



FY17 RESULTS
27 FEBRUARY 2018



STEFAN BOMHARD
GROUP CHIEF EXECUTIVE



FY 2017 HIGHLIGHTS



Strong earnings and FCF growth

EPS growth +12%

FCF conversion 77%



Driven by Ignite

New businesses in Latam, E.Europe, Australia

Aftersales gross profit +8% y-o-y *



Reflective of evolving mix

Distribution c.80% of profit

Regional diversification (EM 21% profit)



Continuing focus on shareholder returns

ROCE of 30%

DPS growth +13%

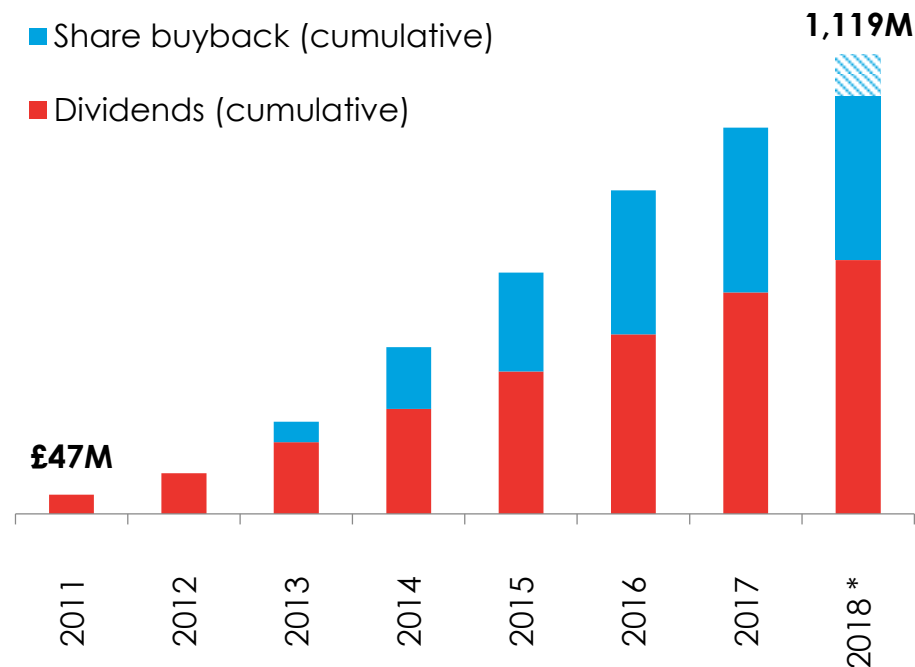
Buyback up to £100m announced

SUSTAINABLE PLATFORM FOR GROWTH

SUPPORTING TOTAL SHAREHOLDER RETURNS

	FY17	% chg	% chg (CCR)
Revenue	£8,949m	+14.2%	+9.4%
PBT	£382.5m	+9.5%	+5.3%
EPS	67.0p	+12.4%	
DPS	26.8p	+12.6%	

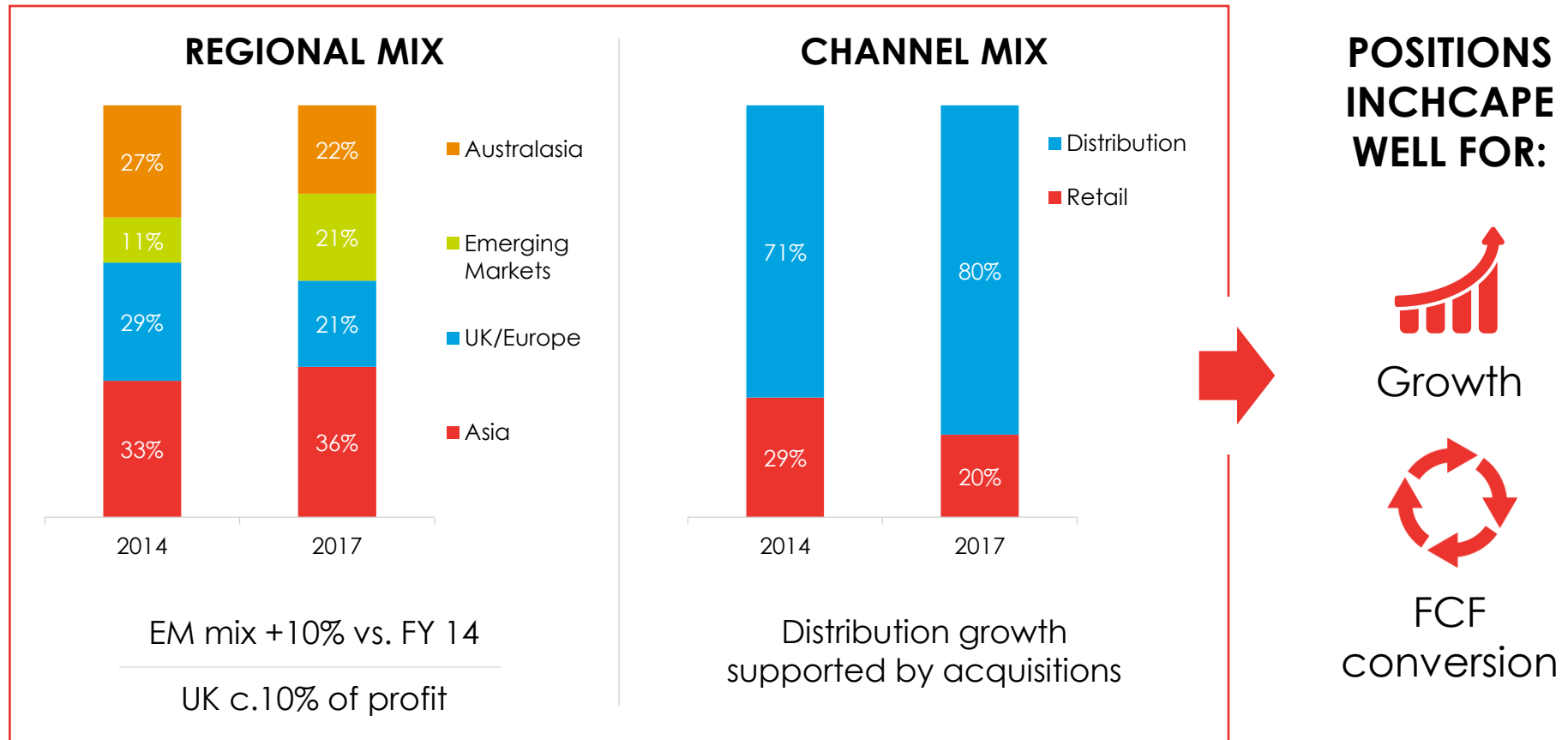
CUMULATIVE CASH RETURNS



Note: PBT and EPS pre exceptional items; *2018 cumulative cash returns inclusive of 2017 final dividend and the announced share buyback, assuming £100m is completed

EVOLVING THE INCHCAPE FOOTPRINT

FY 2017 TRADING PROFIT MIX



Note: pre exceptional items; 2014 split excludes £17m of property profit in Asia (Distribution) and 2017 excludes £9m property profit in Australasia (Retail)



RICHARD HOWES
CHIEF FINANCIAL OFFICER

SUMMARY INCOME STATEMENT

STRONG PROFIT GROWTH

	FY 2017 £M	FY 2016 £M	CHANGE ACR	CHANGE CCR	Ex S.America Acq CCR *
Revenue	8,949.2	7,838.4	+14.2%	+9.4%	+4.4%
Operating profit	407.5	359.1	+13.5%	+8.8%	+0.8%
Profit before tax	382.5	349.4	+9.5%	+5.3%	
Effective tax rate (%)	25.0	25.2	-20bps		
Basic adjusted EPS (p)	67.0	59.6	+12.4%		
Dividend per share (p)	26.8	23.8	+12.6%		

Note: All numbers at actual exchange rates and pre exceptional items. * South American Acquisition generated 2017 sales of £407m and OP of £30m

DISTRIBUTION

	FY 2017 £M	FY 2016 £M	CHANGE ACR	CHANGE CCR
Revenue	4,203.4	3,424.4	+22.7%	+16.5%
Trading profit	346.3	283.3	+22.2%	+17.5%
Trading margin %	8.2%	8.3%	-10 bps	

47% of Group Revenue

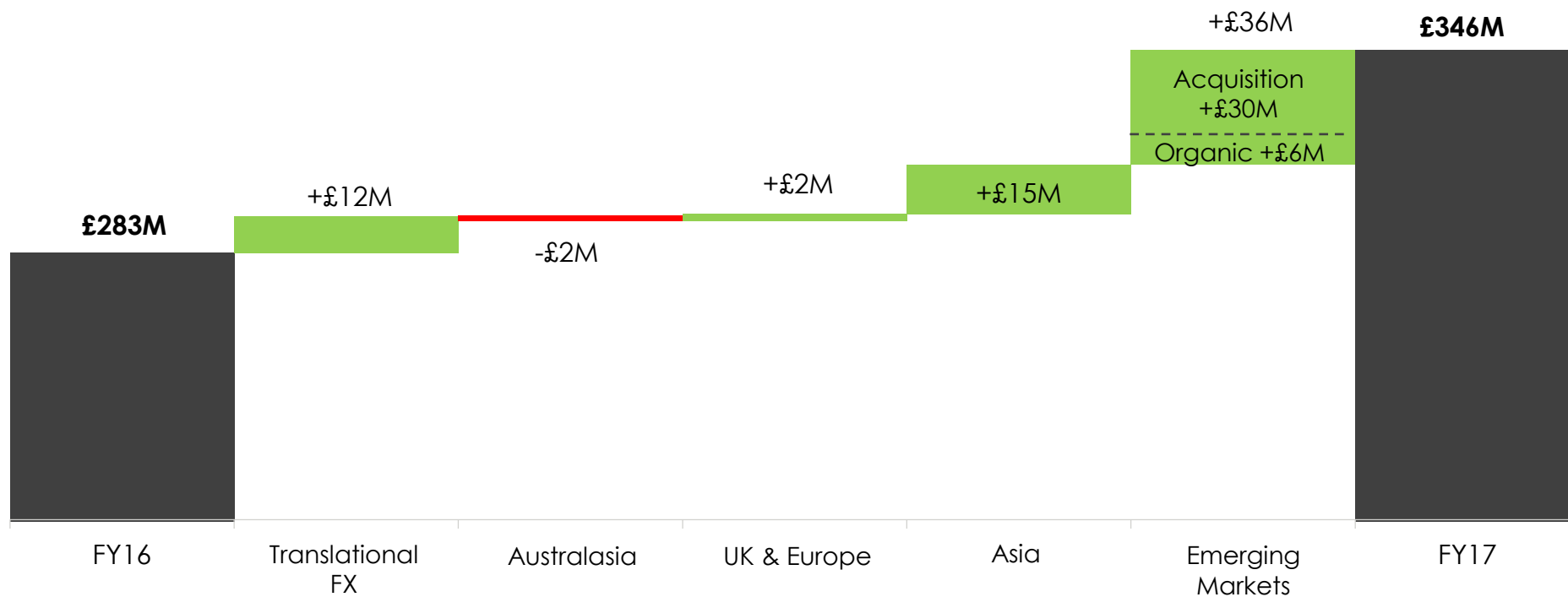
79% of Group Trading Profit

- ✓ Strong profit growth across all regions
- ex S. America acquisition +7.3% CCR
- ✓ Indumotora acquisition profit accretive (£30m)
- ✓ Net FY17 Yen headwind in Australasia c.£10m



DISTRIBUTION

TRADING PROFIT



Note: Regional profit growth at CCR; Australasia includes a net £10m negative transactional FX impact y-o-y

RETAIL

	FY 2017 £M	FY 2016 £M	CHANGE ACR	CHANGE CCR
Revenue	4,745.8	4,414.0	+7.5%	+3.8%
Trading profit	93.2	105.3	-11.5%	-14.2%
Trading margin %	2.0%	2.4%	-40 bps	

53% of Group Revenue

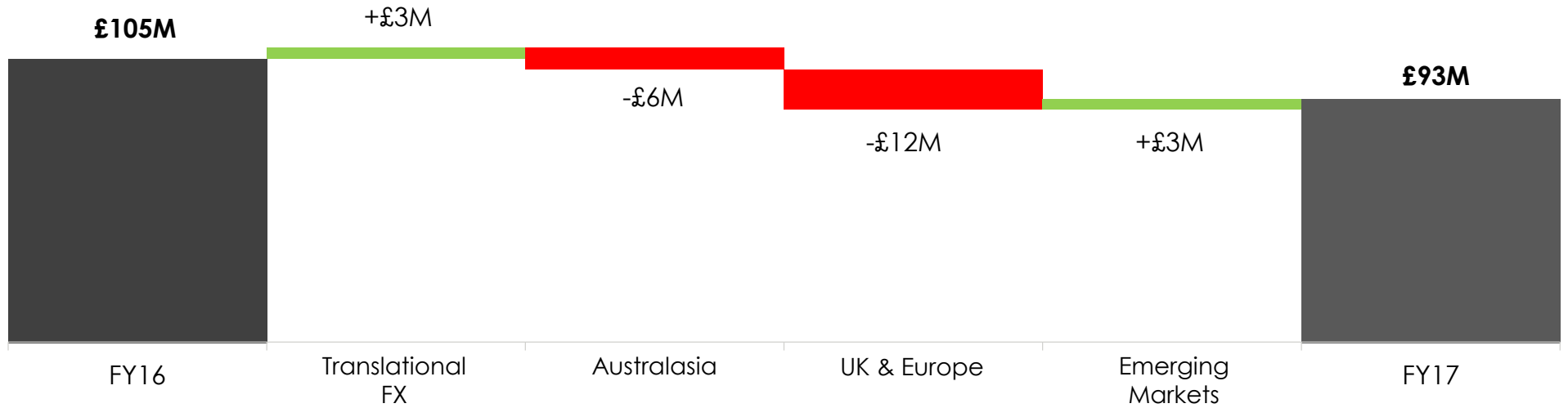
21% of Group Trading Profit

- ✓ Market pressures in the UK and Australia impacted H2 profit
- ✓ Encouraging recovery in Russia driven by Ignite
- ✓ Robust Aftersales growth



RETAIL

TRADING PROFIT

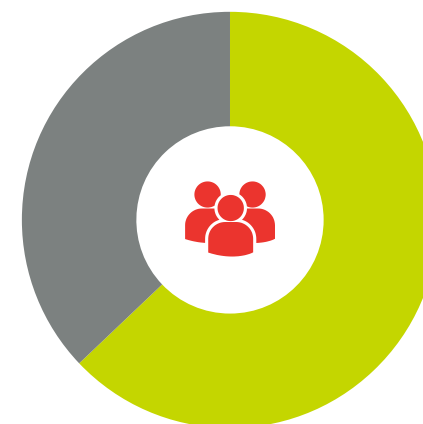


Note: Regional profit growth at CCR; Australasia includes £4m net property profit gain increase y-o-y

VALUE DRIVER DISCLOSURE AFTERSALES AND VEHICLES

	GROSS PROFIT (£M)	YoY CHANGE	YoY CHANGE
	FY 2017	CCR	Ex Acqn*
Vehicles	785.2	+10.4%	+0.7%
Aftersales	466.9	+12.3%	+7.7%

GROSS PROFIT MIX



- Vehicles 63%
- Aftersales 37%

AFTERSALES SUPPORT TO GROWTH

INCOME STATEMENT REVIEW

£M	FY 2017 £M	FY 2016 £M
Trading profit	439.5	388.6
Central costs	(32.0)	(29.5)
Operating profit	407.5	359.1
Operating margin	4.6%	4.6%
Finance charges / JVs	(25.0)	(9.7)
Profit before tax	382.5	349.4
Tax	(95.8)	(88.0)
Effective tax rate %	25.0%	25.2%
Minority interest (MI)	(7.9)	(6.9)
Profit after MI	278.8	254.5

2018 GUIDANCE

INTEREST COST

c.£30m

- Includes BOE announced interest rate increase

TAX RATE

25-26%

OPERATING & FREE CASH FLOW

OPERATING CASH FLOW	FY 2017 £M	FY 2016 £M	FREE CASH FLOW	FY 2017 £M	FY 2016 £M
Operating profit	407.5	359.1	Operating cash flow	532.5	386.0
Depreciation / amortisation	57.6	52.9	Net interest	(25.0)	(11.7)
Working capital	71.9	(21.9)	Taxation	(85.9)	(99.5)
Pension	3.1	1.9	Non controlling interest	(6.3)	(12.2)
Other	(7.6)	(6.0)	Net capex	(101.4)	(72.1)

Operating cash flow **532.5** **386.0**

Conversion **131%** **107%**

Free cash flow **313.9** **190.5**

Conversion **77%** **53%**

WORKING CAPITAL

2017 WC improvements and y-o-y timing impact

2018 Some normalisation

CAPEX

2017 Increase driven by catch-up capex

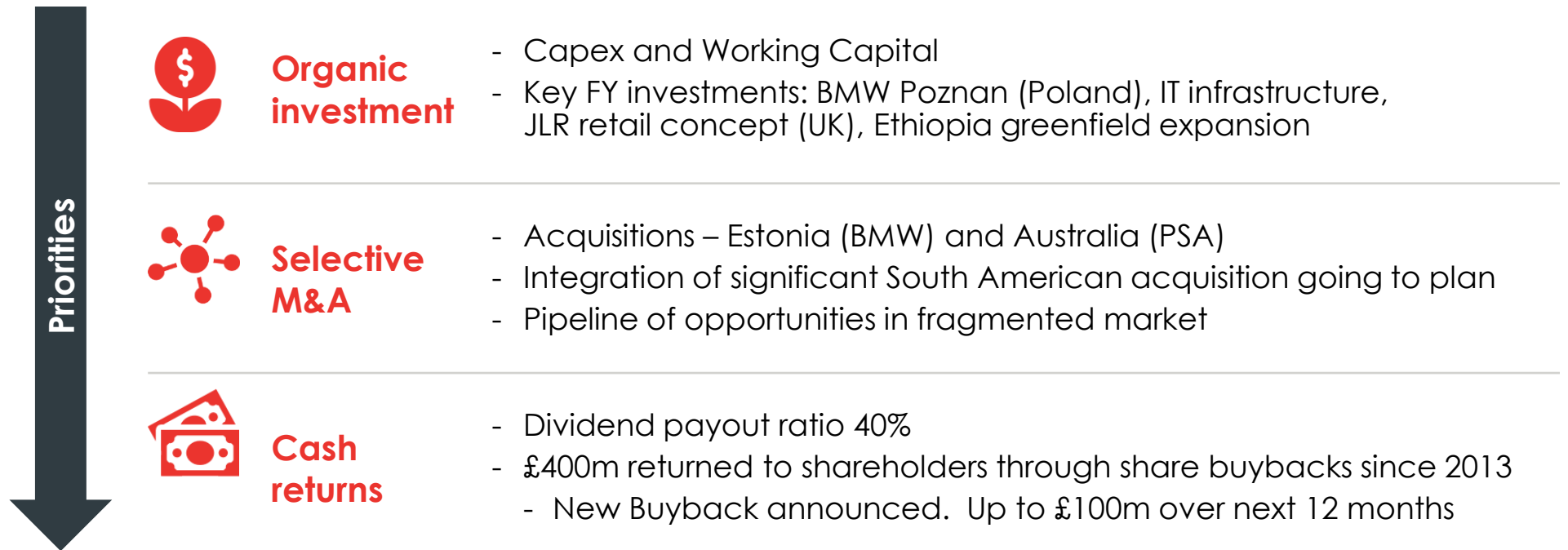
2018 Similar magnitude to 2017

£75m underlying
£25m additional

c.30% allocation to IT spend

CAPITAL ALLOCATION

DISCIPLINED APPROACH



Strong balance sheet – Prudent & retaining firepower for opportunities

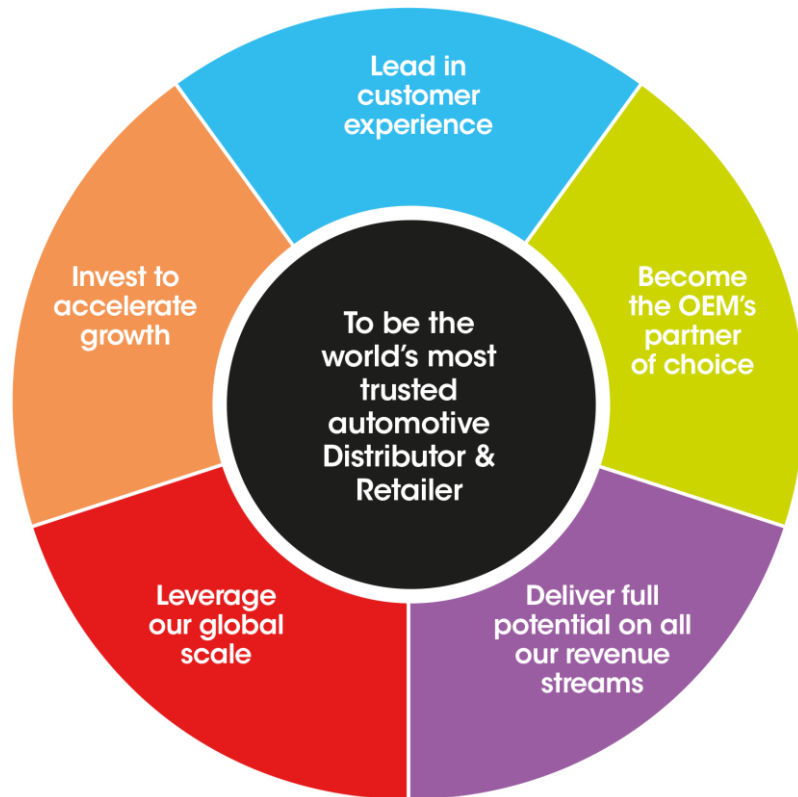


IGNITE STRATEGY UPDATE



STRATEGIC UPDATE

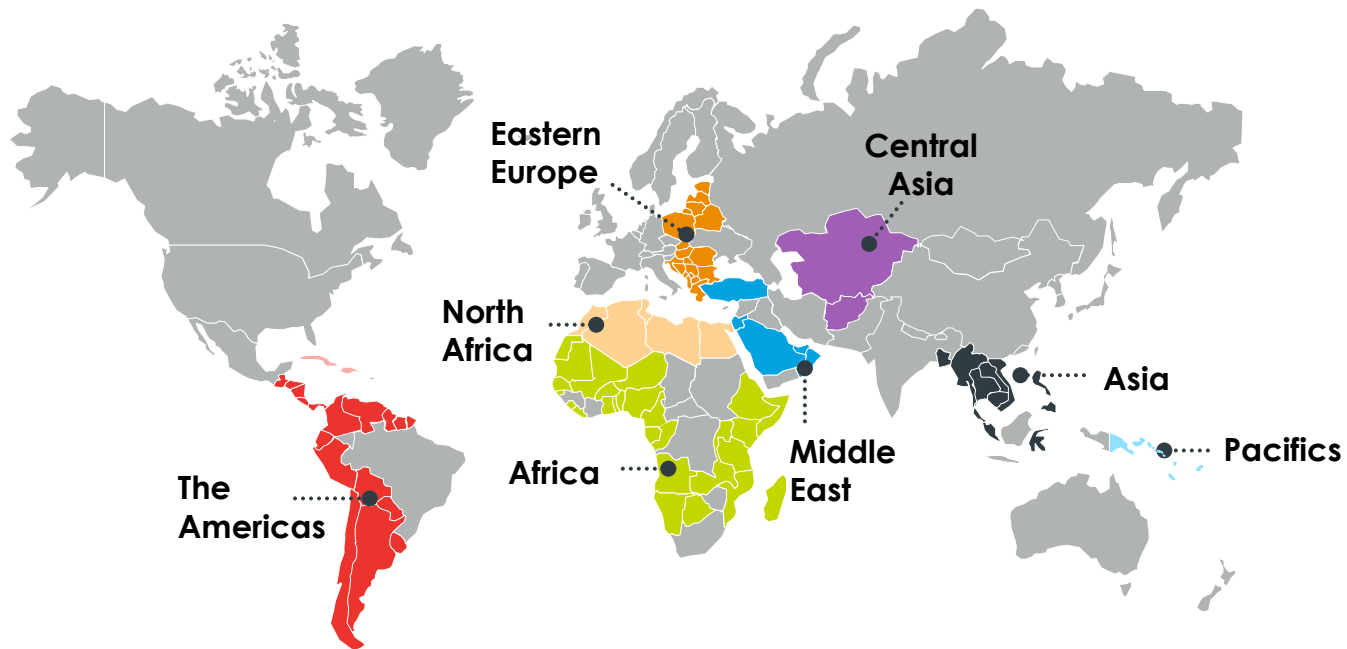
SUPPORTING OUR GROWTH



- ✓ Delivery against revenue stream initiatives
- ✓ South American acquisition performing above plan
- ✓ Further procurement savings achieved and identified
- ✓ Meaningful F&I opportunities identified following global review
- ✓ Solid foundations established for growth



OPPORTUNITY FOR CONSOLIDATION



8 focus Distribution-led regions with c.15M TIV, 20% of Global total

Inchcape share of this addressable market <1%

Highly Fragmented

- Only 4 companies in more than 20 markets
- > 850 distributors in 3 or fewer markets



SOUTH AMERICA UPDATE

TRANSFORMATION OF SOUTH AMERICA

FROM - 2016

2 countries

1 strategic OEM

c.£200M sales

5k new vehicles sold

c.500 colleagues

>4x profit

TO - 2017

4 countries

4 strategic OEMs

c.£600M sales

25k new vehicles sold

c.2000 colleagues



SOUTH AMERICA

INTEGRATION SUCCESS



INTEGRATION SUCCESS

FY17 EBIT above plan

Regional management integration complete

On track to beat project-WACC in year 2/3



STRONG PORTFOLIO

Double digit volume growth across the markets

Record Subaru sales in Chile, Colombia, Peru

1000+ Hino trucks sold through Chile



ATTRACTIVE ACQUISITION

Trading Margin 7.4% vs. Group 4.9%

Acquisition price: 7.1x 2017 EBITDA *

Working capital improvements achieved



2018 OPPORTUNITY

Organisational driven synergies

Further leveraging of scale across region

* Calculated on the cash consideration of £231m



BECOME THE OEM'S PARTNER OF CHOICE



GUAM BMW CONTRACT WON

BMW contract won in Guam, January 2018

Inchcape's first BMW contract in Asia

Inchcape present in Guam since 1970

BMW GEOGRAPHICAL EXPOSURE

Asia: Guam (won 2018)

Europe: Estonia (won 2017), Latvia, UK *, Poland*

Emerging Markets: Peru, Chile, Russia *

Australasia: Australia*



OTHER KEY ACHIEVEMENTS

PSA:

- New Australia contract. +46% volumes under Inchcape

Toyota/Lexus/Hino:

- Celebrating 50 years of partnership
- Hino group volumes 3x greater y-o-y

Subaru:

- Subaru in 4 new markets
- Strong market share gain in Australia

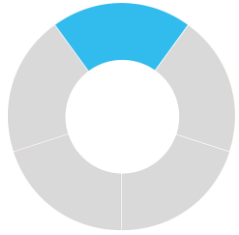
Jaguar Land Rover:

- Thailand award recognising growth in 2017

Mercedes:

- UK 'Service and Parts' awarded 2016 & 2017

* UK, Poland, Russia, and Australia are retail-only markets for BMW. All others are distribution contracts (Chile, Peru, Estonia, Latvia, Guam)



ENHANCING THE CUSTOMER EXPERIENCE

CUSTOMER EXPERIENCE INSIGHT



Digital Experience

- Tool introduced to track customer experience in real time, leading to targeted improvements
- UK Pilot generated a +24% increase in our customer rating *



Retail Experiences that drive growth

- Easy, Effective and Enjoyable to find, buy, and look after the perfect vehicle

DATA & DIGITAL DRIVEN DESIGN



Salesforce

- Pilots show Service reminder email open rates increasing from mid 20's to 60%
- Pilots show Online Service Booking interactions lifting by 30%+, subsequent uplift in bookings
- Salesforce to be fully rolled-out in 2018

BRIGHTEDGE

Data Analytics designed to Optimise Experience

- SEO tool to enhance website conversion



* Aggregated rating of key customer review websites such as Google and Trustpilot



DEVELOPING REVENUE STREAMS

EXAMPLE 2017 ACHIEVEMENTS – AFTERSALES

AFTERSALES

Ignite developments

- Proprietary tools to optimise capacity
- Standardised pricing across brands
- Customer trials, e.g. express service
- Focus on key KPIs such as retention
- Enhanced customer satisfaction monitoring



UK

- Mercedes the focus for Ignite pilots
- Mercedes service gross profit +12%
- Service and Parts dealer award ('16, '17)
- UK Aftersales director appointed in 2017



Australasia

- +17% increase in service hours
- Extended trading hours; Increased mobile service vans to add flexible capacity to sites



Russia

- +2% increase in Aftersales gross profit against unfavourable market
- Service retention marketing



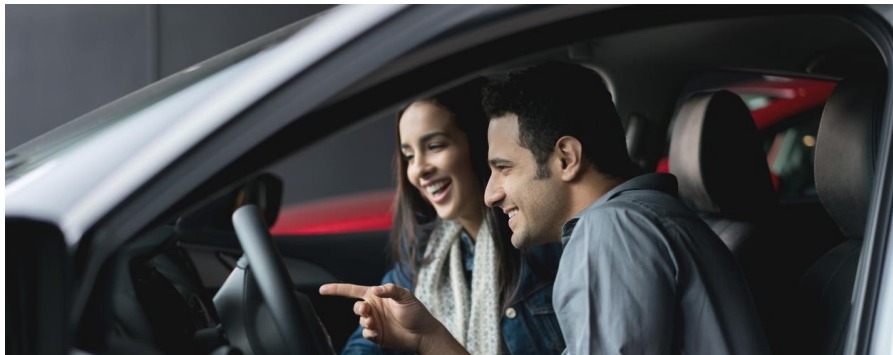
DEVELOPING REVENUE STREAMS

EXAMPLE 2017 ACHIEVEMENTS – USED

USED

Ignite developments

- Optimised pricing through centralised system
- Standardised online product imaging and videos
- Right vehicles for each site to reduce days stocked
- Quicker preparation of vehicles for sale



UK

- Audi focus : +30% y-o-y gross profit
- BMW/Mini Roll-out in 4Q17
- Full roll-out by the end of 2018



Russia

- Used/ New units 68% in 2H17 vs 47% 2H16
- Driven by ignite in 2H, little success prior
- Still in pilot phase



South America

- Programme launched for Subaru



LEVERAGE GLOBAL SCALE



PROCUREMENT

£20M annualised savings achieved to date *

- vs. £20-40M targeted savings

Key areas of saving to date include:

- IT
- Facilities Management Services
- Aftersales Services



FINANCE & INSURANCE

F&I global review completed

- UK best practices to be leveraged
- Opportunity through selling practices, data analytics, new products

Best practices for F&I selling being established

- Holistic approach to F&I as part of vehicle sale



BUILDING THE ORGANISATIONAL STRUCTURE FOR THE FUTURE

ORGANISATIONAL CHANGE SINCE THE LAUNCH OF IGNITE

NEW GLOBAL FUNCTIONS

Customer Experience

- Customer Experience Director
- Head of Digital

Optimising revenue streams

- Global F&I Director

Leveraging our scale

- Group Procurement/Supply Chain Director

M&A/ Strategy

- Increased resource with dedicated teams for M&A and Strategy
- Follows new Chief Development Officer role created June 2015

REGIONAL ORGANISATION

- Consolidation of South Asia and North Asia functions, as well as European functions
- Consolidation of South American business under one regional structure
- Introduction of Regional F&I Managers
- Creation of Regional Marketing Directors





LOOKING AHEAD

2018

2018 OUTLOOK

Regions

- Strength in our Emerging Markets
 - UK and Singapore new car markets challenging
 - Continued momentum in other regions
 - Stronger comparatives in 1H
-

Ignite

- Synergy and trading improvements expected for South America acquisition
 - Further development of Aftersales and Used Vehicles
 - More procurement savings; Implementation of F&I product initiatives
 - Fixed cost savings continuing to accrue (Asia, Europe/UK)
 - Continue to seek opportunities to invest in consolidation
-

FX

- Yen transactional tailwind of c.£10m in H1 vs. c.£10m headwind in FY17

2018: RESILIENT CONSTANT CURRENCY PERFORMANCE EXPECTED



CONCLUSION



**Predominantly
Distribution in
APAC & EM**



**Strongly cash
generative
business model**



**Significant growth
opportunities from
our Ignite strategy**

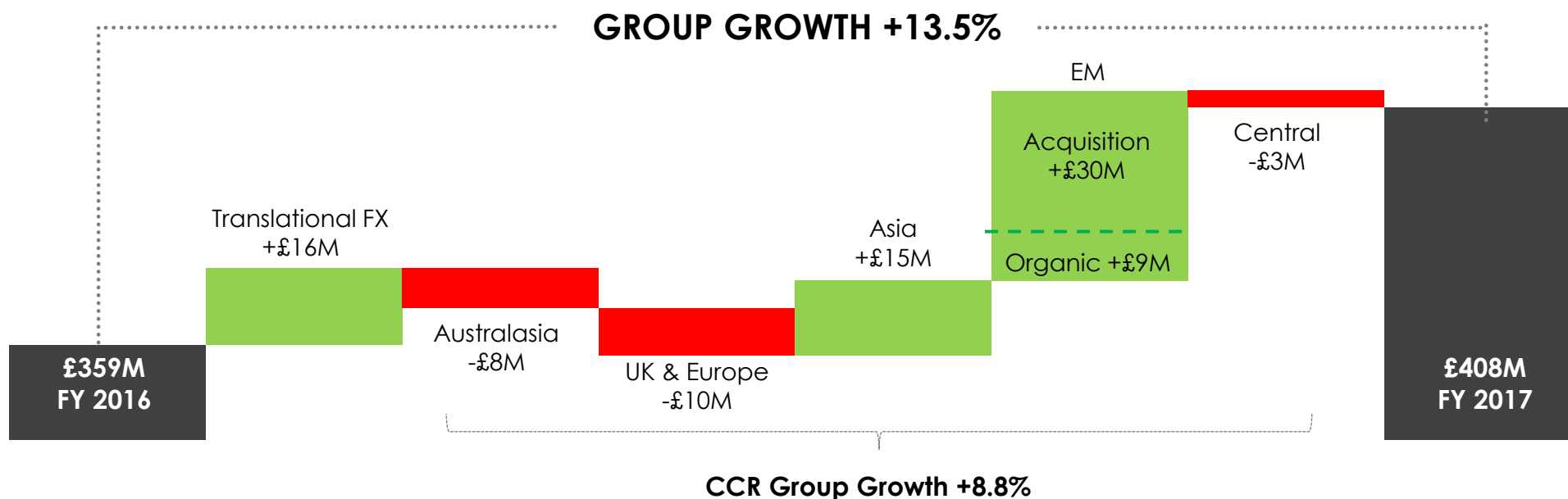


**Creating value
for shareholders
and our partners**



APPENDIX

FY17 GROUP OPERATING PROFIT

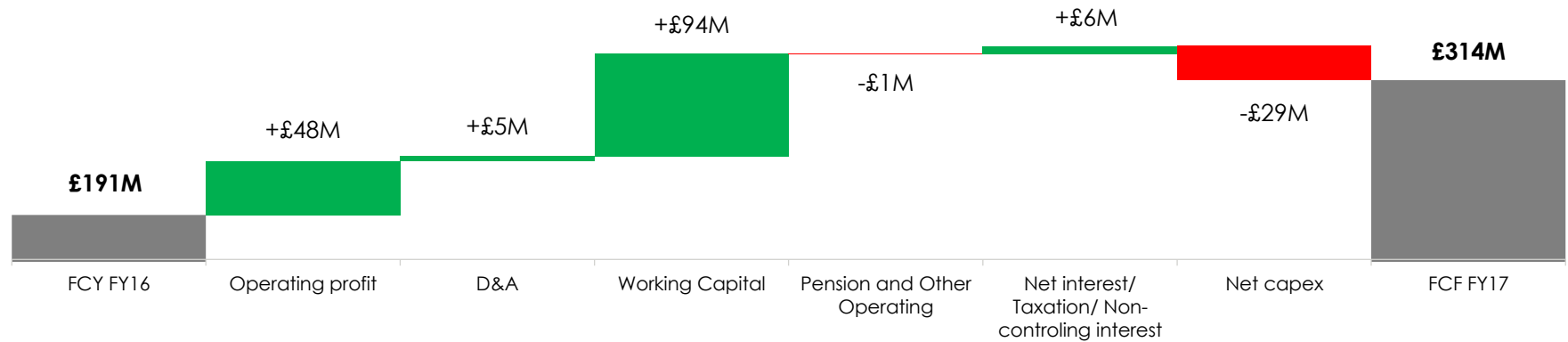


	Australasia	UK & Europe	Asia	EM	Group
MARGIN	6.2%	2.1%	9.3%	6.5%	4.6%
	-90 bps	-30 bps	+70 bps	+50 bps	+0 bps
PROFIT YOY CHANGE (CCR)	-7.4%	-9.7%	+10.7%	+75.7% (+17% ex Acqn)	+8.8%

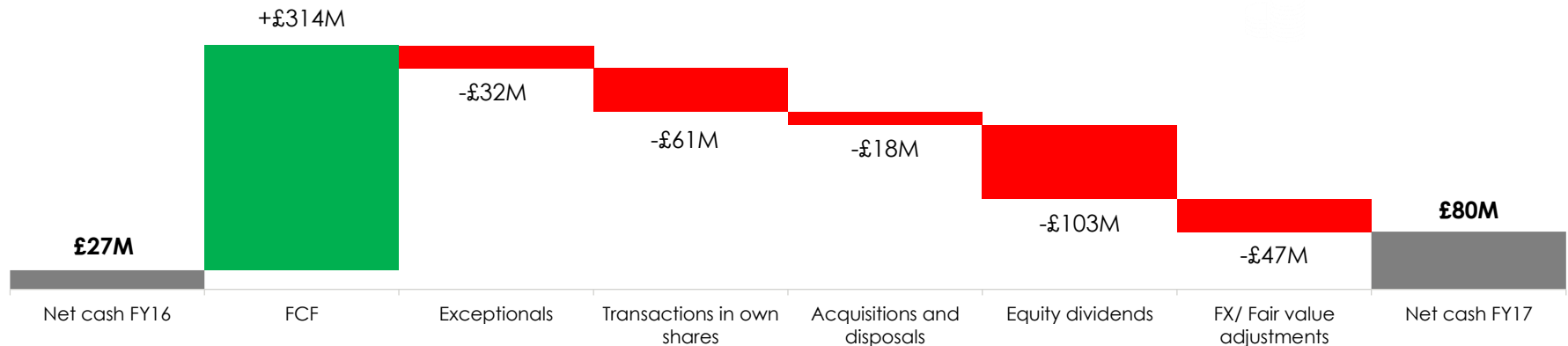
Note: Regional profit growth at CCR; Acqn. refers to S.American acquisition; Australasia includes net £4m additional property profit and net £10m y-o-y transactional FX headwind

NET CASH & FREE CASH FLOW GROWTH

FREE CASH FLOW



NET CASH

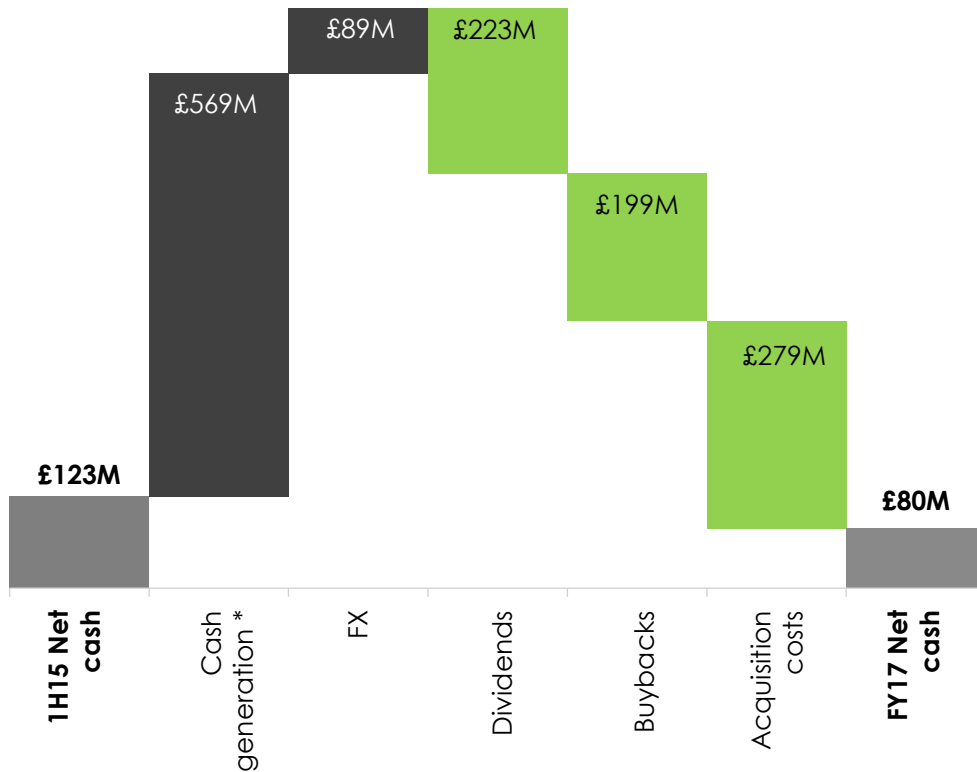


Note: All numbers at actual exchange rates

CASH UTILISATION

STRONG CASH GENERATION AND BALANCE SHEET

CASH UTILISATION 1H 15 – 2H 17



Strong FCF generation to fund organic investment, dividends, cash returns



Continued 2018 FCF confidence. New Buyback announced (up to £100m)



Strong balance sheet, scope to lever to c.1x Net Debt/EBITDA for M&A

* Cash generation includes FCF and exceptional cash but excludes the benefit of exchange rate movements

REGIONAL TIV SUMMARY

REGION	2015 Actual	2016 Actual	2017 Actual	2018 Est
Australia	4%	2%	1%	1%
UK	6%	2%	(6)%	(6)%
Greece	7%	4%	12%	6%
Belgium	2%	8%	3%	0%
Eastern Europe	6%	19%	14%	7%
Singapore	66%	41%	5%	(15)%
Hong Kong	10%	(21)%	6%	0%
South America*	(12)%	(1)%	7%	8%
Russia	(36)%	(11)%	12%	10%

Note: TIV = Total Industry Volume, * Chile, Colombia & Peru (PC & LCV)

DISCLAIMER

The information contained in this presentation in relation to Inchcape plc ("Inchcape") and its subsidiaries (the "Inchcape Group") has been prepared solely for use at this presentation. It should not be used for whole or in part for any other purpose. The presentation is not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction. Nothing contained in the presentation constitutes or shall be deemed to constitute an offer or invitation to invest in, subscribe for or otherwise acquire or deal in any shares or other securities of Inchcape or the Inchcape Group.

Certain statements in this presentation, particularly those regarding the future prospects of Inchcape returns, pricing, acquisitions, divestments, industry growth or other trend projections are or may be forward-looking statements. These forward-looking statements are not historical facts, nor are they guarantees of future performance. Such statements are based on current expectations and belief and, by their nature, are subject to a number of known and unknown risks and uncertainties which may cause the actual results, prospects and developments of Inchcape to differ materially from those expressed or implied by these forward-looking statements. Any such forward-looking statements speak only as at the date of this document. No representation or warranty, express or implied, is made by any person as to the achievability or reasonableness of any projection or forecast contained in this presentation. No statement in this presentation is intended to be a profit forecast.

Except as required by any applicable law or regulation, Inchcape expressly disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statements contained in this presentation to reflect any change in Inchcape's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The information contained in this presentation has been obtained from company sources and from sources which Inchcape believes to be reliable but it has not independently verified such information and does not guarantee that it is accurate or complete.

No representation or warranty, express or implied, is or will be given by, and no duty of care is or will be accepted by, Inchcape or the Inchcape Group, their directors, employees, agents or advisers, as to the fairness, accuracy, completeness or otherwise of this presentation or the information or opinions contained herein. To the extent permitted by law, none of Inchcape or the Inchcape Group, their directors, employees, agents or advisers shall be liable for any direct, indirect or consequential loss or damage suffered by any person as a result of relying on any statement in or omission from this presentation.

The information and opinions contained in this presentation are provided as at the date of the document.

All information contained in this presentation is the property of Inchcape and may not be copied, reproduced or recorded without the prior written permission of the company.

By accepting this presentation, the recipient agrees to be bound by the above provisions.

© Inchcape 2018. All rights reserved. Proprietary and confidential information. Inchcape and the Inchcape logo are the registered trademarks of the Inchcape Group.