**Business model**

**Vehicle Remarketing**

The Exchange is at the hub of the Group’s business model, managing used vehicle transactions between vendors and buyers. This is complemented by a broad range of value-added services that fuel the Exchange. Scale, liquidity, value, efficiency and transparency are hallmarks of the operation.

BCA sells used vehicles of all ages and types, principally cars and Light Commercial Vehicles (‘LCVs’), both online and at physical auctions, with most vehicles being auctioned simultaneously across both platforms.

Supply is generated from a wide range of customers who use auction as their primary disposal channel and who appreciate the transparency, efficiency and liquidity provided by the Exchange. Vendors include OEMs, car dealerships, rental, contract hire, leasing and finance companies. Another key source of supply is from the Group’s Vehicle Buying division.

Demand is generated by a large, diverse buyer base that ranges from large car supermarkets to vehicle traders who recognise the value, scale, choice and footprint of the Exchange network.

As an exchange the Group does not generally take title to the vehicles that it sells, instead generating revenue through transaction fees from both buyers and sellers, as well as fees generated through a portfolio of value-added digital and physical pre- and post-auction services such as inspections, logistics, appraisals, repairs, valets and the provision of buyer finance through BCA Partner Finance.

Recently enhanced service capabilities allow BCA to refurbish selected vehicles, enhancing the appraisal condition for resale. In certain circumstances BCA will take ownership of these vehicles to provide certainty to the vendor and allow the opportunity to increase sales value. In these cases the revenue and cost of sale of the vehicles are recognised on a gross basis.

The Group’s systems capture vehicle information at key stages of the automotive value chain including details of any Exchange transaction. Analytic tools and models generate insight that is used to optimise the performance of the Vehicle Remarketing and Vehicle Buying divisions as well as to provide insight services to customers.
Vehicle Remarketing

BCA hosts exchanges online and across 52 auction centres and provides outsourced remarketing services.

The Group is the market leader in vehicle remarketing across the UK and Europe, with a portfolio of value-added services that support customers, large and small, throughout the automotive value chain.

The divisions, which facilitated the sale of over 1.3m vehicles in the last year, operate in two distinct markets: the UK trades right-hand drive vehicles and continental Europe left-hand drive vehicles. The International Vehicle Remarketing division enables the sale and export of vehicles across country borders as well as in the local markets. The markets are also distinguished by their sales channels and market penetration. UK vendors and buyers typically trade at physical auction centres, although all physical auctions can be accessed electronically through BCA Live Online. European customers have a higher propensity to trade through online auctions. In the UK, exchanges are the primary volume disposal channel for corporates and dealers, whilst there is a significant opportunity to increase penetration in Europe.

30.7% UK sales are online

66.0% International sales are online

1 Inspect & collect

BCA inspects vehicles, providing an accurate description of vehicle condition as early as possible in the de-fleet process, utilising the latest technology to produce vehicle condition reports. The inspection service can be integrated with our collection service to provide an outsourced end-of-lease solution for customers.

2 Dealer Pro

BCA Dealer Pro and BCA MarketPrice in the UK and Europe are applications used by dealers to facilitate the part-exchange process and the disposal of unwanted vehicles to the Exchange. These applications provide valuations based on BCA’s pricing data. BCA Push to Auction enables the rapid transfer of vehicle data from dealer part-exchange to BCA’s auction systems for increased marketing time.

3 Delivery

Outsourced solutions include ‘Driver Sales’ teams to sell end-of-lease vehicles to the current driver on behalf of the lessor.

4 Storage

5 Refurbishment

6 Vehicle preparation (valet, appraisal, bodyshop)

7 BCA Assured

8 Imaging and video

9 Auction view

10 Vehicle remarketing

Outsourced remarketing services are provided in the UK to OEMs, fleet and leasing companies. BCA Online provides a portfolio of tools to optimise performance in the used vehicle market. The proposition includes multi-channel digital marketing and telesales to allocate volume, a white label platform to allow franchise dealers to view, access and purchase available stock, and digital and physical auctions to provide broad access to independent dealers and car supermarkets.

11 Partner Finance

BCA Partner Finance is a stock funding service that covers the hammer price, fees and delivery costs of vehicles purchased for up to 120 days.

12 Delivery out

Fully integrated pre-sale (Exchange) services optimise the presentation of vehicles, including appraisal of vehicle condition, BCA Assured (a 30 point mechanical inspection) and vehicle preparation (valet and smart repairs) before they are marketed on the BCA Auction view search catalogue.