# AGM 2005

DCC

## Excellence in Sales and Marketing

**WELCOME**

# Excellence in Sales and Marketing

**Presentation by Jim Flavin, Chief Executive/Deputy Chairman, to the Annual General Meeting**

**5 July 2005**

## Introductory overview

- DCC is a sales, marketing and business support services group
- Focused on the energy, IT, healthcare, food & beverage and environmental markets
- Profit base y/e 31 March 2005:
  - UK 53%, Rep. of Ireland 46%, other 1%
- Approximately 4,700 employees
- Listed in Ireland and London - Business Support Services
- Market capitalisation approximately €1.3bn

# Results

*Year ended 31 March 2005*

| | € | % growth* |
|---|---|---|
| Sales | 2,731.5 m | +22.9% |
| Operating profit | 131.5 m | +11.2% |
| Adjusted EPS | 137.25 cent | +15.2% |
| Dividend per share | 37.26 cent | +15.0% |
| Net debt (at 31 March 2005) | 8.2 m | |
| ROCE - excl goodwill | 40.5% | |
| - incl goodwill | 21.0% | |

** Constant currency basis*

# Results by division

*Year ended 31 March 2005*

| | PBIT | % change* |
|---|---|---|
| Energy | €51.3m | +15.4% |
| IT Distribution | €27.5m | -8.9% |
| Healthcare | €16.1m | +20.2% |
| Food & Beverage | €13.2m | +22.6% |
| Environmental | €5.5m | +10.2% |
| Other (homebuilding & supply chain mgmt) | €17.9m | +25.0% |
| Total – continuing activities | €131.5m | +11.2% |

** Constant currency basis*

# Core competencies

**Sales and marketing strengths**

**+**

**Shareholder value enhancing acquisitions**

**=**

**Strong earnings growth record**

***(10 year EPS growth of 17% pa)***

**High returns on capital employed**

***(2005: 21% inclusive of goodwill)***

# Sales and marketing strengths

- Efficient service to suppliers and customers
- Principal concentration on business-to-business sales
- Focused sales teams
- Efficient telesales
- Tight control of working capital
- Excellent procurement
- Experienced management
- Strong market positions
- Sales and distribution reach

# Shareholder value enhancing acquisitions

- **Acquisitions announced since the AGM on 8 July 2004:**

| Acquisition | Expenditure €'m | Date of announcement |
|---|---|---|
| Bottle Green | 17.2 | 7 July 2004 |
| Allied Foods | 16.9 | 3 August 2004 |
| Shell Direct UK | 23.1 | 27 September 2004 |
| Laleham Healthcare | 14.8 | 18 January 2005 |
| Dyneley Holdings | 9.0 | 18 January 2005 |
| Pilton | 22.5 | 15 June 2005 |
| Physio-Med | 8.5 | 5 July 2005 |
| Brett Oil | 3.3 | 5 July 2005 |
| Other | 8.3 | |
| | 123.6 | |

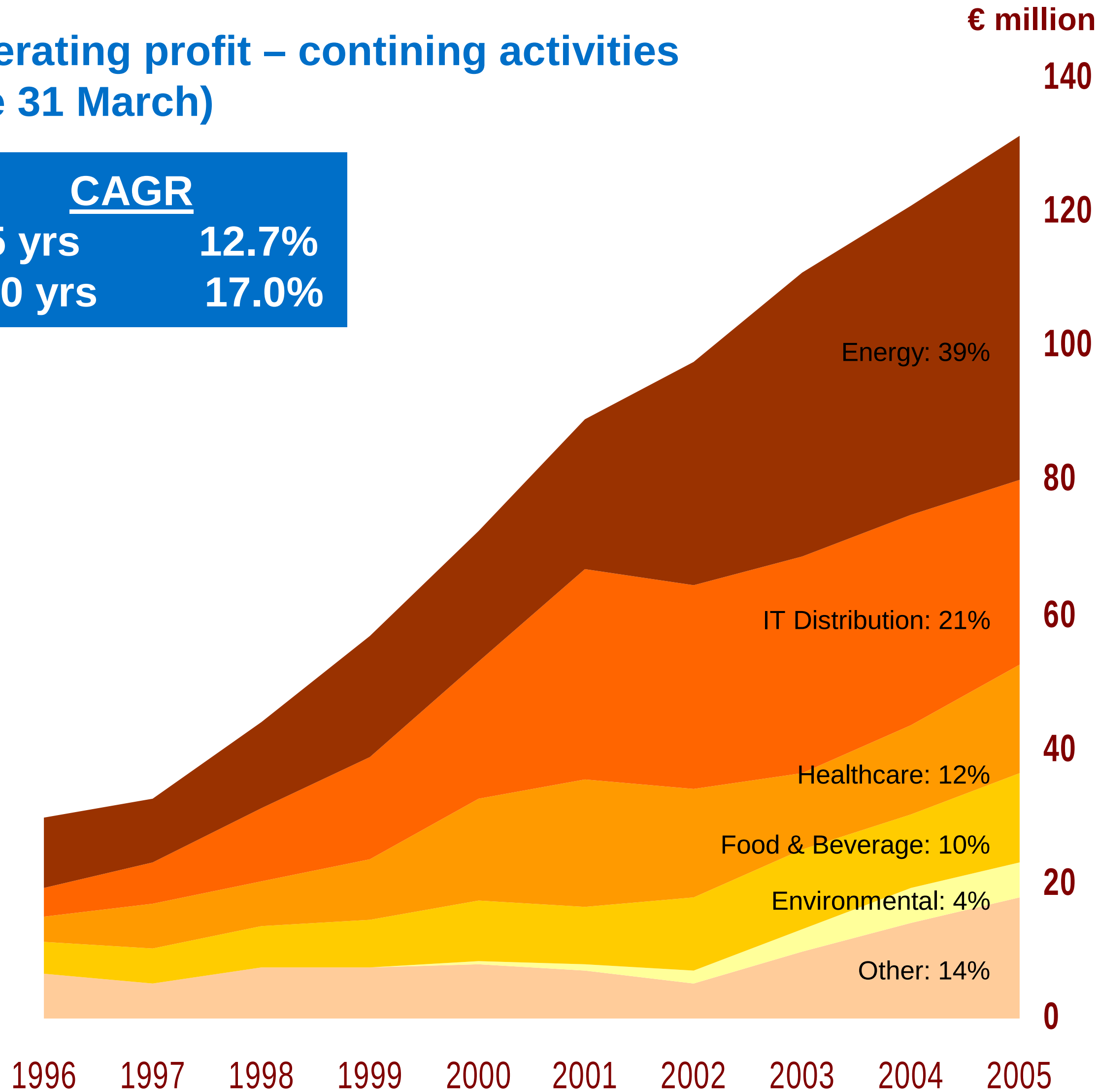
- **By division:**

| | |
|---|---|
| Energy | 38.0 |
| Food & Beverage | 34.3 |
| Healthcare | 28.8 |
| IT Distribution | 22.5 |
| | 123.6 |

# Balanced growth record

## Operating profit – contining activities (y/e 31 March)

| CAGR | |
|---|---|
| 5 yrs | 12.7% |
| 10 yrs | 17.0% |



## Growth focus

- Increased focus on sales of DCC owned brands
  - 43% of total sales
- UK – primary geographic focus for further expansion
  - 53% of total operating profit
- Focus on synergistic acquisitions
- Focus on key financial metrics
  - ROCE and cash generation
- Balance sheet strength
  - Shareholders’ funds at 31 March 2005: €494 million
  - Net debt of only €8 million at 31 March 2005

# Excellent shareholder returns

- **Total Shareholder Return (inclusive of dividends) from flotation in 1994 to 31 March 2005:**

**+525%**

- **Over the same period:**

| | |
|---|---|
| **ISEQ:** | **+231%** |
| **FTSE100:** | **+57%** |

# AGM Statement

"DCC's results in the first quarter of its financial year to 31 March 2006 have been in line with expectations. The Group's business is significantly second half weighted and in the current financial year DCC has budgeted for approximately 70% of Group operating profit to be earned in the second half. Based on current trading and outlook, we expect that adjusted earnings per share growth for the full year should be ahead of market expectations and into double-digits.

We expect to achieve strong growth over the year in the Energy, Healthcare, Food & Beverage and Environmental divisions and also in Other activities.

The difficult trading conditions for the IT Distribution division, referred to in DCC's preliminary results announcement on 16 May 2005, will hold back the rate of Group profit growth in the first half of the year. However, profit growth in IT Distribution is expected to resume in the second half. Going forward, the agreement to acquire Pilton, announced on 15 June 2005, is expected to materially benefit the division as it will lead to a greater weighting of profits being earned from the growing market for entertainment and consumer digital products.

DCC continues to be active on the acquisition front and, in addition to the planned Pilton acquisition, has recently completed two smaller acquisitions, one in Healthcare and one in Energy. In Healthcare, DCC expanded its acute and community care business through the acquisition of 76% of Physio-Med Services Limited, a market-leading supplier of physiotherapy and related products to hospitals, private practitioners and consumers in Britain, at a cost of €8.5 million. Physio-Med is based in Glossop, Derbyshire and employs 70 people. The remaining 24% of the share capital is subject to put and call options over the next four years. In Energy, DCC acquired the trade, assets and goodwill of Brett Fuels, based in the northeast of England, at a cost of €3.3 million. Brett, which distributes approximately 45 million litres of oil products per annum, has been integrated into DCC's oil distribution business in the UK "

# Strong and consistent growth

*Adjusted EPS (cent) – years ended 31 March*

**Adjusted EPS CAGR**

| | |
|---|---|
| **5 yrs** | **14.8%** |
| **10 yrs** | **17.0%** |