# Interim Results Presentation

**For the six months ended 30 September 2017**
14 November 2017

DCC

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# Agenda

- Introduction and Highlights
- Business Review
- Development Review
- Summary and Q&A

# Highlights

For the six months ended 30 September 2017

- **Strong first half of performance and development**
- **Group adjusted operating profit on continuing activities up 14.4% (9.7% ccy) to £122.5 million - all divisions recording growth on prior year**
- **Adj. EPS on continuing activities up 16.1% (11.5% ccy) to 95.5p**
- **Interim dividend increased by 10.0% to 40.89 pence per share**
- **Very active development and integration period for DCC**

# Financial Summary

## For the six months ended 30 September 2017

| £'m | 2017 | 2016 | % change |
|---|---|---|---|
| Revenue – continuing[1] | 6,449 | 5,507 | +17.1% |
| **Adjusted operating profit[2] – continuing[1]** | **122.5** | **107.1** | **+14.4%** |
| Profit before tax net exceptionals, amortisation of intangible assets and tax | 106.9 | 90.8 | +17.8% |
| **Adjusted EPS[2] – continuing[1]** | **95.5 pence** | **82.2 pence** | **+16.1%** |
| **Interim dividend per share** | **40.89 pence** | **37.17 pence** | **+10.0%** |
| Operating cash flow | 84.0 | 141.0 | |
| **Net debt** | **112.3** | **112.2** | |

[1] Excluding DCC Environmental, which was disposed of in May 2017
[2] Excluding net exceptionals and amortisation of intangible assets



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# Business Review

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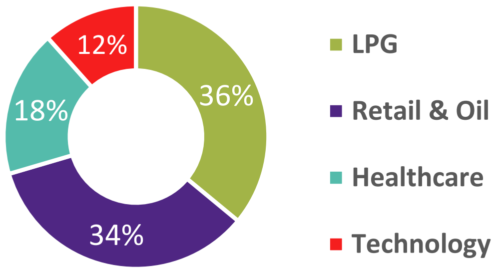
# Divisional Results

## For the six months ended 30 September 2017

| £'m | 2017 | 2016 | % change | *% ccy change* |
|---|---|---|---|---|
| **Operating profit[1] – continuing[2]** | | | | |
| DCC LPG | 44.1 | 37.0 | +19.2% | *+11.5%* |
| DCC Retail & Oil | 42.2 | 39.0 | +8.0% | *+2.9%* |
| DCC Healthcare | 22.0 | 19.8 | +11.6% | *+10.9%* |
| DCC Technology | 14.2 | 11.3 | +25.8% | *+24.9%* |
| **Group operating profit[1] - continuing[2]** | **122.5** | **107.1** | **+14.4%** | ***+9.7%*** |

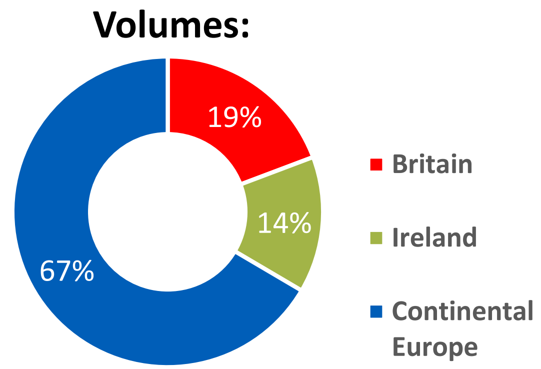
**By Division:**




[1] Excluding net exceptionals and amortisation of intangible assets
[2] Excluding DCC Environmental, the agreed disposal of which was announced on 5 April 2017

# DCC LPG

| | 2017 | 2016 | % change |
|---|---|---|---|
| Volume ('000 tonnes) | 645.6 | 555.4 | +16.2% |
| Operating profit (£'m) | 44.1 | 37.0 | +19.2% |
| Operating profit / tonne | £68.3 | £66.6 | |

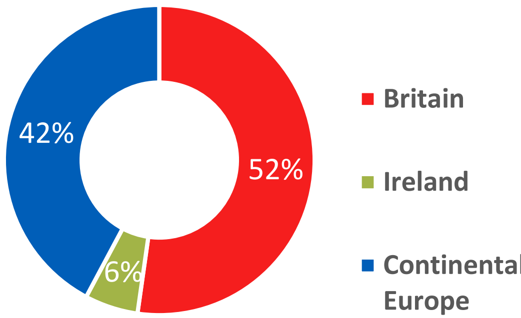



- **Strong organic growth with operating profits up 19.2% (11.5% ccy)**
  - Volume growth of 16.2%, largely driven by the acquisition of Gaz Européen in the second half of the prior year
  - Strong performance in LPG, despite the headwind of a rising cost of product
  - Continued strong performance in France. Good organic volume growth in Britain and Ireland benefiting from oil to LPG conversions; Scandinavia also performed well
  - Recent launch of Butagaz B2C natural gas offering, leveraging existing B2B infrastructure
  - Completion process for Shell Hong Kong & Macau progressing to plan – to complete in Q4 FY18
  - Announced acquisition of Retail West

# DCC Retail & Oil

| | 2017 | 2016 | % change |
|---|---|---|---|
| Volume (bn litres) | 6.011 | 5.581 | +7.7% |
| Operating profit (£'m) | 42.2 | 39.0 | +8.0% |
| Operating profit / litre | 0.70 ppl | 0.70 ppl | |

**Volumes:**

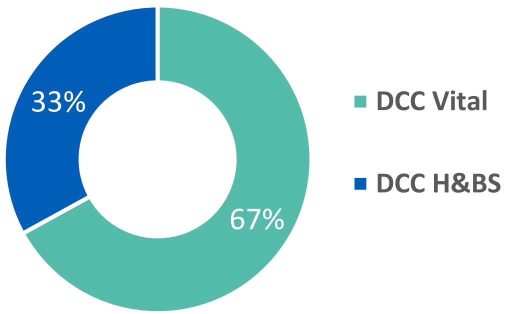



- **Retail & Oil recorded a good performance, operating profits up 8.0% (2.9% ccy)**
  - Volume growth of 7.7%, driven by the full year contribution of Dansk Fuels, which completed in November 2016 – organic volumes in line with the prior year
  - Notwithstanding the relatively colder conditions that prevailed in the prior year, good performance in Britain driven by commercial volumes
  - Good organic profit growth from the oil distribution businesses in Denmark and Austria
  - Retail and fuel card businesses performed in line with expectations
  - Continued investment in customer proposition and site upgrades in France
  - Completed the acquisition of Esso Norway ahead of schedule in October 2017

# DCC Healthcare

| | 2017 | 2016 | % change |
|---|---|---|---|
| Revenue (£'m) | 245.0 | 244.3 | +0.3% |
| Operating profit (£'m) | 22.0 | 19.8 | +11.6% |
| Operating margin | 9.0% | 8.1% | |

Revenue:




- **Strong performance with operating profit up 11.6% (10.9% ccy basis)**
- **DCC Vital:**
  - Strong growth in operating profit, benefiting from a good performance in medical devices
  - Medisource acquisition in January 2017 has further expanded the product and service offering in Ireland
  - Good growth in the primary care sector in Britain
  - Trading environment for pharma activities in Britain remains competitive
- **DCC Health & Beauty:**
  - Excellent organic growth in the nutrition sector, particularly in soft gels
  - Overall performance in beauty held back somewhat by an unfavourable sales mix and some destocking by customers, excellent growth in sachet filling, including into the US market



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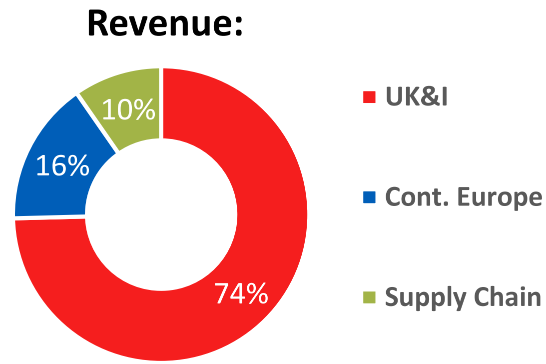
# DCC Technology

| | 2017 | 2016 | % change |
|---|---|---|---|
| Revenue (£'m) | 1,371 | 1,144 | +19.8% |
| Operating profit (£'m) | 14.2 | 11.3 | +25.8% |
| Operating margin | 1.0% | 1.0% | |




- **Very strong operating profit growth of 25.8% (24.9% ccy), in the seasonally less significant first half**
  - UK and Ireland grew strongly, benefiting from the acquisitions of Hammer and MTR
  - Good growth in key product areas such as audio visual, smart home, enterprise and components
  - In Continental Europe, the consumer business in France remains challenging whilst the reseller and electrician business performed well. The Nordics generated good organic growth, with growth in IT, audio visual and entertainment products
  - Supply Chain Services continues to invest in its global service offering and achieved good organic profit growth

# Development Review

# Acquisitions and Capital Expenditure

## For the six months ended 30 September 2017

| £'m | Committed Acquisitions | Capex | Total |
|---|---|---|---|
| DCC LPG | 152.6 | 27.9 | 180.5 |
| DCC Retail & Oil | 7.7 | 25.5 | 33.2 |
| DCC Healthcare | - | 2.6 | 2.6 |
| DCC Technology | 19.9 | 11.8 | 31.7 |
| **Total** | **180.2** | **67.8** | **248.0** |

# Development Review

- Very active development and integration period for DCC
- Continued redeployment of organic cash flow of the business into attractive acquisition opportunities
- Material and exciting development of DCC into new regions, with acquisitions in Asia and the USA
- Development activity includes:
  - Esso Norway – completed and integrated ahead of schedule in October 2017
  - Shell Hong Kong & Macau – integration and completion process progressing to plan, anticipate Q4 FY18 completion
  - MTR – extends DCC Technology's service offering into device lifecycle management
  - Retail West – 31 March 2018 expected completion
- Reflecting announced acquisitions, total cash spend in the current financial year of £550 million



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# Acquisition of Retail West

- Announced acquisition of Retail West on 7 November
- Retailer of LPG, based in in the Mid-West and North-West regions of the United States
- Enterprise value of $200m (£152m)
- Expected completion date of 31 March 2018
- Expected EBITDA of c.$28 million[1] (£21 million) and EBITA of c.$20 million[1] (£15 million)




*1: Assumes normal weather conditions*



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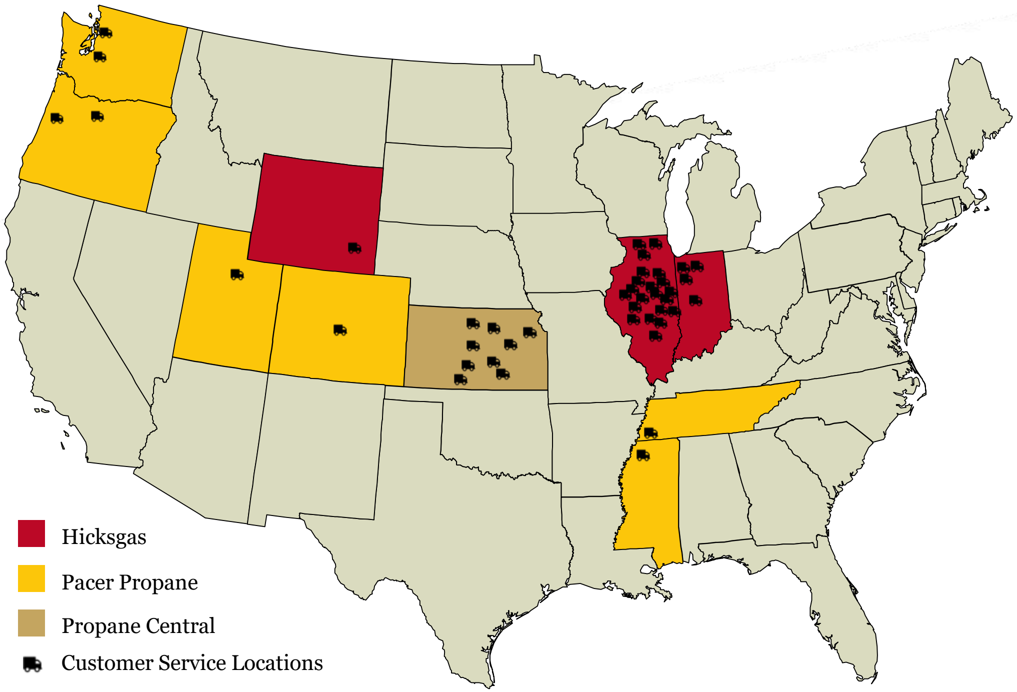
# Business of Scale in an Attractive Market




- Present in 10 States across the Mid-West and North-West
- > 65,000 customers
- > 100 customer service and bulk storage facilities

**US LPG: Large, fragmented & growing market**

- One of world's largest LPG markets - annual volumes c. 18mT
- US is a net exporter of LPG, following shale gas emergence in recent years
- LPG demand forecasted to grow in coming years:
  - Growth in residential demand
  - Oil to LPG conversions amongst commercial and domestic customers
  - Positive economic momentum
- Very fragmented distribution market with over 4,000 companies
- Top 5 represent 30% of market
- All players outside top 10 have less than 1% of market

# Key Attributes and Strategy


- ✓ Provides material footprint in large, fragmented and growing US LPG market and a substantial base for development
- ✓ Consistent with DCC's strategy to build a significant presence in the global LPG market

# Summary and Q&A

# Summary and Q&A

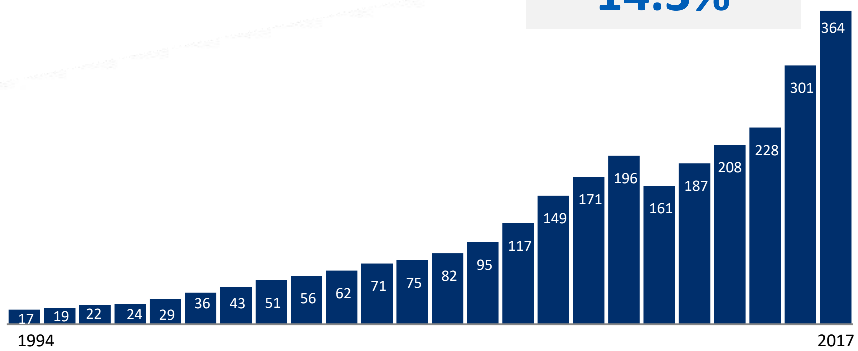
- Another very active and successful period for DCC
- Good growth in each division, albeit in the seasonally less significant first half of the year
- Capacity and opportunity for further development

**The Group reiterates its belief that the year ending 31 March 2018 will be another year of profit growth and development**

# Strategy Continues to Deliver

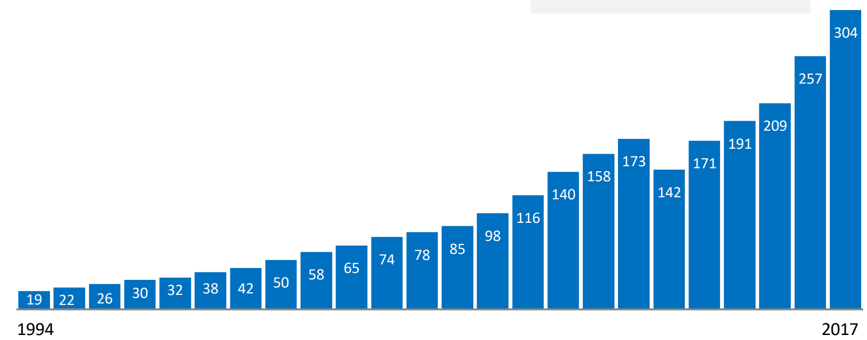
## Operating profit (£m)

23 year CAGR
**14.3%**



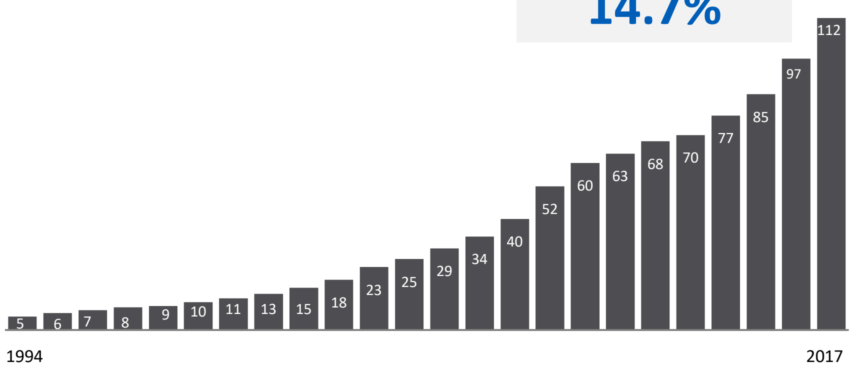

## EPS (pence)

23 year CAGR
**12.9%**



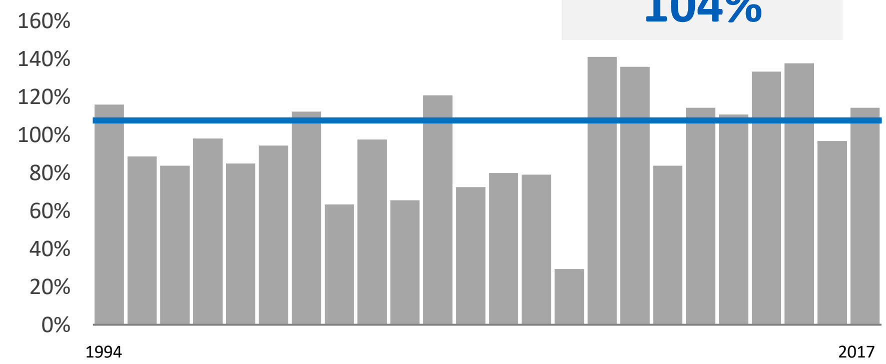

## Dividend (pence)

23 year CAGR
**14.7%**




## Free cash flow conversion (%)

23 year conversion
**104%**



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