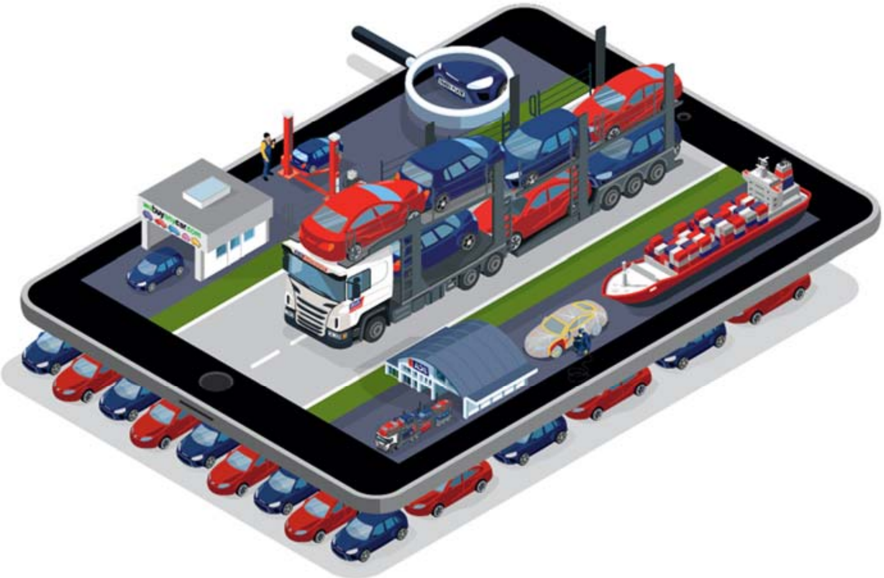
BCA Marketplace plc



Interim Results Report for the six months ended 30 September 2018

BCA Marketplace (LSE:BCA) – Interim results for the 6 months ended 30 September 2018

BCA has delivered a strong financial performance in the period and continued to make good progress in its development as Europe's leading automotive marketplace and solutions provider. Revenue and profit growth continued across the Remarketing divisions as vendors value the speed and efficient access to liquidity and buyers are attracted by the breadth and quality of vehicles for sale. WeBuyAnyCar, the market-leading vehicle buying service, maintained its double-digit volume growth with an enhanced branch network providing increased convenience for consumers. Despite the impact of the Worldwide Harmonised Light Vehicle Test Procedure ('WLTP') constricting new vehicle supply, the Group remains on track to deliver the Board's expectations for the full year.

RESULTS IN BRIEF

	6 months ended 30 September 2018	6 months ended 1 October 2017
Revenue	£1,429.7m	£1,171.6m
Adjusted EBITDA[1]	£85.4m	£75.8m
Operating profit	£50.6m	£40.9m
Net debt[2]	£264.0m	£287.4m
Adjusted diluted earnings per share	6.4p	5.4p
Diluted earnings per share	4.4p	3.2p
Interim dividend per share	3.0p	2.6p

INTERIM HIGHLIGHTS[1&2]

- Revenue of £1,429.7m (2017: £1,171.6m)
- Adjusted EBITDA of £85.4m (2017: £75.8m), up 12.7%
- Operating profit of £50.6m (2017: £40.9m), stated after;
  - amortisation of acquired intangibles of £20.1m (2017: £20.0m); and
  - other non-recurring items of £0.7m (2017: £2.1m);

  giving an adjusted operating profit of £71.4m (2017: £63.0m), up 13.3%
- Net debt of £264.0m (2017: £287.4m)
- Final dividend for the year ended 1 April 2018 of £47.5m paid in the period (2017: £35.5m) representing 5.95p per share (2017: 4.55p per share)
- Diluted earnings per share of 4.4p (2017: 3.2p). Adjusted diluted earnings per share of 6.4p (2017: 5.4p), up 18.5%
- Interim dividend increased 15.4% to 3.0p per share (2017: 2.6p) to be paid on 30 January 2019 for shares on the register on 14 December 2018
- Newly upgraded Nottingham auction site completed, with capacity to sell 100,000 vehicles a year
- Our digital, data and valuation products continue strong growth with a 20% increase in BCA Dealer Pro registered dealers and Dealer Pro valuations in the period
- BCA Partner Finance provided funding for £0.5 billion of vehicle purchases in the period
- European Transport Solutions adoption accelerated; 20,000 vehicle movements brokered compared to 3,000 in the previous 12 months

Notes:

1. *Adjusted EBITDA, adjusted operating profit, adjusted diluted earnings per share and adjusted basic earnings per share are non-IFRS financial measures and are referred to within the report. Divisional operating reviews are focused on adjusted EBITDA in order to give a more meaningful analysis since depreciation, interest and tax are managed centrally and significant or non-recurring items do not directly correlate to continuing divisional operating performance. Similarly, adjusted diluted earnings per share is focused on by the Board as this measure adds back significant or non-recurring items, net of the items' taxation impact, as they do not directly correlate to the continuing Group operating performance. A reconciliation of adjusted EBITDA to operating profit is provided in the Operational and Financial Review. The adjustments between IFRS financial measures and the non-IFRS measures are explained further in the segmental analysis and earnings per share notes (note 5 and note 6 of the condensed consolidated interim financial statements).*
2. *The Group definition of net debt excludes the BCA Partner Finance funding, and finance leases – see unaudited condensed consolidated interim cash flow statement for further details.*

Avril Palmer-Baunack, Executive Chairman said:

"Performance and progress in the first half has been good. BCA's position as the market leader of integrated solutions for both physical and digital services to the automotive industry has allowed us to facilitate faster changes of vehicle ownership creating a compelling customer offering. We are winning multi-service contracts across de-fleet, refurbishment, inspection and collection, inventory management and physical and digital remarketing, through delivering synergies and efficiencies to customers.

The number of vehicles sold through our UK Vehicle Remarketing division has continued to grow, with volumes up 3% from strong growth in WeBuyAnyCar, alongside continued OEM and dealer wins, although supply from corporate, leasing and OEMs has been constrained due to lower new car registrations. This has resulted in strong used car pricing and demand from remarketing buyers. BCA won Motor Trader's Remarketing Company of the Year Award for 2018 reflecting its pre-eminent position with vendors and buyers. We continue to drive efficiencies through modernisation of systems and processes, successfully running our first paperless vehicle entry auction in the period. Synergies from deploying the BCA Automotive transporter fleet on auction vehicle movements progressed with 49% (2017: 40%) moved by our own transporters.

Regulatory changes have led to an expected dislocation in new car markets through constrained supply. The implementation of the Worldwide Harmonised Light Vehicle Test Procedure ('WLTP') and the Real Driving Emissions ('RDE') test has required OEMs to adopt these emission and fuel consumption procedures on all model variations for new car registrations from September. OEMs actively reduced their holdings of vehicles homologated under the previous New European Driving Cycle ('NEDC') regime prior to the September deadline and testing delays have impacted supply. This is illustrated through The Society of Motor Manufacturers and Traders 'SMMT' volumes which rose 2.1% year-on-year between April and July, had an unusual increase of 23.1% year-on-year in the traditionally low registration month of August, before a significant year-on-year reduction of 20.5% in the peak registration month of September, resulting in a net 4.3% year-on-year reduction over the reporting period. The testing delays have resulted in fewer ex-factory vehicles requiring technical services, pre-delivery inspections and new car transportation. The shortage of vehicles has delayed fleet operators' replacement cycle, suppressing the number of vehicles requiring end of lease refurbishment. The effect of WLTP has primarily impacted the Automotive Services division in the period and will diminish as new testing procedures become established.

WeBuyAnyCar has delivered double digit volume growth in each half year under BCA ownership, achieving 14% growth in the period. We continue to focus on developing an efficient digital solution supported by a convenient national network. Investment in our 247 branch network has reduced the average drive time for our customers to just 14 minutes. As the UK's market-leading car buying service, WeBuyAnyCar provided 3.8m unique vehicle valuations in the period, purchasing 124,000 vehicles.

International Vehicle Remarketing delivered volume growth of 8% with continued focus on developing a scale cross-border business to realise value arbitrage opportunities from an enhanced buyer base. This is supported by our European transport brokerage service which is beginning to gain scale, moving 20,000 vehicles in the period.

Automotive is an increasingly data-driven industry; as we expand our touch points with vehicles the quality and breadth of our insight is further improved. During the first half of the year we interacted with over 6 million unique vehicles in the UK across our operations; many of these unique vehicles interacted with multiple touch points across the Group. There are opportunities both in the business to business and business to consumer markets for BCA to create choice and provide data which links vendors and buyers bringing value to both parties. We continue to see excellent growth opportunities, through further leverage of existing capabilities and our optimisation initiatives, including procurement and acquisitions.

Net debt has reduced by £23.4m to £264.0m compared to 1 October 2017. The interim dividend of 3.0p per share to be paid in January 2019 follows the payment of the prior year final dividend of 5.95p per share in September 2018.

We anticipate that the impact of WLTP will continue to restrict the supply of new vehicles in the second half, although due to our multi-channel and multinational business we remain confident that we can continue to deliver our profit and growth targets."

About BCA Marketplace plc

BCA operates across every link of the post-factory automotive value chain, providing physical and digital solutions at scale to our customers.

Once a new vehicle leaves its place of manufacture, we provide a comprehensive range of services including single and bulk vehicle collections and deliveries, inspection checks, customs management, storage, refurbishment, vehicle preparation, finance, pricing data and used vehicle buying. Our digital and physical auction platforms bring together OEMs, leasing companies, fleet operators, retail dealers and buyers to efficiently transfer the ownership of vehicles while protecting value.

We are a key facilitator and link to the entire value chain in automotive, whether that is the manufacturer, the dealer, the vehicle financier or the end consumer. BCA facilitates the UK and European vehicle market, enabling vehicles to be moved, bought and sold, thereby providing liquidity and choice.

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OPERATIONAL AND FINANCIAL REVIEW

Group performance

We are pleased to announce another good set of results for BCA Marketplace plc (the 'Group' or 'BCA'). Continuing volume growth in Vehicle Remarketing and Vehicle Buying were underpinned by our market leading integrated solutions, which have allowed us to facilitate faster changes of vehicle ownership while driving synergies and efficiencies for vendors and buyers.

Results summary

	6 months ended 30 September 2018			6 months ended 1 October 2017		
	Revenue	Adjusted EBITDA	Operating profit	Revenue	Adjusted EBITDA	Operating profit
	£m	£m	£m	£m	£m	£m
UK Vehicle Remarketing	581.6	55.4	40.1	456.7	47.3	31.9
International Vehicle Remarketing	86.4	15.8	7.4	72.1	12.8	5.1
Vehicle Buying	581.6	12.6	9.2	467.8	11.7	8.0
Automotive Services	180.1	8.4	1.0	175.0	10.9	4.5
Group costs	-	(6.8)	(7.1)	-	(6.9)	(8.6)
Total	1,429.7	85.4	50.6	1,171.6	75.8	40.9

Continued volume growth drives revenue, adjusted EBITDA and operating profit

Revenue of £1,429.7m (2017: £1,171.6m) was driven by higher volumes and higher average vehicle prices in the remarketing divisions, outsourced remarketing contracts and in the Vehicle Buying division.

Adjusted EBITDA of £85.4m (2017: £75.8m) represents an increase of £9.6m or 12.7% year-on-year. Growth was reported across the UK Remarketing, International Remarketing and Vehicle Buying divisions driven by higher volumes and mix of vehicles. The Automotive Services division experienced a very challenging environment following the introduction of WLTP and RDE, resulting in a reduction in EBITDA of £2.5m.

Operating profit increased by £9.7m or 23.7%, driven by the growth in adjusted EBITDA.

The divisional operating reviews focus on adjusted EBITDA in order to provide more meaningful analysis, since depreciation, interest and tax are principally managed centrally on behalf of the Group, and do not directly correlate to divisional operating performance. A reconciliation of adjusted EBITDA to operating profit is provided in the Financial Performance section.

Cautionary statement

This Interim Results Report ('IRR') has been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. The IRR should not be relied on by any other party or for any other purpose. The IRR contains certain forward-looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report, but such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward-looking information.

UK Vehicle Remarketing

The volume of vehicles sold through our UK auction operations has continued to grow, with increased vehicle numbers driven by strong growth in the Vehicle Buying division, continued wins in the dealer sector and growth in outsourced remarketing contracts; offset by lower volumes from OEMs and leasing companies (due to the impact of WLTP), as demand for used vehicles has remained strong.

This increase in sold volume, complemented by increased vehicle purchases using BCA Partner Finance, and cost savings through internal efficiencies, including use of BCA Automotive to transport vehicles, have combined to deliver a 17.1% growth in adjusted EBITDA. In May, BCA was awarded a multi-service de-fleet and remarketing contract with BMW, the associated volume increase from which we will see continue to phase-in during the second half of the year.

Highlights	6 months ended 30 September 2018	6 months ended 1 October 2017	Change (%)
Vehicles sold ('000)	528	512	3.1%
Revenue per vehicle sold (£)	1,102	892	23.5%
Revenue (£m)	581.6	456.7	27.3%
Adjusted EBITDA (£m)	55.4	47.3	17.1%
Operating profit (£m)	40.1	31.9	25.7%
Adjusted EBITDA per vehicle sold (£)	105	92	14.1%
Adjusted EBITDA margin (%)	9.5	10.4	

The growth in volume from outsourced remarketing contracts is the main contributor to increased revenue on a total and per vehicle basis as the full sales value of these vehicles is taken to revenue.

The average hammer price in the auctions has increased, reflecting the newer and broader range of vehicles on offer combined with strong buyer demand. The highest hammer price in the period was £182,000 for a Lamborghini Huracán Spyder while the most common vehicle for sale was the Ford Fiesta which accounted for just under 4% of total volume. The number of hybrid and electric vehicles continues to grow, representing 1.7% (2017: 1.4%) of total volume.

In September 2018 the newly upgraded Nottingham auction centre was launched with back-to-back auction lanes creating additional sale capacity, sale day efficiencies and an improved customer experience at our largest centre in the East Midlands. We continue to invest in business efficiency and modernisation programmes across the network to improve both internal operating efficiency and our customers' experience.

BCA Partner Finance continues to add liquidity and buyer demand in our marketplace. The number of financed units has grown throughout the period and penetration has increased to 12.8% of all BCA vehicles sold in September 2018 (September 2017: 11.3%), resulting in a loan book of £160.5m (2017: £123.7m). BCA Partner Finance has funded in excess of £0.5 billion worth of vehicles during the period, and is an integral part of our proposition to dealers, including financing of part-exchange vehicles for selected BCA Partner Finance customers, along with our dedicated auction sales programme for our partners.

Adjusted EBITDA per vehicle increased by 14.1% to £105, reflecting continued growth of vehicles financed through BCA Partner Finance, increased utilisation of BCA transport and improved operational efficiency through increased volume throughput and expanded sales programmes.

Adjusted EBITDA margin in the UK of 9.5% reflects a further increase of revenue from vehicles under outsourced remarketing contracts, where BCA takes ownership of the vehicles, giving rise to the recognition of the vehicle sale revenue, and a further reduction of the reported margin percentage.

International Vehicle Remarketing

The International Vehicle Remarketing division continues to grow volume, up 8.0% at 189,000 vehicles, compared to the prior period. This volume increase through our existing infrastructure has driven efficiency and, combined with maintaining a flexible cost base, has allowed us to improve both adjusted EBITDA and the adjusted EBITDA margin.

Highlights	6 months ended 30 September 2018	6 months ended 1 October 2017	Change (%)
Vehicles sold ('000)	189	175	8.0%
Revenue per vehicle sold (£)	457	412	10.9%
Revenue (£m)	86.4	72.1	19.8%
Adjusted EBITDA (£m)	15.8	12.8	23.4%
Operating profit (£m)	7.4	5.1	45.1%
Adjusted EBITDA per vehicle sold (£)	84	73	15.1%
Adjusted EBITDA margin (%)	18.3	17.8	

Foreign exchange had a limited impact on our reported results compared to the prior period, with the average Euro exchange rate for the period at €1.130:£1 (2017: €1.140:£1). If measured at constant prior year exchange rates, revenue and adjusted EBITDA per vehicle for the period would have been £453 and £83.

All international markets except Spain, down 0.5%, delivered volume growth in the period, with Scandinavia, up 19.3% due to export volume and France, up 13.0% due to BCA MarketPrice, being particularly strong.

Through the One Europe programme, we continue to encourage cross-border buyers to broaden demand and finished the first half with 1,337 (2017: 1,144) active cross-border buyers now purchasing 18.2% (2017: 15.4%) of the International Vehicle Remarketing volume cross-border. Online sales penetration has correspondingly increased to 70.5% (2017: 69.5%). During the period we opened an office in Poland as a buyer development centre and held the first dedicated electric vehicle sale which targeted Norwegian buyers for vehicles physically based in France.

International Vehicle Remarketing's transport brokerage, European Transport Solutions, established in the prior year, moved 20,000 vehicles (representing 10.6% of the division's volume) in the period compared to 3,000 in the full prior year. This supports cross-border buyers with quick coordinated delivery of auction purchases.

Adjusted EBITDA has improved by 23.4% in the period and 15.1% on a per vehicle basis. Adjusted EBITDA growth has been driven by a combination of increased export volume and greater adoption of services including BCA arranged transport.

Vehicle Buying

The Vehicle Buying division incorporates WeBuyAnyCar, the UK's favourite car buying service and our vehicle buying operations in Europe. The Vehicle Buying division brings both additional volume and a diverse range of vehicles to our Vehicle Remarketing divisions.

Highlights – UK	6 months ended 30 September 2018	6 months ended 1 October 2017	Change (%)
Vehicles sold ('000)	122	107	14.0%
Revenue per vehicle sold (£)	4,387	4,158	5.5%
Revenue (£m)	535.2	444.9	20.3%
Adjusted EBITDA (£m)	12.4	11.7	6.0%
Operating profit (£m)	9.0	8.0	12.5%
Adjusted EBITDA per vehicle sold (£)	102	109	(6.4%)
Adjusted EBITDA margin (%)	2.3	2.6	

Highlights – International	6 months ended 30 September 2018	6 months ended 1 October 2017	Change (%)
Vehicles sold ('000)	9.1	5.2	75.0%
Revenue (£m)	46.4	22.9	102.6%
Adjusted EBITDA (£m)	0.2	0.0	
Operating profit (£m)	0.2	0.0	

WeBuyAnyCar continues to deliver strong double digit volume growth, increasing volumes by 14.0% in the period to 122,000 vehicles sold and maintaining their market-leading share of the UK online direct car buying market. Revenue was £535.2m, up 20.3%, driven by the increased volume and a higher average selling price per vehicle, up 5.5% and reflecting a diverse supply of high quality cars. Vehicle Buying in the UK delivered an adjusted EBITDA of £12.4m, up 6.0%, with an operating margin of 2.3% that remains within our target range.

UK car buying conditions showed strong growth in September which has seen WeBuyAnyCar exit the period with higher inventory levels. Rigorous inventory management and a varied auction programme across a number of the Group's vehicle remarketing centres allow us to consistently sell WeBuyAnyCar vehicles within an average of ten days from purchase, minimising holding risks.

Our trusted position on car valuation and buying has seen an increase in the number of unique vehicle valuations. Brand recognition and trust of service throughout the UK is evidenced by the continued five star Trust-pilot rating. With extended opening hours and increased weekend opening we are providing greater local availability to vehicle sellers. The number of branches has increased by 9% since March 2018 to 247 of which 75% are open throughout the weekend (2017: 63%) and, on average, customers are only a 14 minute drive from a WeBuyAnyCar branch. The 'we buy any car' model has seen us purchase cars across a diverse spectrum, including 36,000 superminis, 13,000 4x4s, and 629 Porsches in the period.

In Europe, vehicle buying focuses on opportunities to drive benefits in volume, awareness and efficiency of auctions, by purchasing batches of vehicles from corporate entities and remarketing them through the International Vehicle Remarketing division. This additional volume enhances the diversity of vehicle inventory, providing greater choice for buyers.

Automotive Services

The division provides a comprehensive range of services including single and bulk vehicle collections and deliveries, inspection checks, customs management, storage, refurbishment, and vehicle preparation, enabling us to offer integrated solutions to our customers. Regulatory changes have resulted in a reduction of OEM stock holding and delays in the new WLTP testing have resulted in a significant disruption and uncertainty of supply of new vehicles in the short to medium term. Fleet and leasing operators have retained vehicles longer within their fleets whilst awaiting supply of new vehicles and as a result this has delayed the need for vehicles to be refurbished and remarketed as they cycle off the fleets. These changes have had a material impact on the profitability of the division as a result of a reduction of higher value used car refurbishment and new car technical services work.

Highlights	6 months ended 30 September 2018	6 months ended 1 October 2017	Change (%)
Revenue (£m)	180.1	175.0	2.9%
Adjusted EBITDA (£m)	8.4	10.9	(22.9%)
Operating profit (£m)	1.0	4.5	(77.8%)
Adjusted EBITDA margin (%)	4.7	6.2	

BCA Automotive moved over 1.1 million vehicles in the period, on average over 40,000 per week. The number of vehicle movements undertaken on behalf of UK Vehicle Remarketing branches has continued to increase and has partially offset the impact of fewer new vehicle movements as a result of shortage of supply following the introduction of WLTP regulations. The average age of the fleet of transporters has reduced to 3.2 years reflecting the investment made in the fleet and bringing benefits to operational efficiency.

In the first half revenue was increased through the addition of port operations at Southampton which commenced in the second half of last year. BCA Portbury (BCA Vehicle Services) was recognised for operational excellence in the Alliance Logistics Europe Supplier Convention Awards. Renault-Nissan awarded the accolade to BCA for delivering a high quality pre-delivery inspection ('PDI') process and maintaining promised delivery date performance close to 100% over the last year. Support for Nissan wholesale retail was delivered with zero delays, driving efficiencies and cost reductions for the customer.

BCA Logistics inspection and collection volumes have similarly been impacted by fleets holding vehicles for longer. Upgrades to our inspection software, BCA Inspect Pro, have allowed us to simplify the inspection procedure to facilitate a same day same time driver inspector model to better utilise drivers. We will continue to drive adoption of this new process and technology in the second half.

Group costs

Group costs of £6.8m were incurred in the period (2017: £6.9m) and reflect the management capacity required to deliver joined-up solutions across divisions for OEMs and major corporates. There was no share based payment charge during the period as there were no active incentive schemes (2017: £0.7m).

Financial performance

The divisional operating reviews are focused on adjusted EBITDA in order to provide more meaningful analysis, since depreciation, interest and tax are principally managed at a Group level and do not directly correlate to divisional operating performance. The following table reconciles adjusted EBITDA to operating profit and profit before tax:

	6 months ended 30 September 2018	6 months ended 1 October 2017
Adjusted EBITDA	£m	£m
UK Vehicle Remarketing	55.4	47.3
International Vehicle Remarketing	15.8	12.8
Vehicle Buying	12.6	11.7
Automotive Services	8.4	10.9
Group costs	(6.8)	(6.9)
Total adjusted EBITDA	85.4	75.8
Less:		
Depreciation and amortisation	(14.0)	(12.8)
Amortisation of acquired intangibles	(20.1)	(20.0)
Significant or non-recurring items	(0.7)	(2.1)
Operating profit	50.6	40.9
Net finance costs	(4.9)	(6.0)
Profit before income tax	45.7	34.9

Amortisation of acquired intangible assets increased by £0.1m to £20.1m as a result of the impact of foreign exchange on Euro denominated intangible assets.

Significant or non-recurring items of £0.7m consists of £0.4m of divisional restructuring costs, as we continue to develop the International Vehicle Remarketing management structure, and £0.3m in relation to aborted transaction costs for a business in a new territory. The prior period comprised Premium Listing costs of £1.0m and £1.1m of restructuring costs.

Cash flow and net debt position

In the first half the Group generated cash flows from operations of £19.5m (2017: £55.3m). The lower cash generated was driven by delayed payments from March 2018 of £18.0m due to the timing of Easter bank holidays, a decrease in trade and other payables of £20.6m and a larger increase in inventory of £5.2m offset by higher operating profit. The cash and processing cycles for inventory remain constant with minimal risk to residual values given the speed at which purchases are turned to sales. The net cash outflow from operating activities of £7.3m (2017: inflow of £34.2m) reflects lower cash generated from operations, continued growth in the BCA Partner Finance loan book of £12.1m and the payment of finance costs and taxation.

The Group ended the period with net debt of £264.0m (2017: £287.4m) representing 1.56 times adjusted EBITDA for the previous 12 months (2017: 1.96). This year-on-year reduction in net debt is a better indication of the cash generative nature of the Group's activities, smoothing out the payment timing anomalies at our March 2018 year end and the Easter bank holidays. The net cash outflow from investing and financing activities of £45.0m (2017: £60.9m) reflects payment of the final dividend of £47.5m for the year ended 1 April 2018, the final instalment of performance related deferred consideration in respect of the Paragon acquisition of £10.0m and net investment in tangible assets and software of £17.5m, offset by an increase in funding under the revolving credit facility £20.0m and an increase in BCA Partner Finance borrowings of £9.2m. The Group definition of net debt excludes the debts relating to BCA Partner Finance and finance leases, as these are funded under separate asset-backed lending agreements. At the period end, facilities in relation to BCA Partner Finance totalled £200.0m (1 April 2018: £200.0m), of which £114.7m (1 April 2018: £105.5m) was drawn as a result of growth in this activity.

The Group's £500m multi-currency facility runs to February 2021 with an option to extend the facility for a further 12 months with no repayment of the term element before the end of the facility. At September 2018, £90m of the £250m revolving credit facility was drawn.

Tax

The tax charge of £10.8m (2017: £8.7m) includes a £4.3m (2017: £4.3m) net tax credit in relation to significant or non-recurring items, including £4.1m (2017: £4.1m) in relation to amortisation of acquired intangible assets. Despite a lower effective tax rate the income tax charge is higher than in the period to 1 October 2017 primarily due to the increased profitability of the Group. The underlying effective full year tax rate before significant or non-recurring items is 22.5% (year to 1 April 2018: 23.1%), reflecting a decrease in the Group's overseas tax liabilities at a higher rate.

Pension deficit

The net pension deficit has decreased to £6.3m (1 April 2018: £9.7m). The deficit has decreased compared to the year end due to an improvement in corporate bond yields, which are a key valuation measure prescribed by the accounting standards. This movement, arising as a result of these actuarial assessments, is accounted for in the statement of other comprehensive income.

Earnings per share and dividends

Adjusted basic and diluted earnings were both 6.4 pence per share (2017: 5.6 and 5.4 pence per share respectively). The adjusted earnings per share measure uses adjusted earnings (see note 6). Basic and diluted earnings per share were both 4.4 pence per share (2017: 3.3 and 3.2 pence per share respectively).

The Board has set out its intention to adopt a progressive dividend policy for the Group, reflecting its strong earnings and cash flow characteristics, while retaining sufficient capital to fund ongoing operational requirements and to invest in the Group's long-term growth plans. We remain committed to paying a significant proportion of after-tax profits as dividends and look to provide approximately one-third of the expected annual dividend at the interim dividend payment. We are pleased to announce an interim dividend of 3.0 pence per share (2017: 2.6p) an increase of 15.4%, payable to shareholders on the register on 14 December 2018 and which will be paid on 30 January 2019.

Related party transactions

There have been no changes in the nature of the related party transactions as described in note 28 to the Annual Report and Accounts 2018 and there have been no new related party transactions which have had a material effect on the financial position or performance of the Group in the six months ended 30 September 2018.

Risks and uncertainties

The principal risks and uncertainties that could have an impact on the Group's business remain largely unchanged from the Annual Report and Accounts 2018, and are summarised below.

The UK's decision to withdraw from the European Union has increased uncertainty in the economy and for all businesses. BCA has a direct presence and trading relationship in a number of EU countries and the Board believes that, aside from the impact of Brexit on consumer confidence and the movement of vehicles, parts and automotive supplies into and out of the markets in which we operate, it will not significantly impact the Group's ability to conduct business in the short to medium term. Cross-border transactions between the UK right-hand drive market and the international predominantly left-hand drive market are limited. The Group is, however, aware of possible changes that may affect BCA including economic and legislative changes in the period immediately following the proposed transition in March 2019, impacts on customers' businesses and possible changes in the movement and therefore supply of labour. The Board will continue to monitor the political, legal and macroeconomic developments.

Risk	Summary
Economic environment	The Group could be impacted by any material adverse change in the general economic or geopolitical environment in the UK and the rest of Europe.
Strategic	The Group's future operating results are dependent, in part, on its success in implementing its strategic initiatives.
Commercial	The Group's business is dependent on the flow of vehicles through its services.
Operational	The Group incurs significant employment costs and competes with other employers to recruit and retain employees.
Competition	The loss of market share to competitors would have an adverse impact on volume, impacting the operational and financial performance of the Group.
IT systems and information security	The Group's business and financial performance depend on the effective operation of its information and technology systems.
Intellectual property and brand	The Group's intellectual property rights include proprietary technology relating to online auction systems as well as trademarks of the Group's brands, business knowledge and copyrights.
Management	A significant change in the Group's senior management could weaken the Group's business and its ability to execute its strategy.
Financial and liquidity	The Group reports its results in Sterling but operates in the UK and continental Europe and is therefore exposed to foreign currency exchange rate fluctuations. The Group operates in multiple taxation regimes which increases the complexity and risk of compliance with certain indirect taxes.
Regulation and legislation	The Group's operations are subject to compliance with extensive laws and regulations, both in the UK and across continental Europe, including laws relating to vehicle brokerages and auctions, data protection, competition, consumer protection, health and safety, money laundering, bribery and taxation.
Physical damage	Natural events, such as hailstorms and flooding or other events such as terrorism, large-scale accidents or theft may impact the Group's physical auction facilities or affect vehicles stored on the Group's property awaiting sale or other activity.

A full assessment of the principal risks and uncertainties that the Directors believe could have the most significant adverse impact on the Group's business are set out on pages 42 to 45 of the Annual Report and Accounts 2018, which is available on the Company's website, www.bcamarketplaceplc.com. The risks identified in the Annual Report and Accounts 2018 remain relevant for the second half of the financial year.

RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE INTERIM FINANCIAL REPORT

We confirm that to the best of our knowledge:

a) The condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union;

b) The interim management report includes a fair review of the information required by DTR 4.2.7R of the Disclosure and Transparency Rules (DTR), being an indication of important events and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and

c) The interim management report includes a fair review of the information required by DTR 4.2.8R of the DTR, being related party transactions that have taken place that have materially affected the financial position or performance of the entity and any changes in the related party transactions described in the last annual report that could do so.

For and on behalf of the Directors:

A Palmer-Baunack	**T Lampert**
Executive Chairman	Chief Financial Officer

28 November 2018

INDEPENDENT REVIEW REPORT TO BCA MARKETPLACE PLC

Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed BCA Marketplace plc's condensed consolidated interim financial statements (the 'interim financial statements') in the Interim Results Report of BCA Marketplace plc for the 6 month period ended 30 September 2018. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the condensed consolidated interim balance sheet as at 30 September 2018;
- the condensed consolidated interim income statement and condensed consolidated interim statement of comprehensive income for the period then ended;
- the condensed consolidated interim cash flow statement for the period then ended;
- the condensed consolidated interim statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Interim Results Report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in note 2 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Interim Results Report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Interim Results Report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the Interim Results Report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Interim Results Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
St Albans
28 November 2018

UNAUDITED CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

	Note	For the 6 months ended 30 September 2018 £m	For the 6 months ended 30 September 2018 £m	For the 6 months ended 1 October 2017 £m	For the 6 months ended 1 October 2017 £m
Revenue	5		1,429.7		1,171.6
Cost of sales			(1,190.6)		(952.0)
Gross profit			239.1		219.6
Operating costs			(188.5)		(178.7)
Operating profit	5		50.6		40.9
Finance income			0.2		0.2
Finance costs			(5.1)		(6.2)
Profit before income tax			45.7		34.9
Income tax charge	7		(10.8)		(8.7)
Profit for the period			34.9		26.2
Attributable to:					
Equity owners of the Parent			34.9		25.9
Non-controlling interests			-		0.3
			34.9		26.2
Earnings per share from continuing operations attributable to the equity holders of the Parent during the period					
Basic earnings per share (pence)	6		4.4		3.3
Diluted earnings per share (pence)	6		4.4		3.2

		Note	£m (2018)	£m (2017)
Operating profit			50.6	40.9
Add:	Depreciation and amortisation	5	14.0	12.8
	Amortisation of acquired intangibles	5	20.1	20.0
	Other significant or non-recurring items	5	0.7	2.1
Adjusted EBITDA			85.4	75.8
Less:	Depreciation and amortisation		(14.0)	(12.8)
	Net finance costs		(4.9)	(6.0)
Adjusted profit before income tax			66.5	57.0

	Note	£m (2018)	£m (2017)
Adjusted earnings per share from continuing operations attributable to the equity holders of the Parent during the period			
Adjusted basic earnings per share (pence)	6	6.4	5.6
Adjusted diluted earnings per share (pence)	6	6.4	5.4

UNAUDITED CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

	For the 6 months ended 30 September 2018 £m	For the 6 months ended 1 October 2017 £m
Profit for the period	34.9	26.2
Other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurements on defined benefit schemes, including deferred tax	2.7	3.6
Deferred tax on net movements in share based payments	-	0.3
Items that may be subsequently reclassified to the income statement		
Foreign exchange translation	5.7	10.2
Total other comprehensive income, net of tax	8.4	14.1
Total comprehensive profit for the period	43.3	40.3
Attributable to:		
Equity owners of the Parent	43.3	40.0
Non-controlling interests	-	0.3
	43.3	40.3

CONDENSED CONSOLIDATED INTERIM STATEMENT OF CHANGES IN EQUITY

		Attributable to equity owners of the Parent							
		Share capital	Treasury reserve	Merger reserve	Foreign exchange reserve	Retained profit	Total	Non-controlling interests	Total equity
	Note	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 2 April 2017 (audited)		7.8	-	103.6	51.4	993.1	1,155.9	0.2	1,156.1
Total comprehensive income for the period									
Profit for the period		-	-	-	-	25.9	25.9	0.3	26.2
Other comprehensive income		-	-	-	10.2	3.9	14.1	-	14.1
Total comprehensive income for the period		-	-	-	10.2	29.8	40.0	0.3	40.3
Contribution and distributions									
Share based payments		-	-	-	-	0.7	0.7	-	0.7
Dividends paid	11	-	-	-	-	(35.5)	(35.5)	-	(35.5)
Total transactions with owners		-	-	-	-	(34.8)	(34.8)	-	(34.8)
Balance at 1 October 2017 (unaudited)		7.8	-	103.6	61.6	988.1	1,161.1	0.5	1,161.6
Total comprehensive income for the period									
Profit for the period		-	-	-	-	30.6	30.6	0.2	30.8
Other comprehensive income		-	-	-	(2.1)	3.4	1.3	-	1.3
Total comprehensive income for the period		-	-	-	(2.1)	34.0	31.9	0.2	32.1
Contributions and distributions									
Share based payments		-	-	-	-	1.3	1.3	-	1.3
Shares issued		0.2	-	-	-	(0.2)	-	-	-
Dividends paid	11	-	-	-	-	(20.3)	(20.3)	-	(20.3)
Purchase of own shares		-	(15.4)	-	-	-	(15.4)	-	(15.4)
Changes in ownership interests									
Acquisition of subsidiary with non-controlling interest		-	-	-	-	(2.0)	(2.0)	(0.6)	(2.6)
Total transactions with owners		0.2	(15.4)	-	-	(21.2)	(36.4)	(0.6)	(37.0)
Balance at 1 April 2018 (audited)		8.0	(15.4)	103.6	59.5	1,000.9	1,156.6	0.1	1,156.7
Total comprehensive income for the period									
Profit for the period		-	-	-	-	34.9	34.9	-	34.9
Other comprehensive income		-	-	-	5.7	2.7	8.4	-	8.4
Total comprehensive income for the period		-	-	-	5.7	37.6	43.3	-	43.3
Contributions and distributions									
Dividends paid	11	-	-	-	-	(47.5)	(47.5)	-	(47.5)
Employees' share scheme allotments		-	3.8	-	-	(7.3)	(3.5)	-	(3.5)
Changes in ownership interests									
Acquisition of subsidiary removing non-controlling interest		-	-	-	-	(0.2)	(0.2)	0.2	-
Total transactions with owners		-	3.8	-	-	(55.0)	(51.2)	0.2	(51.0)
Balance at 30 September 2018 (unaudited)		8.0	(11.6)	103.6	65.2	983.5	1,148.7	0.3	1,149.0

CONDENSED CONSOLIDATED INTERIM BALANCE SHEET

	Note	As at 30 September 2018 unaudited £m	As at 1 April 2018 audited £m
Non-current assets			
Intangible assets	8	1,514.0	1,528.6
Property, plant and equipment	8	136.2	131.4
Deferred tax assets		8.8	12.0
Total non-current assets		1,659.0	1,672.0
Current assets			
Inventories		77.6	59.1
Trade and other receivables		408.6	389.7
Cash and cash equivalents		84.1	135.3
Total current assets		570.3	584.1
Total assets		2,229.3	2,256.1
Non-current liabilities			
Bank borrowings	9	(258.1)	(256.9)
Trade and other payables		(90.0)	(89.5)
Net pension deficit		(6.3)	(9.7)
Provisions		(16.3)	(16.7)
Deferred tax liabilities		(101.8)	(106.2)
Total non-current liabilities		(472.5)	(479.0)
Current liabilities			
Bank borrowings	9	(90.0)	(70.0)
Partner Finance borrowings	10	(114.7)	(105.5)
Trade and other payables		(388.4)	(432.7)
Current tax		(13.4)	(10.9)
Provisions		(1.3)	(1.3)
Total current liabilities		(607.8)	(620.4)
Total liabilities		(1,080.3)	(1,099.4)
Net assets		1,149.0	1,156.7
Equity shareholders' funds			
Share capital		8.0	8.0
Treasury reserve		(11.6)	(15.4)
Merger reserve		103.6	103.6
Foreign exchange reserve		65.2	59.5
Retained profit		983.5	1,000.9
Equity shareholders' funds		1,148.7	1,156.6
Non-controlling interests		0.3	0.1
Total shareholders' funds		1,149.0	1,156.7

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT

	Note	For the 6 months ended 30 September 2018 £m	For the 6 months ended 1 October 2017 £m
Cash flows from operating activities			
Profit for the period		34.9	26.2
Adjustments for:			
Income tax charge	7	10.8	8.7
Net finance costs		4.9	6.0
Depreciation and amortisation	8	34.1	32.8
(Profit)/loss on sale of property, plant and equipment		(0.1)	0.3
Equity-settled share based payments		-	0.7
Retirement benefit obligations		(0.1)	0.1
Significant or non-recurring costs		0.3	-
Changes in working capital:			
Inventories		(18.5)	(13.3)
Trade and other receivables		(4.8)	(3.7)
Trade and other payables		(40.5)	(1.9)
Provisions		(1.5)	(0.6)
Cash generated from operations		19.5	55.3
Increase in Partner Finance loan book		(12.1)	(10.3)
Net interest paid		(3.9)	(4.1)
Income tax paid		(10.8)	(6.7)
Net cash (outflow)/inflow from operating activities		(7.3)	34.2
Cash flows from investing activities			
Purchase of property, plant and equipment		(17.3)	(32.2)
Purchase of intangible assets		(4.6)	(5.3)
Proceeds from sale of property, plant and equipment		4.4	16.2
Acquisition of subsidiary undertakings, net of cash acquired		(10.0)	(9.6)
Net cash outflow from investing activities		(27.5)	(30.9)
Cash flows from financing activities			
Dividends paid	11	(47.5)	(35.5)
Proceeds from borrowings		65.0	25.0
Repayments of borrowings		(45.0)	(25.0)
Proceeds from sale and leaseback of finance leases		4.7	3.4
Payment of finance lease liabilities		(3.9)	(3.3)
Increase in Partner Finance borrowings	10	9.2	5.4
Net cash outflow from financing activities		(17.5)	(30.0)
Net decrease in cash and cash equivalents		(52.3)	(26.7)
Foreign exchange on cash held		1.1	1.7
Cash and cash equivalents brought forward		135.3	84.4
Cash and cash equivalents at period end		84.1	59.4

UNAUDITED CONDENSED CONSOLIDATED INTERIM CASH FLOW STATEMENT *continued*

	For the 6 months ended 30 September 2018 £m	For the 6 months ended 1 October 2017 £m
Cash and cash equivalents at period end	84.1	59.4
Bank borrowings	(348.1)	(346.8)
Net debt	(264.0)	(287.4)

	For the 6 months ended 30 September 2018 £m	For the 6 months ended 1 October 2017 £m
Net debt at start of period	(191.6)	(260.5)
Cash generated from operations	19.5	55.3
Movement in Partner Finance loan book and borrowings	(2.9)	(4.9)
Net interest paid	(3.9)	(4.1)
Income tax paid	(10.8)	(6.7)
Net capital expenditure	(12.8)	(17.9)
Dividends paid	(47.5)	(35.5)
Acquisitions	(10.0)	(9.6)
Payment of finance lease liabilities	(3.9)	(3.3)
Foreign exchange and non-cash items	(0.1)	(0.2)
Net debt at period end	(264.0)	(287.4)

The Group definition of net debt excludes the liabilities relating to BCA Partner Finance (note 10) and finance leases as these are funded under separate asset-back lending agreements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

BCA Marketplace plc (the 'Company'), was incorporated in April 2014; its aim was to acquire and manage companies in the UK and European automotive sector. On 2 April 2015, BCA Marketplace plc acquired the BCA Group ('BCA Group'). This was followed by the acquisitions of SMA Vehicle Remarketing Limited ('SMA') on 1 June 2015, Stobart Automotive Limited ('BCA Automotive') on 25 August 2015, Ambrosetti (U.K.) Limited ('Ambrosetti') on 4 February 2016, Paragon Automotive Limited ('Paragon') on 18 July 2016 and Supreme Wheels Direct Ltd ('Supreme Wheels') on 31 March 2017. On 21 December 2017 the shares owned by the non-controlling interest in Life on Show Limited were acquired and during the period the remaining shares owned by the non-controlling interest in Tradeouts Limited were acquired.

The Company is a public limited company, listed on the London Stock Exchange and incorporated and domiciled in the UK with the registered number 09019615. The address of the Company's registered office is Haversham House, Coronation Business Park, Kiln Road, Kempston Hardwick, Bedford, MK43 9PR.

2. BASIS OF PREPARATION

These condensed consolidated financial statements for the period ended 30 September 2018 do not comprise statutory accounts within the meaning of sections 434 and 435 of the Companies Act 2006. They have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union and the Disclosure and Transparency Rules of the Financial Conduct Authority.

The annual financial statements of BCA Marketplace plc are prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRS Interpretations Committee ('IFRS IC') interpretations as adopted by the European Union ('Adopted IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The condensed consolidated set of financial statements do not include all of the information required for full annual financial statements and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 1 April 2018. These condensed consolidated interim financial statements and notes to the accounts disclose only those material changes in balances and accounting policies by reference to those documents.

The comparative balance sheet figures as at 1 April 2018 are extracted from the BCA Marketplace plc Annual Report and Accounts 2018. Those accounts have been reported on by the auditor and delivered to the Registrar of Companies. The report of the auditor was (i) unqualified, (ii) did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under Section 498 (2) and (3) of the Companies Act 2006.

These condensed consolidated interim financial statements were approved for issue on 28 November 2018. The results for the current and comparative interim income statement, interim statement of comprehensive income and interim cash flow statement are unaudited. The Group's auditor, PricewaterhouseCoopers LLP, has carried out a review of the condensed consolidated interim financial statements and their report is set out within this document.

The financial statements and the notes to the financial statements are presented in millions of pounds Sterling ('£m') except where otherwise indicated.

Going concern

The Group maintains a mixture of medium-term debt, committed credit facilities, finance lease arrangements and cash reserves, which together are designed to ensure that the Group has sufficient available funds to finance its operations. The Board reviews forecasts of the Group's liquidity requirements based on a range of scenarios to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its committed borrowing facilities at all times, so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

After making appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties, the Directors are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the condensed consolidated interim financial statements have been prepared on a going concern basis.

2. BASIS OF PREPARATION *continued*

Basis of consolidation

The condensed consolidated interim financial statements have been prepared under the historical cost convention.

Aside from those noted below, the same accounting policies, presentation and methods of computation have been applied in these condensed consolidated interim financial statements as were applied in the BCA Marketplace plc Annual Report and Accounts 2018.

The accounting policies that differ relate to the adoption of IFRS 9 and IFRS 15, which are described in Note 4, and taxation, which in the interim period is accrued using the effective tax rate that would be applicable to the expected total annual earnings.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's condensed consolidated interim financial statements under adopted IFRS requires the Directors and management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities.

The same critical accounting judgements, critical accounting estimates, methods of computation and accounting treatments have been applied in these condensed consolidated interim financial statements as were applied in the BCA Marketplace plc Annual Report and Accounts 2018.

There were no unusual or significant transactions in the period that required judgement. Existing judgements, where applicable, are contained within the accounting policies. The critical accounting estimates affecting the Group's condensed consolidated interim financial statements were related to taxation; provisions, commitments and contingencies; acquisitions; intangible assets; share based payments and pensions and other post-retirement benefits.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

a) New and amended standards adopted by the Group

In the current period the Group has adopted the following new or amended standards and interpretations:

IFRS 15 – Revenue from Contracts with Customers

On 2 April 2018, the Group adopted IFRS 15 Revenue from Contracts with Customers using the cumulative effect method. Due to the short-term nature of the majority of transactions in the Group and the fundamental principles of agency and principal revenue recognition remaining consistent, the impact of the standard has been limited. The prior year comparison will not be restated, as there is no impact on profit measures and it will not add to the comparability of revenue due to the growth mix of agency and principal revenue within the UK Vehicle Remarketing division, and due to materiality in other divisions. A summary of the impact on revenue in the current period is shown in the first table that follows. Whilst the prior year is not being restated, the impact, had IFRS 15 been adopted, is disclosed in the second table.

- The UK and International Vehicle Remarketing divisions will, in certain circumstances and in the ordinary course of business, purchase a vehicle from a vendor in order to honour a sale where, for example, a buyer has reneged on the purchase or there was an error in the sales process. This typically represents between 1% and 2% of remarketing volume and is considered a cost of business and therefore the purchase and subsequent resale values have historically been netted down within cost of sales. Applying the five step process prescribed by IFRS 15, the resale will be recognised in revenue, not cost of sales. This is due to there being a deemed contract between BCA and the buyer, with a clear performance obligation and a determined transaction price. Consequently, the effect of the adoption of the new accounting policy is to increase both revenue and cost of sales with no net impact on gross margin.

- The UK Vehicle Buying division offers a faster payment service to vehicle sellers, for which it charges the seller. Historically this fee has been netted down against the purchase price of the vehicle within cost of sales. Under IFRS 15 this fee is now recognised within revenue due to there being an identifiable service and therefore performance obligation within the vehicle purchase contract. Consequently, the effect of the adoption of the new accounting policy is to increase both revenue and cost of sales with no net impact on gross margin.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS *continued*

a) New and amended standards adopted by the Group *continued*

IFRS 15 – Revenue from Contracts with Customers

	For the 6 months ended 30 September 2018					
	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group Costs	Total
	UK	International				
	£m	£m	£m	£m	£m	£m
External revenue	548.6	80.6	580.9	180.1	-	1,390.2
IFRS 15 Takeover sale adjustment	33.0	5.8	-	-	-	38.8
IFRS 15 Faster payment adjustment	-	-	0.7	-	-	0.7
Revised IFRS 15 external revenue	581.6	86.4	581.6	180.1	-	1,429.7

	For the 6 months ended 1 October 2017					
	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group Costs	Total
	UK	International				
	£m	£m	£m	£m	£m	£m
External revenue	456.7	72.1	467.8	175.0	-	1,171.6
IFRS 15 Takeover sale adjustment	27.9	5.5	-	-	-	33.4
IFRS 15 Faster payment adjustment	-	-	0.7	-	-	0.7
Revised external revenue	484.6	77.6	468.5	175.0	-	1,205.7

As a result of the adoption of IFRS 15 the Revenue accounting policy in note 3(a) and the Inventory accounting policy in note 3(g) of the BCA Marketplace plc Annual Report and Accounts 2018, are amended to read as follows:

3(a) Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below.

Vehicle auction revenue represents vendor and buyer fees for vehicles sold by the Group together with fees for related services including transportation, inspection, valeting and mechanical checks. Revenue is recognised at the time the service is provided, which is predominantly at the point the vehicle is sold at auction. Revenue represents the fees for the auction service not the value of the vehicle sold, as the Group does not incur the significant risks and rewards of ownership as part of the transaction.

In the ordinary course of business at vehicle auctions, in certain circumstances BCA will purchase a vehicle from a vendor in order to honour a sale where, for example, a buyer has reneged on the purchase or there was an error in the sales process. The subsequent resale vehicle proceeds are recognised in full as takeover revenue on the date of resale.

Revenue from outsourced remarketing contracts, where the Group takes legal title to certain vehicles based on contractual agreements, represents the vehicle sale proceeds obtained when the vehicle is sold and is recognised on the date of sale.

Interest and loan origination fees earned in respect of the provision of Partner Finance loans are recognised over the term of the funding and are included within revenue. Fees charged by Partner Finance are recognised evenly over the period that the relevant service is provided.

Vehicle buying revenue represents the sale proceeds obtained when the vehicle is sold and is recognised on the date of sale. Transaction fees charged to vendors of vehicles are recognised on the purchase invoice date and treated as a reduction in the cost of inventory and therefore in the cost of sales.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS *continued*

a) New and amended standards adopted by the Group *continued*

IFRS 15 – Revenue from Contracts with Customers

Revenue for other services, including logistics and automotive services, is recognised once the contracted service has been provided. For transportation or delivery services this is deemed to be when the customer has received the vehicle; for storage services this is deemed to be once an activity has been completed, such as receiving and parking a vehicle, and generally on a daily basis for storage charges; for vehicle repair and vehicle enhancement work this is deemed to be when work has been completed to a stage that can be invoiced to the customer; and for fleet services management this is deemed to be over the period the service is provided on a straight line basis.

3(g) Inventories

Inventories primarily represent vehicles acquired by the Group that have not yet been sold and where the Group has the risk and reward of ownership of such vehicles. Other inventories include vehicle parts. All inventories are stated at the lower of purchase cost and net realisable value. Cost represents expenses incurred in bringing each product to its present location and condition. In the Vehicle Buying division the vehicle cost is net of any administration fees paid to the Group by the seller of the vehicle. Net realisable value is based on estimated normal selling price, less further costs expected to be incurred on completion of the sale and disposal.

IFRS 9 – Financial Instruments

On 2 April 2018 the Group adopted IFRS 9 Financial Instruments. There have been no changes to the carrying value or classification of existing financial assets and liabilities within the Group.

Financial assets held by the Group consist of loans and receivables. The majority of trade receivables do not contain a significant financing component and so can be initially recognised at the transaction price as opposed to fair value under IAS 39.

The impairment criteria for financial assets have been amended from the incurred loss model to the expected credit loss model. As there is no significant financing component the expected credit loss model uses the simplified approach, which requires expected lifetime losses to be recognised from the initial recognition of the receivables.

The impact of these changes is immaterial and so the prior year and prior period figures have not been restated. The Financial assets accounting policy in note 3(h) of the BCA Marketplace plc Annual Report and Accounts 2018 is amended as described above.

b) New standards and interpretations not yet adopted

IFRS 16 – Leases

On 1 April 2019 the Group will adopt IFRS 16 Leases. The Group expects to apply IFRS 16 using the modified retrospective approach, and will not adopt early. The lessee accounting requirements will not impact on cash payments relating to leases, but will have an impact on the Group's financial position and performance.

A number of the Group's properties, transporters and other operational equipment are currently accounted for as operating leases, but under IFRS 16 lease liabilities and right of use assets will be recognised instead. Obligations under operating leases and onerous lease provisions currently recognised by the Group will be derecognised against the new right of use assets. Operating lease costs are currently charged to operating costs in the income statement but under IFRS 16 the right of use assets will be depreciated and the unwind of the discount on the lease liabilities will be charged to finance costs. IFRS 16 will also impact the presentation of related transactions in the cash flow statement as well as the presentation of disclosures.

The Group is currently undertaking a project to assess the full impact of the standard and at present it is therefore not practical to quantify the impact, in part due to the large number of external leases and potential for changes to, and additional, lease agreements. There are several practical expedients on transition that management are currently considering.

5. SEGMENTAL REPORTING

Key Performance Indicator – adjusted EBITDA

Management uses an adjusted profit measure to monitor the ongoing profitability of the Group, which is defined as Earnings before interest, taxation, depreciation and amortisation ('EBITDA') adjusted for significant or non-recurring items ('SONR'). The significant or non-recurring items that are excluded from EBITDA to calculate adjusted EBITDA are as follows:

- acquisition expenses and gains and losses on business combinations, disposals and changes in ownership;
- income and expenses that are significant or non-recurring or non-trading in nature, including business closure costs, restructuring costs and onerous lease provisions;
- impairment charges and accelerated depreciation and amortisation on property, plant and equipment, intangibles and goodwill;
- amortisation of intangible assets arising on acquisition of businesses.

The Directors primarily use the adjusted EBITDA measure when making decisions about the Group's activities, as it is the most reliable and relevant profit measure across all segments. As this is a non-GAAP measure, adjusted EBITDA measures used by other entities may not be calculated in the same way and hence are not directly comparable.

Management has determined the operating segments based on the operating reports reviewed by the Board of Directors that are used both to assess performance and make strategic decisions. Management has identified that the Board of Directors is the chief operating decision maker in accordance with the requirements of IFRS 8 Operating Segments.

Information on segment assets and liabilities is not regularly reported to the Board of Directors and is therefore not disclosed.

The Board of Directors considers the business to be split into the four main revenue-generating divisions: UK Vehicle Remarketing, International Vehicle Remarketing, Vehicle Buying and Automotive Services. Group costs comprise central head office functions and any costs not directly attributable to the segments.

UK and International Vehicle Remarketing generate revenue through the rendering of services, sale of goods and receipt of interest. The rendering of services primarily constitutes vehicle auction revenue which represents vendor and buyer fees for vehicles sold by the Group, together with fees for related services including transportation, inspection, valeting and mechanical checks. Vendors include OEMs, car dealerships, rental, contract hire, leasing, finance companies and webuyanycar.com. Buyers range from large car supermarkets to vehicle traders and the public. In performing these services BCA can take title to vehicles in outsourced remarketing contracts where sale of goods revenue represents the sale proceeds obtained when the vehicle is sold and is recognised on the date of sale. Sale of goods revenue also contains the sale of vehicles that BCA has purchased from a vendor to honour a sale where the buyer has reneged on the purchase or there was an error in the sale process. Interest income represents interest and fees earned in respect of the provision of Partner Finance loans.

Vehicle Buying revenue primarily represents the vehicle sale proceeds obtained when a vehicle purchased by webuyanycar.com, or by BCA operations in Europe, is sold through a BCA auction.

Automotive Services revenue is generated through the rendering of services relating to single and bulk vehicle collections and deliveries, vehicle enhancement and refurbishment, as well as fleet and inventory management. Customers include OEMs, car dealerships, rental, contract hire, leasing, finance companies and UK Vehicle Remarketing.

Information on segment assets and liabilities is not regularly reported to the Board of Directors and is therefore not disclosed.

5. SEGMENTAL REPORTING *continued*

For the 6 months ended 30 September 2018

	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group Costs	Total
	UK £m	International £m	£m	£m	£m	£m
Revenue						
Total revenue	584.3	88.0	581.6	197.4	-	1,451.3
Inter-segment revenue	(2.7)	(1.6)	-	(17.3)	-	(21.6)
Total revenue from external customers	581.6	86.4	581.6	180.1	-	1,429.7
Sale of goods	427.1	5.8	581.6	-	-	1,014.5
Rendering of services	145.3	80.6	-	180.1	-	406.0
Interest	9.2	-	-	-	-	9.2
Total revenue from external customers	581.6	86.4	581.6	180.1	-	1,429.7
Adjusted EBITDA	55.4	15.8	12.6	8.4	(6.8)	85.4
Depreciation and amortisation	(6.0)	(2.2)	(0.5)	(5.3)	-	(14.0)
Adjusted operating profit	49.4	13.6	12.1	3.1	(6.8)	71.4
Amortisation of acquired intangibles	(9.3)	(6.0)	(2.9)	(1.9)	-	(20.1)
Other significant or non-recurring items	-	(0.2)	-	(0.2)	(0.3)	(0.7)
Operating profit	40.1	7.4	9.2	1.0	(7.1)	50.6
Finance income						0.2
Finance cost						(5.1)
Profit before taxation						45.7
Capital expenditure	8.0	1.6	0.7	16.3	-	26.6

Other significant or non-recurring items include divisional restructuring costs of £0.4m and aborted transaction costs of £0.3m.

5. SEGMENTAL REPORTING *continued*

	For the 6 months ended 1 October 2017					
	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group Costs	Total
	UK £m	International £m	£m	£m	£m	£m
Revenue						
Total revenue	458.6	73.2	467.8	190.4	-	1,190.0
Inter-segment revenue	(1.9)	(1.1)	-	(15.4)	-	(18.4)
Total revenue from external customers	456.7	72.1	467.8	175.0	-	1,171.6
Sale of goods	313.8	-	467.8	-	-	781.6
Rendering of services	135.4	72.1	-	175.0	-	382.5
Interest	7.5	-	-	-	-	7.5
Total revenue from external customers	456.7	72.1	467.8	175.0	-	1,171.6
Adjusted EBITDA	47.3	12.8	11.7	10.9	(6.9)	75.8
Depreciation and amortisation	(5.7)	(1.8)	(0.8)	(4.5)	-	(12.8)
Adjusted operating profit	41.6	11.0	10.9	6.4	(6.9)	63.0
Amortisation of acquired intangibles	(9.3)	(5.9)	(2.9)	(1.9)	-	(20.0)
Other significant or non-recurring items	(0.4)	-	-	-	(1.7)	(2.1)
Operating profit	31.9	5.1	8.0	4.5	(8.6)	40.9
Finance income						0.2
Finance cost						(6.2)
Profit before taxation						34.9
Capital expenditure	13.0	2.9	0.9	24.0	-	40.8

Other significant or non-recurring items include premium listing costs of £1.0m and divisional management restructuring costs of £1.1m.

6. EARNINGS PER SHARE

Basic earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary shareholders by the weighted average number of Ordinary shares outstanding during the period.

Diluted earnings per share is calculated by adjusting the basic earnings per share to take account of the effect of employee share schemes.

On 18 April 2018, 2,245,554 Ordinary shares of £0.01 each held as Treasury shares were transferred from the Treasury reserve for the purposes of employees' share scheme allotments. No further awards remain outstanding under the Group's long-term incentive scheme.

	For the 6 months ended 30 September 2018 £m	For the 6 months ended 1 October 2017 £m
Profit for the period attributable to equity shareholders	34.9	25.9
	m	m
Weighted average number of shares used in calculated basic earnings per share	797.3	780.2
Weighted average incremental shares in respect of employee share schemes	0.4	28.9
Weighted average number of shares used in calculating diluted earnings per share	797.7	809.1
Basic earnings per share (pence)	4.4	3.3
Diluted earnings per share (pence)	4.4	3.2

Key Performance Indicator – adjusted earnings per share

Adjusted earnings per share is presented in addition to the disclosures required by IAS 33, Earnings per Share, to align the adjusted earnings measure with the performance measure reviewed by the Directors. The Directors consider that this gives a more appropriate indication of underlying performance. Adjusted earnings per share amounts are calculated by dividing net profit for the period attributable to ordinary shareholders, adjusted for significant or non-recurring items and their associated tax impact, by the weighted average number of Ordinary shares outstanding during the period.

	Note	For the 6 months ended 30 September 2018 £m	For the 6 months ended 1 October 2017 £m
Profit for the period attributable to equity shareholders		34.9	25.9
Add back:			
Significant or non-recurring items	5	20.8	22.1
Tax credit on significant or non-recurring items		(4.3)	(4.3)
Adjusted earnings		51.4	43.7
		m	m
Weighted average number of shares used in calculated basic earnings per share		797.3	780.2
Weighted average incremental shares in respect of employee share		0.4	28.9
Weighted average number of shares used in calculating diluted earnings per share		797.7	809.1
Adjusted basic earnings per share (pence)		6.4	5.6
Adjusted diluted earnings per share (pence)		6.4	5.4

7. INCOME TAX

The income tax charge is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year.

The tax charge of £10.8m (2017: £8.7m) includes a £4.3m (2017: £4.3m) net tax credit in relation to significant or non-recurring items, primarily £4.1m (2017: £4.1m) in relation to amortisation of acquired intangible assets. The underlying effective full year tax rate before significant or non-recurring items is 22.5% (year to 1 April 2018: 23.1%), reflecting a decrease in the Group's overseas tax liabilities.

8. TANGIBLE AND INTANGIBLE ASSETS

	Intangible assets £m	Property, plant and equipment £m	Total £m
Net book value at 1 April 2018	1,528.6	131.4	1,660.0
Additions	4.6	22.0	26.6
Disposals	-	(9.0)	(9.0)
Depreciation and amortisation charge	(25.1)	(9.0)	(34.1)
Exchange difference	5.9	0.8	6.7
Net book value at 30 September 2018	1,514.0	136.2	1,650.2

9. BANK BORROWINGS

	As at 30 September 2018 £m	As at 1 April 2018 £m
Non-current		
Bank borrowings	258.1	256.9
Current		
Bank borrowings	90.0	70.0

In February 2017 the Group agreed a £500m multi-currency facility, comprising a £250m revolving facility and a £250m term loan. The term loan was drawn down in full and £90m of the revolving facility was initially drawn down, net of transaction costs of £2.9m, and used to repay the previous debt facility held within the Group. The facility will run until February 2021 with an option for a further 12 months by mutual consent, with no repayment of the term loan due before that time.

10. PARTNER FINANCE BORROWINGS

The Group has an asset-backed finance facility to fund the Partner Finance business. During the year ended 1 April 2018, Partner Finance completed the syndication and extension of the BCA Partner Finance facility, increasing the facility to £200m on comparable terms. The amount is advanced solely to a Partner Finance subsidiary in respect of specific receivables. Interest is charged on the drawn down element of the facility at a variable rate of interest, based on the Bank of England base rate. At 30 September 2018 the borrowings were £114.7m (1 April 2018: £105.5m).

11. DIVIDENDS

Year	Approved by	Description	Dividend pence per share	Register date	Payment date	Total £m
2019	Board meeting on 27 November 2018	2019 Interim	3.00	14-Dec-18	30-Jan-19	23.9
	AGM on 6 September 2018	2018 Final	5.95	14-Sep-18	28-Sep-18	47.5
	Total dividends paid and proposed					**71.4**
2018	Board meeting on 23 November 2017	2018 Interim	2.60	15-Dec-17	31-Jan-18	20.3
	AGM on 7 September 2017	2017 Final	4.55	15-Sep-17	29-Sep-17	35.5
	Total dividends paid					**55.8**
2017	Board meeting on 24 November 2016	2017 Interim	2.20	16-Dec-16	31-Jan-17	17.2
	AGM on 8 September 2016	2016 Final	4.00	23-Sep-16	30-Sep-16	31.2
	Total dividends paid					**48.4**
2016	Board meeting on 26 November 2015	2016 Interim	2.00	11-Dec-15	18-Dec-15	15.6
	Total dividends paid					**15.6**

The 2019 interim dividend, payable during the year ended 31 March 2019, was approved at the Board meeting on 27 November 2018. All dividends to date were settled in cash. The total dividend is subject to the number of shares in issue on 14 December 2018.

For more information

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