



# FY 2021 RESULTS



24th February 2022



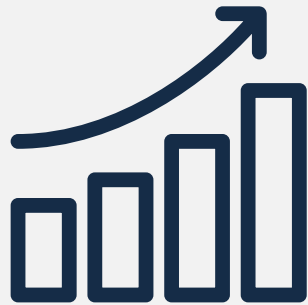


# DUNCAN TAIT GROUP CEO



# Agenda

Overview of FY21



FY21 financial details



Strategic progress  
& Outlook



# 2021 highlights

Strong execution; **positive growth across all regions**

Supply constraints **supported vehicle gross margins**



Launched new strategy **Accelerate**; focused on two **huge growth opportunities**:

- Distribution Excellence
- Vehicle Lifecycle Services



Continued to shift our portfolio towards distribution **5 distribution acquisitions; further retail disposals**



Significantly enhanced our **digital and data capability**

- Accelerated DXP roll out
- Scaled our Analytics



Launched the first of our Vehicle Lifecycle Services businesses: **bravoauto**



Created and formalised our ESG strategy: **Responsible Business**



# 2021 headline KPIs

## Topline

Revenue

£7.6bn

+21%

Organic growth (YoY%)

## Profitability

Operating margin

4.3%  
(2019: 4.0%)

£296m

PBT

## Cash

Free Cash Flow

£289m

88%

% FCF conversion

## Shareholders

Underlying EPS

56.2p

22.5p

DPS (proposed)



GIJSBERT  
DE ZOETEN  
GROUP CFO



# 2021 results: solid business momentum

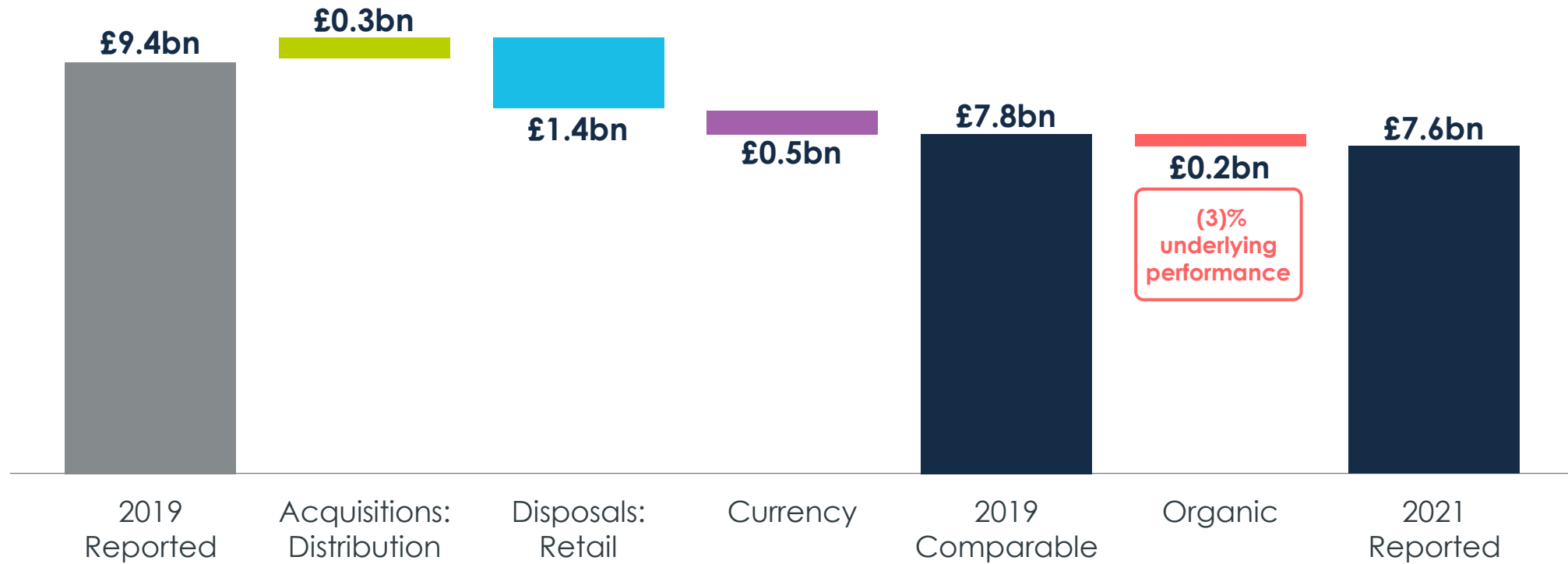
	2021			2020			2019
	FY	H2	H1	FY	H2	H1	FY
<b>Revenue</b>	<b>£7.6bn</b>	£3.7bn	£3.9bn	<b>£6.8bn</b>	£3.8bn	£3.0bn	<b>£9.4bn</b>
Organic growth (YoY%)	+21%	+8%	+37%				
<b>Operating margin %</b>	<b>4.3%</b>	4.6%	4.1%	<b>2.4%</b>	3.6%	0.9%	<b>4.0%</b>
<b>PBT</b>	<b>£296m</b>	£153m	£143m	<b>£128m</b>	£119m	£9m	<b>£326m</b>
<i>PBT (comparable basis<sup>1</sup>)</i>	<i>£296m</i>			<i>£111m</i>			<i>£296m</i>

Figures are stated pre-exceptionals

1: adjusts for the impact of currency (i.e. @ 2021 FX-rates) and changes to our business portfolio (acquisitions and disposals)

# Group revenue recovering towards 2019 levels

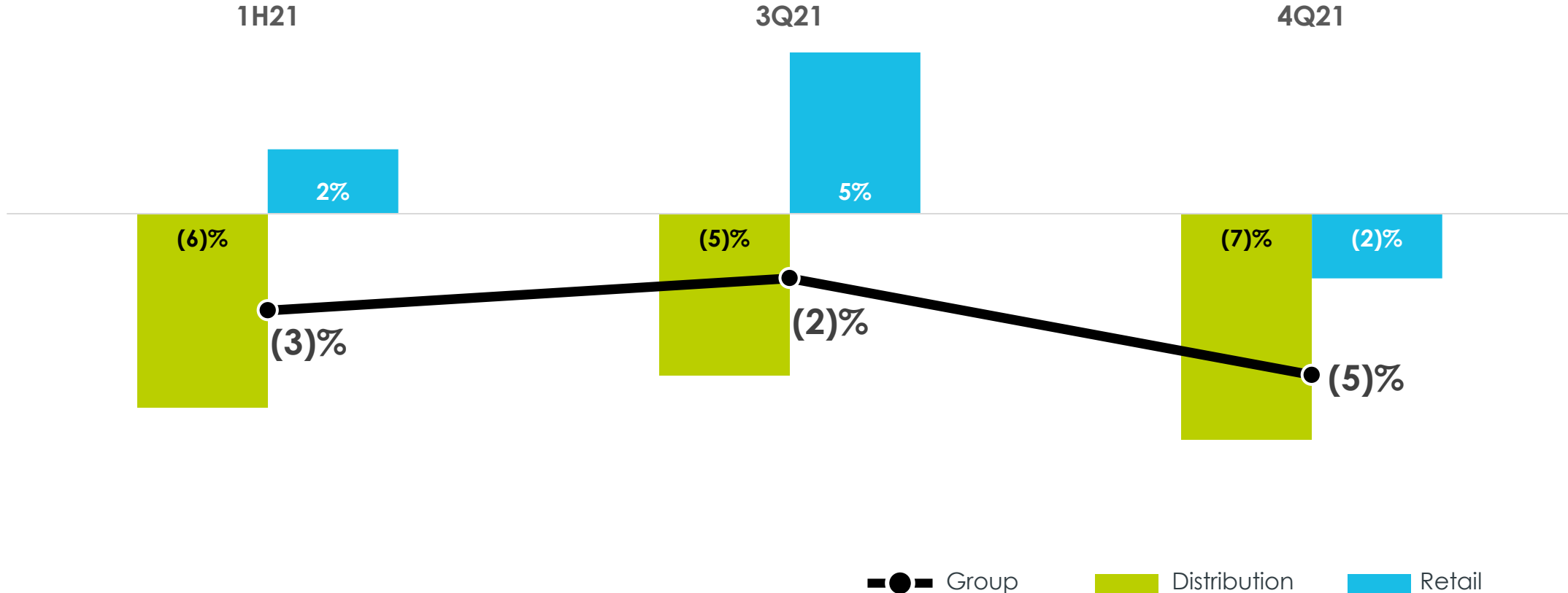
Revenue bridge (2021 vs 2019)



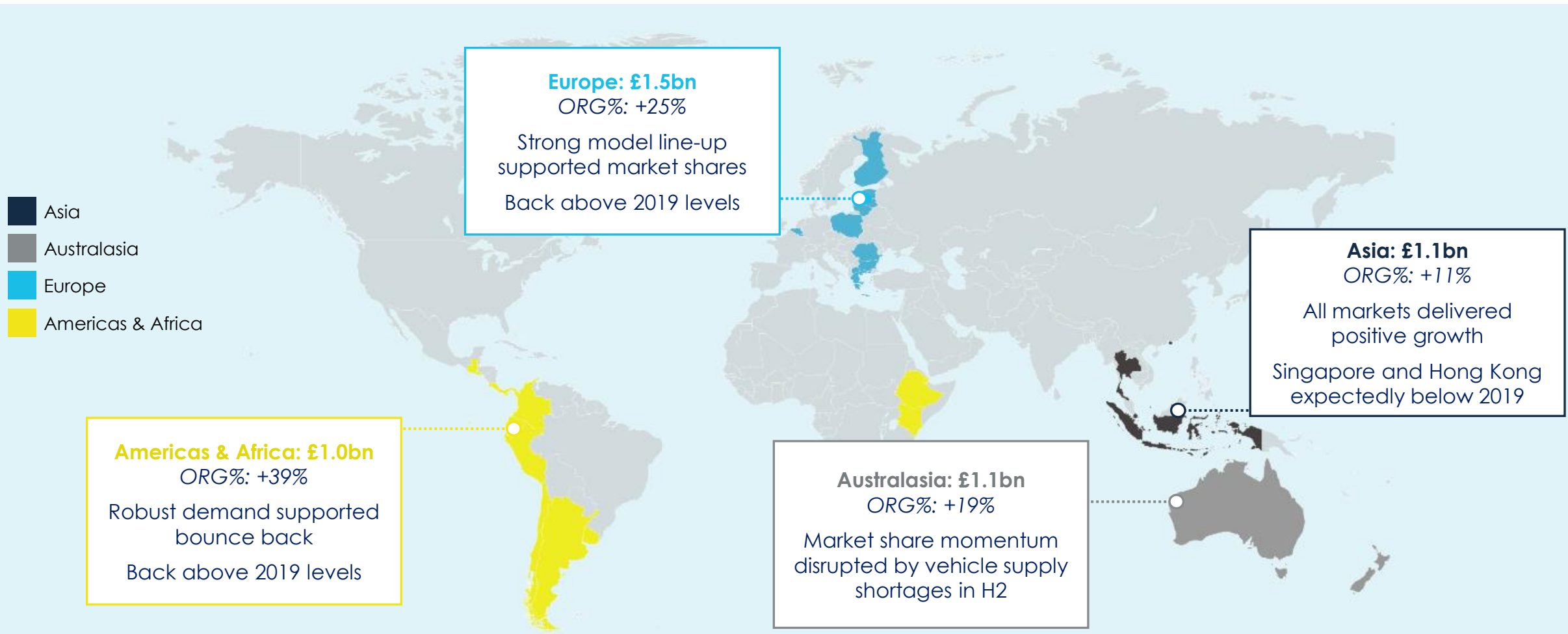


# Revenue trend: Q4 slowdown due to supply shortages

## Organic revenue growth versus 2019

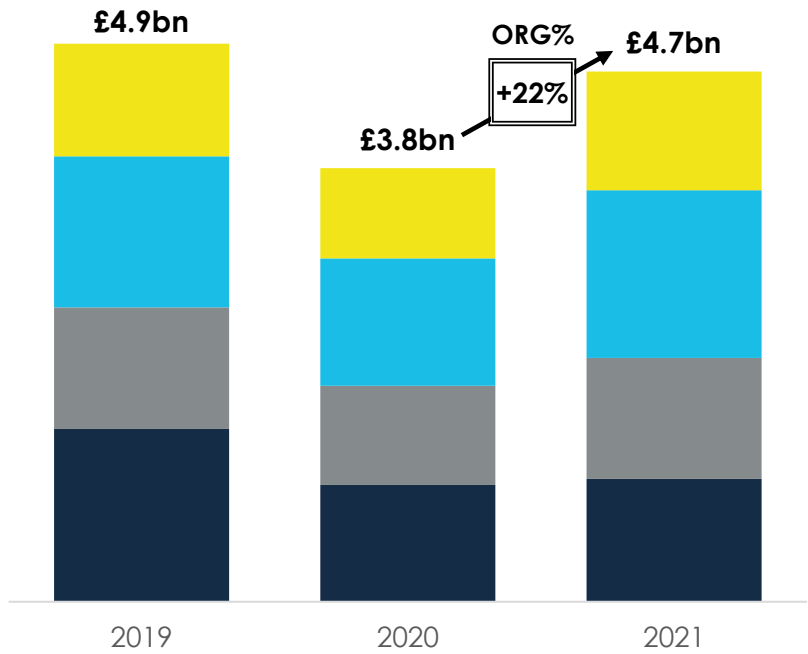


# Distribution: 2021 regional revenue trends

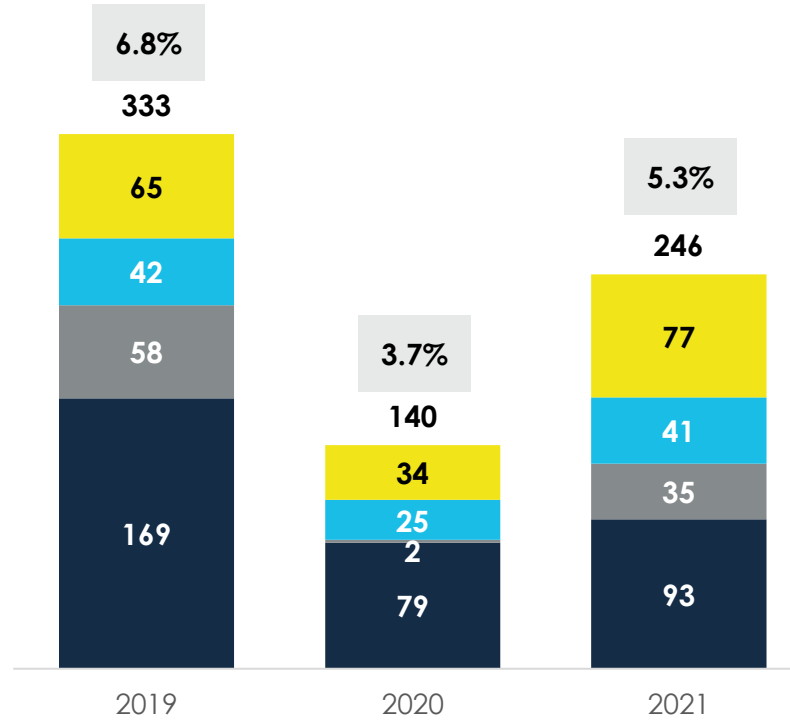


# Distribution: profit recovering across all regions

Revenue



Operating profit<sup>1</sup> (£m)



Encouraging topline performance

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Profitability supported by cost-restructuring

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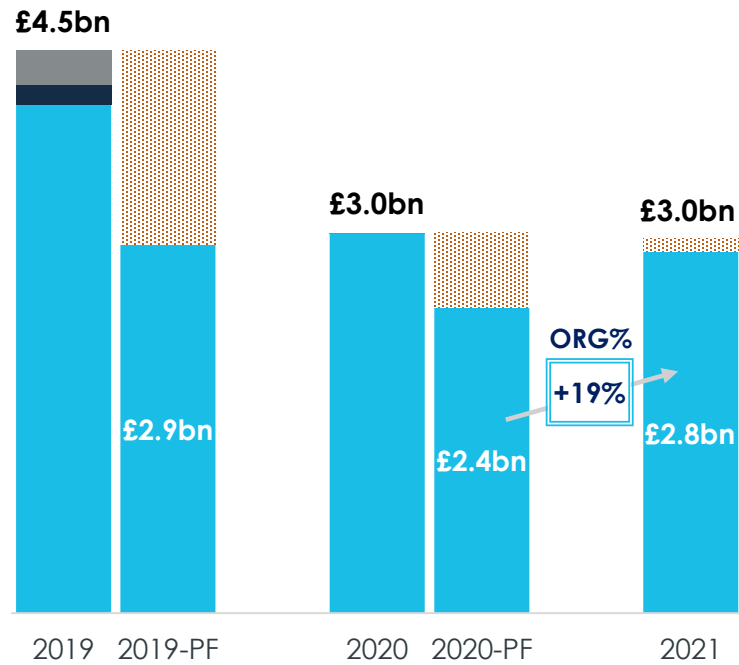
Added £200m of distribution revenue via M&A and contract-wins

■ Americas & Africa   
 ■ Europe   
 ■ Australasia   
 ■ Asia   
 % Operating margin

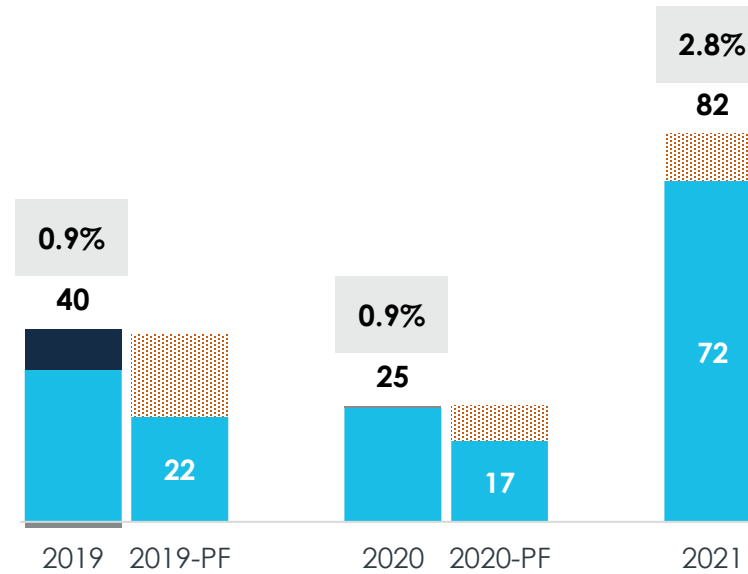
1: 2020 restated

# Retail: strong performance amid supply constraints

Revenue



Operating profit<sup>1</sup> (£m)



Performance supported by robust vehicle pricing

UK and Russia businesses at peak profitability

2021 result includes c.£10m of profit from St. Petersburg – subsequently disposed

■ UK & Europe  
 ■ Australasia  
 ■ Asia  
   Disposed  
   % Operating margin

PF = pro-forma; reported figure adjusted for disposals  
 1: 2020 restated

# Income statement

£m (unless otherwise stated)	FY		
	2021	2020 <sup>1</sup>	2019
Operating profit (pre exceptionals)	328	164	373
Net interest	(32)	(37)	(47)
<b>PBT</b> (pre exceptionals)	<b>296</b>	<b>128</b>	<b>326</b>
Exceptional items	(101)	(257)	76
Underlying Tax rate %	24.2%	26.4%	23.2%
Basic EPS (pence) (pre exceptionals)	56.2p	23.1p	59.9p

**Interest costs** fell as we carried less inventory and interest rates were lower

**Exceptional** items: loss on disposal of Russia Retail businesses, restructuring costs and SaaS accounting (amortisation)

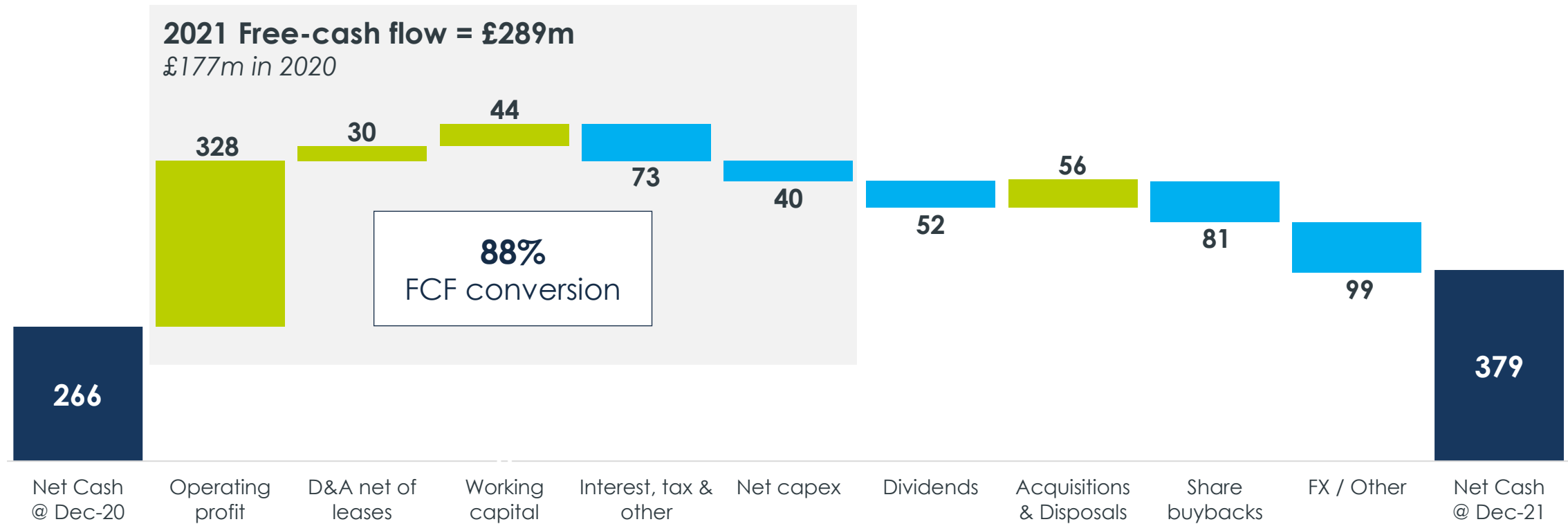
**Tax rate** broadly inline with the rate anticipated in the medium term (25%)

<sup>1</sup>: 2020 profit figures restated for accounting change  
All figures rounded to the nearest £m



# Continued excellent cash generation

## Net cash bridge (£m)



All figures rounded to the nearest £m. Net cash excludes lease liabilities  
 NB. Closing net cash on an IFRS16 basis was £55m at end Dec-2021, and compares to a net debt position of £(67)m at end Dec-2020

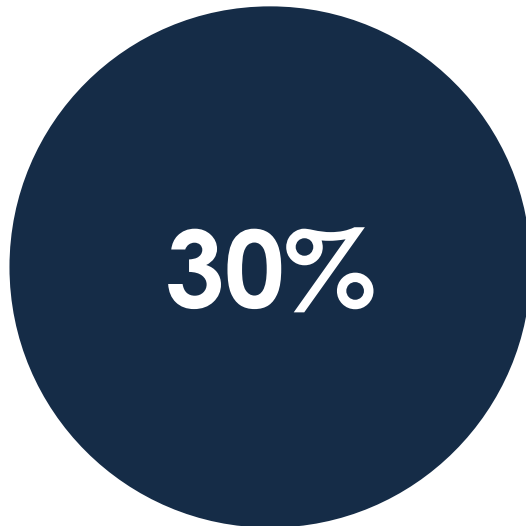
# Capital allocation policy: highly attractive and disciplined

	<p><b>01 Invest in the business</b></p> <p>Capex for organic growth and technological investment</p>	<p><b>02 Dividends</b></p> <p>Policy: 40% annual payout of basic EPS (pre- exceptionals)</p>	<p><b>03 Value accretive M&amp;A</b></p> <p>Disciplined approach to valuation</p>	<p><b>04 Share buybacks</b></p> <p>Consider appropriateness of share buybacks</p> <p><b>£100m</b> a new buyback</p>
<p><b>Cumulative 2016 to 2021</b></p>	<p>£400m capex spend (&lt;1% of sales)</p>	<p>£470m of dividends</p>	<p>£620m of distribution acquisitions</p>	<p>£370m of share buybacks</p>

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

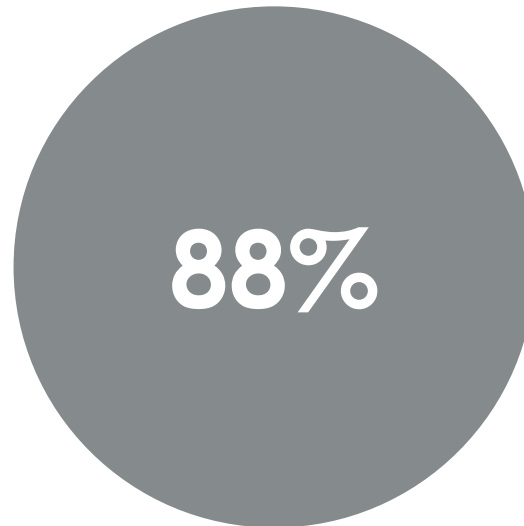
# Attractive financial characteristics and exciting prospects

**Group  
ROCE<sup>1</sup>**



high  
ROCE

**FCF  
conversion<sup>1,2</sup>**



longer-term  
60-70%

**Net Cash**



significant headroom  
for acquisitions<sup>3</sup>




# DUNCAN TAIT STRATEGIC PROGRESS



# Accelerate strategic framework

## Our Growth Drivers

Distribution Excellence



Vehicle Lifecycle Services



## Our Enablers


Culture and Capabilities



Digital, Data & Analytics



Efficient Scale Operations



Responsible Business

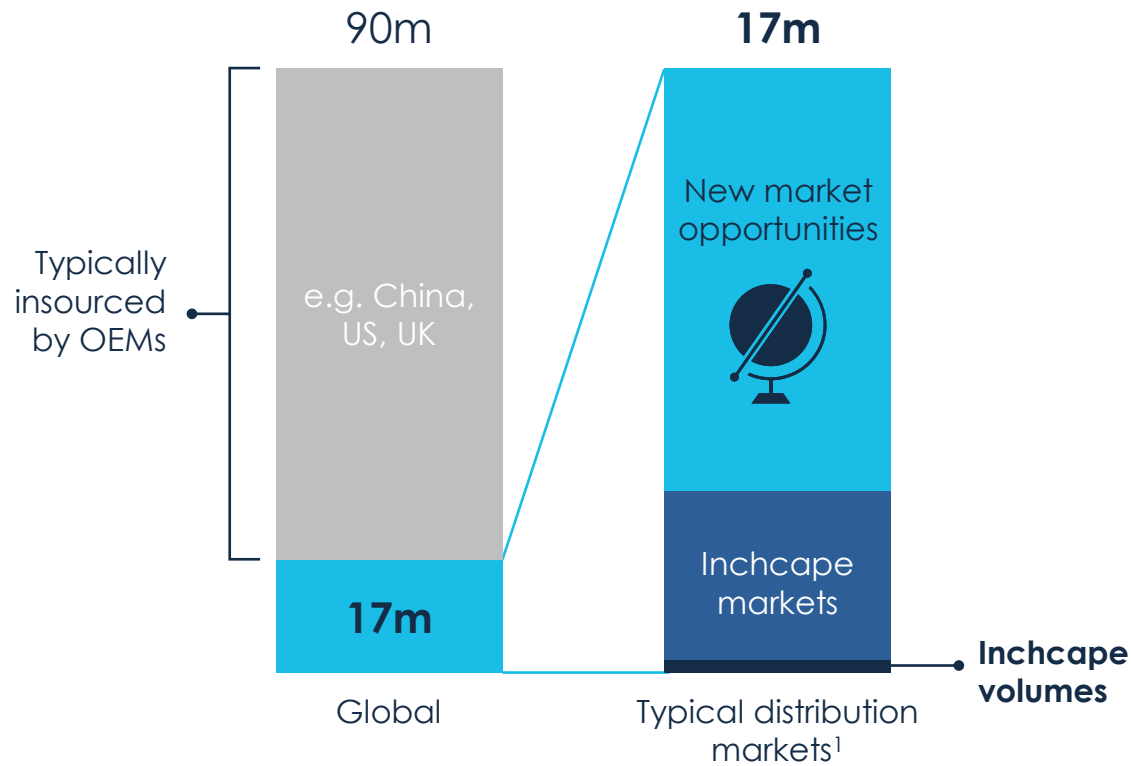




# Considerable opportunities for an ambitious Inchcape

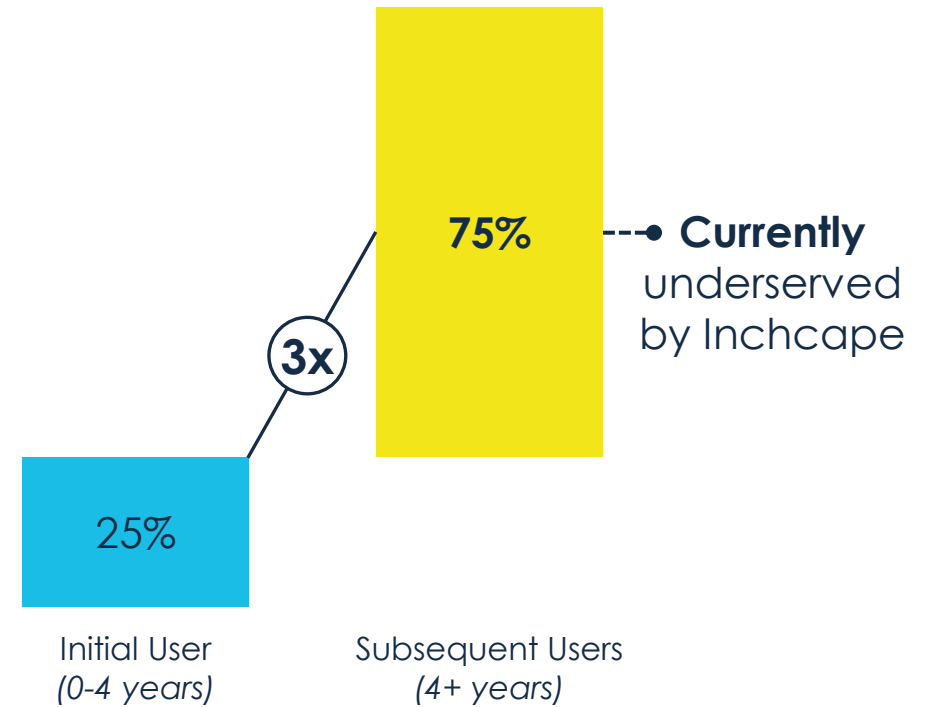
## Distribution Excellence

Annual new car volumes (units)



## Vehicle Lifecycle Services

Vehicle lifecycle value profit split<sup>2</sup>

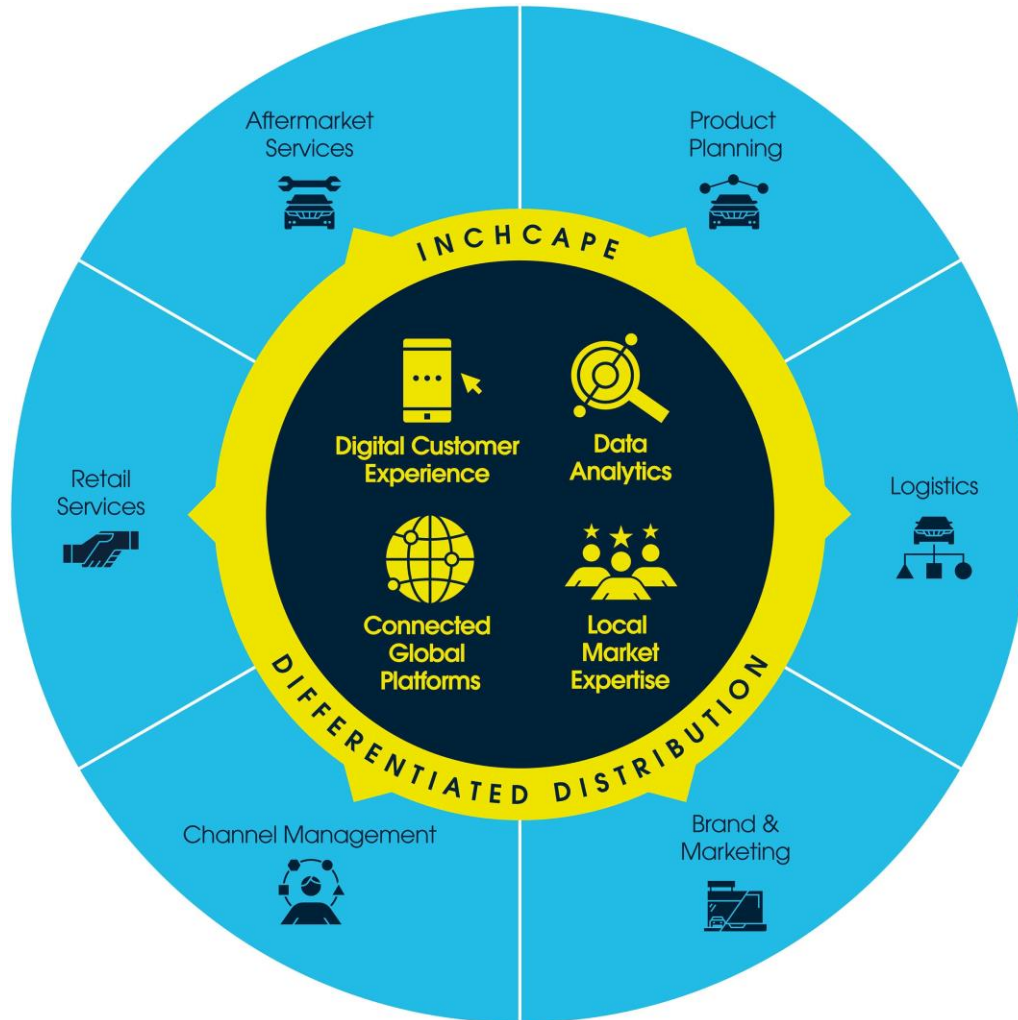


1: Defined as those markets with annual new car volumes of less than 1m units

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)

# Inchcape: the leading automotive distributor



## Our competitive advantages:

- The global leading distributor: >40 markets across six continents
- Long-term relationships with strong OEM brands
- A plug-and-play distribution platform: unique digital and data analytics capabilities

# Accelerated roll-out of our Digital Experience Platform



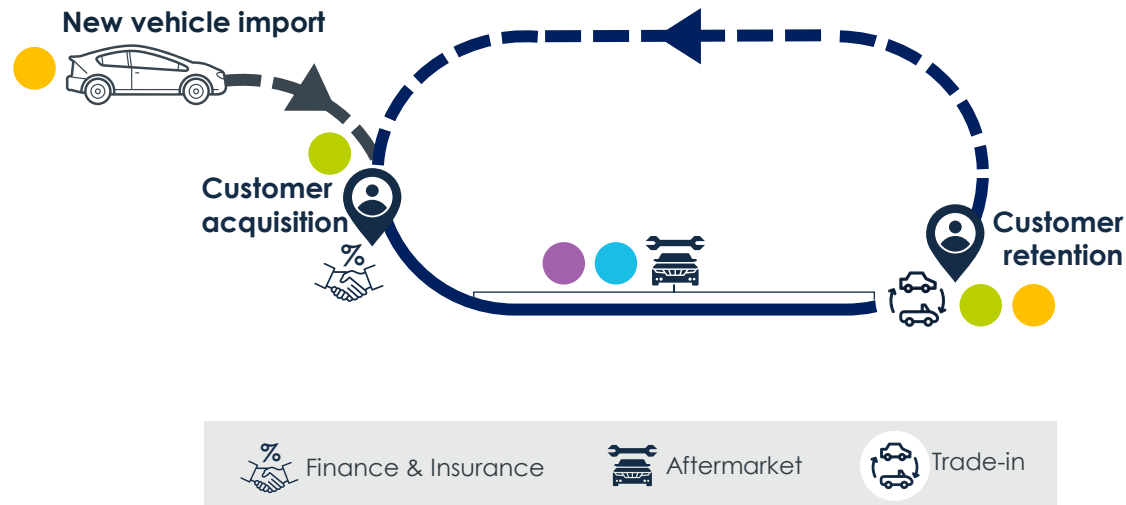
Digital Experience Platform



- Ability to quickly add OEMs into markets
- Providing a leading, digital-first, consumer experience
- Leveraging our technological capabilities and investment across multiple OEMs & markets

**Fully functional digital showroom,  
already delivering benefits for customers and our OEMs**

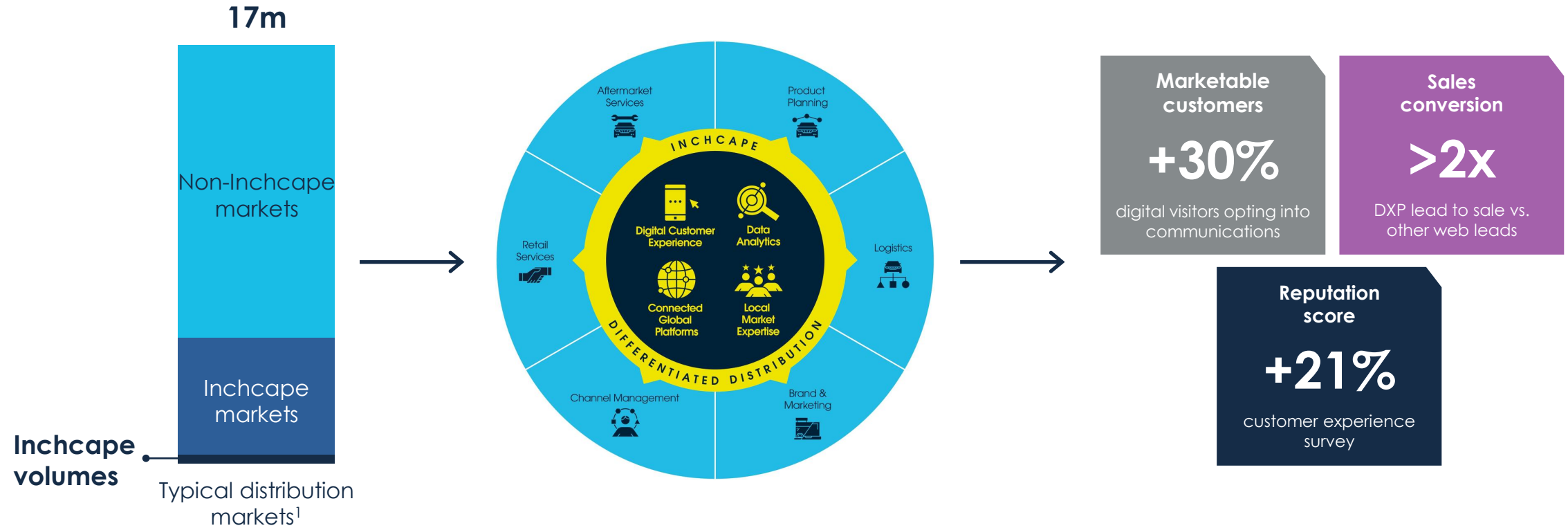
# Driving smarter, faster & better business decisions



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

**Capturing significant data for better customer and vehicle lifecycle management**

# Leveraging our capabilities to accelerate our growth



**A huge opportunity...    ...to leverage our capabilities...    ...and drive further growth**

Compares in-market performance on and off DXP as of 2021 versus 2020.  
 1: Defined as those markets with annual new car volumes of less than 1m units



# Distribution deals have accelerated over the past 5 years



Number of deals	0	2	2	3	3	5	5
Revenue added	-	c.£400m	c.£100m	c.£250m	c.£150m	c.£200m	c.£200m
New OEMs	-	1	2	2	1	0	3
New markets	-	3	0	3	2	2	3

# A number of exciting distribution deals in 2021

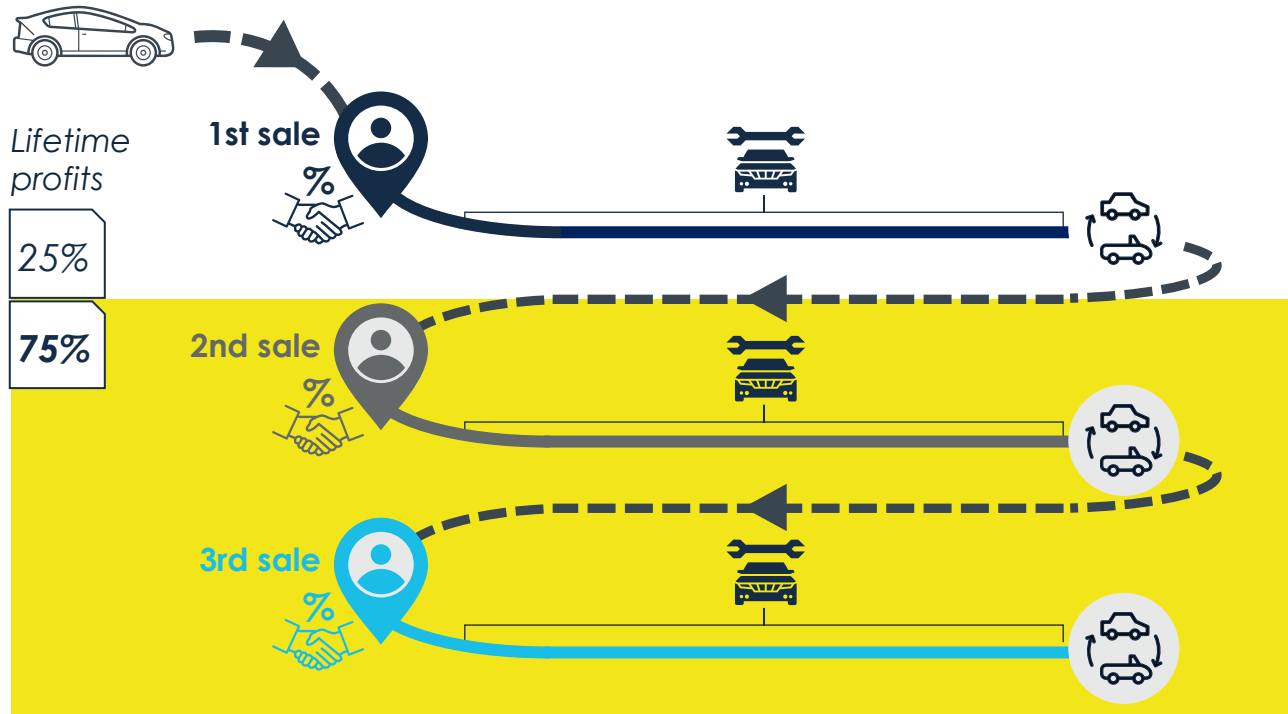


(+): indicates the base of the core distribution operations which also serves other neighbouring islands

# Capturing more of the lifetime value of a vehicle

## Vehicle Lifecycle Value

New vehicle import



## Three opportunities in focus

Timeline

- bravoauto** (2021/22)  
 Digital first, multi-brand, used car platform  
 B2C
- Digital Parts Platform** (2023/24)  
 Digital platform connecting parts distributors with workshops  
 B2B
- Used car listing platform** (TBC)  
 Build the leading aggregator in less developed markets  
 B2B



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)

# 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**



# DUNCAN TAIT LOOKING AHEAD





# Outlook



Consumer demand is robust



Supply chain disruptions



Pandemic situation remains dynamic



Supported by geo-diversification

## 2022 outlook

Performance to date: continuation of trends seen in 2021

Ongoing uncertainty about the rest of the year

Expect to make good progress with our strategic priorities

# Investment case: well-positioned to deliver significant value



**Medium-term financial outlook**

**Distribution Excellence:**  
mid-to-high single digit profit CAGR plus M&A

**Vehicle Lifecycle Services:**  
>£50m incremental profit contribution

# Q&A

