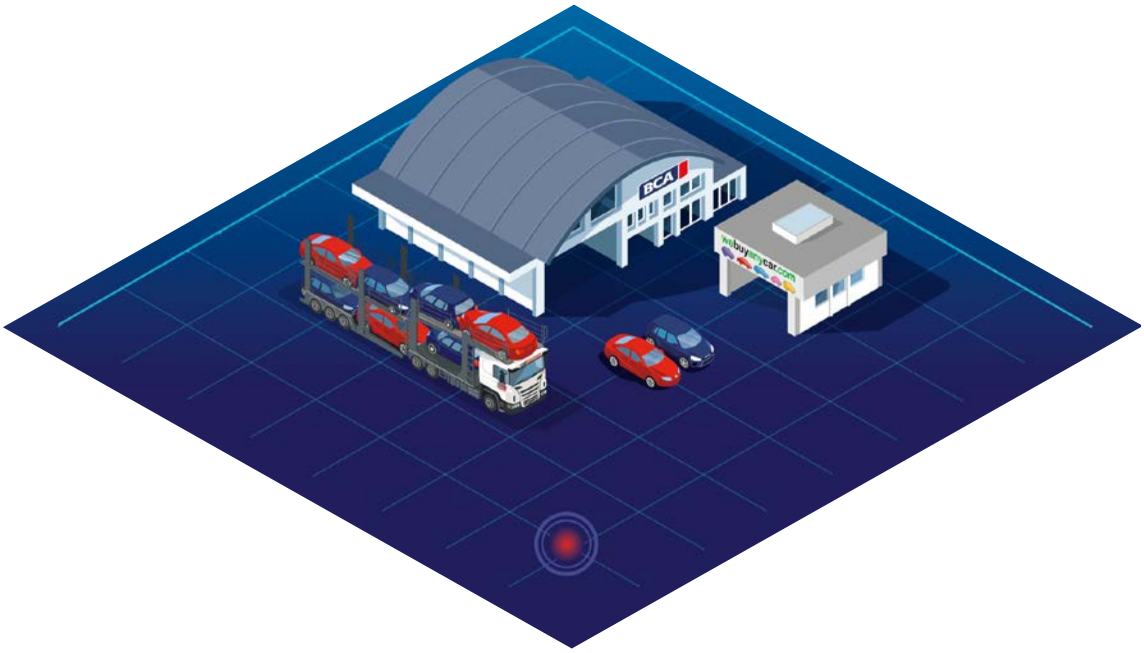
BCA Marketplace plc



Preliminary Results for the year ended 31 March 2019

26 June 2019

BCA Marketplace plc (LSE:BCA)

Preliminary Results for the 12 months ended 31 March 2019

BCA, Europe's leading automotive marketplace and solutions provider, announces another year of solid profit growth and welcomes the launch of cinch, the new way to find, buy and sell your car online.

RESULTS IN BRIEF

	2019	2018
Revenue	£3,028.0m	£2,431.5m
Adjusted EBITDA[1]	£171.9m	£159.5m
Operating profit	£100.2m	£87.6m
Net debt[2]	£231.9m	£191.6m
Adjusted diluted earnings per share[1]	12.90p	11.40p
Diluted earnings per share	8.60p	7.00p
Full year dividend per share	9.65p	8.55p

HIGHLIGHTS[1,3]

- Revenue of £3,028.0m (2018: £2,431.5m), up as a result of growth across the business. UK Vehicle Remarketing and Vehicle Buying both exceeded £1 billion of revenue
- Over one million vehicles sold in UK Vehicle Remarketing for the second consecutive year
- WeBuyAnyCar full year accelerated volume growth of 18.7% (2018: 12.9%)
- Continued growth of digital, data and valuation products with a 17.0% increase in BCA Dealer Pro registered UK dealers
- Growth of 23.2% in International cross-border sales with increased adoption of BCA 1Europe Transport
- Launch of a specialist buyer centre in Poland to support the import of vehicles purchased from BCA auctions across Europe
- BCA Partner Finance provided dealer funding for nearly £1 billion of vehicle purchases in the year
- On 19 December 2018, the Company purchased 13,160,000 of its own shares at £1.90 for a total consideration of £25.2m including commission and Stamp Duty Reserve Tax
- Adjusted EBITDA of £171.9m (2018: £159.5m), up 7.8% with Operating profit of £100.2m (2018: £87.6m)
- Diluted earnings per share of 8.6p up 22.9%. Adjusted diluted earnings per share of 12.9p, up 13.2%
- Full year dividend of 9.65p per share up 12.9% (including a proposed 6.65p final dividend to be paid on 30 September 2019)

Avril Palmer-Baunack, Executive Chairman said:

"BCA has delivered a good resilient performance in the year against the backdrop of a challenging new car market, subdued conditions in the more stable used car market and economic uncertainty created by Brexit. webuyanycar.com further demonstrated the strength of its brand, its growth potential and market leading position in UK car buying, delivering accelerated volumes in the second half of the year with growth of 23.2% (full year growth of 18.7%) whilst maintaining its 5* Trustpilot rating.

The Group has been successful in broadening its multi-service relationships with many of the industry's leading players helping them to access and share the speed, intelligence and performance that our comprehensive range of services provide. In International Remarketing, growth of 23.2% in cross-border sales was facilitated by our 1Europe programme designed to open up all our markets to buyers in a consistent, easy to transact manner. Combined with internal efficiencies this has resulted in improved profitability. Adjusted EBITDA has increased 7.8% to £171.9m. Operating profit has increased by £12.6m in line with this growth.

An important part of our strategy is to broaden our service offering from 'change of life' to include 'in-life' services and the planned early July launch of cinch.co.uk is our first step in moving this horizon. While strengthening BCA's digital capabilities, the Group has spent time observing, researching and questioning how people go about finding their next car.

It has become increasingly costly for used car dealers to communicate with time pressured consumers. We believe we can help them by providing a more results orientated, intelligence enriched set of qualified enquiries. Initial reactions from OEM's and dealers alike have been pleasingly positive.

For consumers, cinch.co.uk will use our knowledge of vehicles to allow not just traditional search but the option to receive suggestions based on consumers' lifestyle needs. Put simply, we will make it easier for people to find the right vehicle and then combine this with the ease of sale via webuyanycar.com.

The new financial year has started well despite the continuing UK-specific, macroeconomic and political challenges. The automotive sector does not stand still and neither will BCA in providing integrated services to support it."

About BCA Marketplace plc

BCA's purpose is to provide trusted innovative solutions at scale to the automotive market. We are a critical support partner 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, providing trusted services digitally and physically, enabling vehicles to be transacted, valued, stored, reconditioned and moved. We are proud to enable market liquidity, quality and choice.

For information

BCA Marketplace plc (Investor Relations) Tim Richmond	tim.richmond@bca.com
Buchanan (Financial PR) David Rydell	+44 (0) 20 7466 5000
Square1 Consulting (Financial PR) David Bick	+44 (0)20 7929 5599

For more information, please visit www.bcamarketplaceplc.com

Notes

1 *Adjusted EBITDA and adjusted diluted earnings per share are non-GAAP 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 principally managed centrally on behalf of the Group and Significant or Non-recurring items ('SONR') do not directly correlate to continuing divisional operating performance. SONR includes the amortisation of acquired intangibles and other SONR items. Similarly adjusted diluted earnings per share are focused on by the Board as this measure adds back SONR items, net of the item's taxation impact, as they do not directly correlate to continuing Group operating performance. A reconciliation of adjusted EBITDA to operating profit is provided in the Financial performance review part of the Operational and Financial Review section. The adjustments between GAAP financial measures and the non-GAAP measures are explained further in the segmental analysis and earnings per share notes (notes 4 and 5 of the condensed consolidated financial statements).*

2 *The Group definition of net debt includes current and non-current bank borrowings and cash and cash equivalents. It excludes finance lease liabilities and debts relating to BCA Partner Finance as these are funded in relation to separate asset-backed funding agreements. See the Net Debt Reconciliation within the condensed consolidated financial statements.*

3 *In order to present its financial position in the most meaningful way, BCA prepares its accounts to a Sunday within seven days of 31 March, this year being the 52 weeks to 31 March 2019.*

OPERATIONAL AND FINANCIAL REVIEW

BCA performance

BCA has delivered another year of solid profit growth, despite the backdrop of challenging car markets. The result was driven by a combination of strong volume growth in vehicle buying, our 1Europe strategy and continued greater operational integration of the businesses, benefitting customers and BCA through efficiencies.

Group performance review

	Year ended 31 March 2019				Year ended 1 April 2018			
	Revenue £m	**Adjusted EBITDA £m**	**Other SONR £m**	**Operating profit £m**	Revenue £m	Adjusted EBITDA £m	Other SONR £m	Operating profit £m
UK Vehicle Remarketing	**1,242.5**	**109.4**	**1.8**	**80.4**	941.4	98.8	(0.7)	67.1
International Vehicle Remarketing	**184.3**	**33.7**	**(1.0)**	**16.6**	154.3	30.1	(1.7)	12.4
Vehicle Buying	**1,219.8**	**24.1**	**(0.3)**	**17.0**	980.5	23.0	-	15.9
Automotive Services	**381.4**	**19.1**	**(2.7)**	**1.7**	355.3	21.5	(0.6)	8.0
Group costs	**-**	**(14.4)**	**(0.9)**	**(15.5)**	-	(13.9)	(1.8)	(15.8)
Total	**3,028.0**	**171.9**	**(3.1)**	**100.2**	2,431.5	159.5	(4.8)	87.6

Group revenue of £3,028.0m (2018: £2,431.5m) represents growth across all operating divisions. UK Vehicle Remarketing and Vehicle Buying revenues both exceeded £1bn as vehicle purchases from both outsourced remarketing contracts and direct from consumers showed strong growth. In these channels the Group recognises the full sale value of the vehicle as revenue, as ownership of the vehicle is taken for a short period. Taking short-term ownership allows the Group to benefit from any refurbishment improvements and to utilise the full extent of our data and decision making tools to optimise the sale. Reported revenue growth includes the impact of IFRS 15 adoption of £87.4m, primarily on the classification of takeover sales, as set out in note 3.

Group adjusted EBITDA grew 7.8% organically to £171.9m (2018: £159.5m) through growth in volume, increased penetration of services (such as BCA Assured and Partner Finance), and internal efficiencies including operational leverage, simplification and use of own transport. £10.6m of this increase was attributable to UK Vehicle Remarketing which grew adjusted EBITDA by 10.7%. International Vehicle Remarketing saw a 7.2% increase in volumes which, together with higher export volumes and increased penetration of transport services, generated a 12.0% increase in adjusted EBITDA.

Vehicle Buying adjusted EBITDA increased by 4.8%, driven by an 18.7% increase in WeBuyAnyCar volume and a slightly higher average revenue per vehicle, offset by a slightly lower adjusted EBITDA margin that remained within our target range at 2.2%.

Automotive Services experienced a very challenging environment in the first half of the year following the introduction of the Worldwide Harmonised Light Vehicle Test Procedure ('WLTP'), which impacted the supply of new vehicles and in turn caused delays to fleet operators' replacement and refurbishment cycles. Performance began to normalise in the second half of the year but nevertheless this resulted in a reduction in adjusted EBITDA of 11.2% for the year.

Group costs of £14.4m were incurred in the year (2018: £13.9m) reflecting ongoing management capacity to deliver joined up solutions across the divisions for OEMs and major corporates and initial operating costs of £2.5m in relation to cinch. There was no share based payments charge (IFRS 2 charges) in the current year as there were no active long-term incentive schemes (2018: £2.0m).

Operating profit of £100.2m increased by 14.4% (2018: £87.6m), driven by the £12.4m growth in adjusted EBITDA set out above and a reduction of £1.7m in other SONR items. The current year other SONR items included £2.9m of restructuring costs (2018: £5.5m), £2.2m of Guaranteed Minimum Pension ('GMP') adjustment required to equalise the GMP for all employees in the pension schemes (2018: nil) and £0.3m of aborted acquisition costs (2018: nil), offset by £2.3m being the release of a fair value provision in respect of the former site at Castle Bromwich which was acquired for HS2 (2018: nil).

Divisional financial performance

UK Vehicle Remarketing

Highlights	**Year ended 31 March 2019**	Year ended 1 April 2018	Change
Vehicles sold ('000)	**1,030**	1,018	+1.2%
Revenue per vehicle (£)	**1,206**	925	+30.4%
Revenue (£m)	**1,242.5**	941.4	+32.0%
Adjusted EBITDA (£m)	**109.4**	98.8	+10.7%
Operating profit (£m)	**80.4**	67.1	+19.8%
Adjusted EBITDA per vehicle (£)	**106**	97	+9.3%
Adjusted EBITDA margin (%)	**8.8**	10.5	

For the second consecutive year the division has sold in excess of one million vehicles. Strong supply volume growth from the Vehicle Buying division has been partially offset by reductions from other vendors principally due to WLTP adoption restricting the supply of new vehicles and consequently impacting replacement cycles. The result was delivered against a backdrop of a 3.7% reduction in new car registrations and a 1.0% reduction in used car transactions for the year.

UK Vehicle Remarketing has continued to win remarketing tenders in the franchised and non-franchised dealer sectors, and continues to see growth in outsourced remarketing contracts. Recent investments in our remarketing apps (including BCA Dealer Pro and the Buyer App) and auction sites, has made finding, tracking and buying vehicles easier for buyers, while operational efficiencies including paperless auction entry, digital (rather than printed) sales catalogues, and single vehicle information display have all contributed to an improvement in adjusted EBITDA per vehicle of 9.3% to £106 (2018: £97). These have more than offset additional costs arising from increases in National Minimum Wage and property rates. Adjusted EBITDA margin of 8.8% (2018: 10.5%) is slightly lower as a result of increased outsourced remarketing contracts, where we recognise the full vehicle sale revenue, reducing the reported margin percentage.

UK Vehicle Remarketing revenue excluding the impact of IFRS 15 adoption grew 24.3% to £1,170.0m, driven by the growth of outsourced remarketing contract volume as well as improved adoption of remarketing services such as BCA Assured. A greater number of customers have selected the Group's Dealer Pro and AutosOnShow applications to improve control of their valuation, inventory management and imaging. AutosOnShow's UK dealer base increased by 66% to 760 while the International base more than doubled to 395.

BCA Partner Finance continues to work in partnership with dealers, providing stock funding of vehicles sourced from the Group's auctions and for vehicles taken on in part-exchange. Nearly £1 billion of vehicles (£992m, 2018: £841m) were funded through Partner Finance in the year. The dedicated, branded Partner Finance sales programme continues to help dealers to maximise stock turn on vehicles which fall outside of their stocking profile. Penetration has increased such that 12.1% of UK Vehicle Remarketing vehicles sold in 2019 (2018: 11.4%) were funded through BCA Partner Finance. The resultant asset-backed loan book was £171.8m at 31 March 2019 (2018: £148.4m) reflecting the increased volume in the year and a higher average value of the vehicles financed at the year end.

International Vehicle Remarketing

Highlights	**Year ended 31 March 2019**	Year ended 1 April 2018	Change
Vehicles sold ('000)	**388**	362	+7.2%
Revenue per vehicle (£)	**475**	426	+11.5%
Revenue (£m)	**184.3**	154.3	+19.4%
Adjusted EBITDA (£m)	**33.7**	30.1	+12.0%
Operating profit (£m)	**16.6**	12.4	+33.9%
Adjusted EBITDA per vehicle (£)	**87**	83	+4.8%
Adjusted EBITDA margin (%)	**18.3**	19.5	
Adjusted EBITDA (£m) at constant prior year exchange rate	**33.6**	30.1	+11.6%
Adjusted EBITDA per vehicle (£) at constant prior year exchange rate	**87**	83	+4.8%

The International Vehicle Remarketing division increased revenue by 19.4% to £184.3m through increased service uptake (transport and export services) and an increased remarketing volume of 388,000 (2018: 362,000) vehicles sold in the division. At constant exchange rates the revenue growth was 19.2%.

Adjusted EBITDA growth of 12.0% (11.6% at constant exchange rates), reflects the increased volume, continued growth in exported vehicles and operational gearing from the extensively online model. If measured at constant prior year exchange rates, revenue and adjusted EBITDA per vehicle would have been £474 and £87 (2018: £426 and £83), growth of 11.3% and 4.8% respectively. The average exchange rate for the year was €1.134:£1 compared to €1.136:£1 in the prior year.

The demand for cross-border sourcing of used vehicles in Europe continues to grow rapidly. BCA 1Europe Transport works with a network of over 120 accredited transport partners to improve lead times. Shortening delivery times and improving reliability helps buyers reduce stock turnaround and fulfil their customers' transactions. BCA won the International Used Car Remarketing Award in November for its BCA 1Europe Transport service, reflecting the positive reaction in the market to the service. In its first full year 51,000 vehicles were moved.

BCA MarketPrice, the Group's European dealer-focused part-exchange valuation tool, continues to support dealers to optimise their part-exchange transactions. During the year, BCA MarketPrice provided valuations for 1.3m vehicles (2018: 1.2m) to a dealer base that has grown to 2,500 dealers (2018: 2,200).

Management continues to build strong relationships with vendors and buyers across Europe. During the year, BCA opened a new office in Poland to support local buyers sourcing from BCA across Europe and using our transport solutions. In April, shortly after year end, a new remarketing operation commenced in Norway, the flagship electric vehicle market, with over half of new passenger car sales being battery electric vehicles.

BCA continue to promote auction as a disposal channel in Europe, with the increasing volume of exported vehicles resulting in a larger buyer base at auctions. The increased buyer population leads to better auction sales performance for vendors, while increasing volumes give buyers more choice of stock. Our international portfolio of established vehicle remarketing operations, and a buyer base that stretches across Europe, allows us to sustain development in comparison to nationally focused competitors.

Vehicle Buying

The Vehicle Buying division comprises WeBuyAnyCar in the UK and vehicle buying operations in Europe.

Highlights - UK	**Year ended 31 March 2019**	Year ended 1 April 2018	Change
Vehicles sold ('000)	**260**	219	+18.7%
Revenue per vehicle (£)	**4,280**	4,202	+1.9%
Revenue (£m)	**1,112.7**	920.3	+20.9%
Adjusted EBITDA (£m)	**24.1**	23.0	+4.8%
Operating profit (£m)	**17.0**	15.9	+6.9%
Adjusted EBITDA per vehicle (£)	**93**	105	-11.4%
Adjusted EBITDA margin (%)	**2.2**	2.5	

Highlights – International	**Year ended 31 March 2019**	Year ended 1 April 2018	Change
Vehicles sold ('000)	**20**	12	+66.7%
Revenue (£m)	**107.1**	60.2	+77.9%
Adjusted EBITDA (£m)	**-**	-	-
Operating profit (£m)	**-**	-	-

WeBuyAnyCar continues to deliver double digit volume growth with an increase of 41,000 vehicles or 18.7% compared to the prior year, reinforcing our market position as the UK's leading specialist buyer of used vehicles. During the year, WeBuyAnyCar celebrated purchasing its 1.5 millionth vehicle since its launch in 2006; included within the 260,000 vehicles purchased in 2019 are 20,000 vans (2018: 15,000).

In 2019, WeBuyAnyCar reached the milestone of achieving revenue in excess of £1 billion for the first time, driven by increased volume and higher average revenue per vehicle. Revenue per vehicle continues to increase year-on-year as consumers trust in the brand increases and the quality and range of cars purchased by webuyanycar.com continues to improve. Rigorous inventory management and varied auction programmes across over 20 of the Group's vehicle remarketing centres, allow us to consistently sell WeBuyAnyCar vehicles efficiently, minimising holding risks.

The business model and an evolving advertising strategy continue to focus on communicating and delivering an easy, trusted, convenient and secure experience to consumers. The marketing, through affiliation to Phillip Schofield, has reinforced this message and supported by the positive consumer experience in our branches, is creating good customer engagement. Our network of 270 branches are conveniently located throughout the UK with an average drive time of under 14 minutes and extended opening hours making the service accessible for customers. Making offers on all vehicles, regardless of mileage, age or condition, webuyanycar.com attracts a diverse range of vehicles and during the year we have purchased across the whole spectrum, from 75,000 superminis to 87 super cars including a £190,000 Aston Martin. The oldest car purchased was a 1974 MGB whilst the rarest purchases included a 1985 Rolls Royce Phantom saloon and a Santana PS10.

We are proud that webuyanycar.com maintained 5* out of 5 in Trustpilot ratings with over 49,000 reviews completed, and an increasing level of repeat customers. We continue to focus on providing a transparent service and earning increased customer trust in the service we provide.

Adjusted EBITDA improved by 4.8% to £24.1m (2018: £23.0m) reflecting the increased volume of vehicles purchased. The ongoing refinement of our valuation process has enabled us to maintain the adjusted EBITDA margin within the Group's target range of 2.0-2.5%, while delivering accelerated growth in volumes.

Within Europe, our vehicle buying businesses focus on opportunities to drive benefits through raising awareness of auctions, providing remarketing volume growth, and efficiency for OEMs and dealers, by purchasing batches of vehicles from corporates to remarket through the International Vehicle Remarketing division. Revenue in International Vehicle Buying increased to £107.1m, up 77.9% driven by a 66.7% increase in volume. These operations enrich the variety of vehicles available to the International Vehicle Remarketing division, so are managed to cover operating costs within the Vehicle Buying division.

Automotive Services

The Automotive Services division brings together the Group's new and used vehicle storage, preparation, handling, enhancement, refurbishment and transport capabilities. Continued integration enables the Group to provide a comprehensive suite of integrated services to customers in a more connected manner. It is these combined operations that provide the Group with the leading new and used car fulfilment capabilities in the UK.

Highlights	**Year ended 31 March 2019**	Year ended 1 April 2018	Change
Revenue (£m)	**381.4**	355.3	+7.3%
Adjusted EBITDA (£m)	**19.1**	21.5	-11.2%
Operating profit (£m)	**1.7**	8.0	-78.8%
Adjusted EBITDA margin (%)	**5.0**	6.1	

Revenue growth of 7.3% was driven primarily by the full year of operations at Southampton port which commenced in the second half of the prior year and the new volumes from the multi-service BMW contract which commenced in the first half of the year.

WLTP testing changes impacted new car supply, meaning a reduction of OEM stock holdings and delays in daily rental, fleet and leasing companies replacing vehicles. These changes have had a significant effect on the profitability of the division as a result of the reduction of higher value used vehicle refurbishment and new car technical services work, as well as a reduction in collection and inspection work. During the second half, new vehicle volumes began to normalise and we exited the year with record volumes of vehicles on some of our port sites. Adjusted EBITDA decreased in the first half by 22.9%, but with improvements in the second half as volume of new vehicles increased, full year adjusted EBITDA was 11.2% lower than the prior year.

BCA Vehicle Services has successfully integrated operations at Southampton port and BCA Portbury was recognised for operational excellence in the Alliance Logistics Europe Convention Awards, recognising the high quality Pre-Delivery Inspection ('PDI') process and near 100% delivery date performance over the year.

BCA Logistics and BCA Automotive are working together to integrate transport moves using plate drivers and transporter line haul routes, maximising efficiency through moving vehicles overnight on transporters from hubs close to collection points to hubs close to destinations.

BCA Automotive has continued to expand its share of UK Vehicle Remarketing's contracted vehicle moves, now fulfilling in excess of 50%. The utilisation of the transport services was further broadened to include collection from a selection of WeBuyAnyCar sites.

The car transporter fleet has been expanded to 830 (2018: 821) including the purchase in the year of 40 transporters from a competitor that exited the market. The average age of the fleet of transporters remains under 4 years reflecting the investment made in the fleet to create operational efficiency.

Financial performance review

The following table reconciles adjusted EBITDA to statutory operating profit by division:

	Year ended 31 March 2019				
	Adjusted EBITDA £m	**Depreciation and amortisation £m**	**Amortisation of acquired intangibles £m**	**Other SONR £m**	**Operating profit £m**
UK Vehicle Remarketing	**109.4**	**(12.3)**	**(18.5)**	**1.8**	**80.4**
International Vehicle Remarketing	**33.7**	**(4.0)**	**(12.1)**	**(1.0)**	**16.6**
Vehicle Buying	**24.1**	**(1.0)**	**(5.8)**	**(0.3)**	**17.0**
Automotive Services	**19.1**	**(10.9)**	**(3.8)**	**(2.7)**	**1.7**
Group costs	**(14.4)**	**(0.2)**	**-**	**(0.9)**	**(15.5)**
Total	**171.9**	**(28.4)**	**(40.2)**	**(3.1)**	**100.2**

	Year ended 1 April 2018				
	Adjusted EBITDA £m	Depreciation and amortisation £m	Amortisation of acquired intangibles £m	Other SONR £m	Operating profit £m
UK Vehicle Remarketing	98.8	(12.5)	(18.5)	(0.7)	67.1
International Vehicle Remarketing	30.1	(3.9)	(12.1)	(1.7)	12.4
Vehicle Buying	23.0	(1.3)	(5.8)	-	15.9
Automotive Services	21.5	(9.1)	(3.8)	(0.6)	8.0
Group costs	(13.9)	(0.1)	-	(1.8)	(15.8)
Total	159.5	(26.9)	(40.2)	(4.8)	87.6

The Group's divisional operating structure continues to reflect the financial information that the Board of Directors, which is the chief operating decision maker, uses to make decisions about the allocation of resources, in accordance with IFRS 8, Operating Segments. Divisional performance reviews focus on adjusted EBITDA in order to give a more meaningful analysis, since depreciation, interest and tax are principally managed centrally on behalf of the Group and SONR items do not directly correlate to continuing divisional operating performance.

A reconciliation of divisional adjusted EBITDA to operating profit is provided above.

	Year ended 31 March 2019 £m	Year ended 1 April 2018 £m
Total adjusted EBITDA	**171.9**	159.5
Less:		
Depreciation and amortisation	**(28.4)**	(26.9)
Amortisation of acquired intangibles	**(40.2)**	(40.2)
Other SONR	**(3.1)**	(4.8)
Operating profit	**100.2**	87.6
Net finance costs	**(10.7)**	(11.7)
Profit before income tax	**89.5**	75.9
Taxation	**(20.9)**	(18.9)
Non-controlling interest	**(0.1)**	(0.5)
Retained profit	**68.5**	56.5

Financing costs

The net finance costs in the year were £10.7m (2018: £11.7m). The lower net finance costs were driven by a lower average interest rate as a result of a lower debt to EBITDA ratio than the prior year, partially offset by increases in LIBOR over the year. The costs associated with exercising the one year extension option of the bank facilities to 6 February 2022 taken in January of £1.0m have been capitalised and will be amortised over the term of the facilities.

Taxation

The tax charge of £20.9m (2018: £18.9m) included a £9.0m net tax credit in relation to SONR items, including £8.2m relating to amortisation of acquired intangible assets. This resulted in an effective tax rate ('ETR') for the year of 23.4% (2018: 24.9%). Excluding the impact of the amortisation of acquired intangibles and other SONR items in the year, the Group had an underlying tax rate of 22.5% (2018: 23.1%).

The ETR is higher than the standard rate of corporation tax in the UK (19.0%). The ETR is reflective of the Group's geographic mix of profits, with a combination of higher rates in our European markets and lower rates in the UK, and the effect of permanent disallowable items. In the current year this is partially offset by adjustments in respect of prior periods in both the UK and overseas. Management expects the Group's underlying tax rate to reduce in future periods following the anticipated impact of the UK's reduction in the corporation tax rate from 19.0% to 17.0% from 2020 onwards.

Profit after tax

Profit after tax for the year was £68.6m, 20.4% higher than £57.0m in the prior year. Profit after tax is stated after charging tax of £20.9m (2018: £18.9m), amortisation of acquired intangibles of £40.2m (2018: £40.2m) and other SONR costs within operating costs of £3.1m (2018: £4.8m), giving an adjusted profit before tax figure of £132.8m which is 9.8% higher than the prior period of £120.9m.

Earnings per share and dividends

Adjusted diluted earnings per share were 12.9p, up 13.2% (2018: 11.4p). Earnings per share were calculated using adjusted earnings and the weighted average number of shares in issue for the year. Statutory basic and diluted earnings were both 8.6p per share (2018: 7.2p and 7.0p per share respectively).

The Board continues to target a pay-out ratio of 75% of earnings as dividends. In addition to the 3.0p interim dividend per share paid in January 2019 (2018: 2.60p per share paid in January 2018), the Board is pleased to propose a final dividend of 6.65p per share (2018: 5.95p per share), an increase of 12.9% for the full year. The final dividend is subject to approval at the Annual General Meeting ('AGM') on 16 September 2019, to be paid on 30 September 2019 to shareholders on the Register on 20 September 2019.

Cash flow and net debt

During the year the Group continued to generate strong cash flow from operations of £144.3m (2018: £206.2m). Cash conversion from adjusted EBITDA was 83.9% (2018: 129.3%). This was impacted by increased levels of inventory (£20.3m) driven by higher volumes and higher average prices in Vehicle Buying and outsourced remarketing contracts and deliberate stock build to ensure alternative volume in the auctions should the planned Brexit date of 29 March 2019 have caused a short-term issue in vehicle supply. The prior year was flattered by auction payments that were made after the year end due to the timing of the Easter bank holidays.

The net cash inflow from operating activities of £86.6m (2018: £141.5m) was used to fund investing and financing activities, including acquisition related payments of £10.0m relating to the final instalments of performance related deferred consideration for Paragon (an automotive service group acquired in July 2016). The Group paid dividends of £71.4m (2018: £55.8m) and £25.2m (2018: £15.4m) for the purchase of treasury shares at £1.90 per share during the year.

The Group ended the year with net debt of £231.9m (2018: £191.6m) representing 1.35 times adjusted EBITDA (2018: 1.20). 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 end of the year, £120.1m (2018: £105.5m) was drawn under the BCA Partner Finance facility and trade receivables supported by the facility grew to £171.8m (2018: £148.4m). The £200m facility provides capacity for the continued growth and penetration of the BCA Partner Finance proposition.

Finance lease liabilities principally relating to land, buildings and transporters totalled £34.7m (2018: £31.9m).

The Group continues to operate comfortably within its banking covenant and to have sufficient headroom for future projects.

Transactions in own shares

At the start of the year 9,000,000 Ordinary shares were held in treasury. During the period, 2,245,554 were transferred from the Treasury reserve for the purpose of employee share scheme allotments, leaving a balance of 6,754,446 in treasury.

On 19 December 2018, the Company purchased a further 13,160,000 of its own shares at £1.90, for a total consideration of £25.2m, including commission and Stamp Duty Reserve Tax. These shares are held as treasury shares and as at 31 March 2019, a total of 19,914,446 shares were held in treasury (at an average price of £1.85) and are included in the Treasury reserve in the balance sheet and the Company balance sheet. Treasury shares do not carry voting rights and are not entitled to receive dividends.

OUTLOOK & STRATEGY

The new financial year has started well despite continuing challenging market conditions. Our digital and physical capabilities, along with the pace of change in the automotive industry, continue to provide opportunities for BCA.

The launch of cinch will be supported by a measured level of media spend to bring public recognition to the brand and service. Initial adoption and service reaction from consumers and dealers will inform the rate of continued investment and development.

BCA's strategy is to create value for stakeholders through acquisitions and organic growth in the automotive sectors in the UK and Europe. We continue to work with all major market participants to develop and adapt integrated solutions to solve and meet the needs of the participants across the automotive sector, maximising value for all stakeholders.

Forward-looking statements

This document may contain forward-looking statements that may or may not prove to be accurate. For example statements referring to growth, trends, perform well, in line with expectations are intended to be forward-looking statements. The business is not highly seasonal between the reported period and the first half. Forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from what is expressed or implied by the statements.

CONDENSED CONSOLIDATED INCOME STATEMENT

	Note	£m	For the year ended 31 March 2019 £m	£m	For the year ended 1 April 2018 £m
Revenue	4		**3,028.0**		2,431.5
Cost of sales			**(2,554.1)**		(1,983.4)
Gross profit			**473.9**		448.1
Operating costs			**(373.7)**		(360.5)
Operating profit	4		**100.2**		87.6
Finance income			**0.5**		0.3
Finance costs			**(11.2)**		(12.0)
Profit before income tax			**89.5**		75.9
Income tax charge	6		**(20.9)**		(18.9)
Profit for the year			**68.6**		57.0
Attributable to:					
Equity owners of the Parent			**68.5**		56.5
Non-controlling interests			**0.1**		0.5
			68.6		57.0
Earnings per share from continuing operations attributable to the equity holders of the Parent during the year					
Basic earnings per share (pence)	5		**8.6**		7.2
Diluted earnings per share (pence)	5		**8.6**		7.0

		Note	2019 £m	2018 £m
Operating profit			**100.2**	87.6
Add:	Depreciation and amortisation	4	**28.4**	26.9
	Amortisation of acquired intangibles	4	**40.2**	40.2
	Restructuring costs	4	**2.9**	5.5
	Credit arising on compulsory purchase order	4	**(2.3)**	-
	Aborted transaction costs	4	**0.3**	-
	Non-recurring pension costs	4	**2.2**	-
	Profit on sale and leaseback	4	**-**	(1.7)
	Premium Listing costs	4	**-**	1.0
Adjusted EBITDA			**171.9**	159.5
Less:	Depreciation and amortisation		**(28.4)**	(26.9)
	Net finance costs		**(10.7)**	(11.7)
Adjusted profit before income tax			**132.8**	120.9

	Note	For the year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Adjusted earnings per share from continuing operations attributable to the equity holders of the Parent during the year			
Adjusted basic earnings per share (pence)	5	**13.0**	11.8
Adjusted diluted earnings per share (pence)	5	**12.9**	11.4

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 March 2019	For the year ended 1 April 2018
	£m	£m
Profit for the year	**68.6**	57.0
Other comprehensive income:		
Items that will not be reclassified to the income statement		
Remeasurements on defined benefit schemes, including deferred tax	**3.2**	6.8
Deferred tax on net movements in share based payments	**(0.7)**	0.5
Current tax on net movements in share based payments	**0.8**	-
Items that may be subsequently reclassified to the income statement		
Foreign exchange translation	**(5.8)**	8.1
Total other comprehensive income, net of tax	**(2.5)**	15.4
Total comprehensive income for the year	**66.1**	72.4
Attributable to:		
Equity owners of the Parent	**66.0**	71.9
Non-controlling interests	**0.1**	0.5
	66.1	72.4

CONDENSED CONSOLIDATED BALANCE SHEET

	Note	As at 31 March 2019 £m	As at 1 April 2018 £m
ASSETS			
Non-current assets			
Intangible assets		**1,482.9**	1,528.6
Property, plant and equipment		**139.2**	131.4
Deferred tax assets		**8.5**	12.0
Total non-current assets		**1,630.6**	1,672.0
Current assets			
Inventories		**79.4**	59.1
Trade and other receivables		**433.8**	389.7
Cash and cash equivalents		**113.8**	135.3
Total current assets		**627.0**	584.1
Total assets		**2,257.6**	2,256.1
LIABILITIES			
Non-current liabilities			
Bank borrowings	7	**(255.7)**	(256.9)
Trade and other payables		**(87.9)**	(89.5)
Net pension deficit		**(8.4)**	(9.7)
Provisions		**(15.9)**	(16.7)
Deferred tax liabilities		**(97.6)**	(106.2)
Total non-current liabilities		**(465.5)**	(479.0)
Current liabilities			
Bank borrowings	7	**(90.0)**	(70.0)
Partner Finance borrowings	7	**(120.1)**	(105.5)
Trade and other payables		**(446.7)**	(432.7)
Current tax		**(10.7)**	(10.9)
Provisions		**(1.9)**	(1.3)
Total current liabilities		**(669.4)**	(620.4)
Total liabilities		**(1,134.9)**	(1,099.4)
Net assets		**1,122.7**	1,156.7
Equity shareholders' funds			
Share capital		**8.0**	8.0
Treasury reserve		**(36.8)**	(15.4)
Merger reserve		**103.6**	103.6
Foreign exchange reserve		**53.7**	59.5
Retained profit		**993.8**	1,000.9
Equity shareholders' funds		**1,122.3**	1,156.6
Non-controlling interests		**0.4**	0.1
Total shareholders' funds		**1,122.7**	1,156.7

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

	Note	**For the year ended 31 March 2019 £m**	For the year ended 1 April 2018 £m
Cash flows from operating activities			
Profit for the year		**68.6**	57.0
Adjustments for:			
Income tax charge	6	**20.9**	18.9
Net finance costs		**10.7**	11.7
Depreciation and amortisation	4	**68.6**	67.1
Profit on sale of property, plant and equipment		**(0.6)**	(1.9)
Loss on sale of intangibles		**-**	0.3
Equity-settled share based payments		**-**	2.0
Retirement benefit obligations		**(0.5)**	-
Changes in working capital:			
Inventories		**(20.3)**	(0.8)
Trade and other receivables		**(20.7)**	(19.4)
Trade and other payables		**18.3**	72.7
Provisions		**(0.7)**	(1.4)
Cash generated from operations		**144.3**	206.2
Increase in Partner Finance loan book		**(23.4)**	(35.0)
Net interest paid		**(8.7)**	(8.3)
Income tax paid		**(25.6)**	(21.4)
Net cash inflow from operating activities		**86.6**	141.5
Cash flows from investing activities			
Purchase of property, plant and equipment		**(34.3)**	(51.8)
Purchase of intangible assets		**(10.3)**	(11.0)
Proceeds from sale of property, plant and equipment		**8.0**	40.1
Acquisition of subsidiary undertakings, net of cash acquired		**(10.0)**	(13.6)
Net cash outflow from investing activities		**(46.6)**	(36.3)
Cash flows from financing activities			
Acquisition of treasury shares		**(25.2)**	(15.4)
Dividends paid	8	**(71.4)**	(55.8)
Proceeds from borrowings		**211.0**	85.0
Repayments of borrowings		**(191.0)**	(105.0)
Proceeds from sale and leaseback of finance leases		**10.2**	6.9
Payment of finance lease liabilities		**(8.6)**	(7.1)
Increase in Partner Finance borrowings	7	**14.6**	36.5
Net cash outflow from financing activities		**(60.4)**	(54.9)
Net (decrease)/increase in cash and cash equivalents		**(20.4)**	50.3
Foreign exchange on cash held		**(1.1)**	0.6
Cash and cash equivalents brought forward		**135.3**	84.4
Cash and cash equivalents at year end		**113.8**	135.3

NET DEBT RECONCILIATION

	Note	For the year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Cash and cash equivalents at year end		**113.8**	135.3
Bank borrowings	7	**(345.7)**	(326.9)
Net debt at year end		**(231.9)**	(191.6)

	For the year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Net debt at start of year	**(191.6)**	(260.5)
Cash generated from operations	**144.3**	206.2
Movement in Partner Finance loan book and borrowings	**(8.8)**	1.5
Net interest paid	**(8.7)**	(8.3)
Income tax paid	**(25.6)**	(21.4)
Net capital expenditure	**(26.4)**	(15.8)
Dividends paid	**(71.4)**	(55.8)
Acquisitions	**(10.0)**	(13.6)
Acquisition of treasury shares	**(25.2)**	(15.4)
Payment of finance lease liabilities	**(8.6)**	(7.1)
Foreign exchange and non-cash items	**0.1**	(1.4)
Net debt at year end	**(231.9)**	(191.6)

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.

	For the year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Net debt at year end	**(231.9)**	(191.6)
Less cash and cash equivalents	**(113.8)**	(135.3)
Finance lease liabilities	**(34.7)**	(31.9)
Partner Finance borrowings	**(120.1)**	(105.5)
Liabilities from financing activities	**(500.5)**	(464.3)

CONDENSED CONSOLIDATED 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		7.8	-	103.6	51.4	993.1	1,155.9	0.2	1,156.1
Total comprehensive income for the year									
Profit for the year		-	-	-	-	56.5	56.5	0.5	57.0
Other comprehensive income		-	-	-	8.1	7.3	15.4	-	15.4
Total comprehensive income for the year		-	-	-	8.1	63.8	71.9	0.5	72.4
Contributions and distributions									
Share based payments		-	-	-	-	2.0	2.0	-	2.0
Shares issued		0.2	-	-	-	(0.2)	-	-	-
Dividends paid	8	-	-	-	-	(55.8)	(55.8)	-	(55.8)
Acquisition of treasury shares		-	(15.4)	-	-	-	(15.4)	-	(15.4)
Changes in ownership interests									
Acquisition of subsidiary removing non-controlling interest		-	-	-	-	(2.0)	(2.0)	(0.6)	(2.6)
Total transactions with owners		0.2	(15.4)	-	-	(56.0)	(71.2)	(0.6)	(71.8)
Balance at 1 April 2018		8.0	(15.4)	103.6	59.5	1,000.9	1,156.6	0.1	1,156.7
Total comprehensive income for the year									
Profit for the year		-	-	-	-	68.5	68.5	0.1	68.6
Other comprehensive income		-	-	-	(5.8)	3.3	(2.5)	-	(2.5)
Total comprehensive income for the year		-	-	-	(5.8)	71.8	66.0	0.1	66.1
Contributions and distributions									
Dividends paid	8	-	-	-	-	(71.4)	(71.4)	-	(71.4)
Employees' share scheme allotments		-	3.8	-	-	(7.3)	(3.5)	-	(3.5)
Acquisition of treasury shares		-	(25.2)	-	-	-	(25.2)	-	(25.2)
Changes in ownership interests									
Acquisition of subsidiary removing non-controlling interest		-	-	-	-	(0.2)	(0.2)	0.2	-
Total transactions with owners		-	(21.4)	-	-	(78.9)	(100.3)	0.2	(100.1)
Balance at 31 March 2019		8.0	(36.8)	103.6	53.7	993.8	1,122.3	0.4	1,122.7

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

BCA Marketplace plc ('BCA', 'the Group' or 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 year 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.

BCA Marketplace plc is a constituent of the UK's FTSE 250 and its shares are traded on the London Stock Exchange (LON:BCA).

2. BASIS OF PREPARATION

The condensed consolidated financial statements set out above do not constitute the Company's statutory accounts for the year ended 31 March 2019 or the year ended 1 April 2018 but are derived from those accounts. Statutory accounts for the year ended 1 April 2018 have been delivered to the Registrar of Companies, and those for the year ended 31 March 2019 will be delivered in due course. The auditor has reported on those accounts; their reports were (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) or (3) of the Companies Act 2006.

The condensed consolidated financial statements for the year ended 31 March 2019 have been 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 consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivatives) at fair value through profit or loss.

The same accounting policies, presentation and methods of computation have been applied in these financial statements as were applied in the consolidated financial statements for the Group as at and for the year ended 1 April 2018 except as disclosed in note 3 for new accounting standards effective for periods commencing after 1 January 2018. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group; it may later be determined that a different choice would have been more appropriate. The Group's significant accounting policies which require the most use of management's judgement are: taxation, provisions commitments and contingencies, acquisitions, intangible assets, share based payments and pensions and other post retirement benefits. Except for the changes to accounting policies as set out in note 3 below, there has been no change in the methodology of applying management estimation in these policies since the year ended 1 April 2018.

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.

2. BASIS OF PREPARATION (continued)

Going concern (continued)

After making appropriate enquiries and having considered the business activities and the Group's principal risks and uncertainties, the Directors are satisfied that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. The principal risk and uncertainties that the Group is exposed to will be disclosed in the Group's 2019 annual report. The Directors believe that the Group is well placed to manage its business risk appropriately. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

Basis of consolidation

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Losses applicable to non-controlling interests are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Intragroup balances, and any gains and losses or income and expenses arising from intragroup transactions, are eliminated in preparing the consolidated financial statements. Gains arising from transactions with jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Losses are eliminated in the same way as gains, but only to the extent that there is no evidence of impairment.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS 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. As a result, the comparative information has not been restated and continues to be reported under IAS 18.

The impact of the standard has been limited due to the short-term nature of the majority of transactions in the Group, and because the fundamental principles of agency and principal revenue recognition have remained consistent with IAS 18. Due to the transition method taken, the prior year comparative is not required to be restated, although external revenue under both IAS 18 and IFRS 15 has been disclosed in the tables below for clarity:

	For the year ended 31 March 2019					
	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group costs	Total
	UK	International				
	£m	£m	£m	£m	£m	£m
External Revenue	1,170.0	170.9	1,218.3	381.4	-	2,940.6
IFRS 15 Takeover sale adjustment	72.5	13.4	-	-	-	85.9
IFRS 15 Faster payment adjustment	-	-	1.5	-	-	1.5
IFRS 15 revised external revenue	1,242.5	184.3	1,219.8	381.4	-	3,028.0

	For the year ended 1 April 2018					
	Vehicle Remarketing		Vehicle Buying	Automotive Services	Group costs	Total
	UK	International				
	£m	£m	£m	£m	£m	£m
External Revenue	941.4	154.3	980.5	355.3	-	2,431.5
IFRS 15 Takeover sale adjustment	62.4	10.8	-	-	-	73.2
IFRS 15 Faster payment adjustment	-	-	1.4	-	-	1.4
IFRS 15 external revenue if restated	1,003.8	165.1	981.9	355.3	-	2,506.1

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE GROUP (continued)

IFRS 15 – Revenue from Contracts with Customers (continued)

Takeover sale adjustment

The UK and International Vehicle Remarketing divisions will purchase a vehicle from a vendor in certain circumstances in order to honour a sale. This occurs 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. 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. This is considered a cost of business and the purchase and subsequent resale have historically been netted down within cost of sales. 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.

Faster payment adjustment

The UK Vehicle Buying division offers a faster payment service at additional cost to the vehicle 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, as there is 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.

The revenue accounting policy was updated following the adoption of IFRS 15 and has been amended to include:

'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, or as, an identifiable performance obligation has been satisfied; 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.'

'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, due to there being a deemed contract between BCA and the buyer, with a clear performance obligation and a determined transaction price.'

'Revenue from outsourced remarketing contracts, where the Group takes legal title of 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.'

The following paragraph from the previous revenue accounting policy under IAS 18 has been removed:

'Outsourced vehicle auction revenue represents the vehicle sale proceeds obtained when the vehicle is sold and is recognised on the date of sale. It is the customers' intention for the Group to take legal title of certain vehicles based on contractual agreements with corporates before the vehicle is sold to the end customer through the various remarketing channels.'

As a result of the adoption of IFRS 15 the inventory accounting policy was updated by removing the following:

'The UK Vehicle Remarketing division in the ordinary course of business will purchase a vehicle from a vendor in order to complete a sale where a buyer has reneged on the purchase or there was an error in the sales process. This represents between 1% and 2% of UK volume and is considered a cost of business and so the purchase value and subsequent resale value have historically been netted down within cost of sales.'

The previous accounting policies for revenue and inventory under IAS 18 can be found in the Annual Report and Accounts 2018 on pages 86-87.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS ADOPTED BY THE GROUP (continued)

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, and mainly comprise trade receivables. The majority of trade receivables do not contain a significant financing component and so are 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 ('ECL') model.

With respect to trade receivables provision for impairment, IFRS 9 replaces the incurred loss model in IAS 39 with the ECL model. From 2 April 2018 the Group has measured provision for impairment at an equivalent value to lifetime ECL.

The impact of these changes is immaterial and so the prior year figures have not been restated.

The accounting policy for impairment of financial assets was updated following the adoption of IFRS 9 to:

'Impairment provisions are recognised under the expected credit loss model on initial recognition of the receivable. The expected credit loss model is calculated using the simplified approach as there is no significant financing component. This approach requires expected lifetime losses to be recognised based on an expected default rate.'

'For trade receivables, which are reported net of any provisions, such provisions are recorded in a separate provision account with the loss being recognised within operating costs in the income statement. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.'

The full accounting policy under IAS 39 can be found in the Annual Report and Accounts 2018 on page 88.

4. 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. The significant or non-recurring items that are excluded from EBITDA to calculate adjusted EBITDA are as follows:

- 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 the predecessor BCA Group and other businesses;
- acquisition expenses and gains and losses on business combinations, disposals and changes in ownership.

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. Amortisation of intangible assets arising on acquisition are excluded because they reflect the nature of the acquisition accounting, and are not reflective of underlying business performance. 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.

The Board of Directors consider 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.

4. SEGMENTAL REPORTING (continued)

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

For the year ended 31 March 2019

	Vehicle Remarketing UK £m	Vehicle Remarketing International £m	Vehicle Buying £m	Automotive Services £m	Group Costs £m	Total £m
Revenue						
Total revenue	1,247.8	187.7	1,219.8	409.9	-	3,065.2
Inter-segment revenue	(5.3)	(3.4)	-	(28.5)	-	(37.2)
Total revenue from external customers	1,242.5	184.3	1,219.8	381.4	-	3,028.0
Sale of goods	941.5	13.4	1,218.1	-	-	2,173.0
Rendering of services	281.9	170.9	1.7	381.4	-	835.9
Interest	19.1	-	-	-	-	19.1
Total revenue from external customers	1,242.5	184.3	1,219.8	381.4	-	3,028.0
Adjusted EBITDA	109.4	33.7	24.1	19.1	(14.4)	171.9
Depreciation and amortisation	(12.3)	(4.0)	(1.0)	(10.9)	(0.2)	(28.4)
	97.1	29.7	23.1	8.2	(14.6)	143.5
Amortisation of acquired intangibles	(18.5)	(12.1)	(5.8)	(3.8)	-	(40.2)
Restructuring costs	-	(1.0)	(0.3)	(1.0)	(0.6)	(2.9)
Credit arising on compulsory purchase order	2.3	-	-	-	-	2.3
Aborted transaction costs	-	-	-	-	(0.3)	(0.3)
Non-recurring pension costs	(0.5)	-	-	(1.7)	-	(2.2)
Operating profit	80.4	16.6	17.0	1.7	(15.5)	100.2
Finance income						0.5
Finance cost						(11.2)
Profit before taxation						89.5
Capital expenditure	17.0	3.6	1.7	30.3	2.2	54.8

Capital expenditure includes the purchase of transporters that were subject to a sale and leaseback. Excluding these assets, underlying capital expenditure is £34.4m.

Revenue with external customers in the UK and Ireland represents £2.7bn (year ended 1 April 2018: £2.2bn) of the Group's revenue, with the other £0.3bn (year ended 1 April 2018: £0.2bn) being generated within Europe. Revenue by type is shown above.

4. SEGMENTAL REPORTING (continued)

	For the year ended 1 April 2018					
	Vehicle Remarketing		Vehicle	Automotive	Group	
	UK	International	Buying	Services	Costs	Total
	£m	£m	£m	£m	£m	£m
Revenue						
Total revenue	946.2	156.2	980.5	386.2	-	2,469.1
Inter-segment revenue	(4.8)	(1.9)	-	(30.9)	-	(37.6)
Total revenue from external customers	941.4	154.3	980.5	355.3	-	2,431.5
Sale of goods	652.9	-	980.5	-	-	1,633.4
Rendering of services	272.3	154.3	-	355.3	-	781.9
Interest	16.2	-	-	-	-	16.2
Total revenue from external customers	941.4	154.3	980.5	355.3	-	2,431.5
Adjusted EBITDA	98.8	30.1	23.0	21.5	(13.9)	159.5
Depreciation and amortisation	(12.5)	(3.9)	(1.3)	(9.1)	(0.1)	(26.9)
	86.3	26.2	21.7	12.4	(14.0)	132.6
Amortisation of acquired intangibles	(18.5)	(12.1)	(5.8)	(3.8)	-	(40.2)
Profit on sale and leaseback	1.7	-	-	-	-	1.7
Restructuring costs	(2.4)	(1.7)	-	(0.6)	(0.8)	(5.5)
Premium Listing costs	-	-	-	-	(1.0)	(1.0)
Operating profit	67.1	12.4	15.9	8.0	(15.8)	87.6
Finance income						0.3
Finance cost						(12.0)
Profit before taxation						75.9
Capital expenditure	20.8	8.6	1.6	38.7	-	69.7

Capital expenditure includes the purchase of property and transporters that were subject to a sale and leaseback. Excluding these assets, underlying capital expenditure is £30.6m.

5. EARNINGS PER SHARE

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

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

	For the year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Profit for the year attributable to equity shareholders	68.5	56.5
	m	m
Weighted average number of shares used in calculating basic earnings per share	793.7	786.2
Weighted average incremental shares in respect of employee share schemes	0.2	21.4
Weighted average number of shares used in calculating diluted earnings per share	793.9	807.6
Basic earnings per share (pence)	8.6	7.2
Diluted earnings per share (pence)	8.6	7.0

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 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 year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Profit for the year attributable to equity shareholders		68.5	56.5
Add back:			
Significant or non-recurring items	4	43.3	45.0
Tax credit on significant or non-recurring items		(9.0)	(9.1)
Adjusted earnings		102.8	92.4
		m	m
Weighted average number of shares used in calculating adjusted basic earnings per share		793.7	786.2
Weighted average incremental shares in respect of employee share schemes		0.2	21.4
Weighted average number of shares used in calculating adjusted diluted earnings per share		793.9	807.6
Adjusted basic earnings per share (pence)		13.0	11.8
Adjusted diluted earnings per share (pence)		12.9	11.4

6. TAXATION

Current taxation	For the year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Current tax on profit for the year	26.7	25.4
Adjustments in respect of prior periods	(0.5)	2.4
Total current tax charge	26.2	27.8
Deferred taxation		
Origination and reversal of temporary differences	(6.1)	(7.8)
Adjustments in respect of prior periods	(0.2)	(1.3)
Changes in recognition of deferred tax	1.0	0.2
Total deferred tax credit	(5.3)	(8.9)
Income tax charge	20.9	18.9

Critical accounting estimates – taxation

Accruals for current tax and amounts payable under local indirect taxes such as sales taxes and VAT are based on management's interpretation of country specific tax law, and require judgements about the likelihood that tax positions taken will be sustained. Management estimates the amount of taxes payable based upon their analysis and determines whether provision should be made for potential settlement of disputed positions which are under negotiation. Any estimated exposure to interest on tax liabilities is provided for in the related tax amount.

Income tax reconciliation

The tax charge for the year is higher than the standard rate of corporation tax in the UK of 19.0% (year ended 1 April 2018: higher than the standard rate of corporation tax in the UK of 19.0%). The differences are explained below:

	For the year ended 31 March 2019 £m	For the year ended 1 April 2018 £m
Profit on ordinary activities before tax	89.5	75.9
Profit on ordinary activities multiplied by the rate of corporation tax in the UK of 19.0% (2018: 19.0%)	17.0	14.4
Effects of:		
Expenses not deductible for tax purposes	2.4	2.5
Income not subject to tax	-	(0.3)
Changes in recognition of deferred tax	1.0	0.2
Effect of different tax rates on profits earned outside the UK	1.2	1.0
Adjustments in respect of prior periods	(0.7)	1.1
Total taxation charge	20.9	18.9

The Group has operations across Europe, however, the principal location of trading where the majority of business profits are derived is the UK. The effective tax rate has therefore been referenced to the UK corporation tax rate of 19.0% for the year.

6. TAXATION (continued)

Effective tax rate

The effective tax rate for the year of 23.4% (2018: 24.9%) is different to the standard rate of corporation tax in the UK as a result of higher income tax rates in Europe, the impact of permanently disallowable items and provisions charged in the year, and the remeasurement of deferred tax balances in the UK and Europe.

Permanently disallowable items comprise expenditure incurred which does not qualify for a tax deduction in the territory in which it arises and includes depreciation on assets not qualifying for tax deductions and current year movements on provisions for uncertain tax positions. Prior period adjustments relate primarily to the remeasurement of fixed assets qualifying for tax deductions which have been disposed of in prior periods.

Excluding the impact of the significant or non-recurring items in the year, the Group has a tax rate of 22.5% (2018: 23.1%). This is in line with the 22.5% effective tax rate estimated in the Interim Results Report for the six months ended 30 September 2018.

The Group is routinely subject to audit by tax authorities in the territories in which it operates. Where points are investigated, the Group considers each issue on its merits and, where appropriate, holds a provision in respect of the potential tax liability which may arise. There are no provisions that are individually or collectively material. For the period starting 1 April 2019 IFRIC 23 Uncertainty over Income Tax Treatments will become effective.

Reductions in the UK corporation tax rate to 19.0% (effective from 1 April 2017) and 17.0% (effective 1 April 2020) were substantively enacted prior to the balance sheet date. This will reduce the Group's future tax charge accordingly. Deferred tax assets and liabilities reported at the balance sheet date have been measured using a blend of these rates, based on when the relevant tax liability or asset is expected to crystallise. Management expects the Group's underlying tax rate to remain in the low-twenties in the short-term, before the anticipated impact of the future reduction in the corporation tax rate in the UK, France and the Netherlands reduces the overall tax rate from 2020 onwards.

7. BANK BORROWINGS AND PARTNER FINANCE BORROWINGS

	As at 31 March 2019 £m	As at 1 April 2018 £m
Non-current		
Bank borrowings	255.7	256.9
Current		
Bank borrowings	90.0	70.0

In February 2017 the Group agreed a £500m multi-currency facility, including 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. During the year the Group extended the facility for a further 12 months to 6 February 2022, with no repayment of term loan due before that time. The extension has been accounted for as a modification of the existing multi-currency facility.

The Group has an asset-backed finance facility to fund the Partner Finance business. During the prior year, Partner Finance completed the syndication and extension of the BCA Partner Finance facility, increasing the facility to £200.0m 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 31 March 2019 the borrowings were £120.1m (2018: £105.5m).

8. DIVIDENDS

Year	Approved by	Description	Dividend pence per share	Register date	Payment date	Total £m
2020	AGM on 16 September 2019*	2019 Final	6.65	20-Sep-19	30-Sep-19	52.2
	Dividend proposed					**52.2**
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					**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**

**This dividend has been proposed by the Directors subject to approval by the shareholders at the AGM*

The 2019 final dividend, payable during the year ended 29 March 2020, has been proposed by the Directors and is subject to approval by the shareholders at the AGM. All dividends to date were settled in cash. The total dividend is subject to the number of shares in issue on 20 September 2019.

9. RELATED PARTY TRANSACTIONS

Remuneration of the Directors, who constitute the key management personnel of the Group, has been disclosed in the Remuneration Committee report in the Annual Report and Accounts 2019.

In the prior year, £0.2m was paid to Marwyn Capital LLP for corporate finance advisory fees, ongoing administrative and office services. There was no balance owing as at 31 March 2019 and 1 April 2018. Since the resignation of Mark Brangstrup Watts and James Corsellis in December 2017, payments to Marwyn Capital LLP are no longer related parties.

The Group has not made any provision for bad or doubtful debts in respect of related party debtors, nor has any guarantee been given during the year regarding related party transactions.

10. EVENTS AFTER THE REPORTING PERIOD

Statement regarding a Possible Offer
On 20 June 2019, BCA announced that the Board was aware of media speculation in relation to the Company and confirmed that it was in advanced discussions with TDR Capital LLP regarding a possible all cash offer for the Company.

For more information

bcamarketplaceplc.com

BCA Marketplace plc
Haversham House
Coronation Business Park
Kiln Road
Kempston Hardwick
Bedford
MK43 9PR
Registered in England & Wales No. 09019615

© BCA Marketplace plc