

Inchcape invites suitors to drive off with UK retail arm

Inchcape, the London-listed car dealer, is exploring a sale of its UK retail business – a deal that would herald another phase in the industry's ownership shake-up.

Sky News has learnt that Inchcape has begun sounding out prospective buyers of its domestic operations in recent weeks.

Bankers at Rothschild have been hired to oversee talks with bidders, with analysts suggesting on Monday that the UK retail arm would be valued at several hundred million pounds.

The division consists of 70 sites, employing 3,700 people, and works with car manufacturers including Audi, BMW, Jaguar, Toyota and Volkswagen.

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Sources said on Monday that the disposal of its UK dealerships would leave Inchcape free to focus on its higher-margin distribution activities in more than 40 countries around the world.

One added that shedding market perceptions of the company as a UK-focused car dealer should enable its board to attract a higher rating for its stock.

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However, one shareholder questioned whether that could ultimately lead Inchcape's board, chaired by former GKN boss Nigel Stein, to decide to move its listing to another international exchange.

The company's shares have fallen by more than a quarter during the last year, leaving it with a market capitalisation of about £2.8bn.

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Selling its British business would be a landmark step for Inchcape, which traces its roots back to 1847, when William Mackinnon and Robert Mackenzie formed a general merchanting partnership.

Inchcape Group floated on the London Stock Exchange in 1958 under the name IGD.

It began trading under its current identity in 1981.

In recent years it has pursued an aggressive international expansion, acquiring businesses in China, Australia and mainland Europe.

Distribution activities now account for more than 90% of Inchcape's group profits, meaning its UK retail business is a relatively insignificant part of the group in profitability terms.

The pursuit of a deal will intensify investor scrutiny of Inchcape, which is led by chief executive Duncan Tait.

Mr Tait previously ran the UK arm of Fujitsu, the Japanese software company which has admitted culpability in the [Horizon IT scandal](#) which led to the wrongful convictions of hundreds of Post Office sub-postmasters.

Last week, The Times reported that the City investor M&G Investments would seek to question Mr Stein about Mr Tait's tenure at Fujitsu.

News of Inchcape's decision to explore a sale of its UK retail business comes after a frenzy of corporate activity in Britain's car dealership sector.

Last year, Lithia Motors struck a deal to acquire Jardine Motors, the UK-based company, from Hong Kong conglomerate Jardine Matheson Holdings.

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Lithia also agreed to buy the dealerships and leasing businesses of Pendragon.

Separately, Lookers was sold to Canada's Alpha Auto Group in a £465m deal.

The flurry of deal-making will, if the Inchcape sale goes ahead, leave Vertu Motors as the only London-listed UK car dealer.

An Inchcape spokesman said: "It is company policy never to comment on market rumours or speculation."

Rothschild declined to comment.