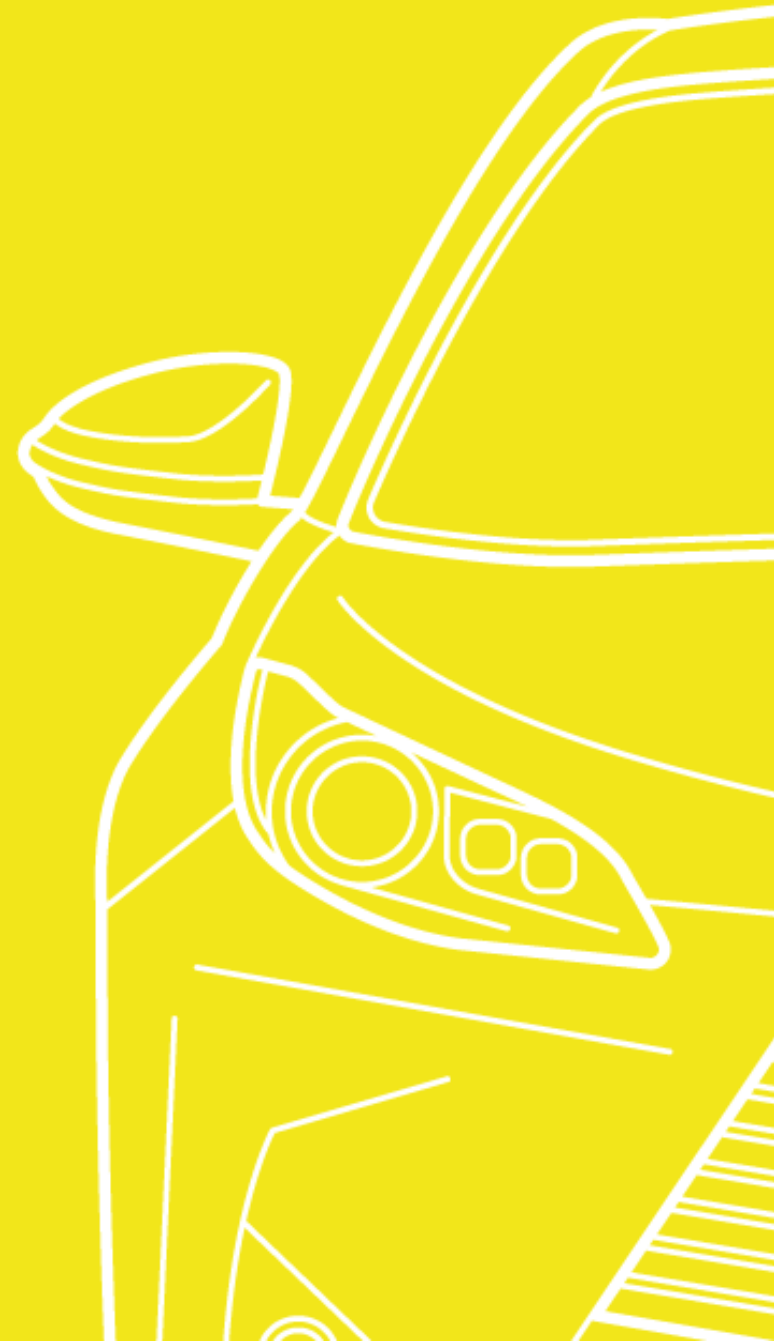
# Q&A





# DUNCAN TAIT

# GROUP CEO



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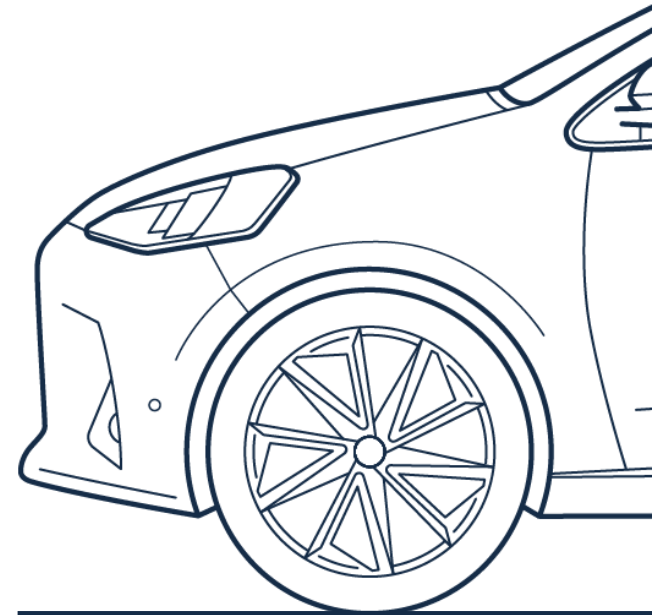
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**8 Wrap-up**

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# Inchcape is on an ambitious growth journey

The **leading automotive distributor** in a highly fragmented global market



Expanding the reach of our **plug-and-play global distribution platform**



Our **digital and data capability** is a significant competitive advantage



Uniquely positioned to **capture more of a vehicle's lifetime value**



Growth ambition underpinned by our ESG strategy: **Responsible Business**



Deliver significant value through **organic growth, consolidation and cash returns**



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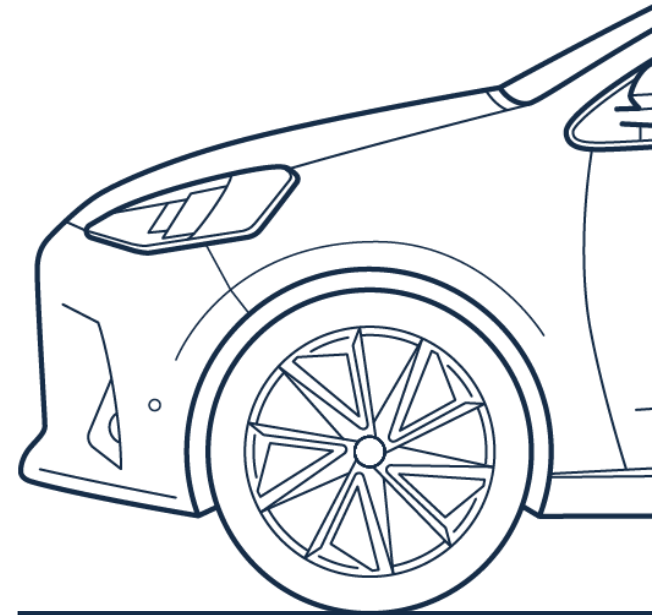
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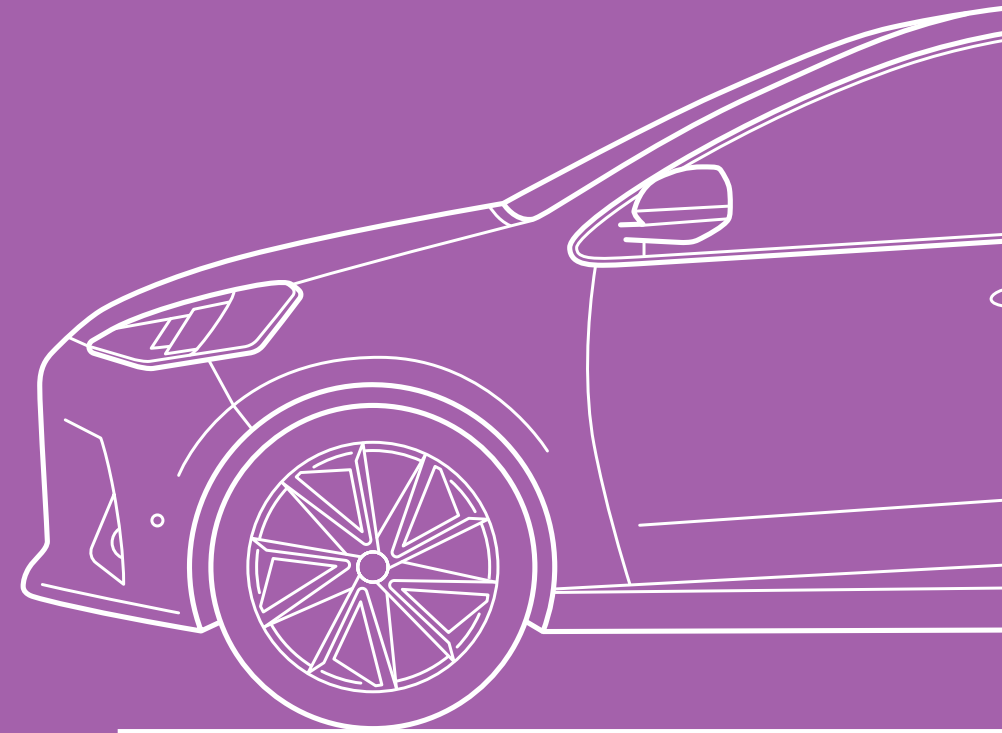
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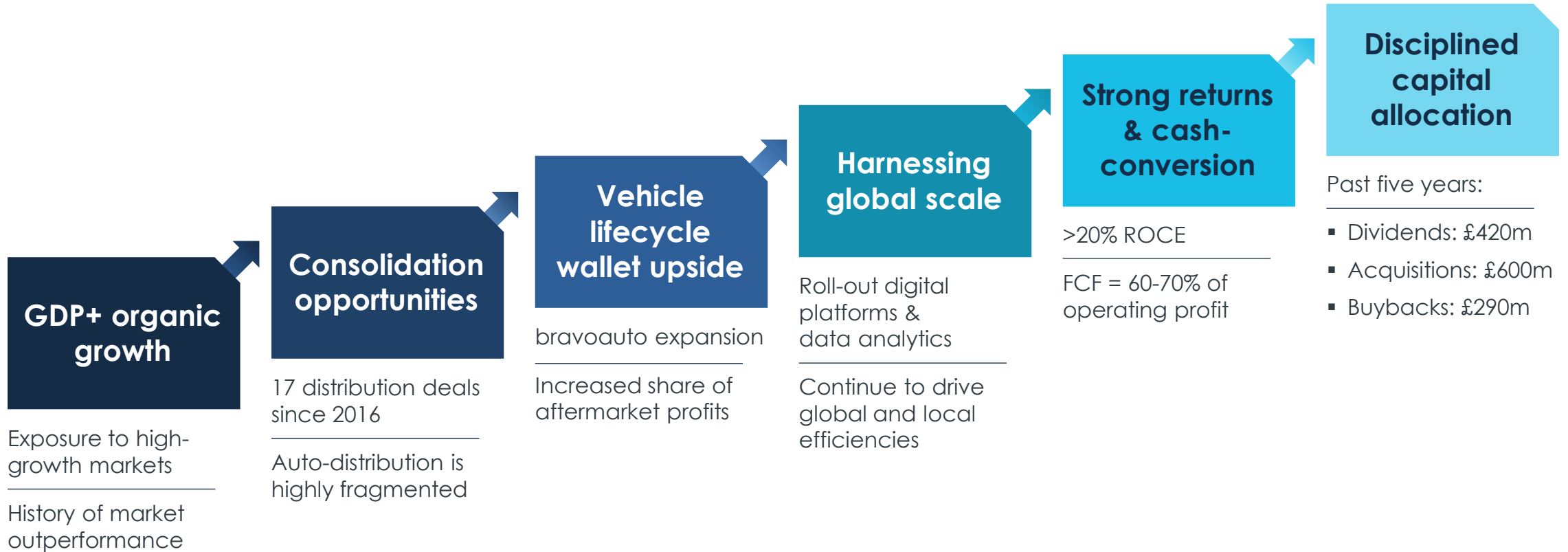
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# APPENDIX



# Investment proposition: sustainable growth and cash returns







































**Well-positioned to deliver significant value through organic growth, consolidation and cash returns**





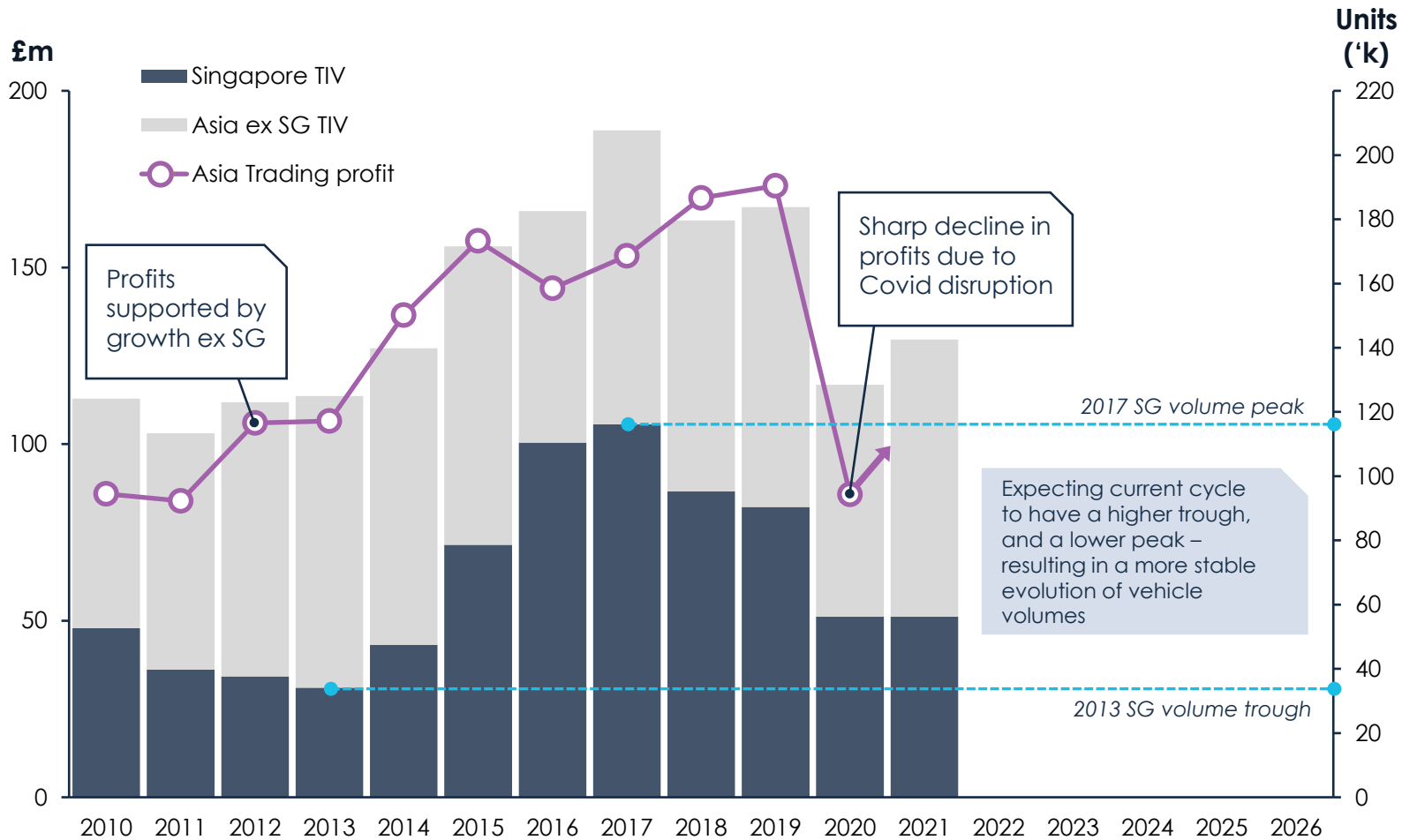
# Europe: OEM & market exposures

 Inchcape pre-2016
  New wins

Passenger vehicles										
	Toyota	Lexus	Jaguar	Land Rover	BMW	Mini	Rolls Royce	Mazda	Ford	Hyundai
Lithuania										
Latvia										
Estonia										
Finland										
Belgium										
Luxembourg										
Greece										
Romania										
Bulgaria										
North Macedonia										
Poland										



# Singapore cycle is stabilising: higher trough, lower peak



- The Singaporean government controls the vehicle population via a licence quota system
- A vehicle licence ('COE') is valid for 10 years
- Licences can be 'deregistered' for a rebate within the 10 year period
- Number of available COEs are known on a quarterly basis
- COE availability (TIV) is determined by the number of expired licences and deregistrations
- Fortnightly bidding process for a COE

# Australia FinCo JV

## Context

Australia lacks non-OEM financiers with the ability to offer auto financing products that OEM-FinCos can (e.g. a GFV<sup>1</sup> / PCP<sup>2</sup>)

Inchcape's capabilities lagged that of other brands in Australia

## Objective

To partner with a financier to be able to offer innovative finance products for the market (e.g. GFV / PCP products)

Integrate finance product with the DXP platform

## FinCo JV

Formed a JV (50:50) with Allied Credit

Operational since October 2021

## Financials

The JV will be equity accounted by the Group

Initial equity investment of c.£5m (equity:debt ratio of c.10%)

Target book size of c.£400m, in 2026

## Strategy

Improves customer experience with a one-stop shop

Increases market share (competitive product)

Enables active management of renewals (higher repurchase frequency)

**Entered into a JV providing innovative and more digitalised financing solutions, significantly improving the customer experience**

1: GFV: guaranteed future value  
2: PCP: personal contract purchase