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**FY19 RESULTS**  
27 FEBRUARY 2020

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**NIGEL STEIN**  
CHAIRMAN

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STEFAN BOMHARD  
GROUP CHIEF EXECUTIVE

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# FY19 HIGHLIGHTS



## Resilience in business model

PBT flat y-o-y  
(excluding transactional  
Yen headwind)

Asia profits +2% y-o-y  
despite HK challenges  
& Singapore decline



## Meaningful strategic progress

Disposal of non-strategic  
retail assets  
in Australia, China & UK

New distribution  
businesses  
in Colombia, Ecuador,  
Uruguay, Kenya & Lithuania



## Ignite continues to drive the business

First Daimler distribution  
contracts established

F&I and procurement  
targets achieved  
£30M F&I income<sup>1</sup>  
£50M procurement savings<sup>2</sup>








## Disciplined capital allocation

Buybacks:  
'19: £100M completed  
'20: £150M announced

DPS unchanged  
2019 DPS: 26.8p

# UNDERLYING RESILIENCE

## IN THE CONTEXT OF CHALLENGING MARKETS

IFRS 16	FY 2019	% chg	% chg (CCR)	
Revenue <sup>1</sup>	£9,380M	+1.1%	+1.3%	 Continued Group revenue growth
PBT	£326M	(6.9%)	(7.4%)	 PBT flat y-o-y, excluding transactional Yen headwind <sup>2</sup>
EPS	59.9p	(6.1%)		 Strong profit growth in Europe, solid underlying Australasia and resilience in Asia
DPS	26.8p	+0%		 Stable dividend
ROCE	22%	-		 Attractive ROCE: 22% (post IFRS 16)

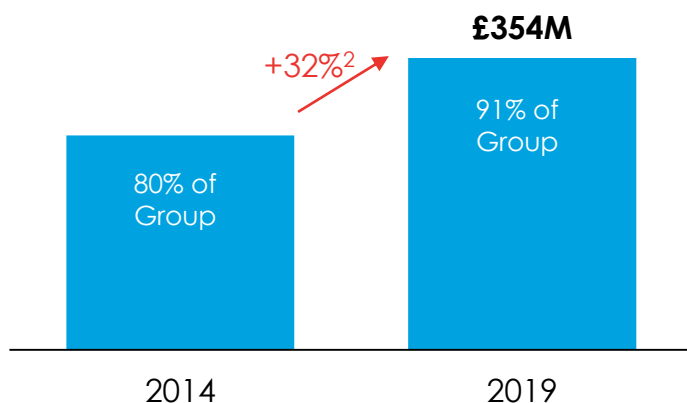
Note: PBT and EPS pre exceptional items; 1) Excluding the impact of disposals announced over 2019 revenue grew 3% CCR. The profit impact on 2019 results was immaterial; 2) £26m Yen headwind over 2019

# MEANINGFUL STRATEGIC PROGRESS

## PORTFOLIO IMPROVED FURTHER IN 2019

### DISTRIBUTION MODEL ATTRACTIVE

#### Distribution trading profit<sup>1</sup>



- Attractive growth opportunities
- Exclusive contracts; low attrition
- Higher trading margin
- Strong ROCE

### MEANINGFUL STRATEGIC PROGRESS OVER 2019



#### Disposal of multiple Retail only businesses



- Non-strategic assets in UK, Australia, China



- >£800m revenue disposed (c.9% of Group)



- 14x<sup>3</sup> EV/EBIT achieved



#### >£100m of announced acquisitions of new distribution contracts over last 12 months



- First Daimler contracts (into 3 LatAm markets)



- BMW portfolio expansion (East Africa, Baltics)

- c.8x<sup>3</sup> EV/EBIT purchase price



#### c£1bn revenue through Distribution businesses incorporated since 2016

1) 2014 profit excludes property profit gains; 2) 32% growth on a comparable accounting basis (i.e. IAS 17); 3) Blended average



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GIJSBERT DE ZOETEN  
CHIEF FINANCIAL OFFICER

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# SUMMARY INCOME STATEMENT

IFRS 16	FY 2019 £M	FY 2018 £M	CHANGE ACR	CHANGE CCR
Revenue <sup>1</sup>	9,380	9,277	+1.1%	+1.3%
Operating profit <sup>2</sup>	373	399	(6.4%)	(6.7%)
Profit before tax	326	351	(6.9%)	(7.4%)
Effective tax rate (%)	23.2	22.6	60bps	
Basic adjusted EPS (p)	59.9	63.8	(6.1%)	
Dividend per share (p)	26.8	26.8	-	

## 2019 PBT (EX-YEN):

Flat year-on-year

## IFRS 16 ACCOUNTING

Fully retrospective

FY18 restated

## EXCEPTIONAL PBT GAIN OF

**£76M**

Net gain on disposals

Note: All numbers at actual exchange rates and pre exceptional items; 1) Excluding the impact of disposals announced over 2019 revenue grew 3% CCR; 2) The profit impact from disposals on 2019 results was immaterial



# DISTRIBUTION

UNDERLYING RESILIENCE DESPITE SUPPLY AND MARKET CHALLENGES

IFRS 16	FY 2019 £M	FY 2018 £M	CHANGE ACR	CHANGE CCR
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Revenue <sup>1</sup>	5,041	4,988	+1.1%	+1.2%
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Trading profit	354	383	(7.5%)	(7.8%)
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Trading margin %	7.0%	7.7%	(70 bps)	
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## GROUP REVENUE

**54%**

57% proforma<sup>2</sup>



Strong performance in Europe offset by LatAm-driven EM declines



Small Asia profit growth supported by growth in Guam, Brunei and Thailand



Australasia profits flat excluding Yen headwind<sup>3</sup>, despite supply issues in 1H

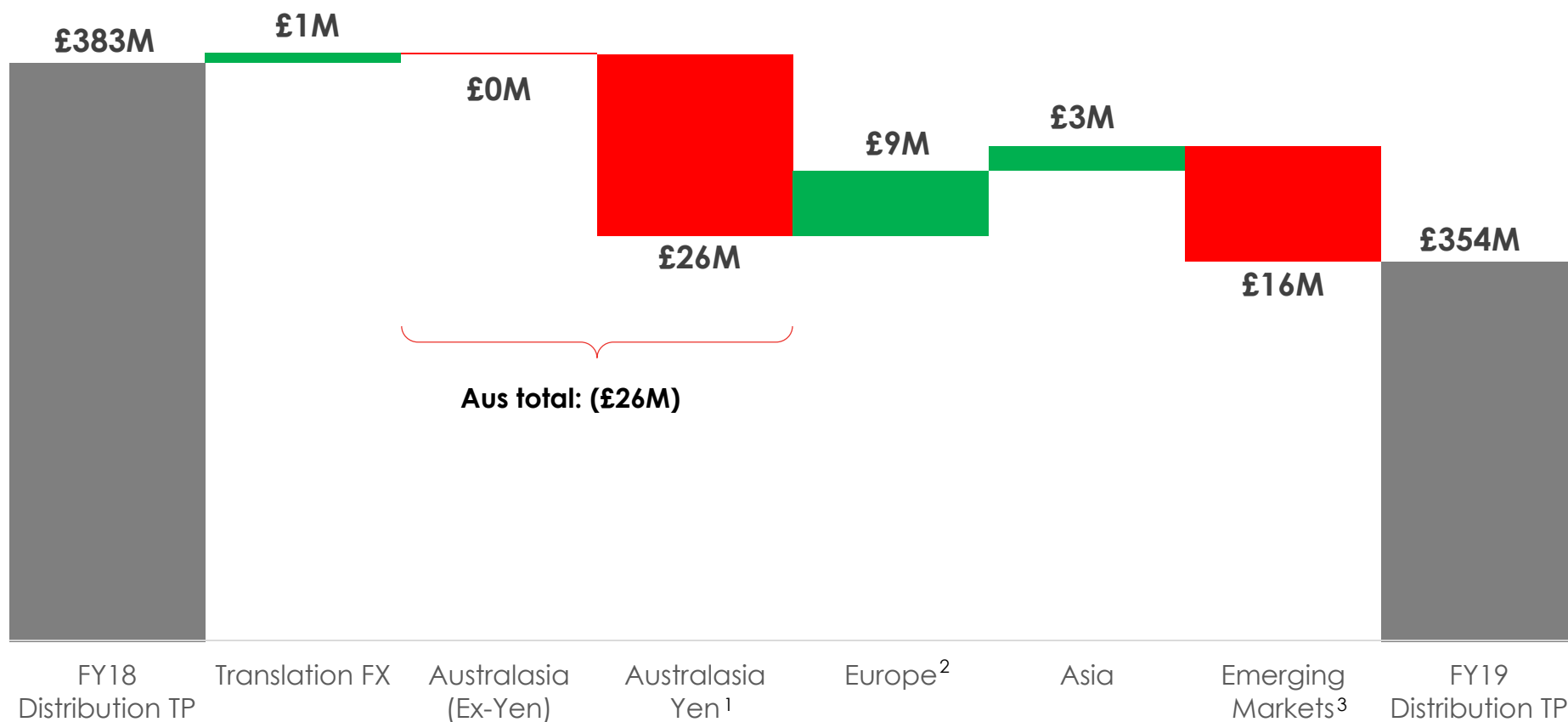
## GROUP TRADING PROFIT

**91%**

93% proforma<sup>2</sup>

# DISTRIBUTION BY REGION

## TRADING PROFIT



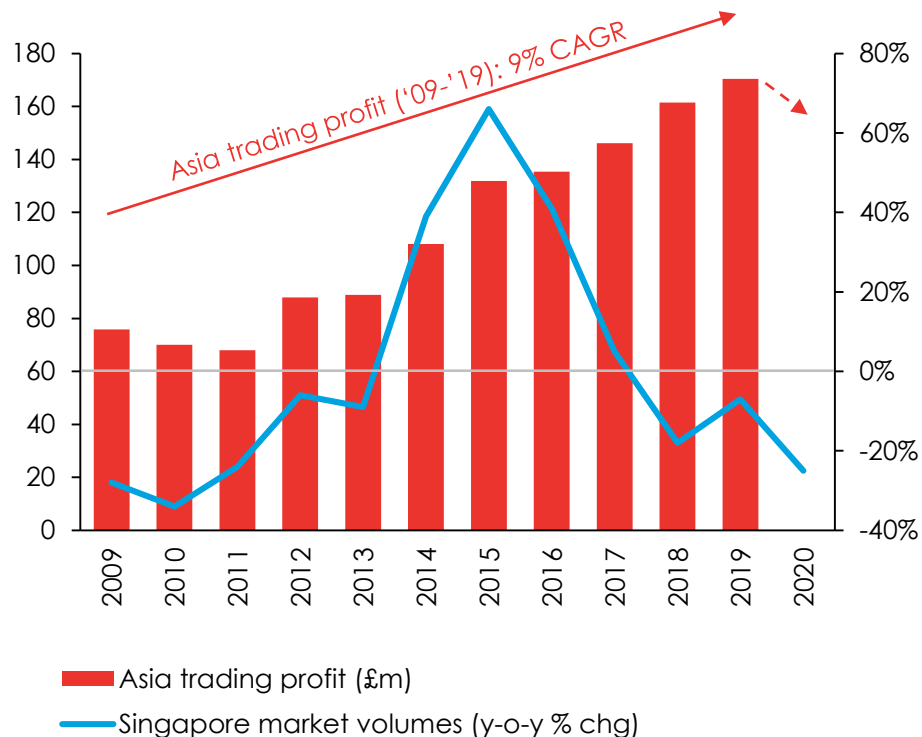
Note: 1) Yen transactional headwind given purchase of goods in Yen and sale in AUD; 2) Europe is categorised as 'UK & Europe' in our regional disclosure, but excludes our UK operations which fall into Retail; 3) Emerging Markets includes £3.5m year-on-year trading profit benefit from the Central America acquisition which was generated prior to its annualisation as part of the Group in April

# ASIA: OPERATIONAL IMPROVEMENTS

## STRONG PERFORMANCE THROUGH THE CYCLE

### PROFIT IMPROVEMENT THROUGH THE CYCLE

#### Asia Trading Profit (Ex-China)



### PROFITS WELL MANAGED IN ASIA

#### Progression over the cycle has been strong

- Expanded product offering
- Improved cost structure (fixed cost review; business efficiency programmes)
- Inherent variability of costs in Distribution
- Aftersales capacity improvements
- Reduced market peak to trough
- 2020 backdrop challenging

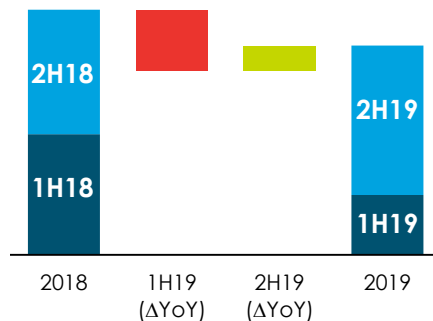
# EM: MARKET CHALLENGES

## ETHIOPIA MOMENTUM BETTER BUT CHILE WEAK

### ETHIOPIA IMPROVEMENT SEEN IN 2H

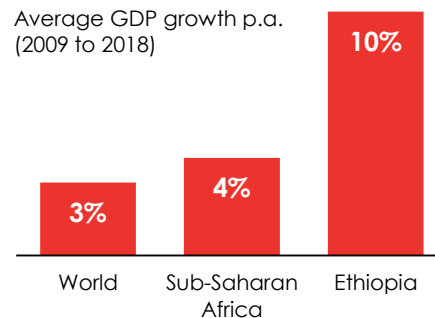
- ⊗ Currency-driven supply issues since 2017
- ✓ 2H 19 improved momentum, with:
  - Improved currency availability
  - Meaningful orders in 2H
- ✓ Ethiopia demand remains high and Inchcape is well placed
  - Double-digit GDP growth over ~10 years
  - Toyota share of cars c.60-70%

### ETHIOPIA PROFITS HAVE STABILISED, £M



### ETHIOPIA'S GDP GROWTH HAS BEEN VERY STRONG

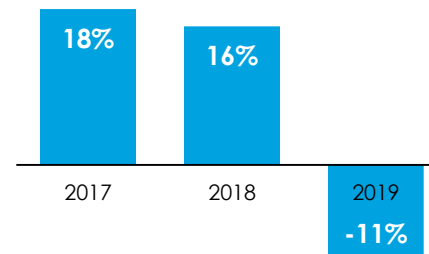
Average GDP growth p.a. (2009 to 2018)



### CHILE MARKET CHALLENGED IN 2019

- ⊗ Copper market decline (trade-war related)
- ⊗ Civil unrest in 2H; resulting in 2020 constitutional reform
- ⊗ Drove a sharp contraction of TIV
- ✓ Good cost control supported 2019
- ✓ A strong focus on Aftersales opportunity into 2020
- ✓ Low penetration drives future opportunities

### PASSENGER VEHICLE TIV DECLINE OVER 2019



### LOW PENETRATION DRIVES OPPORTUNITY

Passenger vehicles and commercial vehicles per '000 ppl



# RETAIL

## IMPROVED PERFORMANCE FOLLOWING CHALLENGING 2018

IFRS 16	FY 2019 £M	FY 2018 £M	CHANGE ACR	CHANGE CCR
Revenue <sup>1</sup>	4,338	4,289	+1.2%	+1.4%
Trading profit	36	32	+12.5%	+12.1%
Trading margin %	0.8%	0.7%	+10 bps	

### GROUP REVENUE

**46%**

43% proforma<sup>2</sup>  
for disposals



Stable UK & Europe retail performance, as anticipated



Russia growth impacted by competitive pressures; expected to be temporary



Portfolio optimisation over period; Limited profit impact in 2019

### GROUP TRADING PROFIT

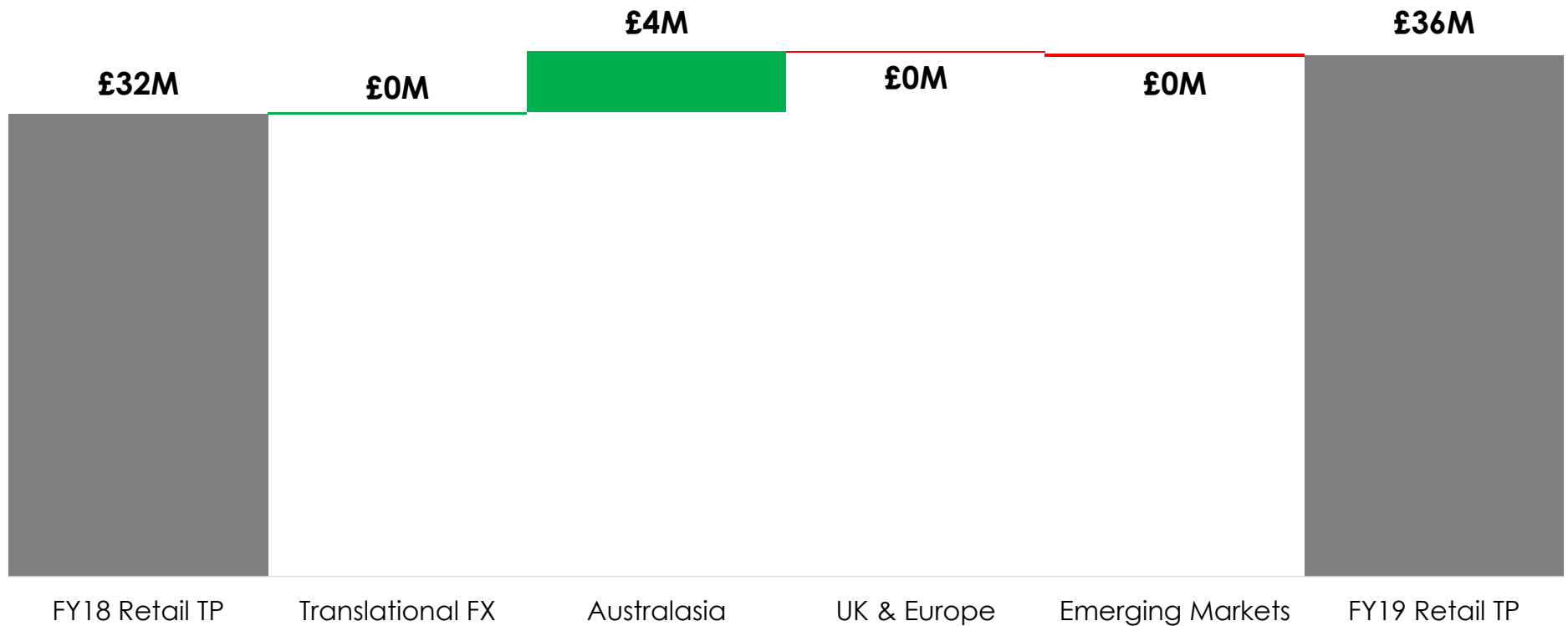
**9%**

7% proforma<sup>2</sup>  
for disposals

Note: All numbers in the table at actual exchange and pre exceptional items; 1) Excluding the impact of disposals announced over 2019 revenue grew 5% CCR. The Trading profit impact on 2019 results was immaterial; 2) proforma for a full year revenue and profit impact of announced disposals

# RETAIL BY REGION

## TRADING PROFIT



# INCOME STATEMENT REVIEW

IFRS 16	FY 2019 £M	FY 2018 £M
Trading profit	390	415
Central costs	(17)	(16)
Operating profit	373	399
Operating margin	4.0%	4.3%
Finance charges / JVs	(47)	(48)
Profit before tax	326	351
Tax	(76)	(79)
Effective tax rate %	23.2%	22.6%
Non-controlling interests (NCI)	(6)	(7)
Profit after NCI	245	265

## 2019 INTEREST

IFRS16: c. **£47m**

IAS17: c. **£28m**

## 2019 PBT FLAT EX YEN

AUD/JPY: £(26)m impact

## 2020 GUIDANCE

### FY20 TAX RATE

**24-25%**

### FY20 INTEREST COST

IFRS16: c. **£44m**

IAS17: c. **£29m**

# CASH FLOW

## GOOD UNDERLYING CASH CONVERSION

<b>OPERATING CASH FLOW</b>	<b>FY 19 £M</b>	<b>FY 18 £M</b>	<b>FREE CASH FLOW</b>	<b>FY 19 £M</b>	<b>FY 18 £M</b>
Operating profit	373	399	Operating cash flow	456	586
Depreciation / amortisation	125	126	Net interest	(25)	(27)
Working capital	(56)	38	Taxation	(74)	(93)
Pension *	2	15	Non controlling interest	(6)	(6)
Other	12	8	Net capex	(54)	(99)
			Net lease payments	(84)	(82)
<b>Operating cash flow</b>	<b>456</b>	<b>586</b>	<b>Free cash flow</b>	<b>213</b>	<b>279</b>
<b>Conversion</b>	<b>122%</b>	<b>147%</b>	<b>Conversion</b>	<b>57%</b>	<b>70%</b>

### WORKING CAPITAL

#### FY 19

Negative timing impact driven by acquisitions, disposals, and Ethiopia (government) receivables

### CAPEX

#### FY 19

YoY reduction driven by lower UK investment

### FY 20 GUIDANCE

**£75m**

### NET CASH / (NET DEBT) – FY19

#### IFRS 16

£(250M) V. £(446M)

### PRE LEASES (IAS17)

**£103M V. £15M**





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GIJSBERT DE ZOETEN  
2020 - LOOKING AHEAD

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# 2020 OUTLOOK

## MARKET OUTLOOK

### Market weighted TIV to remain challenging

- Singapore TIV est -25%
- Hong Kong, Chile, Australia expected to remain challenging
- European growth remains supportive
- Improved Ethiopian supply

## STRATEGIC FOCUS

### Driving Inchcape forward

- Aftersales revenue opportunities
- Cost and efficiency improvements
- Continue the digital roll-out
- Maintain focus on inorganic growth

## PROFIT GUIDANCE (EX AUD/JPY, EX DISPOSALS)<sup>1</sup>

### Modest decline in group profit

- Asia down (Singapore cycle, HK protests)
- Australia weak (market weakness)
- Strong Europe
- Solid Emerging Markets

## OTHER CONSIDERATIONS

- Net c.£15m AUD/JPY profit impact (post mitigation items)
- Trading profit reduced by £18M for announced disposals
- Coronavirus impacts being monitored

1) Guidance excludes potential Coronavirus impact

# A STRONG PORTFOLIO

## SUPPORTING RESILIENCE IN THE BUSINESS

### 2019 MARKET CONTEXT

INCHCAPE REVENUE-WEIGHTED TIV:

**-4%**

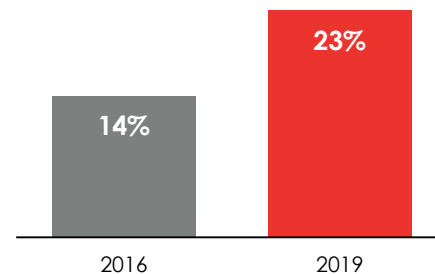
2019 PBT (EX-YEN):

**Flat y-o-y**

### PORTFOLIO DIVERSIFICATION

#### MARKET COVERAGE

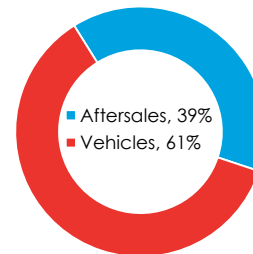
- ✓ EM share of group profits +9ppts since 2016
- ✓ Profit reliance on top 5 markets reduced by 16ppts since 2016



**2019 vs 2016**  
EM Share of Trading profit

#### AFTERSALES vs. VEHICLES

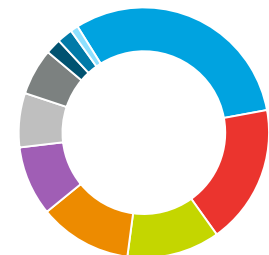
- ✓ Aftersales market: c.0-5 year old cars
- ✓ Aftersales more stable



**2019**  
Gross profit by value-driver

#### OEM EXPOSURE

- ✓ Acquisitions have helped us diversify
- ✓ Deep, long-standing relationships with attractive OEM partners

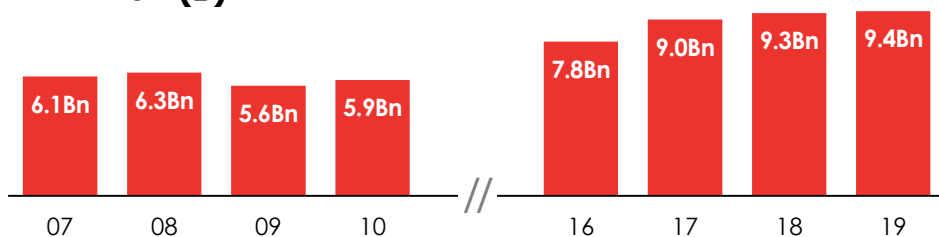


**2019**  
Revenue by OEM

# RESILIENT BUSINESS MODEL

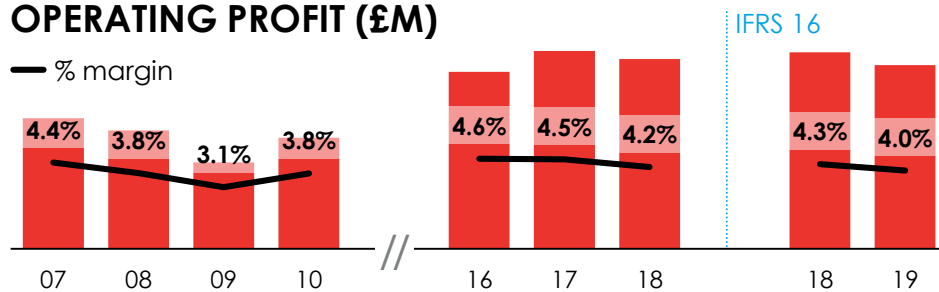
## STRENGTH THROUGH THE CYCLE

### REVENUE (£)

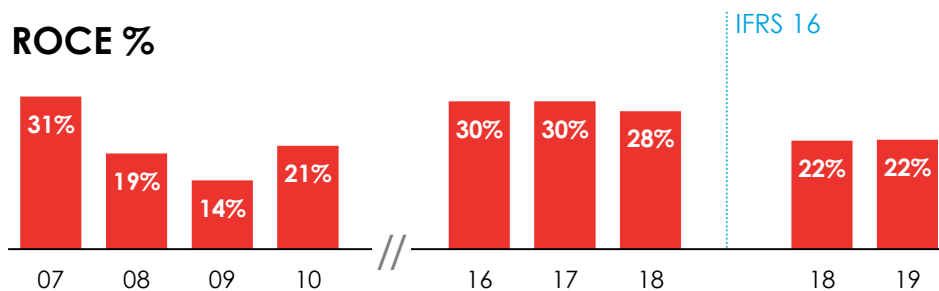


### OPERATING PROFIT (£M)





— % margin



### ROCE %



### STRONG TRACK RECORD OF WEATHERING CYCLES

-  4% revenue CAGR (2007 to 2019)
-  Revenue growth 8% p.a. since 2015
-  EBIT margin 12-year range: 3.1% to 4.7%<sup>1</sup>
-  Consistently delivered double-digit ROCE

### AND IGNITE HAS STRENGTHENED INCHCAPE FURTHER SINCE 2016



1) 4.7% margin achieved in 2015

# CAPITAL ALLOCATION

## MAINTAINING OUR DISCIPLINED APPROACH

### DIVIDEND POLICY

#### Progressive dividend policy

- FY19 DPS unchanged
- c£500m returned since 2016<sup>1</sup>

### ACQUISITIONS

#### 12 acquisitions under Ignite

- c£550M spent since 2016
- £1BN revenue added<sup>2</sup>

### BUYBACK

#### Disciplined approach

- £150M announced for 2020
- c£400M returned since 2016<sup>1</sup>

### LEVERAGE RATIO

#### Max 1x Net Debt to EBITDA

- (Pre-IFRS16)
- Significant headroom

### FREE CASH FLOW UTILISATION



Excess cash post capex, working capital, dividend

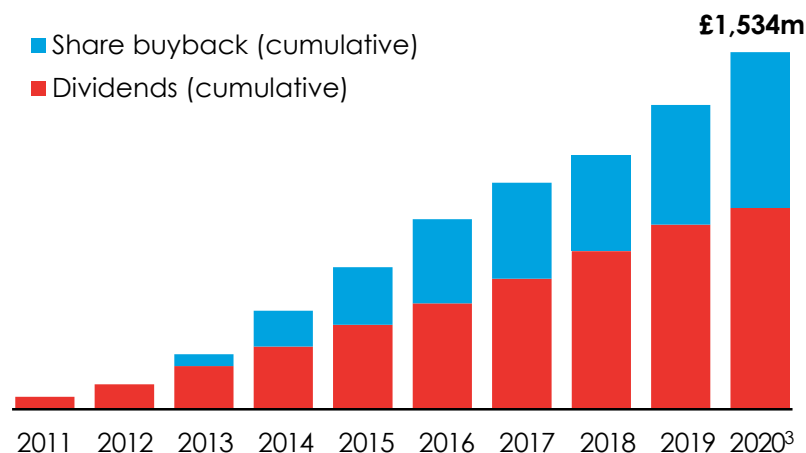


Value-accretive M&A opportunities



Remaining excess FCF distributed through buybacks

### CUMULATIVE CASH RETURNS



### PLUS PBT GROWTH



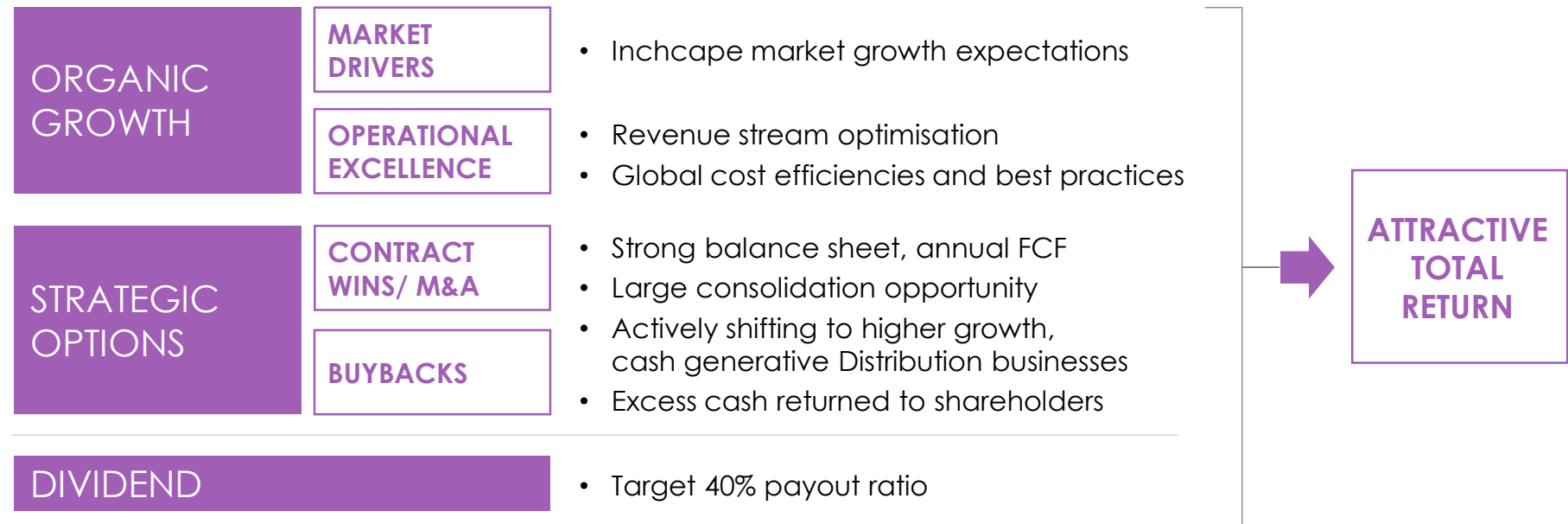
PBT CAGR ('11 - 19)

**+5%**

# MULTI-LAYERED GROWTH PROPOSITION

## ATTRACTIVE TOTAL RETURN OPPORTUNITY

### ANNUAL RETURN CONSIDERATION





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**STEFAN BOMHARD**  
STRATEGY UPDATE

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# IGNITE STRATEGY TO DRIVE GROWTH

## IGNITE FRAMES INCHCAPE'S STRATEGIC FOCUS

### IGNITE STRATEGY



### SUCCESS TO DATE

-  Implemented industry-leading tools to evolve the customer journey digitally
-  Strengthened OEM relationships; new contracts with 6 strategic OEM partners
-  Improved processes and product offerings to diversify revenue streams
-  Organisational developments to support global and regional coordination
-  12 Distribution acquisitions; £1bn of revenue achieved through these today



# IGNITE: DRIVING THE CUSTOMER EXPERIENCE



## IMPROVING THE ONLINE AND IN-STORE EXPERIENCE

### GLOBAL WEBSITE STATISTICS



FY19 vs. FY18

Listing views <sup>1</sup>	>3x
Actions from listings	+80%

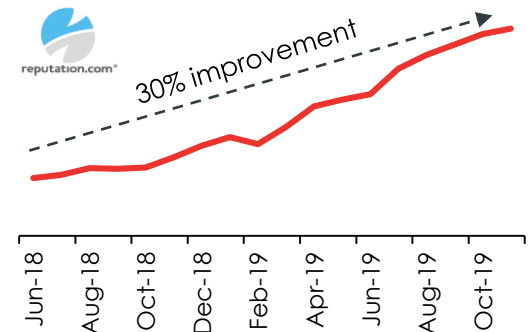
### PLATFORM PROVIDES INSIGHT AND TARGETED MARKETING

-  **reputation.com** – external scoring system that provides transparency on the total customer experience and generates invaluable insights
-  **Salesforce** (CRM and Marketing Automation) – enables a data driven customer acquisition and nurture journey

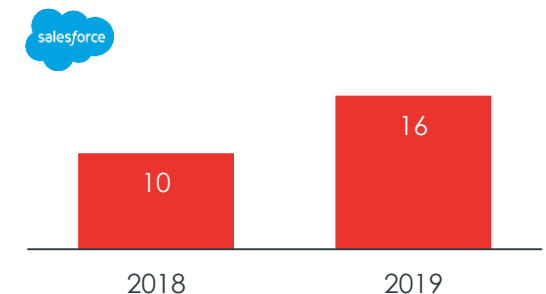
### IMPLEMENTATION OF PLATFORM DRIVES CONVERSION

-  Improvement website listing conversion, and the retail experience and advocacy by 30% in 18 months
-  Generating 26% growth in Inchcape's marketable customer base y-o-y

### AVERAGE GROUP REPUTATION.COM SCORE ACROSS LFL INCHCAPE SITES



### MARKETS USING SALESFORCE



1) A listing contains information about businesses, such as name, phone number, address, hours of operation, photos, and reviews & ratings



# IGNITE: BEING THE OEM PARTNER OF CHOICE

## MILESTONES ACHIEVED IN 2019



### DAIMLER

- First distribution contracts with Daimler after 30 year Retail-only partnership
- Acquired OEM's own distribution operations in Colombia
- Acquired third-party competitor in Ecuador and Uruguay



### BMW

- OEM-led Baltics consolidation completed with the acquisition of Lithuania contract
- Inchcape Poland: won six awards (incl. FS and E-mobility dealer of 2019)
- Awarded distribution contract for Kenya



### SUZUKI

- Costa Rica and Panama operations awarded Suzuki global Aftersales awards
- Turned Costa Rica's used-car business to profitability in first full year of operation



### TOYOTA GROUP

- Grab-Toyota service partnership expanded in Singapore
- Ethiopia: highest ever fleet sales to Ministries of Defence and Health



### JAGUAR LAND ROVER

- JLR Kenya operating for one year
- Opened new sites in Bogota and Hong Kong



### SUBARU

### SUBARU

- Developing an omnichannel proposition in Australia with Subaru
- Started selling cars into Bolivia as of Q4-2019



# IGNITE: FOCUSING ON ALL REVENUE STREAMS

## GROWING DIVERSIFICATION OF PROFIT DRIVERS

### USED INITIATIVES

Growth in Emerging Markets key to group progress

### KEY SUCCESS

#### Costa Rica:

- Used car operations turned to profit in first year of ownership
- Inchcape process implemented, including improved stock levels



### AFTERSALES INITIATIVES

Group gross profit growth +2%

### KEY SUCCESSES

#### Northern Europe<sup>1</sup>

2019 Gross Profit

**+14%**

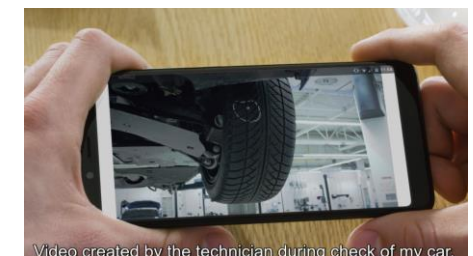
- Centralised call centre in Poland implemented
- Further roll-out of video diagnostics utilisation and campaigning

#### Australasia<sup>2</sup>

2019 Gross Profit

**+9%**

- Greater accessory sales achieved through improved selling processes



Video created by the technician during check of my car.



# IGNITE: LEVERAGING OUR GLOBAL SCALE

## ACHIEVEMENT OF TARGETS IN 2019

### FINANCE & INSURANCE

 **£30M incremental income target achieved**  
Achieved over 24 months


 **Key 2019 achievements:**

- F&I profit growth ahead of vehicle sales growth
- Continued success in expanding vehicle care insurance products


 **Finance retention tool rolled out to 10 markets**

### PROCUREMENT

 **£50M annualised savings achieved**  
Achieved since 2016 launch

 **Key areas of saving over 2019:**

- >20% 2019 Group savings from vehicle storage and logistics costs
- Oil and lubricants global view enabled:
  - Average 30% saving in Latam;
  - 20% reduction in number of suppliers;
  - Asia aggregation planned for 2020

 **Global procurement system roll-out ongoing**

- c.50% of spend covered; c.85% by end 2020
- Multi-year savings driver



# IGNITE: INVESTING TO ACCELERATE GROWTH

## 12 DISTRIBUTION DEALS SINCE 2016

### CONSOLIDATION THEMES



#### PLATFORM CREATION

Acquisitions that enable further contract growth

##### Indumotora (2016)

- Meaningful expansion on existing S.America business
- First Subaru operations outside Australasia
- Expanded Hino CV exposure

##### Rudelman (2018)

- Entry into Central America
- First large-scale Suzuki operations

#### REGIONAL CONSOLIDATION

OEM-led consolidation with Inchcape preferred partner

##### BMW Eastern Europe:

- Latvia (existing business)
- Estonia (2017)
- Lithuania (2019)

##### BMW East Africa:

- Kenya (2019)
- Intended extension of East Africa presence with BMW

##### Daimler LatAm:

- Uruguay, Ecuador (2019)
- Colombia (2020) - OEM distribution operations

#### BOLT-ONS

Small business wins supported by existing infrastructure

##### JLR Thailand (2016)

##### PSA Australia (2017)

##### BMW Guam (2018)

##### JLR Colombia (2018)

##### JLR Kenya (2018)

Acquisitions enabled by focus on OEM Partner of Choice

Inchcape's global market share of Distribution markets

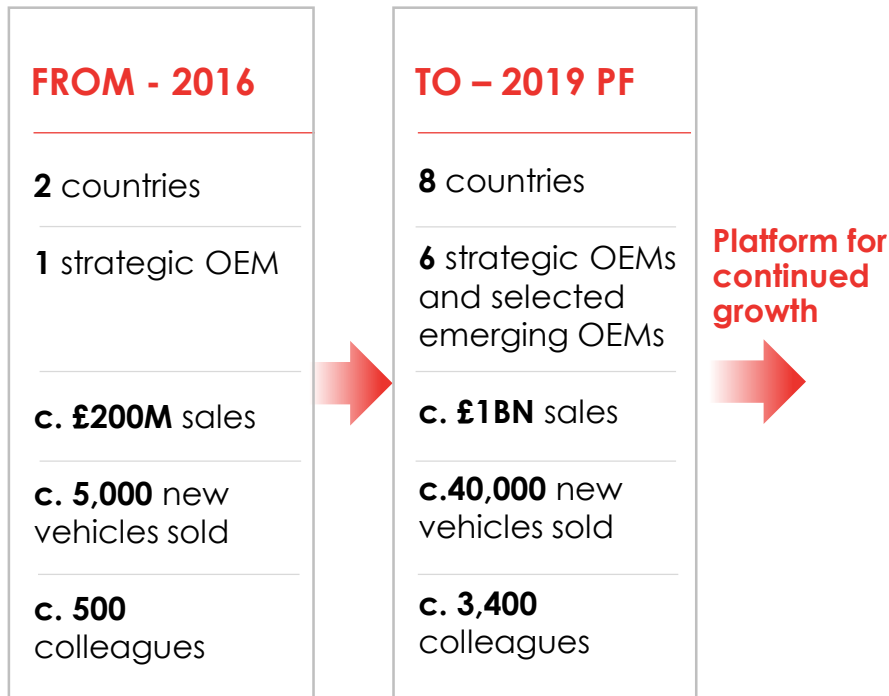
c.1%



# IGNITE: INVESTING FOR GROWTH (LATAM)

## CREATING A MEANINGFUL LATAM PRESENCE

### DEVELOPMENT OF LATAM THROUGH IGNITE



MARKET	SUBARU	HINO	SUZUKI	BMW	JLR	DAIMLER	CHINESE BRANDS
Costa Rica							
Panama							
Peru							
Chile							
Colombia							
Argentina							
Ecuador							
Uruguay							

Business pre 2016    
 Rudelman    
 New bolt-on business    
 Indumotora

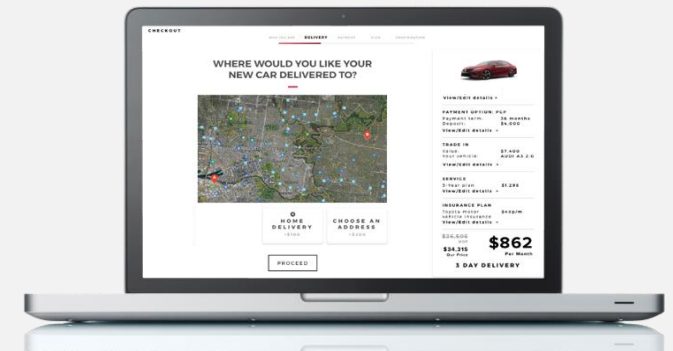
# FUTURE TRENDS: DIGITAL CUSTOMER TRANSFORMING THE CUSTOMER JOURNEY

## OMNICHANNEL DEVELOPMENT - MELBOURNE

- ✓ Data-driven Used car trade-in valuation tool implemented in all physical and online stores
  - Q4: 51% conversion of valuations offered with tool
- ✓ Additional customer journeys launched in December:
  1. Continued sales journey from online to dealership
  2. Finance functions (indicative quote, pricing)
  3. Cash reservation online
- ✓ **2020 Digital focus:**
  - Melbourne:
    - Launch new car configurator with stock search
    - Launch dealer functionality to pick-up customer journeys from where they left them remotely
  - Global:
    - Roll-out of Melbourne trial to other markets

## OMNICHANNEL PILOT FOCUS

- ✓ Integrated omni-channel platform
- ✓ Customer-centric sales staff
- ✓ Data analytics and automation
- ✓ Optimised store formats
- ✓ Building for global scale



# FUTURE TRENDS: MOBILITY

## DEVELOPING NEW PARTNERSHIPS



### PRIVATE HIRE VEHICLE SERVICING - SINGAPORE

- Trial: quick service proposition for fleet cars launched in 2018
- Connected car technology utilised to optimise maintenance
- Inchcape promised reduction in vehicle downtime and cost achieved
- **2020: Plan to service a greater proportion of the fleet**

### TAXI FLEET SERVICING – HONG KONG

- Taxi market nearly exclusively Toyota (i.e. Inchcape)
- New service retention product launched on new taxis
- **2020 trial: telematic devices introduced** to optimise service of local fleet operations



### AUTONOMOUS VEHICLES - SINGAPORE

- Autonomous Singapore University shuttle service launched in 2019; In partnership with Comfort DelGro (a taxi company) and EasyMile (OEM)
- **First operation to achieve 'Milestone 1' certification in Singapore**, i.e. operating a mixed traffic route on private roads (i.e. Singapore University)
- **2020 route progression:** public roads and residential pick-ups to be added







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STEFAN BOMHARD  
CONCLUSION

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# INVESTMENT PROPOSITION

## GROWTH AND CASH RETURNS

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**Distribution at our core:** A highly cash generative and sustainable business model



Strong and increasing weighting to **higher growth markets** supports our diversification



Ignite strategy driving **organic performance** ahead of market growth



Continued **consolidation** a material driver of value creation



**Sustainable business** model well placed to benefit from future industry trends

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

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# APPENDIX

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# REGIONAL TIV SUMMARY

REGION	2016 ACTUAL	2017 ACTUAL	2018 ACTUAL	2019 ACTUAL	2020 EST
Australia	2%	1%	(3%)	(8%)	(4%)
UK	2%	(6%)	(7%)	(2%)	(3%)
Greece	4%	12%	17%	10%	7%
Belgium	8%	1%	1%	0%	(7%)
Eastern Europe	19%	14%	11%	3%	3%
Singapore	41%	5%	(18%)	(5%)	(25%)
Hong Kong	(21%)	6%	(7%) ***	(10%)	(20%)
South America*	(1%)	7%	7%	(4%)	(9%)
Russia	(11%)	12%	13%	(1%)	(8%)
Central America **	9%	(14%)	(13%)	(11%)	(9%)

Note: TIV = Total Industry Volume, \* Chile, Colombia & Peru; \*\*Costa Rica and Panama, \*\*\*+0% excluding EV incentivised sales in 2017 which since fell away post government incentive changes

# DISPOSAL IMPACT IN 2020

## DISTRIBUTION DISPOSAL IMPACT

- China Retail was included in Asia Distribution
  - China: c.£170m revenue; £9m trading profit
- **Remaining distribution operations: £345m trading profit (2019-PF)**

## RETAIL DISPOSAL IMPACT

- UK IFS and retail sites: c.£300m revenue; £9m trading profit
- Australia retail: c.£330m revenue, neutral profit
- **Remaining retail operations: £27m trading profit (2019-PF)**

## GROUP DISPOSAL IMPACT

**DISPOSAL OF c.£800M OF REVENUE, £18M TRADING PROFIT**

- **Remaining operations: £372m trading profit**

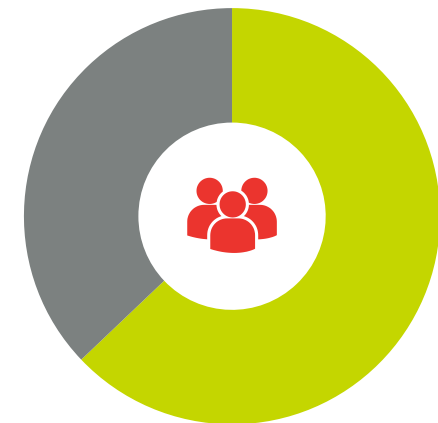


# AFTERSALES VS. VEHICLE PROFIT

## AFTERSALES A STABILISER

	GROSS PROFIT (£M)	YoY CHANGE
	FY 2019	CCR
<b>Vehicles</b>	772	(4.8%)
<b>Aftersales</b>	500	+1.5%

### GROSS PROFIT MIX



# NET DEBT

## BALANCE SHEET REMAINS STRONG

	FY 19 £M		FY 19 £M
<b>Free cash flow</b>	<b>213</b>	<b>Opening net funds/debt</b>	(446)
Exceptional cash	(11)	Net cash flow	173
Acquisitions and disposals	189	Net movement in fair value	(0)
Equity dividends	(110)	Net debt on M&A/ disposals	6
Share repurchases	(109)	Lease adjustment	65
Other cash flows	1	New lease liabilities	(0)
		FX movements	(48)
<b>Net cash flow</b>	<b>173</b>	<b>Closing net funds/debt</b>	<b>(250)</b>
		<b>Net funds ex leases</b>	<b>103</b>

### BUYBACK

**£100M** completed over 2019

**£150M** announced for 2020

### ACQUISITIONS AND DISPOSALS

**c.£150M** net proceeds  
inclusive of announced Colombia acquisition

### DISPOSALS:

c.£250M cash inflow over 2019

### ACQUISITIONS:

BMW: Lithuania

Daimler: Uruguay, Ecuador, Colombia

# IFRS 16 – FY18 RESTATED

## FULLY RETROSPECTIVE APPROACH

FY 2018, £M <sup>1</sup>	Pre-IFRS 16	Adjustment	IFRS 16
Revenue	9,277	-	9,277
Gross profit	1,301	-	1,301
Operating lease rentals	(86)	82	(4)
Depreciation	(44)	(68)	(112)
Other operating costs	(786)	-	(786)
<b>Operating profit</b>	<b>385</b>	<b>14</b>	<b>399</b>
<b>Margin</b>	<b>4.2%</b>		<b>4.3%</b>
<i>Distribution trading profit</i>	375	8	383
<i>Retail trading profit</i>	26	6	32
<i>Central costs</i>	(16)	-	(16)
<b>Net interest</b>	<b>(28)</b>	<b>(20)</b>	<b>(48)</b>
<b>PBT</b>	<b>357</b>	<b>(6)</b>	<b>351</b>
<b>EPS (basic)</b>	<b>65.0p</b>	<b>(1.2p)</b>	<b>63.8p</b>
DPS	26.8p	-	26.8p
Payout ratio	41%		42%
<b>Net cash/ (debt)</b>	<b>13</b>	<b>(459)</b>	<b>(446)</b>
EBITDA	443	82	525
Net debt/ EBITDA	NM		0.8x
<b>Adjusted FCF</b>	<b>281</b>	<b>(2)</b>	<b>279</b>
FCF conversion	73%		70%
<b>ROCE</b>	<b>28%</b>		<b>22%</b>



### Fully retrospective

- Restatement of the prior year
- Year-on-year statements are LFL accounting treatment



### IFRS 16 on a FY18 basis reduced operating expenses by £14M and increased interest expense by £20M

- PBT is 2% lower than its prior presentation under IAS 17



### Operating profit margin increases 10bps



### Dividend payout ratio increases to 42% from 41%

- No need to change dividend policy



### FCF (consistent Inchcape definition) reduces to 70% from 73%

- No absolute cash change



### Net debt/EBITDA increases 0.9 turns to 0.8x

- No impact on financial covenants



### ROCE restated to 22% from 28%

- Strong return remains evident



# THE INCHCAPE WORLD TODAY

## UNIQUE GLOBAL DISTRIBUTOR AND RETAILER

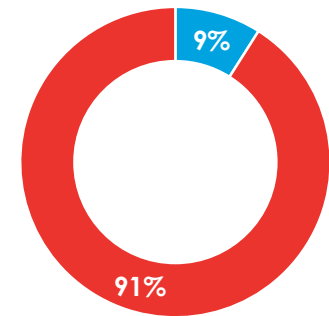
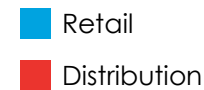
### GLOBAL DISTRIBUTOR AND RETAILER

33 Markets



### 2019 PROFIT BY CHANNEL

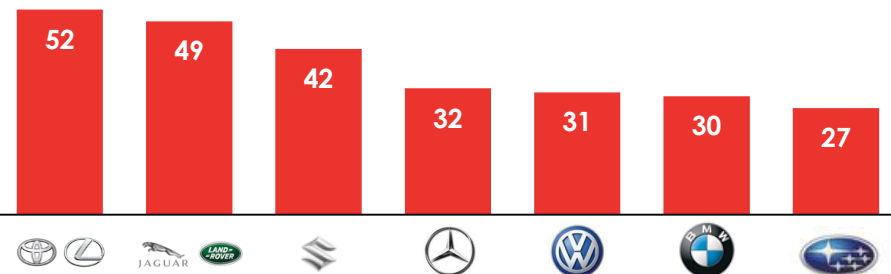
Distribution at the core



### LONG-TERM PARTNERSHIPS

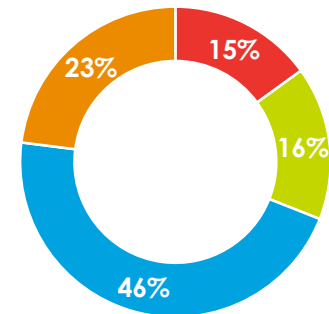
Strong brand portfolio

Number of years of partnership



### 2019 PROFIT BY REGION

Regionally diverse



# DISTRIBUTION: ATTRACTIVE ECONOMICS

HIGHER GROSS MARGIN, LOWER FIXED COSTS, HIGHER ROCE VS. RETAIL

## BRAND CUSTODIAN IN MARKET

### Distributor responsibilities:

- 🚚 Product planning
- 🚚 Customer experience
- 🚚 Brand positioning
- 🚚 Parts distribution
- 🚚 National marketing
- 🚚 Servicing
- 🚚 Logistics
- 🚚 Retail network management

## HIGH BARRIERS TO ENTRY

- ✓ **Exclusive distribution contracts:** one Distribution contract per brand awarded in each market
- ✓ Long-standing relationships with brand partners – **very low attrition**
- ✓ Partners require **track record of delivery** – difficult to enter industry
- ✓ **Strength and expertise** across areas, from logistics to brand development
- ✓ **Financial capability** to execute and invest in assets and talent

## DISTRIBUTION MODEL

- ✓ **Higher margin** business driven by gross margin
- ✓ Greater **variability of overheads**
  - Greater allocation of costs to A&P
  - Fewer sites reduces exposure to property occupancy costs
- ✓ High **margin protection**

## FIXED / VARIABLE BASE

- ✓ **Distribution** overheads **c. 50/ 50 (Fixed/ variable)**
- ✓ **Retail** overheads **c. 65/35 (Fixed/ variable)** on fully rented basis

## CAPITAL INTENSITY

- ✓ Distribution is **capital light**

# MARKETS WITH GROWTH OPPORTUNITY

## GROWTH OF INCHCAPE MARKETS HIGHER THAN GLOBAL AUTO

### PASSENGER VEHICLE AND COMMERCIAL VEHICLE PER '000 PPL



### DISTRIBUTION OF PROFIT

**c.90%**

### TOTAL INDUSTRY VOLUME (TIV)

Growth through the cycle in Distribution:

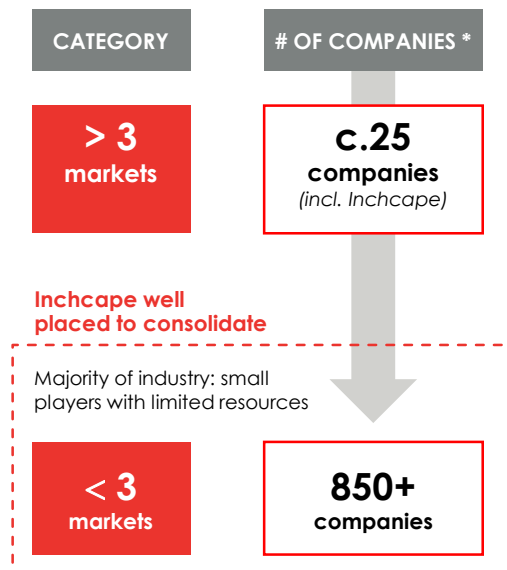
**c.+3%**  
annual growth

GDP per capita growth CAGR '19-'24 (USD at PPP)

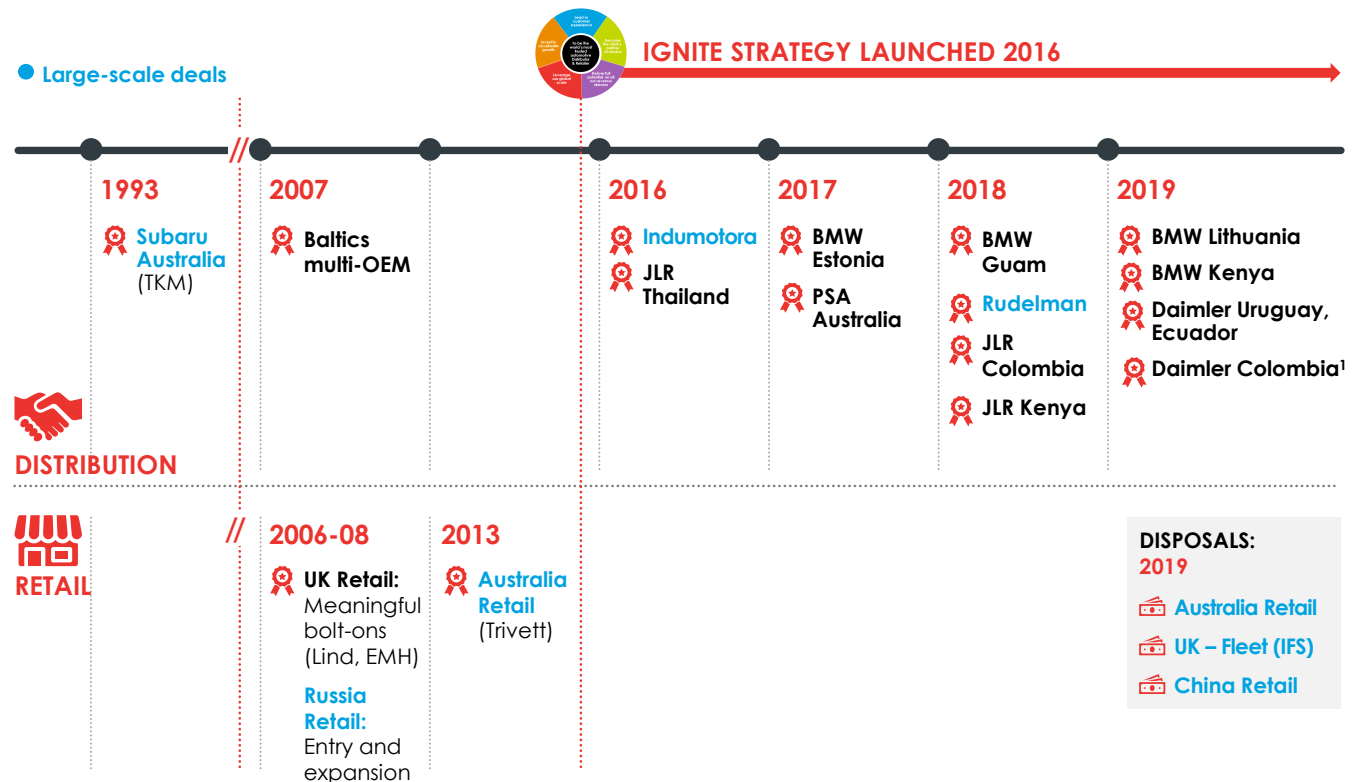
# DISTRIBUTION: HIGHLY FRAGMENTED

## MOSTLY SMALL FAMILY-RUN BUSINESSES

### FRAGMENTED INDUSTRY STRUCTURE



### INCHCAPE DEAL MOMENTUM



\* Cumulative number of companies. 1: announced January 2020

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