12 June 2017

Motorpoint Group plc

("Motorpoint" or the "Group")

Final Results

Motorpoint Group plc, the UK's largest independent vehicle retailer, today announces its Final Results for the year ended 31 March 2017.

Financial Highlights

- Revenue increased 12.7% to £822.0m (FY16: £729.2m)
- Profit before tax and exceptional items of £15.7m (FY16: £18.2m)
- Profit before tax of £11.7m (FY16: £16.9m)
- Adjusted basic earnings per share of 12.7p (FY16: 14.7p[1])
- Cash flow from operations before exceptional items of £13.6m (FY16: £19.5m)
- Proposed final dividend of 2.90p per share (FY16: Nil) giving a total dividend of 4.23p (FY16: Nil) for the year

[1] Number of shares in issue for FY16 has been based on the number of shares in issue during FY17. This is only for comparative purposes and is not based on the actual number of shares

Operational Highlights

- Opened 10th retail site in Castleford in April 2016 and 11th retail site, in Oldbury, in July 2016
- Post period end, opened 12th retail site in Sheffield
- Significant increase in levels of repeat customers in FY17
- Net Promoter Score performance improved at every site with a Group average of 77%
- Floated on the premium listing of the London Stock Exchange on 18 May 2016

Mark Carpenter, Chief Executive commented:

"The Group continued to make progress during the year, particularly in the second half and I am encouraged by the performance of our two new site openings. Customer satisfaction scores have increased across the Group, demonstrating the effectiveness of our unique business model which is built around the cornerstones of Choice, Value and Service.

"Whilst we remain mindful of the current uncertain economic environment, trading at the beginning of the new financial year has started to plan and continued the positive trend from Q4 FY17. We remain well placed to continue growing the Motorpoint brand and to extend our compelling, value-focused proposition to more customers across the UK. Our market leading position, combined with our focus on nurturing talent within the business and commitment to delivering exceptional customer service leave us confident about the Group's trading prospects for the year ahead."

Enquiries:

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Notes to editors

Motorpoint is the largest independent vehicle retailer in the United Kingdom. The Group's principal business is the sale of nearly-new vehicles, the majority of which are up to two years old and which have covered less than 15,000 miles. Motorpoint sells vehicles from brands representing over 95 per cent. of new vehicle sales in the United Kingdom, with models from Ford, Vauxhall, Volkswagen, Nissan, Hyundai, Audi and BMW being amongst the top sellers. The Group operates from 12 retail sites across the United Kingdom; Derby, Burnley, Glasgow, Newport, Peterborough, Chingford, Birmingham, Widnes, Birtley, Castleford, Oldbury and Sheffield, of which seven have opened in the last five years; together with a national contact-centre dealing with online enquiries.

More information is available at www.motorpointplc.com and www.motorpoint.co.uk

CHIEF EXECUTIVE'S STATEMENT

Overview

I am pleased to report our first full year results following our listing on the premium segment of the London Stock Exchange in May 2016.

Despite a challenging first half of the year, the Group delivered an improved trading performance in the second half and Group revenue for the year increased by 12.7% to £822.0m (2016: £729.2m).

During the year, we opened two new retail sites, Castleford in April 2016 and Oldbury in July 2016, increasing our number of sites to 11. The sites are trading on plan and complement the Group's existing footprint. During Q4, we completed the substantial preparation work for our 12th site, in Sheffield, which opened in April 2017.

Customer satisfaction remains a key priority for the Group and we measure this using Net Promoter Score. I am pleased that this has increased during FY17 from 72% to 77%, reflecting the continued hard work of our colleagues.

Our focus on team

Our passionate focus on developing our team is the driving force of our long term success with a high proportion of our team internally promoted. We are constantly developing our talent with several Talent Management and Leadership programmes running at one time. We listen to our people through surveys and forums and we communicate openly and honestly with our team. Our team is the best source for new ideas that lead to new initiatives and fuel our future growth.

We are leaders in people development and we are convinced this will maintain our differentiated style from the rest of the car retail industry, and be a major driver of our continued success.

Talent management programme

Our Talent Management programme is available to all of our team who show leadership potential and ambition. Now in its third year, the programme supports our focus on putting the team first by developing those high potential employees into future senior managers. The programme is designed to identify and develop key talent, who are then able to take key roles across the business and encourage an ever-rising bar of leadership behaviour. Our business relies on having the right person in the right role at the right time; by building a pool of talented employees we are able to offer new opportunities and career progression. We are also better placed to retain our most talented employees and thereby reduce staff turnover.

In the three and a half years since the programme's inception, it has seen 38 of our team attend, with 22 of those having been promoted into a new position once involved in the programme. We are proud of our culture and commitment to developing our existing people.

Customers

Our strategy of delivering unrivalled Choice, Value and Service to all our customers has been our vision since we opened 19 years ago and continues to be our core focus. We find a strong correlation between our team engagement levels and a high level of customer service delivery.

Our Net Promoter Score for the year increased from 72% to 77%, and has increased from 59% in FY14, something of which we are very proud. Our repeat customers continue to grow, allowing our marketing costs to remain modest in established sites.

Investing to support our growth

To support our strategic vision for growth, we are continuing to invest in better use of data across the business. We are building our capability in stock, marketing and customer relationship management, with new initiatives underway to prepare for the next phase of growth.

We remain objective in our new site approach, balancing the growth opportunity with the need to ensure that new sites are given enough support to build their teams and customer offer.

For the year ahead we will continue to support the most recent site openings in order to build the strong foundation that will position us well in the future and at the same time ensure that we continue our growth from existing sites.

Financial strength

Our balance sheet strength and the flexibility of having no fixed term debt, give us great confidence. Our superior financial returns and enviable cash generation allow us to simultaneously invest in the growth of the business and return cash to shareholders. We take a disciplined approach to capital allocation, which drove our strong 112% Return on Capital Employed, being operating profit before exceptional items / capital employed.

In FY17, we generated £13.6m in cash from operations prior to exceptionals, raised our stock levels by £23.5m and made net cash capital expenditure of £1.1m.

Dividend

In June 2017, our Board of Directors recommended the Group's first full year dividend, of 2.90 pence, which would take the total dividend for the year to 4.23 pence. This level of proposed dividend underscores our confidence in delivering strong, profitable sales and cash flow, and generating superior financial returns.

Current trading and outlook

Our recent openings have built up a considerable growth opportunity for the year ahead; by building volumes in this third of our estate that is under two years old, we will achieve a rapid cash return on these investments. Supported by an expanded and strengthened management team we are well positioned to deliver the Motorpoint model across the estate.

We are excited by the future potential of Motorpoint as our team and customers benefit from the time and energy invested in recent periods. We are never satisfied with the status quo and will always challenge it to further the success of the Company.

We have many new initiatives underway to drive increased levels of customer traffic to both our physical sites and online, and improved systems and processes in place to support our teams in delivering outstanding customer satisfaction.

Economic and political uncertainty remains apparent in the near term, which may adversely impact customer confidence. We remain confident that our focus on Choice, Value and Service remains relevant in the face of any fall in customer confidence.

Our key strengths that differentiate us from the rest of the market give us confidence that our value proposition will continue to gather pace in our current footprint and in our new site pipeline.

MARKET REPORT

New car market

The number of new vehicles registered remained strong throughout the year with FY17 ending with both a record month and a record quarter for new registrations. This was due in no small part to the VED tax changes effect on registrations from 1 April 2017, which is likely to have pulled forward some volume into the first calendar quarter of 2017.

One persistent theme through the year has been the growing disparity between private demand and fleet demand, with the latter growing with substantially more vigour. For Motorpoint this represents an opportunity in the near term, as a significant proportion of our supply is sourced from the fleet operators and so is likely to form a broad and competitive supply environment for us over the coming six to 12 months.

Alongside the growing volumes there has been some shift in manufacturer and model preferences in the new registrations data. In particular there has been impressive expansion within the premium market, not least from BMW, Audi, Mercedes-Benz, Jaguar and Land Rover. Motorpoint's sales and stock mix broadly represents the shape of the new car market, albeit with a modest delay, so we have seen a gradual movement in our sales mix along similar lines.

Used car market

Following closely on the trends of the new car market, used volumes in 2016 set new record highs. The calendar year saw a year on year growth in excess of 7%, with the final quarter being the strongest on record. This encouraging strength has continued into the first quarter of calendar year 2017, which has seen volumes up again on the same period in 2016.

Brexit

The UK voted to leave the EU on 23 June 2016, six weeks after the IPO of Motorpoint Group plc. Because of the uncertainty around the result of the EU referendum, management reduced prices in late June to protect the Group's good level of stock turn, and reduced stockholding levels. Accordingly, the volume and margin performance in the first half was behind management expectations.

Whilst the footfall levels in the period around the vote and for a few months afterwards were subdued, this has not continued as a sustained change in customer behaviour in the second half of the year. Equally, whilst sterling remains well below the levels seen in early June, we have not seen any material changes in manufacturer pricing or behaviour to lead us to believe that the referendum’s result will necessitate a change in our operating model.

The uncertainty around future implications of Brexit could lead to some volatility in consumer confidence, which could impact on footfall levels.

Digital

Online retail sales across the UK continue to grow at double-digit rates, representing an ever-increasing proportion of total sales, and are now estimated to constitute over 15%. Motorpoint has seen the effects of this developing customer preference, with the volume of vehicles sold through the Group’s website increasing to record levels.

Customers are increasingly comfortable to commit to a purchase without having first inspected the car, but rather trusting the Motorpoint brand and transacting with the dedicated contact centre.

We have seen a migration of research journeys also move to online channels, with customers spending time preparing and comparing, and consequently visiting fewer dealerships. As such we continue to allocate a growing proportion of our marketing spend to digital channels, such as paid search and the digital classified providers.

STRATEGY

New sites and growth opportunity

During the year we continued to deliver on our strategy to open at least one new site per year, with a medium term target of at least 20 sites in the UK. Two new sites opened successfully in the year and are trading in line with our new site roll-out model. The Sheffield site was secured and prepared in the year, and launched successfully post year end.

Product offer

Our focus continues to be 100% on nearly-new cars; we have expanded into new sites, and have seen a substantial increase in sales via our digital channel. Following award of full FCA permissions for regulated insurance products we have launched a new extended warranty product which is underwritten by a specialist insurer. We have also launched a customer funding offer with NextGear for our Auction4Cars.com customers.

Brand and reputation

Through a relentless focus on customer satisfaction, we have driven our key reporting metric to new record levels, with an NPS of 77%, and seen the level of loyal customers coming back to us jump to represent 25% of our total sales volume.

Breadth of stock

We have grown our stock levels to new highs, reflecting our expanded site footprint and increased customer demand. Stock available on the website averaged 6,916 units over the final quarter of the year. We continued to work with our longstanding and trusted suppliers, as well as expanding relationships into new supply channels to ensure that we maintained a broad and relevant mix.

Operational control

Our site operations continued to evolve to make our processes faster for customers and simpler for our teams. We launched our "collections hub", which allows our customer services team to deliver a seamless, paper-free handover to customers.

Financing

We have lowered our customer finance rate to a competitive 12.9%, the same rate across both PCP and hire purchase. We have also taken the logical step to state each car's monthly finance cost on the windscreen, granting customers all the information they need to make a purchase decision without the pressure of feeling obligated to ask a salesperson.

Mark Carpenter
Chief Executive Officer
12 June 2017

FINANCIAL REVIEW

Overview

I am pleased to present our maiden full year Financial Review for Motorpoint Group plc which was incorporated in April 2016 ahead of the Group's admission to trading on the London Stock Exchange in May 2016.

Despite a challenging H1, the Group achieved double-digit revenue and gross profit growth for the year. We have laid significant foundations for medium term growth through the opening of our 10th and 11th sites during the year and completing the substantial preparation work for our 12th site, in Sheffield, which opened on 28 April 2017.

We remain cautiously optimistic about the FY18 trading conditions and expect the Group to perform in line with market expectations.

Dividend

In June 2017 the Board of Motorpoint Group plc proposed a final dividend of 2.90 pence per share in respect of FY17. This will be tabled for approval at the forthcoming AGM on 26th July 2017, with an anticipated payment date during September 2017.

Together with the interim dividend of 1.33 pence per share that was paid on 17 March 2017, this will deliver a total dividend for the year of 4.23 pence per share.

Capital structure and basis of preparation

Motorpoint Group plc was incorporated on 12 April 2016, and on 9 May 2016 the Company obtained control of the entire share capital of Motorpoint Limited via a share for share exchange. To ensure that the most appropriate view of the Group's results is presented, the current year and comparative information disclosed in this Financial Review reflects the continuation of the pre-existing group headed by Motorpoint Limited and has been prepared applying the principle of predecessor accounting.

Revenue and gross margin

Revenue for the year increased by 12.7% to £822.0m with revenue from sale of motor vehicles growing by 12.4% to £789.0m (FY16: £702.0m) and revenue from motor related services and commissions growing by 21.3% to £33.0m (FY16: £27.2m).

Gross profit for the year increased by 11.7% to £62.2m, so the gross margin growth narrowly trailed revenue growth. The difference substantially reflects Management's decision in H1 to take a more cautious view on both stock holding and stock pricing over the summer months, to reduce the level of asset risk in the face of anticipated low consumer confidence following the EU referendum result. The Group's "metal margin" recovered to normalised levels in H2.

Adjusted operating profit

Adjusted operating profit is reported excluding costs related to the Motorpoint Group plc IPO but including £0.4m of charges incurred in association with share based compensation plans which have been put in place following the IPO.

Adjusted operating profit for the year decreased by 9.1% to £16.9m (FY16: £18.6m). This was most significantly as a result of the increased adjusted operating expenses, which rose from £37.1m to £45.3m.

The adjusted operating costs were most substantially increased by the new site openings; a total of £5.2m (excluding marketing costs) which represents the net impact of increased operating expenses for Birtley, Castleford, Oldbury and Sheffield, the four sites that have opened since November 2015.

Marketing spend for the year increased by £1.0m, both to maintain support of the established sites, and to drive brand awareness in the new regions opened during the year.

We were also impacted in the year by the change in interchange fees pricing, which were implemented by Visa and removed the erstwhile capping of debit card acquisition fees. This led to additional costs of £0.4m being incurred during the year.

In addition to the £0.4m of share based compensation charges as set out in more detail below, the Head Office costs grew as we implemented the strong governance structure and corresponding senior expertise appropriate for our listed status.

The Group's depreciation charge remained relatively stable during the year; the business model is such that all retail sites are leased, so the growing site estate footprint has not lead to a significant increase in depreciation.

Share based compensation

The share based compensation schemes are included in arriving at adjusted operating profit. There are three schemes which have been launched in the year which are the Share Incentive Plan (SIP), Performance Share Plan (PSP) and the Save As You Earn scheme (SAYE).

The SIP constituted an award of £1,000 for all employees with at least one year of continuous service as at the award announcement date, 24 May 2016. The SIP was made as recognition of our team who have been instrumental in building the Motorpoint business to be ready for IPO. These shares vest after a three year period dependent only on remaining in Motorpoint's continued employment. There will be one further award made for those employees who were not part of the first award, but who joined the business on or before 4 October 2016 and become eligible on providing one year of continuous service. This award will be made during FY18.

The PSP is for Executive Directors and certain key Senior Managers. Awards made under the PSP are nil cost options. The extent to which such awards vest will depend on the Group's performance over a three year period. It is the intention of the Board that a new award will be made during each future financial period, again for the Executive Directors and key Senior Management.

The SAYE scheme was launched by Motorpoint in December 2016, and it is anticipated that a further scheme will be launched in each future year, subject to Board approval. The scheme is open to all employees, inviting them to save directly from their salary for a three year period and with the option to purchase shares at a discounted price at the end of the three year period or take their savings back in a lump sum. We were delighted that 49% of our employees chose to join the scheme and invest personally in Motorpoint.

Exceptional items

The exceptional costs recognised in FY17 of £4.0m were solely in relation to the Motorpoint Group plc IPO. The costs incurred relate to corporate restructuring, legal and professional costs, broker and accounting services.

Operating profit

The reconciliation from Adjusted Operating profit to Operating Profit is shown below; the only reconciling item is the exceptional costs during both years.

Operating Profit		
	FY2017	FY2016
Adjusted Operating Profit	**£16.9m**	£18.6m
Exceptional items	**£(4.0)m**	£(1.3)m
Operating Profit	**£12.9m**	£17.3m
Net Finance cost	**£(1.2)m**	£(0.4)m
Profit Before Tax	**£11.7m**	£16.9m
Taxation	**£(3.0)m**	£(3.5)m
Profit After Tax	**£8.7.m**	**£13.4m**

Net finance Cost

The net finance cost of £1.2m represents the Group's interest costs, net of interest income. The interest income of £0.1m in the year and £0.5m in the prior year represents interest paid by related parties on amounts owed. These balances were settled on IPO and so the interest income will not recur.

During the year and ahead of the IPO the Group renegotiated its stocking finance facility with Black Horse Limited and arranged a new £20m credit facility with Santander UK Plc.

The stocking finance facility is a £65m facility secured against the vehicle against which the stocking finance facility is drawn. £1m of interest expense has been incurred during the year under this facility. The Black Horse agreement provided a £55m facility at the point of IPO and has been increased by £5m on two occasions during the year as new sites opened.

The £20m facility with Santander UK plc is split between £6m available as an overdraft and £14m available as a revolving credit facility. At 31 March 2017 there were no drawings under the facility. The facility has been partly drawn at points during the year and the interest expense of £0.1m represents the cost involved in this. The facility is available for a fixed term of five years from commencement, which was 10 May 2016.

The Group was previously incurring interest on an amount owed to HMRC for the repayment of a legacy EBT scheme. The amount outstanding was settled in full during the year and there will be no future interest expense for this scheme.

Taxation

The tax charge in the period represents the amounts assessable for UK corporation tax in the year net of prior year adjustments and deferred tax credits.

Exceptional items in relation to the IPO of Motorpoint Group plc have been prudently treated as non-deductible for tax purposes.

A deferred tax asset arose on the sale and leaseback of the Oldbury site as proceeds in excess of the fair value of the assets sold are deferred for accounting purposes but are taxed during the year they arose.

Earnings per share

Earnings per Share for the period are shown below. The Board views the adjusted Earnings per Share as the most appropriate metric for performance of the business as this excludes the impact of exceptional items in both years.

	2017	2016
Profit Attributable to Ordinary Shareholders (£m)	**8.7**	13.4
Exceptional Items (£m)	**4.0**	1.3
Adjusted Profit Attributable to Ordinary Shareholders (£m)	**12.7**	14.7
Number of Shares in Issue ('000)	**100,194**	100,194[1]
Adjusted Basic Earnings per share (pence)	**12.7**	14.7

[1] Number of shares in issue for 2016 has been based on the number of shares in issue during 2017. This is only for comparative purposes and is not the actual number of shares.

Financial position

The financial position of the Group remains strong with the post IPO balance sheet reflecting the settlement of all but one related party balance. The only amount outstanding to related parties which is not in the ordinary course of business is a £0.4m liability, payment of which is expected to be made within FY18.

Property, plant and equipment in both years represent leasehold improvements, office equipment and fixtures and fittings. In the current year this category also includes £1.7m of land which was acquired during the year in Peterborough near to the existing retail site to support storage and preparation activities.

There has been a significant increase in the level of inventory held at the end of March 2017 to £98.4m (FY16: £74.9m) which reflects the increased size of the business and thereby a deeper stock holding to support increased customer demand. Inventory provisions total £0.8m (FY16: £0.7m) are calculated on a basis consistent with prior years.

Stocking finance facilities drawn at 31 March 2017 total £64.9m (FY16: £51.0m), near full utilisation of the £65.0m (FY16: £55.0m) facility that we have available. Trade receivable represents amounts due in the short term from vehicle finance providers.

Prepayments comprise amounts paid out by the business which have future benefits, predominantly rent and rates associated with retail premises but also include deferred costs in relation to extended guarantee products.

Accrued income relates to rebates and commissions from vehicle suppliers and finance houses.

Trade creditors and accruals represent amounts owed to suppliers for vehicles and goods and services, amounts drawn under the stocking finance facility, as well as any amounts owed to employees for commissions and bonuses. The increase from the prior year represents the increased size of the business as well as the £1.8m of deferred sale proceeds arising from the Oldbury sale and leaseback, which will be released over the period of the lease.

Deferred extended guarantees, both less than and over one year, relate to the extended guarantee products which were sold prior to Motorpoint receiving FCA regulated status in December 2016. These revenues are recognised over the period to which the guarantee relates, together with any associated direct costs, with such costs being prepaid. From 1 December 2016 Motorpoint ceased sale of the extended guarantee product as principal, replaced by the sale of a new extended warranty product which is fully underwritten with a third party insurer, with Motorpoint now acting as sales agent. As such any product net income is commission and so recognised at the point of sale.

The recognition of the deferred revenue relating to the historical guarantee product, sold up to 30 November 2016, will be released substantially over the next three years.

Cash and cash equivalents of £7.3m (FY16: £11.6m) relate to amounts held on deposit account.

Cash flow and working capital

Cash flow from operations represents the cash generated from operations prior to exceptional items and adjusting for non-cash transactions such as share based compensation charges. The slight decrease in the year corresponds to the operating profit performance.

The net working capital outflow in the year represents an increase in inventory paid from cash reserves. This £9.6m increase in cash funded inventory has been partly offset by an increase in the level of stock finance, trade creditors and accruals which has increased in line with the size of the business.

Payments in respect of exceptional items represent the cash outflow of expenditure in relation to both the Motorpoint IPO and the settlement of the legacy EBT scheme as outlined above.

Purchases of property, plant and equipment include the purchase of the Oldbury site for consideration of £3.9m and the purchase of land at Peterborough for £1.7m. The remaining expenditure in the year relates to acquisition of leasehold improvements, office equipment and fixtures and fittings.

The sale of the Oldbury site as part of a sale and leaseback agreement generated £5.8m of cash in the year. The lease period agreed as a result of the transactions is for a period of 15 years with an option to extend for a further 10 years.

Cash outflows for pre IPO transactions and dividends totalled £5.2m which were all concluded prior to the listing of Motorpoint Group plc.

Cash outflows for post IPO dividends were the interim dividend announced of 1.33 pence, approved and paid during the year.

James Gilmour
Chief Financial Officer
12 June 2017

CONSOLIDATED INCOME STATEMENT
For the year ended 31 March 2017

	Note	**2017 £m**	2016 £m
Revenue		822.0	729.2
Cost of sales		(759.8)	(673.5)
Gross profit		62.2	55.7
Operating expenses	3	(49.3)	(38.4)
Operating profit	3	12.9	17.3
Operating profit before exceptional items		16.9	18.6
Exceptional items	4	(4.0)	(1.3)
Finance income		0.1	0.5
Finance costs		(1.3)	(0.9)
Net finance expense		(1.2)	(0.4)
Profit before taxation		11.7	16.9
Taxation	5	(3.0)	(3.5)
Profit and total comprehensive income for the year attributable to equity holders of the parent		8.7	13.4
Earnings per share			
Basic	6	8.7p	13.4p
Diluted	6	8.7p	13.4p
Adjusted Earnings per share			
Basic	6	12.7p	14.7p
Diluted	6	12.7p	14.7p

The Group's activities all derive from continuing operations.

The Group has no other comprehensive income. Total comprehensive income for the year is equal to the profit for the financial year.

CONSOLIDATED BALANCE SHEET

At 31 March 2017

	Note	2017 £m	2016 £m
ASSETS			
Non-current assets			
Property, plant and equipment		5.4	3.2
Deferred Tax Asset		0.4	-
Total non-current assets		5.8	3.2
Current assets			
Inventories		98.4	74.9
Trade and other receivables		9.4	21.5
Cash and cash equivalents		7.3	11.6
Total current assets		115.1	108.0
TOTAL ASSETS		120.9	111.2
LIABILITIES			
Current liabilities			
Trade and other payables		(99.2)	(78.4)
Current tax liabilities		(1.8)	(0.7)
Total current liabilities		(101)	(79.1)
Net current assets		14.1	28.9
Non-current liabilities			
Trade and other payables		(5.2)	(6.4)
Total non-current liabilities		(5.2)	(6.4)
TOTAL LIABILITIES		(106.2)	(85.5)
NET ASSETS		14.7	25.7
EQUITY			
Share capital	8	1.0	0.2
Capital Reorganisation Reserve		(0.8)	-
Retained earnings		14.5	25.5
TOTAL EQUITY		14.7	25.7

The financial statements were approved by the Board of Directors and authorised for issue.

James Gilmour
Chief Financial Officer
12 June 2017

Motorpoint Group plc
Company number 10119755

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Note	Share capital £m	Retained earnings £m	Capital Reorganisation Reserve	Total equity £m
Balance at 1 April 2015		0.2	24.6	-	24.8
Profit and total comprehensive income for the year		-	13.4	-	13.4
Dividends paid prior to Group restructure	9	-	(12.5)	-	(12.5)
Balance at 31 March 2016		0.2	25.5	-	25.7
Profit and total comprehensive income for the year		-	8.7	-	8.7
IFRS 2- share-based payments		-	0.4	-	0.4
Issue of share capital		0.8	-	(0.8)	-
Dividends paid prior to Group restructure	9	-	(18.8)	-	(18.8)
Interim dividend	9	-	(1.3)	-	(1.3)
Balance at 31 March 2017		1.0	14.5	(0.8)	14.7

The capital reorganisation reserve arises on consolidation as a result of the share-for-share exchange in May 2016. It represents the difference between the nominal value of shares issued by Motorpoint Group plc in this transaction, reduced by the capital reduction as outlined in note 8, and the share capital and reserves of Motorpoint Limited.

CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2017

	Note	**2017** **£m**	2016 £m
Cash flows from operating activities			
Cash generated from operations before exceptional items	*10*	*13.6*	*19.5*
Cash flows from exceptional items	*10*	*(6.2)*	*(1.6)*
Cash generated from operations		7.4	17.9
Interest paid		(1.3)	(0.9)
Income tax paid		(2.9)	(2.8)
Net cash generated from operating activities		3.2	14.2
Cash flows from investing activities			
Purchases of property, plant and equipment		(6.9)	(1.3)
Proceeds from sale of property, plant and equipment		5.8	0.1
Interest received		0.1	0.6
Pre IPO cash outflows to related parties		(0.8)	(11.4)
Pre IPO cash inflows from related parties		-	15.7
Net cash (used in) / from investing activities		(1.8)	3.7
Cash flows from financing activities			
Pre IPO Dividends	9	(4.4)	(9.9)
Post IPO Dividends	9	(1.3)	-
Net cash used in financing activities		(5.7)	(9.9)
Net (decrease) /increase in cash and cash equivalents		(4.3)	8.0
Cash and cash equivalents at the beginning of the year		11.6	3.6
Cash and cash equivalents at end of year		7.3	11.6
Net cash and cash equivalents comprises:			
Cash at bank		7.3	11.6

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Accounting policies

Motorpoint Group plc (‘the Company’) is incorporated and domiciled in the UK. The address of the registered office is Chartwell Drive, West Meadows Industrial Estate, Derby, DE21 6BZ. The Consolidated Financial Statements of the Company as at and for the year ended 31 March 2017 comprise the Company and its subsidiaries, together referred to as the “Group”.

The Group has prepared its consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (‘IFRS’). While the financial information in this announcement has been prepared in accordance with the recognition and measurement criteria of IFRS this announcement does not itself contain sufficient information to comply with IFRS.

With the exception of revenue recognition policy for the sale of motor related services and commissions, which has been detailed below, the same accounting policies, presentation and methods of computation which were followed in the preparation of the Annual Report and Financial Statements for Motorpoint Limited for the period ended 31 March 2016 have been applied to this financial information.

On 9 May 2016, the Company obtained control of the entire share capital of Motorpoint Limited via a share for share exchange. There were no changes in rights or proportion of control exercised as a result of the transaction. Although the share for share exchange resulted in a change of legal ownership this was a common control transaction and therefore outside the scope of IFRS 3. The current period and comparative information disclosed in these Consolidated Financial Statements reflect the continuation of the pre-existing group headed by Motorpoint Limited and have been prepared applying the principle of predecessor accounting ownership. The balance sheet as at all periods presents the legal change in ownership of the Group, including the share capital of Motorpoint Group plc and the capital reorganisation reserve arising as a result of the share for share exchange transaction.

The financial information set out in this document does not constitute the statutory financial statements of the Group for the year end 31 March 2017 but is derived from the Annual Report and Accounts 2017. The auditors have reported on the annual financial statements and issued an unqualified opinion.

Revenue recognition for sales of motor related services and commissions:
Motor related services sales include extended guarantees, paint protection and vehicle asset protection (gap insurance). Sales of related services excluding vehicle asset protection (gap insurance) and vehicle extended guarantees are recognised when the product is supplied to the customer.

Vehicle extended guarantees where the Group is contractually responsible for future claims are accounted for by deferring the guarantee income received along with direct selling costs and then releasing the income on a straight line basis over the remaining life of the guarantee. Costs in relation to servicing the extended guarantee income are expensed to the income statement as incurred.

Vehicle extended guarantees and asset protection (gap insurance) where the Group is not contractually responsible for future claims, are accounted for by recognising the commissions attributable to Motorpoint at the point of sale to the customer.

Where the Group receives commission income, primarily arising when the customer uses third-party finance to purchase the vehicle, the Group recognises such income on an ‘as earned’ basis.

2. Segmental Reporting

The Group has prepared segmental reporting in accordance with IFRS 8 “Operating Segments”, which requires segments to be presented on the same basis as the management reporting. An operating segment is a component of the business where discrete financial information is available and the operating results are regularly reviewed by the Group’s chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance.

Operating segments are aggregated into reporting segments to combine those with similar characteristics. The Group’s reportable operating segment is considered to be the United Kingdom operations. The Group’s chief operating decision maker is considered to be the Board of Directors.

The Group operates through a branch network and separate financial information is prepared for these individual branch operations. These branches are considered separate ‘cash-generating units’ for impairment purposes. However it is considered that the nature of the operations and products is similar and they all have similar long-term economic characteristics, as they are all based within the UK. According the Group has applied the aggregation criteria of IFRS 8 and thus considers it has one reportable segment. Accordingly no additional segmental information is required.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. Operating profit

Operating profit include the effect of (crediting) / charging:	**2017**	2016
	£m	£m
Changes in inventories of finished goods	(23.5)	(5.0)
Finished goods purchases	776.3	666.8
Movement in provision against inventory	0.1	-
Employee benefit expense (note 9)	24.4	19.7
Depreciation of property plant and equipment	1.0	1.0
Exceptional Items	4.0	1.3

Operating lease payments - property	4.1	3.1
Other operating expenses	22.7	25.0
	809.1	711.9

Cost of sales	759.8	673.5
Operating expenses		
- Selling and distribution expenses	17.3	14.4
- Administrative expenses	32.0	24.0
	809.1	711.9

4. Exceptional items

In the financial periods the Group has incurred exceptional costs that require separate identification as a result of their nature and their impact on the Group's financial position and cash flows. These are:

	2017 £m	2016 £m
Exceptional items: Operating profit		
IPO listing and professional fees (i)	4.0	0.6
Employee related obligations (ii)	-	0.7
	4.0	1.3

(i) IPO listing and professional fees

Fees and costs relate to, corporate restructuring, legal and professional costs, broker and accounting services.

(ii) Employee related obligations

Employee related obligations are liabilities arising in the year which related to previous periods, were expected to be settled within the next financial year and are not expected to reoccur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. Taxation

The tax charge in the income statement represents:

	2017	2016
	£m	£m
Current tax:		
UK corporation tax	3.6	3.7
Adjustment in respect of prior years	(0.2)	(0.2)
Total current tax	3.4	3.5
Deferred tax:		
Origination and reversal of temporary differences	(0.4)	-
Total deferred tax	(0.4)	-
Total tax charge in the income statement	3.0	3.5

Reconciliation of the total tax charge

The tax charge in the income statement in the year differs from the charge which would result from the standard rate of corporation tax in the UK of 20% (2016: 20%). The differences are reconciled below.

	2017	2016
	£m	£m
Profit before tax	11.7	16.9
Profit before tax at the standard rate of corporation tax of 20% (2016:20%)	2.3	3.4
Tax effect of:		
- Expenses not deductible for tax purposes	0.9	0.3
- Adjustment in respect of prior years	(0.2)	(0.2)
Tax charge/(credit) in the income statement	3.0	3.5

Factors affecting current and future tax charges

A change to the UK corporation tax rate was announced in the Chancellor's Budget on 16 March 2016. The change announced is to reduce the main rate to 17% from 1 April 2020. This was substantively enacted on 6 September 2016 and is therefore reflected in these financial statements. Exceptional items in relation to the IPO of Motorpoint Group plc have been treated as non-deductible for tax purposes as they relate to the issue of shares in Motorpoint Group plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. Earnings per Share

Basic and diluted earnings per share are calculated by dividing the earnings attributable to equity shareholders by the weighted average number of ordinary shares at the end of the current year. Adjusted earnings per share are calculated on the same basis but adjusting earnings attributable to equity shareholders for exceptional items.

	2017	2016
Profit Attributable to Ordinary Shareholders (£m)	8.7	13.4
Exceptional Items (£m)	4.0	1.3
Adjusted Profit Attributable to Ordinary Shareholders (£m)	12.7	14.7
Weighted average number of ordinary shares in Issue ('000)	100,194	100,194
Earnings per share (pence)	8.68	13.37
Adjusted Earnings per share (pence)	12.68	14.67
Diluted Number of Shares in Issue ('000)	100,360	100,194
Diluted Earnings per share (pence)	8.67	13.37
Adjusted Diluted Earnings per share (pence)	12.65	14.67

The difference between the basic and diluted weighted average number of shares represents the dilutive effect of the SAYE scheme. This is shown in the reconciliation below.

The shares for the SIP scheme were purchased ahead of issue and the PSP has performance criteria which have not been met so the options are not yet dilutive.

	2017 £m	2016 £m
Weighted average number of ordinary shares in Issue ('000)	100,194	100,194
Adjustment for share options	166	-
Weighted average number of ordinary shares for diluted earnings per share	100,360	100,194

7. Borrowings

The Group's potential borrowings consist of an unsecured £20m facility provided by Santander UK PLC which was undrawn as at the reporting date. The facility was negotiated in May 2016 ahead of the Motorpoint Group IPO Listing. The facility is currently provided as £6m available as an overdraft and £14m available as a revolving credit facility.

The finance charged for utilising the facility is dependent on the Groups borrowing ratios as well as the base rate of interest in effect. During the year ended 31 March 2017 interest was charged at 1.4% per annum, The interest charged cost for the year of £0.1m has been expensed as a finance cost. There was no facility available in the prior year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. Share Capital

	2017		2016	
	Number ‘000	**Amount £m**	Number ‘000	Amount £m
Allotted, called-up and fully paid				
Ordinary shares of 1p each	100,194	1.0	200	0.2
Total	100,194	1.0	200	0.2

The share capital of the Group in 2017 is represented by the share capital of the parent Company Motorpoint Group plc. In 2016, the share capital is made of the share capital from the pre-existing group headed by Motorpoint Limited.

Motorpoint Group plc was incorporated with the name Motorpoint Group Limited on 12th April 2016 with one ordinary share of £1.

On 9th May 2016 all the shares of Motorpoint Limited were acquired by Motorpoint Group Limited by way of a share for share exchange. This resulted in the issuing of 99,999,999 shares of £1.

On 10th May 2016 Motorpoint Group Limited undertook a capital reduction via the Directors solvency statement process which resulted in a reduction in the nominal value of shares from £1 to 1p and as a result a £99 million increase in the retained earnings of Motorpoint Group Limited was recognised.

On 10th May 2016 Motorpoint Group Limited was re-registered as a PLC and changed its name to Motorpoint Group plc.

On the 4th July 2016 the Company issued and allotted 194,023 shares of 0.01p each in connection with the Motorpoint Group plc Share Incentive Plan and these were admitted for trade on the London Stock Exchange on 6th July 2016. The total number of shares in issue at March 2017 was 100,194,023.

9. Dividends

During the year the following dividends were paid.

	2017 £m	2016 £m
Pre IPO Dividend in specie	14.4	2.6
Pre IPO Cash Dividends	4.4	9.9
Post IPO Cash Dividends	1.3	-
Total dividends	20.1	12.5

Dividends in specie were declared on shares over the Group’s previous parent Motorpoint Limited and were settled via the waiver of amounts due from Shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. Dividends (Continued)

Dividends post the Group restructure and IPO listing were paid and have been declared as set out below.

	2017 £m	2016 £m
Amounts recognised as distributions to ordinary shareholders in the year comprise		
Interim dividend for the year ended 31 March of 1.33p per ordinary share	1.3	-
Proposed final dividend for the year ended 31 March of 2.90p per ordinary share	2.9	-

The proposed final dividend for the year ended 31 March 2017 is subject to approval by shareholders at the Annual General Meeting and hence has not been included as liabilities in the financial statements at 31 March 2017.

10. Cash-flow from operations

	2017 £m	2016 £m
Profit for the year, attributable to equity shareholders	8.7	13.4
Adjustments for:		
Taxation charge	3.0	3.5
Finance income	(0.1)	(0.5)
Finance costs	1.3	0.9
Operating profit	12.9	17.3
Share Based Payment Charge	0.4	-
Exceptional items charged to operating profit	4.0	1.3
Depreciation charge	1.0	1.0
Cash flow from operations before movements in working capital and cash flow on exceptional items	18.3	19.6
Increase in inventory	(23.5)	(5.0)
(Decrease) / Increase in trade and other receivables	(2.0)	0.2
Increase in trade and other payables	20.8	4.7
Cash flow from operations before exceptional items	13.6	19.5
Payments in respect of exceptional items	(6.2)	(1.6)
Cash generated from operations	7.4	17.9

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Related party transactions

During the year the Group had transactions with the following companies. Except for JTL Limited which was 50% owned by D E Shelton, these entities were controlled by D E Shelton, a director of the Company. All balances with the exception of Spring Rental Limited and ADE Limited were settled ahead of the Group restructure and IPO listing.

		2017			
	Balance as at 31/3/2016	**Loans Made / (received)**	**Other Transactions**	**Payments made (received)**	**Balance as at 31/3/2017**
		£m	**£m**	**£m**	**£m**
Motorpoint Holdings Limited	4.4	-	(4.4)	-	-
Shoby Properties Limited Historic Loan Balance Lease of property	 9.7 	 0.3 	 (10.0) (2.5)	 - 2.5	 - -
ADE Limited - Loans - Vehicle purchases	 (0.2) 	 - 	 (4.5)	 0.2 4.5	 - -
JTL Limited - Loans	 (0.1)	 -	 0.1	 -	 -
Spring Rental Limited	(0.4)	-	-	-	(0.4)
Shoby Investments Limited	(0.3)	-	(0.1)	0.4	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. Related party transactions (continued)

		2016			
	Balance as at 31/3/2015	**Loans Made / (received)**	**Other Transactions**	**Payments made (received)**	**Balance as at 31/3/2016**
		£m	**£m**	**£m**	**£m**
Motorpoint Holdings Limited	4.4	-	-	-	4.4
Shoby Properties Limited	3.2	9.3	(2.9)	0.1	9.7
ADE Limited					
- Loans	-	1.5		(1.7)	(0.2)
- Vehicle purchases			9.4	(9.4)	-
JTL Limited					
- Loans	(0.1)	-	-	-	(0.1)
Shelton Park Properties 12 Western Terrace Limited	0.5	-	-	(0.5)	-
Shelton Park Properties 10 Western Terrace Limited	0.4	-	-	(0.4)	-
Shelton Park Properties 11 Western Terrace Limited	1.2	-	-	(1.2)	-
Shelton Park Properties 8/9 Western Terrace Limited	1.1	-	-	(1.1)	-
Shelton Park Properties 7 Western Terrace Limited	0.3	-	-	(0.3)	-
Tarry Boutique Hotels and Serviced Apartments Limited	1.2	-	-	(1.2)	-
Shoby Property Unit Trust	1.4	-	-	(1.4)	-
Spring Rental Limited	4.2	1.1	0.2	(5.9)	(0.4)
Shoby Investments Limited	-	(2.7)	(0.3)	2.7	(0.3)