

15 May 2018

DCC Reports Strong Growth and Record Development Spend

DCC, the leading international sales, marketing and support services group, today announced its results for the year ended 31 March 2018.

Highlights	2018	2017	% change
DCC LPG volumes (thousand tonnes) ¹	1,876.2kT	1,565.6kT	+19.8%
DCC Retail & Oil volumes (billion litres)	12.308bn	11.572bn	+6.4%
Revenue - continuing ² (excl. DCC LPG and DCC Retail & Oil)	£3.598bn	£3.196bn	+12.6%
Adjusted operating profit - continuing ^{2,3}	£383.4m	£345.0m	+11.1%
Adjusted earnings per share - continuing ^{2,3}	317.5p	286.6p	+10.8%
Dividend per share	122.98p	111.80p	+10.0%
Free cash flow ⁴	£328.1m	£415.5m	
Return on capital employed - continuing ²	17.5%	20.3%	

- Strong performance for the year with all divisions recording good profit growth and Group adjusted operating profit on continuing operations increasing by 11.1% (8.6% ahead on a constant currency basis) to £383.4 million.
- Adjusted earnings per share on continuing activities up 10.8% (8.3% ahead on a constant currency basis) to 317.5 pence.
- Proposed 10.0% increase in the final dividend will see the total dividend for the year increase by 10.0%, the 24th consecutive year of dividend growth since DCC listed in 1994.
- Good cash flow performance with free cash flow conversion of approximately 85% and a return on capital employed of 17.5%.
- Record year of corporate development spend with approximately £670 million of acquisition capital deployed.
- Acquisitions completed across all divisions, including the acquisitions of Retail West and Elite One Source, DCC's first entry into the large US markets for LPG and for Health & Beauty Solutions.
- The Group expects that the year ending 31 March 2019 will be another year of profit growth and development.

¹ 1 tonne of LPG equivalent to 1,969 litres of oil

² Continuing operations exclude DCC Environmental which was disposed of in May 2017

³ Excluding net exceptionals and amortisation of intangible assets

⁴ After net capital expenditure and before net exceptionals, interest and tax payments

Commenting on the results, Donal Murphy, Chief Executive, said:

"It is pleasing to report that the year ended 31 March 2018 has been another year of strong growth for DCC, with each division recording good growth in operating profit.

It was also a record year of development for the Group, with approximately £670 million of capital spent on acquisitions, the highest level of spend in DCC's history. The acquisition activity during the year again demonstrates DCC's ability to acquire and integrate businesses in our existing markets to strengthen our market positions, build scale and increase our relevance and service offerings to customers and suppliers. Importantly, it also reflects our strategy to extend our geographic footprint over time, as evidenced by DCC LPG's first acquisitions in the US and Asia and DCC Healthcare's first acquisition in the US. These acquisitions in new markets will provide further opportunities for both organic and acquisitive growth for the Group.

The Group continues to have the opportunity, ambition and capacity for further development across each of our divisions, supported by a strong and liquid balance sheet.

We expect that the year to 31 March 2019 will be another year of profit growth and development for the Group."

Presentation of results and dial-in / webcast facility

There will be a presentation of these results to analysts and fund managers at 9.00 am today in the London Stock Exchange. The slides for this presentation can be downloaded from DCC's website, www.dcc.ie.

There will also be audio conference access to, and a live webcast of, the presentation. The access details for the presentation are:

Ireland:	+353 (0)1 246 5621
UK / International:	+44 (0)330 336 9411
Passcode:	5200365
Webcast Link:	https://edge.media-server.com/m6/p/g6h5bc8u

This report, a webcast of the presentation and further information on DCC is available at www.dcc.ie.

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Group Results

A summary of the Group's results for the year ended 31 March 2018 is as follows:

	2018 £'m	2017 £'m	% change
Revenue – continuing ¹	<u>14,265</u>	<u>12,270</u>	+16.3%
Operating profit ²			
DCC LPG	167.5	160.4	+4.4%
DCC Retail & Oil	113.8	94.5	+20.4%
DCC Healthcare	54.3	49.0	+11.0%
DCC Technology	<u>47.8</u>	<u>41.1</u>	+16.3%
Group adjusted operating profit ² – continuing ¹	383.4	345.0	+11.1%
Finance costs (net) and other	<u>(35.4)</u>	<u>(31.2)</u>	
Profit before net exceptionals, amortisation of intangible assets and tax	348.0	313.8	+10.9%
Net exceptional credit/(charge) after tax and non-controlling interests	11.4	(24.8)	
Amortisation of intangible assets	<u>(43.0)</u>	<u>(39.2)</u>	
Profit before tax	316.4	249.8	+26.6%
Taxation	<u>(49.3)</u>	<u>(44.1)</u>	
Profit after tax	267.1	205.7	+29.8%
Profit after tax – discontinued operations	0.8	15.2	
Non-controlling interests	<u>(6.1)</u>	<u>(4.7)</u>	
Attributable profit	<u>261.8</u>	<u>216.2</u>	+21.1%
Adjusted earnings per share ² - continuing ¹	317.5p	286.6p	+10.8%
Adjusted earnings per share ²	318.4p	303.7p	+4.8%
Dividend per share	122.98p	111.80p	+10.0%
Operating cash flow	473.4	546.9	
Free cash flow ³	328.1	415.5	
Net debt at 31 March	542.7	121.9	
Total equity at 31 March	1,677.9	1,507.7	
Return on capital employed - continuing ¹	17.5%	20.3%	

¹ Continuing operations exclude DCC Environmental which was disposed of in May 2017

² Excluding net exceptionals and amortisation of intangible assets

³ After net capital expenditure and before net exceptionals, interest and tax payments

Revenue – continuing operations

Revenue from continuing operations increased by 16.3% (13.8% ahead on a constant currency basis) to £14.3 billion.

DCC LPG volumes increased by 19.8% to 1.9 million tonnes, driven by the acquisitions of Gaz Européen in the prior year and Shell Hong Kong & Macau in January 2018. On a like-for-like basis, volumes were 4.7% ahead of the prior year. DCC LPG's revenue increased by 30.8% (26.2% ahead on a constant currency basis).

Volumes in DCC Retail & Oil increased by 6.4% to 12.3 billion litres, reflecting the acquisitions of Dansk Fuels in the prior year and Esso Retail Norway in October 2017. Volumes were in line with the prior year on an organic basis. DCC Retail & Oil's revenues increased by 15.8% (13.3% ahead on a constant currency basis).

Revenue excluding DCC LPG and DCC Retail & Oil increased by 12.6% (11.1% ahead on a constant currency basis) to £3.6 billion, approximately half of which was organic.

Group adjusted operating profit – continuing operations

Group adjusted operating profit from continuing operations increased by 11.1% to £383.4 million (8.6% ahead on a constant currency basis); approximately one third of the constant currency operating profit growth was organic. The average sterling/euro translation rate for the year of 1.1366 was 4.9% weaker than the average of 1.1956 in the prior year.

Operating profit in DCC LPG was 4.4% ahead of the prior year (1.0% ahead on a constant currency basis), despite the anticipated headwind of a rising cost of product and continued organic investment in its B2C natural gas and electricity offering in France. DCC LPG benefited from the acquisition of Shell Hong Kong & Macau and strong organic growth from the business in Britain, where further progress was achieved in converting oil customers to LPG in the commercial and industrial sectors.

In DCC Retail & Oil, operating profit was 20.4% ahead of the prior year (18.0% ahead on a constant currency basis). Approximately half of the constant currency growth was organic and broadly based, with good profit growth across the division. The business in Britain benefited from a marginally colder than average winter, which drove a modest increase in heating demand. In Denmark, the business delivered strong organic growth and also benefited from the integration of the Dansk Fuels acquisition, completed in the prior year.

Operating profit in DCC Healthcare was 11.0% ahead of the prior year (10.6% ahead on a constant currency basis) and approximately half of the constant currency growth was organic. DCC Vital performed strongly, driven by the first full year contribution from Medisource, which completed in January 2017, as well as good organic growth in medical devices. DCC Health & Beauty Solutions benefited modestly from the acquisition of Elite One Source in January 2018 and continued to deliver strong organic growth in nutritional products.

In DCC Technology, operating profit was 16.3% ahead of the prior year (15.5% ahead on a constant currency basis), reflecting a very strong organic performance in the UK and Ireland, particularly in audio visual, components and gaming, and the benefit of the acquisitions of Hammer and MTR. In France, the B2B business again delivered good growth. The French consumer products business remained very challenging and a programme to significantly reduce costs while improving its logistics and operational efficiency is being implemented. The Nordics business again delivered strong growth in IT and audio visual products and benefited in particular from continued investment in building out its presence in Norway.

An analysis of the divisional performance in each half of the year, for the Group's continuing operations, is set out below:

	2017/18			2016/17			% change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
	£'m	£'m	£'m	£'m	£'m	£'m			
Adjusted operating profit*									
DCC LPG	44.1	123.4	167.5	37.0	123.4	160.4	+19.2%	+0.0%	+4.4%
DCC Retail & Oil	42.2	71.6	113.8	39.0	55.5	94.5	+8.0%	+29.0%	+20.4%
DCC Healthcare	22.0	32.3	54.3	19.8	29.2	49.0	+11.6%	+10.6%	+11.0%
DCC Technology	<u>14.2</u>	<u>33.6</u>	<u>47.8</u>	<u>11.3</u>	<u>29.8</u>	<u>41.1</u>	<u>+25.8%</u>	<u>+12.8%</u>	<u>+16.3%</u>
Group	<u>122.5</u>	<u>260.9</u>	<u>383.4</u>	<u>107.1</u>	<u>237.9</u>	<u>345.0</u>	<u>+14.4%</u>	<u>+9.7%</u>	<u>+11.1%</u>
Adjusted EPS* (pence)	<u>95.5</u>	<u>222.0</u>	<u>317.5</u>	<u>82.2</u>	<u>204.4</u>	<u>286.6</u>	<u>+16.1%</u>	<u>+8.6%</u>	<u>+10.8%</u>

*Excluding net exceptionals and amortisation of intangible assets

Finance costs (net) and other

Net finance costs and other increased to £35.4 million (2017: £31.2 million) and reflects an increase in the Group's gross debt due primarily to the drawdown in September 2017 of a new £450 million US private placement debt issuance. It also reflects the higher average net debt during the year of £467 million compared to £301 million during the prior year. The average net debt increased due to the record level of acquisition spend of approximately £670 million during the year.

Profit before net exceptional items, amortisation of intangible assets and tax

Profit before net exceptional items, amortisation of intangible assets and tax increased by 10.9% to £348.0 million (8.4% ahead on a constant currency basis).

Net exceptional credit and amortisation of intangible assets

The Group incurred a net exceptional credit after tax and non-controlling interests of £11.4 million as follows:

	£'m
Profit on disposal of discontinued operations	29.8
Acquisition and related costs	(12.8)
Restructuring costs	(33.2)
IAS 39 mark-to-market gain and other	1.2
Tax and non-controlling interests	<u>26.4</u>
Net exceptional credit	<u>11.4</u>

The profit on disposal of discontinued operations relates to the gain recorded on the profitable sale of DCC's environmental division, which completed on 31 May 2017.

Acquisition costs include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities and amounted to £12.8 million.

Restructuring costs amounted to £33.2 million and principally reflect the costs associated with the Group's focus on increasing the efficiency of its operating infrastructure and sales platforms. The majority of the charge relates to the Retail & Oil division where a large project to bring greater efficiency and reduced capital expenditure over time to the UK business' nationwide depot network infrastructure is underway and the project will result in a material reduction in the number of depot locations. An element of the charge also relates to the integration and restructuring costs associated with the prior year acquisition of Dansk Fuels in Denmark.

The other material element of the restructuring charge relates to the ongoing optimisation of DCC Technology's logistics and related infrastructure. In the UK, the new national distribution centre is now operational and a number of the existing locations have transferred into the new infrastructure. The

remaining existing locations will transition during the coming year and the majority of the legacy locations have now been sold successfully. A programme to significantly reduce costs, whilst improving the logistics and operational efficiency of DCC Technology's French consumer business is ongoing. This project will also deliver a consolidation of two existing warehouses into one new facility. Finally, the business in the Nordics has recently commissioned its new national distribution centre and it is now operational.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long term interest and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt is charged or credited as an exceptional item. In the year ended 31 March 2018, this amounted to an exceptional non-cash gain of £0.3 million. Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £5.3 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

The tax and non-controlling interests credit of £26.4 million principally reflects the impact of the recent reduction of the statutory corporation tax rate in France and corresponding reduction in the Group's deferred tax liabilities associated with the Group's brand and other intangible assets in France.

The charge for the amortisation of acquisition related intangible assets increased to £43.0 million from £39.2 million in the prior year, with the increase principally reflecting acquisitions completed in the current and prior year.

Profit before tax

Profit before tax increased by 26.6% to £316.4 million.

Taxation

The effective tax rate for the Group decreased to 17.0% from 17.5% in the prior year. The decrease primarily reflects reductions in certain territorial tax rates and the change in the geographical mix of the Group's earnings.

Discontinued operations

The Group's discontinued operations represent the activities of DCC Environmental which was disposed of in May 2017.

Adjusted earnings per share

Adjusted earnings per share on a continuing basis increased by 10.8% (8.3% ahead on a constant currency basis) to 317.5 pence.

Total adjusted earnings per share also increased by 4.8% (2.5% ahead on a constant currency basis) to 318.4 pence.

Dividend

The Board is recommending an increase of 10.0% in the final dividend to 82.09 pence per share, which, when added to the interim dividend of 40.89 pence per share, gives a total dividend for the year of 122.98 pence per share. This represents a 10.0% increase over the total prior year dividend of 111.80 pence per share. The dividend is covered 2.6 times by adjusted earnings per share on a continuing basis (2.6 times in 2017). It is proposed to pay the final dividend on 19 July 2018 to shareholders on the register at the close of business on 25 May 2018.

Over its 24 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual rate of 14.5%.

Cash flow

The Group generated good operating and free cash flow during the year as set out below:

Year ended 31 March	2018	2017
	£'m	£'m
Group operating profit	384.4	363.6
(Increase)/decrease in working capital	(13.8)	84.0
Depreciation and other	<u>102.8</u>	<u>99.3</u>
Operating cash flow	473.4	546.9
Capital expenditure (net)	<u>(145.3)</u>	<u>(131.4)</u>
Free cash flow	328.1	415.5
Interest and tax paid, net of dividend from equity accounted investments	<u>(96.0)</u>	<u>(91.2)</u>
Free cash flow after interest and tax	232.1	324.3
Acquisitions	(691.0)	(262.4)
Disposals	160.1	-
Dividends	(102.9)	(90.1)
Dividends paid to non-controlling interests	-	(5.2)
Exceptional items	(12.6)	(31.5)
Share issues	<u>3.3</u>	<u>2.6</u>
Net outflow	(411.0)	(62.3)
Opening net debt	(121.9)	(54.5)
Translation and other	<u>(9.8)</u>	<u>(5.1)</u>
Closing net debt	<u>(542.7)</u>	<u>(121.9)</u>

Operating cash flow in 2018 was £473.4 million compared to £546.9 million in the prior year. Working capital increased by £13.8 million (£7.3m increase on a continuing basis). Overall working capital days were negative 2.0 days sales, compared to negative 3.3 days sales in the prior year, reflecting the acquisition during the year of businesses with positive working capital characteristics. DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2018 increased on the prior year and supply chain financing had a positive impact on Group working capital days of 4.0 days (31 March 2017: 4.2 days) or £202.2 million (2017: £165.6 million).

Net capital expenditure amounted to £145.3 million for the year (2017: £131.4 million) and was net of disposal proceeds of £7.6 million. The increased level of gross capital expenditure reflects the increased scale of the Group and a number of investments being undertaken to support its continued growth and development. In the current year, the principal items included ongoing investment in new retail sites and site upgrades in the

Retail & Oil division, investment to support the organic volume growth being achieved in the LPG division, and the completion of the new national distribution centres and related infrastructure in the Technology division. The net capital expenditure exceeded the depreciation charge in the year by £51.7 million.

The Group's free cash flow amounted to £328.1 million, representing an 85% conversion of operating profit into free cash flow.

Return on capital employed

The creation of shareholder value through the delivery of consistent, long-term returns well in excess of its cost of capital is one of DCC's core strategic aims. The return on capital employed by division was as follows:

	2018	2017
DCC LPG	17.4%	22.9%
DCC Retail & Oil	18.7%	19.8%
DCC Healthcare	16.7%	17.5%
DCC Technology	16.1%	17.1%
Group – continuing	17.5%	20.3%

The decrease in the return on capital employed versus the prior year principally reflects the impact of the substantial acquisition spend during the year as the Group entered new geographies.

Total cash spend on acquisitions for the year ended 31 March 2018

The total cash spend on acquisitions completed in the year was £691.0 million and included the payment of deferred and contingent acquisition consideration previously provided of £26.9 million.

Committed acquisitions

Committed acquisition expenditure in the period amounted to £355.3 million. An analysis by division is shown below:

	£'m
DCC LPG	250.8
DCC Retail & Oil	27.9
DCC Healthcare	43.7
DCC Technology	32.9
Total	355.3

DCC LPG

Retail West

On 7 November 2017, DCC LPG announced that it had reached agreement with NGL Energy Partners LP ("NGL") to acquire its Retail West LPG division, Hicksgas LLC ("Retail West"). The acquisition completed on 31 March 2018.

Headquartered in Illinois, Retail West has been in business for over 70 years and employs 390 people. It sells approximately 130,000 tonnes (assuming normal winter weather conditions) of LPG annually from 43 customer service locations and 58 satellite facilities. The business trades under three prominent regional brands, Hicksgas, Pacer Propane and Propane Central, and a number of smaller, local brands. Retail West has leading market positions in Illinois, Indiana and Kansas and also operates in seven other states across the Mid-West and North-West regions. The acquisition represents DCC LPG's entry into the US market and is a further significant step in DCC's strategy to build a global LPG business over time. The US is one of the world's largest LPG markets and is an attractive and growing market. It is also highly fragmented, with over 4,000 LPG distribution businesses operating in the market. The acquisition of Retail West will provide DCC with a substantial, high-quality presence in the US with leading market positions in a number of states. The

business has an excellent customer base, a strong and well-invested operational infrastructure and an experienced management team.

TEGA

On 4 January 2018, DCC LPG announced it had reached agreement with Linde AG to acquire Tega-Technische Gase und Gasetechnik GmbH, its LPG and refrigerant gas distribution business in Germany ("TEGA"). The transaction completed on 31 March 2018.

TEGA, headquartered in Würzburg, employs approximately 100 people across five operating sites, largely in southern Germany. TEGA has revenue of approximately €75 million evenly split between LPG and refrigerants. The business supplies approximately 35,000 tonnes of LPG annually to approximately 15,000 domestic and commercial customers. It also supplies refrigerant gases to wholesalers and end-users for use in air-conditioning, commercial cooling systems and refrigerators. The business has operated on a standalone basis within The Linde Group and continues to be led by its existing, highly experienced management team.

The acquisition of TEGA provides DCC LPG with a platform in the large, relatively fragmented German LPG market and further strengthens its position in the LPG market in Europe. In addition, it provides an entry into the refrigerant gas market, further enhancing the service capability of the LPG business, following the expansion into medical and aerosol gases in recent years.

Countrywide LPG

On 11 January 2018, DCC LPG announced it had reached agreement with Countrywide Farmers plc to acquire the trade and assets of its LPG distribution business in Britain ("Countrywide LPG"). Countrywide LPG supplies bulk and cylinder LPG to domestic, agricultural and commercial customers in Britain. The business sells approximately 20,000 tonnes of LPG annually. The transaction completed on 28 February 2018 and is currently being held separate, pending merger clearance.

DCC Retail & Oil

SNAP

In May 2018, DCC Retail & Oil acquired SNAP, an end-to-end transaction processing and payment system for HGV fleets. The business facilitates cashless payments through licence plate recognition for services to HGV fleets at truck stops. The business, although modest, is growing strongly and will be complementary to the existing retail and oil businesses.

DCC Healthcare

Elite One Source

On 7 February 2018, DCC Health & Beauty Solutions announced the acquisition of Elite One Source Nutritional Services, Inc ("Elite One Source"), a provider of contract manufacturing and related services to the growing healthcare and dietary supplements market in the US.

Elite One Source focuses on complex-formulation nutritional products in tablet and capsule dosage forms, including organic and probiotic products, across a variety of packaging formats. Its service offering encompasses product development, formulation, manufacturing, packaging and regulatory services. Its customer base includes some of the leading specialist brands in the US consumer healthcare market. Elite One Source's facilities in Missoula, Montana are well-invested with significant scope to expand capacity to meet its organic growth plans. The facilities comply with FDA cGMP (current Good Manufacturing Practices) and Health Canada standards and are certified by leading third party regulatory bodies including NSF and USDA Organic. The business is led by an experienced management team and employs 180 people.

The acquisition of Elite One Source provides an entry into the US market, the world's largest healthcare and dietary supplements market. The US is an innovative, high-growth market, with a fragmented contract manufacturing base, which offers DCC significant opportunities for organic and acquisitive growth.

DCC Technology

MTR

In July 2017, DCC Technology acquired MTR Group Ltd ("MTR"), a fast-growing UK-based provider of second lifecycle solutions for mobile and tablet devices.

Based in Harlow, Essex and employing 60 people, MTR provides a broad range of services to retailers, mobile handset manufacturers and insurance companies to source and refurbish mobile phones and tablets for resale to customers in the UK and abroad. In the year ended 30 November 2016, MTR generated service revenues of £11 million. The acquisition of MTR advances the DCC Technology strategy of expanding its service proposition to vendors and customers and provides access to the high growth second lifecycle solutions market.

Hypertec

In March 2018, DCC Technology acquired Hypertec Ltd, a small UK-based distributor of third party and own-brand memory and accessory products. The business generated revenues of £28.3 million in its most recent financial year and employs approximately 50 people.

Disposals

The cash flow on disposals relates to the disposal of DCC's Environmental division on 31 May 2017. Full details of the disposal were set out in DCC's Stock Exchange announcement of 5 April 2017.

Since the year end, DCC Retail & Oil has completed the disposal of both its fuel storage terminal in Belfast to Valero Logistics UK Ltd, a subsidiary of Valero Energy Corporation, and its distribution business in Northern Ireland to Nicholl Fuel Oils Ltd. The distribution business sold approximately 250 million litres of product in the year to 31 March 2018. The sale excludes the retail business in Northern Ireland.

Financial strength

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet to enable it to take advantage of development opportunities as they arise. As a result of the continued strong cash flow performance, DCC's financial position remains very strong. At 31 March 2018, the Group had net debt of £542.7 million, total equity of £1.7 billion, cash resources, net of overdrafts, of £964.3 million and a further £400 million of undrawn committed debt facilities. The Group's outstanding term debt at 31 March 2018 had an average maturity of 6.3 years. Substantially all of the Group's debt has been raised in the US Private Placement market with an average credit margin of 1.6% over floating Euribor/Libor.

At 31 March 2018, the Group's Net Debt: EBITDA was 1.1 times, reflecting the large acquisition spend in the second half of the financial year.

Outlook

The Group expects that the year ending 31 March 2019 will be another year of profit growth and development.

Annual Report and Annual General Meeting

DCC's 2018 Annual Report will be published in June 2018. The Company's Annual General Meeting will be held at 11.00 am on Friday 13 July 2018 in The InterContinental Hotel, Simonscourt Road, Ballsbridge, Dublin 4, Ireland.

Performance Review – Divisional Analysis

DCC LPG	2018	2017	% change
Volumes (thousand tonnes)	1,876.2kT	1,565.6kT	+19.8%
Operating profit	£167.5m	£160.4m	+4.4%
Operating profit per tonne	£89.27	£102.49	
Return on capital employed	17.4%	22.9%	

DCC LPG recorded a good performance, with operating profit increasing by 4.4% (1.0% ahead on a constant currency basis), despite the anticipated headwind of an increasing cost of product and continued organic investment in its B2C natural gas and electricity offering in France. DCC LPG also made excellent progress in expanding its geographic presence, completing the acquisitions of Shell Hong Kong & Macau in January 2018, as well as TEGA in Germany and Retail West in the US, both on 31 March 2018.

The volume growth of 19.8% was driven by the prior year acquisition of Gaz Européen and the acquisition of Shell Hong Kong & Macau. Volumes grew 4.7% on a like-for-like basis, primarily reflecting strong growth in natural gas volumes and continued growth in sales of LPG to industrial and commercial customers.

As anticipated, the operating profit per tonne declined versus the prior year due to a significantly higher cost of product and the mix impact of lower margin natural gas volumes becoming more material.

The French business performed in line with expectations, benefiting from strong cost control and good margin management and the business continues to progress organic new product development and efficiency opportunities. The 'Click & Collect' concept, allowing 24/7 order and collection of cylinders using a mobile application, is being expanded to an increasing number of locations. The business also continues to invest in its B2C offering in natural gas and electricity, launched in the second half of the year, which leverages the existing B2B natural gas operating platform as well as the Butagaz brand, the most recognised gas brand in France.

In Britain, the business delivered strong organic profit growth, despite the impact of supply constraints across the industry in the peak winter season. The business delivered strong volume growth, reflecting its continued focus on converting industrial and commercial users of oil to LPG. In Ireland, the business also benefited from growth in commercial volumes, reflecting continued strong demand from existing and new customers in the sector.

In Asia, Shell Hong Kong & Macau has been successfully integrated into DCC LPG's operations and has performed in line with expectations since acquisition.

Following the completion of recent acquisitions, DCC LPG has operations across ten countries and is very well placed to continue its development in existing territories, in both LPG and related adjacencies, as well as further developing its geographic footprint.

DCC Retail & Oil	2018	2017	% change
Volumes (litres)	12.308bn	11.572bn	+6.4%
Operating profit	£113.8m	£94.5m	+20.4%
Operating profit per litre	0.92ppl	0.82ppl	
Return on capital employed	18.7%	19.8%	

DCC Retail & Oil had an excellent year, with operating profit increasing to £113.8 million, 20.4% ahead of the prior year (18.0% ahead on a constant currency basis). The strong performance reflects organic profit growth across all territories and acquisitions completed in the current and prior year.

DCC Retail & Oil sold 12.3 billion litres of product during the year, an increase of 6.4% over the prior year, driven by the prior year acquisition of Dansk Fuels and the acquisition of Esso Retail Norway in October 2017. Organic volumes were in line with the prior year.

In the UK and Ireland, the business delivered strong organic profit growth and benefited modestly from good heating oil demand following a marginally colder than average winter. The business continues to make good progress in developing its business in differentiated premium products, cross-selling value added products and services, such as telemetry, and developing in adjacent product areas such as lubricants and aviation. The business also continued its plans to organically invest in developing an unmanned retail network in the UK and Ireland and now has 39 unmanned sites, with a pipeline of further sites under consideration.

The Fuel Card business performed well, delivering organic profit growth whilst also expanding its operations organically into the German and French markets during the year.

In May 2018, DCC Retail & Oil acquired SNAP, an end-to-end transaction processing and payment system for HGV fleets. The business facilitates cashless payments through licence plate recognition for services to HGV fleets at truck stops. The business, although modest, is growing strongly and will be complementary to the existing retail and oil businesses.

A strong performance in the Danish business reflected organic growth in commercial, agricultural and domestic volumes and a full year's contribution from Dansk Fuels, which has been fully integrated. The Danish business now has leading market positions across the domestic, agricultural, commercial and aviation markets, in addition to operating 144 retail sites under the Shell brand. In France, the business delivered good profit growth while operating in a more competitive environment and continued to invest in both its customer proposition and upgrading its sites. In October 2017, DCC Retail & Oil completed, ahead of schedule, the acquisition of Esso's retail network in Norway. The business has now been integrated into DCC Retail & Oil's retail operating infrastructure, enabling management to commence driving improvements in what is a difficult market environment. The businesses in both Sweden and Austria performed well during the year.

Following a strategic review of the market position and invested capital of the business in Northern Ireland, DCC Retail & Oil completed the sale of its fuel storage terminal and distribution business in Northern Ireland in April 2018. The business sold approximately 250 million litres of volume in the year ended 31 March 2018.

Following completion of the acquisition of Esso Retail Norway, DCC Retail & Oil now has substantial operations in eight countries and has developed a scalable platform to grow the business in existing and new territories across its distribution, retail and fuel card activities.

DCC Healthcare	2018	2017	% change
Revenue	£514.6m	£506.5m	+1.6%
Operating profit	£54.3m	£49.0m	+11.0%
Operating margin	10.6%	9.7%	
Return on capital employed	16.7%	17.5%	

DCC Healthcare again delivered strong growth, with operating profit increasing by 11.0% (10.6% ahead on a constant currency basis), with approximately half of the growth being organic. The business continued to improve its operating margin and also completed the acquisition of Elite One Source in January 2018, its first acquisition in the large and growing health supplements market in the US.

DCC Vital, which is focused on the sales and marketing of medical devices and pharmaceuticals to healthcare providers in Britain and Ireland, performed very strongly and benefited from the prior year acquisition of Medisource and good organic growth in medical devices. In the British primary care sector, DCC Vital enhanced its position as the market leader in the supply of medical consumables and equipment to GP surgeries with the completion of two small complementary bolt-on acquisitions. The integration of both acquisitions into DCC Vital's existing infrastructure is progressing to plan. DCC Vital's pharma activities also performed well, benefiting from the strength of its supply chain for certain essential medicines. A strong performance in the Irish business reflected a full year contribution from Medisource, acquired in January 2017, and continued strong growth in the supply of medical devices to the hospital and community care sectors. DCC Vital's operating margin was further enhanced by exiting the supply of certain low value commodity products into hospitals in Britain, continuing the product portfolio streamlining of prior years.

DCC Health & Beauty Solutions, which provides outsourced solutions to international nutrition and beauty brand owners, generated excellent organic growth in the nutrition sector and benefited from the acquisition of Elite One Source in January 2018, which has performed in line with expectations since acquisition. The organic growth was driven by the continued focus on complex product formulations, particularly soft gels, and benefited from increasing end-user demand for nutritional products in DCC Health & Beauty Solutions' key markets of Europe, the US and Asia. In the beauty sector, while the overall performance was held back somewhat due to destocking by certain customers, the business benefited from excellent growth in sachet filling and also generated a number of new business development opportunities during the second half of the year.

DCC Health & Beauty Solutions is continuing to progress a number of investment projects across its manufacturing facilities in Britain and in its recently acquired facilities in the US, which will add new capacity and product capability, enhancing its ability to meet the growing market demand for its services.

DCC Technology	2018	2017	% change
Revenue	£3.083bn	£2.689bn	+14.7%
Operating profit	£47.8m	£41.1m	+16.3%
Operating margin	1.6%	1.5%	
Return on capital employed	16.1%	17.1%	

DCC Technology achieved very strong operating profit growth of 16.3% (15.5% ahead on a constant currency basis), reflecting acquisitions completed in the current and prior year and organic profit growth in the UK, Ireland and the Nordics.

In the UK, DCC Technology's largest market, the business achieved very strong revenue and profit growth, driven by market share gains and growth in key product categories including audio visual, components and gaming. The business continued to invest in both its product and service capability to allow it to take advantage of growth opportunities in audio visual, home automation, enterprise software and consumer product solutions.

Hammer, acquired in December 2016, achieved strong growth in sales of server and storage products into key markets, including the datacentre market. The acquisition of MTR, in July 2017, has allowed DCC Technology to enhance its service offering in the mobile market, strengthening its relationships with key vendor and retail partners. The business has performed very strongly since acquisition and provides a platform to extend its service offering outside of the UK. In February 2018, DCC Technology acquired Hypertec, a small specialist distributor of own-brand and third party memory and accessory products to reseller customers in the UK.

The new UK national distribution centre is now operational and the business has successfully disposed of most of its original warehousing. The associated project to upgrade its enterprise management system, which will significantly enhance the capability of the business to service its customers and suppliers, is progressing well and is scheduled to be completed by the end of the year.

The Irish business delivered strong organic profit growth as it benefited from a good performance in the enterprise segment and the continued development of its service proposition, including device life cycle management.

In France, the B2B segment performed strongly as it benefited from expansion of its audio visual offering and strong organic growth in its core cabling business. The French consumer products business remained very challenging and a programme to significantly reduce costs, while improving its logistics and operational efficiency, has been implemented. In the Nordics, the business experienced very strong organic growth and continues to benefit from investments made to broaden the reach of the business in Norway, Denmark and Finland. The business is making a significant investment in warehousing capacity to support future growth, in particular in audio visual and IT products.

The business in the Middle East generated very strong revenue and profit growth reflecting further development of its relationships with key retailers in the region. Supply Chain Services continues to invest in its global service offering and also acts as an essential centre of expertise, supporting the broader DCC Technology business.

The performance in the current year, together with recent investments made in its service offering and infrastructure, leaves DCC Technology well positioned to drive further growth in both its existing and new markets.

Forward-looking statements

This announcement contains some forward-looking statements that represent DCC's expectations for its business, based on current expectations about future events, which by their nature involve risk and uncertainty. DCC believes that its expectations and assumptions with respect to these forward-looking statements are reasonable, however because they involve risk and uncertainty as to future circumstances, which are in many cases beyond DCC's control, actual results or performance may differ materially from those expressed in or implied by such forward-looking statements.

Group Income Statement

For the year ended 31 March 2018

		2018			2017		
		Pre exceptionals £'000	Exceptionals (note 5) £'000	Total £'000	Pre exceptionals £'000	Exceptionals (note 5) £'000	Total £'000
Continuing operations	Notes						
Revenue	4	14,264,639	-	14,264,639	12,269,802	-	12,269,802
Cost of sales		(12,857,814)	-	(12,857,814)	(11,006,805)	-	(11,006,805)
Gross profit		1,406,825	-	1,406,825	1,262,997	-	1,262,997
Administration expenses		(384,701)	-	(384,701)	(323,320)	-	(323,320)
Selling and distribution expenses		(652,636)	-	(652,636)	(605,182)	-	(605,182)
Other operating income		28,652	1,156	29,808	28,297	1,879	30,176
Other operating expenses		(14,740)	(46,269)	(61,009)	(17,787)	(38,176)	(55,963)
Adjusted operating profit		383,400	(45,113)	338,287	345,005	(36,297)	308,708
Amortisation of intangible assets		(43,059)	-	(43,059)	(39,130)	-	(39,130)
Operating profit	4	340,341	(45,113)	295,228	305,875	(36,297)	269,578
Finance costs		(73,156)	-	(73,156)	(72,910)	-	(72,910)
Finance income		37,421	299	37,720	40,973	10,101	51,074
Equity accounted investments' profit after tax		368	-	368	712	-	712
Profit before tax		304,974	(44,814)	260,160	274,650	(26,196)	248,454
Income tax expense		(49,289)	25,407	(23,882)	(44,113)	(1,756)	(45,869)
Profit for the year (continuing operations)		255,685	(19,407)	236,278	230,537	(27,952)	202,585
Profit for the year from discontinued operations	8	801	29,842	30,643	15,160	-	15,160
Profit after tax for the financial year		256,486	10,435	266,921	245,697	(27,952)	217,745
Profit attributable to:							
Owners of the Parent		250,420	11,404	261,824	241,011	(24,814)	216,197
Non-controlling interests		6,066	(969)	5,097	4,686	(3,138)	1,548
		256,486	10,435	266,921	245,697	(27,952)	217,745
Earnings per ordinary share							
Basic earnings per share	6			293.83p			243.64p
Diluted earnings per share	6			292.79p			242.00p
Basic adjusted earnings per share	6			318.35p			303.68p
Diluted adjusted earnings per share	6			317.21p			301.63p
Earnings per ordinary share – continuing operations							
Basic earnings per share	6			259.44p			226.56p
Diluted earnings per share	6			258.52p			225.04p
Basic adjusted earnings per share	6			317.45p			286.59p
Diluted adjusted earnings per share	6			316.31p			284.66p

Group Statement of Comprehensive Income

For the year ended 31 March 2018

	2018 £'000	2017 £'000
Group profit for the financial year	266,921	217,745
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation:		
- arising in the year	682	37,084
- recycled to the Income Statement on disposal	(4,548)	-
Movements relating to cash flow hedges	(3,030)	(6,803)
Movement in deferred tax liability on cash flow hedges	433	1,334
	<u>(6,463)</u>	<u>31,615</u>
Items that will not be reclassified to profit or loss		
Group defined benefit pension obligations:		
- remeasurements	5,215	(3,056)
- movement in deferred tax asset	(665)	413
	<u>4,550</u>	<u>(2,643)</u>
Other comprehensive income for the financial year, net of tax	(1,913)	28,972
Total comprehensive income for the financial year	265,008	246,717
Attributable to:		
Owners of the Parent	259,336	242,735
Non-controlling interests	5,672	3,982
	<u>265,008</u>	<u>246,717</u>
Attributable to:		
Continuing operations	234,365	230,199
Discontinued operations	30,643	16,518
	<u>265,008</u>	<u>246,717</u>

Group Balance Sheet

As at 31 March 2018

	Notes	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		933,038	750,020
Intangible assets and goodwill		1,936,962	1,422,572
Equity accounted investments		24,461	24,938
Deferred income tax assets		26,154	22,619
Derivative financial instruments		103,085	273,767
		3,023,700	2,493,916
Current assets			
Inventories		530,473	456,395
Trade and other receivables		1,426,217	1,222,597
Derivative financial instruments		8,050	18,233
Cash and cash equivalents		1,038,827	1,048,064
		3,003,567	2,745,289
Assets classified as held for sale		-	193,170
		3,003,567	2,938,459
Total assets		6,027,267	5,432,375
EQUITY			
Capital and reserves attributable to owners of the Parent			
Share capital		15,455	15,455
Share premium		280,533	277,211
Share based payment reserve	9	22,883	18,146
Cash flow hedge reserve	9	(16,178)	(13,581)
Foreign currency translation reserve	9	101,096	105,537
Other reserves	9	932	932
Retained earnings		1,237,937	1,074,434
Equity attributable to owners of the Parent		1,642,658	1,478,134
Non-controlling interests		35,259	29,587
Total equity		1,677,917	1,507,721
LIABILITIES			
Non-current liabilities			
Borrowings		1,598,521	1,319,967
Derivative financial instruments		10,732	506
Deferred income tax liabilities		152,552	155,297
Post employment benefit obligations	11	(286)	29
Provisions for liabilities		278,890	255,650
Acquisition related liabilities		71,454	66,617
Government grants		237	261
		2,112,100	1,798,327
Current liabilities			
Trade and other payables		2,063,260	1,820,517
Current income tax liabilities		19,769	25,051
Borrowings		74,897	148,445
Derivative financial instruments		8,474	5,894
Provisions for liabilities		44,451	31,022
Acquisition related liabilities		26,399	28,300
		2,237,250	2,059,229
Liabilities associated with assets classified as held for sale		-	67,098
		2,237,250	2,126,327
Total liabilities		4,349,350	3,924,654
Total equity and liabilities		6,027,267	5,432,375
Net debt included above (including cash attributable to assets held for sale)			
	10	(542,662)	(121,949)

Group Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Parent					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 9) £'000	Total £'000		
At 1 April 2017	15,455	277,211	1,074,434	111,034	1,478,134	29,587	1,507,721
Profit for the financial year	-	-	261,824	-	261,824	5,097	266,921
Currency translation:							
- arising in the year	-	-	-	107	107	575	682
- recycled to the Income Statement on disposal	-	-	-	(4,548)	(4,548)	-	(4,548)
Group defined benefit pension obligations:							
- remeasurements	-	-	5,215	-	5,215	-	5,215
- movement in deferred tax asset	-	-	(665)	-	(665)	-	(665)
Movements relating to cash flow hedges	-	-	-	(3,030)	(3,030)	-	(3,030)
Movement in deferred tax liability on cash flow hedges	-	-	-	433	433	-	433
Total comprehensive income	-	-	266,374	(7,038)	259,336	5,672	265,008
Re-issue of treasury shares	-	3,322	-	-	3,322	-	3,322
Share based payment	-	-	-	4,737	4,737	-	4,737
Dividends	-	-	(102,871)	-	(102,871)	-	(102,871)
At 31 March 2018	15,455	280,533	1,237,937	108,733	1,642,658	35,259	1,677,917

For the year ended 31 March 2017

	Attributable to owners of the Parent					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 9) £'000	Total £'000		
At 1 April 2016	15,455	277,211	948,316	78,661	1,319,643	30,833	1,350,476
Profit for the financial year	-	-	216,197	-	216,197	1,548	217,745
Currency translation	-	-	-	34,650	34,650	2,434	37,084
Group defined benefit pension obligations:							
- remeasurements	-	-	(3,056)	-	(3,056)	-	(3,056)
- movement in deferred tax asset	-	-	413	-	413	-	413
Movements relating to cash flow hedges	-	-	-	(6,803)	(6,803)	-	(6,803)
Movement in deferred tax liability on cash flow hedges	-	-	-	1,334	1,334	-	1,334
Total comprehensive income	-	-	213,554	29,181	242,735	3,982	246,717
Re-issue of treasury shares	-	-	2,600	-	2,600	-	2,600
Share based payment	-	-	-	3,192	3,192	-	3,192
Dividends	-	-	(90,036)	-	(90,036)	(5,228)	(95,264)
At 31 March 2017	15,455	277,211	1,074,434	111,034	1,478,134	29,587	1,507,721

Group Cash Flow Statement

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Cash flows from operating activities			
Profit for the financial year		266,921	217,745
Add back non-operating expenses/(income):			
- tax		24,046	49,054
- share of equity accounted investments' profit		(368)	(712)
- net operating exceptionals		15,271	36,297
- net finance costs		35,452	21,999
Group operating profit before exceptionals		341,322	324,383
Share-based payments expense		4,737	3,192
Depreciation		93,722	92,015
Amortisation of intangible assets		43,059	39,168
Profit on disposal of property, plant and equipment		(167)	(173)
Amortisation of government grants		(36)	(235)
Other		4,555	4,571
Decrease in working capital		(13,758)	83,949
Cash generated from operations before exceptionals		473,434	546,870
Exceptionals		(12,602)	(31,269)
Cash generated from operations		460,832	515,601
Interest paid		(69,900)	(70,108)
Income tax paid		(65,437)	(62,180)
Net cash flows from operating activities		325,495	383,313
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		7,617	12,315
Dividends received from equity accounted investments		1,980	125
Disposal of subsidiaries	8	160,063	-
Interest received		37,399	40,966
		207,059	53,406
Outflows:			
Purchase of property, plant and equipment		(152,997)	(143,698)
Acquisition of subsidiaries	12	(664,109)	(203,327)
Payment of accrued acquisition related liabilities		(26,910)	(59,069)
		(844,016)	(406,094)
Net cash flows from investing activities		(636,957)	(352,688)
Financing activities			
Inflows:			
Proceeds from issue of shares		3,322	2,600
Net cash inflow on derivative financial instruments		11,275	14,212
Increase in interest-bearing loans and borrowings		458,593	-
Increase in finance lease liabilities		766	-
		473,956	16,812
Outflows:			
Repayment of interest-bearing loans and borrowings		(58,130)	(108,140)
Repayment of finance lease liabilities		(4)	(177)
Dividends paid to owners of the Parent	7	(102,871)	(90,036)
Dividends paid to non-controlling interests		-	(5,228)
		(161,005)	(203,581)
Net cash flows from financing activities		312,951	(186,769)
Change in cash and cash equivalents		1,489	(156,144)
Translation adjustment		(10,018)	38,929
Cash and cash equivalents at beginning of year		972,822	1,090,037
Cash and cash equivalents at end of year		964,293	972,822
Cash and cash equivalents consists of:			
Cash and short term bank deposits		1,038,827	1,048,064
Overdrafts		(74,534)	(88,041)
Cash and short term deposits attributable to assets held for sale		-	12,799
		964,293	972,822

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

1. Basis of Preparation

The financial information, from the Group Income Statement to note 15, contained in this preliminary results statement has been derived from the Group financial statements for the year ended 31 March 2018 and is presented in sterling, rounded to the nearest thousand. The financial information does not include all the information and disclosures required in the annual financial statements. The Annual Report will be distributed to shareholders and made available on the Company's website www.dcc.ie. It will also be filed with the Companies Registration Office. The auditors have reported on the financial statements for the year ended 31 March 2018 and their report was unqualified. The financial information for the year ended 31 March 2017 represents an abbreviated, restated (see note 4) version of the Group's statutory financial statements on which an unqualified audit report was issued and which have been filed with the Companies Registration Office. The financial information presented in this report has been prepared in accordance with the Listing Rules of the Financial Services Authority and the accounting policies that the Group has adopted for 2018 which are consistent with those applied in the prior year.

2. Accounting Policies

The Group has adopted the following standards, interpretations and amendments to existing standards during the financial year:

- Amendments to IAS 7 *Statement of Cash Flows - Disclosure Initiative*. These amendments are intended to improve the information provided to users of financial statements regarding the entity's financing activities. This amendment, which was EU endorsed in November 2017, did not have a significant impact on the Group's consolidated financial statements; and
- Amendments to IAS 12 *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*. These amendments clarify, inter alia, that unrealised losses on debt instruments measured at fair value (and measured at cost for tax purposes) give rise to a deductible temporary difference regardless of whether the instrument is recovered through sale or by holding it to maturity or whether it is probable that the issuer will pay all contractual cash flows. Entities are therefore required to recognise deferred taxes for temporary differences from unrealised losses of debt instruments measured at fair value if all other recognition criteria for deferred taxes are met. This amendment, which was EU endorsed in November 2017, did not have a significant impact on the Group's consolidated financial statements.

There are other changes to IFRS which became effective for the Group during the financial year but did not result in material changes to the Group's consolidated financial statements.

3. Reporting Currency

The Group's financial statements are presented in sterling, denoted by the symbol '£'. Results and cash flows of operations based in non-sterling countries have been translated into sterling at average rates for the year, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. The principal exchange rates used for translation of results and balance sheets into sterling were as follows:

	Average rate		Closing rate	
	2018 Stg£1=	2017 Stg£1=	2018 Stg£1=	2017 Stg£1=
Euro	1.1366	1.1956	1.1430	1.1689
Danish Krone	8.4603	8.9150	8.5187	8.6942
Swedish Krona	11.0482	11.3729	11.7548	11.1423
Norwegian Krone	10.7901	10.9811	11.0607	10.7169
US Dollar	1.3236	1.3181	1.4083	1.2497
Hong Kong Dollar	10.3312	10.2260	11.0522	9.7106

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

4. Segmental Reporting

DCC is a leading international sales, marketing and support services group headquartered in Dublin, Ireland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as Mr. Donal Murphy, Chief Executive and his executive management team.

As noted in the Group's Annual Report for the year ended 31 March 2017, DCC is presenting DCC LPG and DCC Retail & Oil as separate reportable segments from 1 April 2017, in line with the revised management and organisational structures of the businesses. Previously, these two segments comprised the Group's former DCC Energy segment. Following these changes in the composition of operating segments, segmental reporting has been revised and the comparative disclosures have been restated as required under IFRS 8.

The Group is organised into four operating segments: DCC LPG, DCC Retail & Oil, DCC Healthcare and DCC Technology.

DCC LPG is a leading liquefied petroleum gas ('LPG') sales and marketing business with operations in Europe, Asia and the US with a developing business in the retailing of natural gas and electricity;

DCC Retail & Oil is a leader in the sales, marketing and retailing of transport and commercial fuels, heating oils and related products and services in Europe;

DCC Healthcare is a leading healthcare business, providing products and services to healthcare providers and health and beauty brand owners; and

DCC Technology is a leading route-to-market and supply chain partner for global technology brands.

Net finance costs and income tax are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the chief operating decision maker and accordingly are not included in the detailed segmental analysis below. Intersegment revenue is not material and thus not subject to separate disclosure.

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

4. Segmental Reporting (continued)

An analysis of the Group's performance by segment and geographic location is as follows:

(a) By operating segment

	Year ended 31 March 2018				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>1,403,779</u>	<u>9,262,836</u>	<u>514,564</u>	<u>3,083,460</u>	<u>14,264,639</u>
Adjusted operating profit	167,485	113,757	54,318	47,840	383,400
Amortisation of intangible assets	(21,312)	(8,983)	(7,198)	(5,566)	(43,059)
Net operating exceptionals (note 5)	<u>(8,127)</u>	<u>(21,788)</u>	<u>(3,034)</u>	<u>(12,164)</u>	<u>(45,113)</u>
Operating profit	<u>138,046</u>	<u>82,986</u>	<u>44,086</u>	<u>30,110</u>	<u>295,228</u>

	Year ended 31 March 2017				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>1,073,212</u>	<u>8,000,923</u>	<u>506,562</u>	<u>2,689,105</u>	<u>12,269,802</u>
Adjusted operating profit	160,462	94,479	48,944	41,120	345,005
Amortisation of intangible assets	(18,277)	(9,962)	(7,258)	(3,633)	(39,130)
Net operating exceptionals (note 5)	<u>(6,854)</u>	<u>(13,633)</u>	<u>(2,695)</u>	<u>(13,115)</u>	<u>(36,297)</u>
Operating profit	<u>135,331</u>	<u>70,884</u>	<u>38,991</u>	<u>24,372</u>	<u>269,578</u>

(b) By geography

The Group has a presence in 15 countries worldwide. The following represents a geographical analysis of revenue and non-current assets in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets.

Revenue from continuing operations is derived almost entirely from the sale of goods and is disclosed based on the location of the entity selling the goods. The analysis of non-current assets is based on the location of the assets. There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8.

	Revenue		Non-current assets*	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Republic of Ireland	927,133	759,439	129,050	123,348
United Kingdom	7,741,143	7,239,193	1,050,804	985,717
France	2,712,240	2,402,290	882,276	869,895
Other	2,884,123	1,868,880	832,331	218,570
	<u>14,264,639</u>	<u>12,269,802</u>	<u>2,894,461</u>	<u>2,197,530</u>

* Non-current assets comprise intangible assets, property, plant and equipment and equity accounted investments

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

5. Exceptionals

	2018 £'000	2017 £'000
Restructuring costs	(29,419)	(19,345)
Acquisition and related costs	(12,789)	(10,308)
Impairment of property, plant and equipment	(3,735)	(1,164)
Adjustments to contingent acquisition consideration	477	(5,114)
Other operating exceptional items	353	(366)
Net operating exceptional items	(45,113)	(36,297)
Mark to market of swaps and related debt	299	10,101
Net exceptional items before taxation	(44,814)	(26,196)
Deferred tax	25,407	(1,756)
Net exceptional items after taxation (continuing operations)	(19,407)	(27,952)
Profit on disposal of discontinued operations (note 8)	29,842	-
Net exceptional items after taxation	10,435	(27,952)
Non-controlling interest share of net exceptional items after taxation	969	3,138
Net exceptional items attributable to owners of the Parent	11,404	(24,814)

The profit on disposal of discontinued operations relates to the gain recorded on the profitable sale of DCC's environmental division, which completed on 31 May 2017.

Acquisition costs include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities and amounted to £12.789 million.

Restructuring costs amounted to £29.419 million and principally reflect the costs associated with the Group's focus on increasing the efficiency of its operating infrastructure and sales platforms. The majority of the charge relates to the Retail & Oil division where a large project to bring greater efficiency and reduced capital expenditure over time to the UK business' nationwide depot network infrastructure is underway and the project will result in a material reduction in the number of depot locations. The Group incurred a related impairment charge on property, plant and equipment of £3.735 million on this project. An element of the overall charge also relates to the integration and restructuring costs associated with the prior year acquisition of Dansk Fuels in Denmark.

The other material element of the restructuring charge relates to the ongoing optimisation of DCC Technology's logistics and related infrastructure. In the UK, the new national distribution centre is now operational and a number of the existing locations have transferred into the new infrastructure. The remaining existing locations will transition during the coming year and the majority of the existing locations have now been sold successfully. A programme to significantly reduce costs while improving the logistics and operational efficiency of DCC Technology's French consumer business is ongoing. This project will also deliver a consolidation of two existing warehouses into one new facility. Finally, the business in the Nordics has recently commissioned its new national distribution centre and it is now operational.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long term interest and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt is charged or credited as an exceptional item. In the year ended 31 March 2018, this amounted to an exceptional non-cash gain of £0.299 million. Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £5.3 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

The deferred tax credit of £25.407 million principally reflects the impact of the recent reduction of the statutory corporation tax rate in France and the corresponding reduction in the Group's deferred tax liabilities associated with the Group's brand and other intangible assets in France.

There was a non controlling interest credit of £0.969 million in relation to certain of the above exceptional charges.

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

6. Earnings per Ordinary Share

	Continuing operations 2018 £'000	Discontinued operations (note 8) 2018 £'000	Total 2018 £'000	Continuing operations 2017 £'000	Discontinued operations (note 8) 2017 £'000	Total 2017 £'000
Profit attributable to owners of the Parent	231,181	30,643	261,824	201,037	15,160	216,197
Amortisation of intangible assets after tax	33,245	-	33,245	28,456	6	28,462
Exceptionals after tax (note 5)	18,438	(29,842)	(11,404)	24,814	-	24,814
Adjusted profit after taxation and non-controlling interests	282,864	801	283,665	254,307	15,166	269,473
Basic earnings per ordinary share	2018 pence	2018 pence	2018 pence	2017 pence	2017 pence	2017 pence
Basic earnings per ordinary share	259.44p	34.39p	293.83p	226.56p	17.08p	243.64p
Amortisation of intangible assets after tax	37.31p	-	37.31p	32.07p	0.01p	32.08p
Exceptionals after tax	20.70p	(33.49p)	(12.79p)	27.96p	-	27.96p
Adjusted basic earnings per ordinary share	317.45p	0.90p	318.35p	286.59p	17.09p	303.68p
Weighted average number of ordinary shares in issue (thousands)			89,106			88,735

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The adjusted figures for basic earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

	Continuing operations 2018 pence	Discontinued operations 2018 pence	Total 2018 pence	Continuing operations 2017 pence	Discontinued operations 2017 pence	Total 2017 pence
Diluted earnings per ordinary share						
Basic earnings per ordinary share	258.52p	34.27p	292.79p	225.04p	16.96p	242.00p
Amortisation of intangible assets after tax	37.18p	-	37.18p	31.84p	0.01p	31.85p
Exceptionals after tax	20.61p	(33.37p)	(12.76p)	27.78p	-	27.78p
Adjusted basic earnings per ordinary share	316.31p	0.90p	317.21p	284.66p	16.97p	301.63p
Weighted average number of ordinary shares in issue (thousands)			89,425			89,338

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £231.181 million (2017: £201.037 million) and £282.864 million (2017: £254.307 million) for the purposes of the continuing adjusted diluted earnings per ordinary share calculations.

The earnings used for the purposes of the discontinued diluted earnings per ordinary share calculations were £30.643 million (2017: £15.160 million) and £0.801 million (2017: £15.166 million) for the purposes of the discontinued adjusted diluted earnings per ordinary share calculations.

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

6. Earnings per Ordinary Share (continued)

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2018 was 89.425 million (2017: 89.338 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per ordinary share amounts is as follows:

	2018 '000	2017 '000
Weighted average number of ordinary shares in issue	89,106	88,735
Dilutive effect of options and awards	319	603
Weighted average number of ordinary shares for diluted earnings per share	<u>89,425</u>	<u>89,338</u>

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares.

Employee share options and awards, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability would not have been satisfied as at the end of the reporting period if that were the end of the vesting period.

The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

7. Dividends

	2018 £'000	2017 £'000
Final - paid 74.63 pence per share on 20 July 2017 (2017: paid 64.18 pence per share on 21 July 2016)	66,520	57,621
Interim - paid 40.89 pence per share on 11 December 2017 (2017: paid 37.17 pence per share on 12 December 2016)	<u>36,351</u>	<u>32,415</u>
	<u>102,871</u>	<u>90,036</u>

The Directors are proposing a final dividend in respect of the year ended 31 March 2018 of 82.09 pence per ordinary share (£73.242 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

8. Discontinued Operations

As announced on 31 May 2017, the Group completed the disposal of the Environmental division. The proceeds on disposal will be used to fund the continued development of DCC's continuing operations. The conditions for the segment to be classified as a discontinued operation were satisfied during the year ended 31 March 2017 and the results of the Environmental segment were presented separately in the 2017 Annual Report as discontinued operations in the Group Income Statement and the assets and liabilities of this segment were classified as an asset held for sale at the reporting date.

The following table summarises the consideration received, the profit on disposal of discontinued operations and the net cash flow arising on the disposal of this segment:

	2018 £'000
Net consideration	
Net proceeds received	164,526
Costs of disposal	(4,463)
Total net consideration	<u>160,063</u>
Assets and liabilities disposed of	
Non-current assets	145,675
Current assets	34,198
Non-current liabilities	(4,358)
Current liabilities	(40,746)
Net identifiable assets and liabilities disposed of	<u>134,769</u>
Recycling of foreign exchange gain previously recognised in foreign currency translation reserve	(4,548)
	<u>130,221</u>
Profit on disposal of discontinued operations	<u>29,842</u>
Net cash flow on disposal of discontinued operations	
Total proceeds received	174,321
Cash and cash equivalents disposed of	(9,795)
Net cash inflow on disposal of discontinued operations	<u>164,526</u>
Disposal costs paid	(4,463)
Net cash flow on disposal of discontinued operations	<u>160,063</u>

The following table details the results of discontinued operations included in the Group Income Statement:

	2018 £'000	2017 £'000
Revenue	29,614	175,232
Cost of sales	(20,292)	(119,654)
Gross profit	<u>9,322</u>	55,578
Operating expenses	(8,341)	(37,032)
Adjusted operating profit	<u>981</u>	18,546
Amortisation of intangible assets	-	(38)
Operating profit	<u>981</u>	18,508
Net finance costs	(16)	(163)
Profit before tax	<u>965</u>	18,345
Income tax expense	(164)	(3,185)
	<u>801</u>	15,160
Profit on disposal of discontinued operations	<u>29,842</u>	-
Profit from discontinued operations after tax	<u>30,643</u>	15,160

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

8. Discontinued Operations (continued)

The following table details the cash flow from discontinued operations included in the Group Cash Flow Statement:

	2018 £'000	2017 £'000
Net cash flow from operating activities	(5,602)	22,461
Net cash flow from investing activities	(1,332)	(6,661)
Net cash flow from discontinued operations	(6,934)	15,800

9. Other Reserves

For the year ended 31 March 2018

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2017	18,146	(13,581)	105,537	932	111,034
Currency translation:					
- arising in the year	-	-	107	-	107
- recycled to the Income Statement on disposal	-	-	(4,548)	-	(4,548)
Movements relating to cash flow hedges	-	(3,030)	-	-	(3,030)
Movement in deferred tax liability on cash flow hedges	-	433	-	-	433
Share based payment	4,737	-	-	-	4,737
At 31 March 2018	22,883	(16,178)	101,096	932	108,733

For the year ended 31 March 2017

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2016	14,954	(8,112)	70,887	932	78,661
Currency translation	-	-	34,650	-	34,650
Movements relating to cash flow hedges	-	(6,803)	-	-	(6,803)
Movement in deferred tax liability on cash flow hedges	-	1,334	-	-	1,334
Share based payment	3,192	-	-	-	3,192
At 31 March 2017	18,146	(13,581)	105,537	932	111,034

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

10. Analysis of Net Debt

	2018 £'000	2017 £'000
Non-current assets		
Derivative financial instruments	103,085	273,767
Current assets		
Derivative financial instruments	8,050	18,233
Cash and cash equivalents	1,038,827	1,048,064
	1,046,877	1,066,297
Non-current liabilities		
Finance leases	(692)	(165)
Derivative financial instruments	(10,732)	(506)
Unsecured Notes	(1,597,829)	(1,319,802)
	(1,609,253)	(1,320,473)
Current liabilities		
Bank borrowings	(74,534)	(88,041)
Finance leases	(363)	(190)
Derivative financial instruments	(8,474)	(5,894)
Unsecured Notes	-	(60,214)
	(83,371)	(154,339)
Net debt excluding cash attributable to assets held for sale	(542,662)	(134,748)
Cash and short-term deposits attributable to assets held for sale	-	12,799
Net debt including cash attributable to assets held for sale	(542,662)	(121,949)

11. Post Employment Benefit Obligations

The Group's defined benefit pension schemes' assets were measured at fair value at 31 March 2018. The defined benefit pension schemes' liabilities at 31 March 2018 were updated to reflect material movements in underlying assumptions.

The Group's post employment benefit obligations moved from a net deficit of £0.029 million at 31 March 2017 to a net asset of £0.286 million at 31 March 2018. The movement in the deficit primarily reflects the inclusion of post employment benefit obligations arising on the TEGA acquisition, offset by actuarial gains on liabilities and contributions in excess of the current service cost.

12. Business Combinations

A key strategy of the Group is to create and sustain market leadership positions through acquisitions in markets it currently operates in, together with extending the Group's footprint into new geographic markets. In line with this strategy, the principal acquisitions completed by the Group during the year, together with percentages acquired were as follows:

- the acquisition on 31 March 2018 of 100% of NGL Energy Partners LP's Retail West LPG division, Hicksgas LLC ('Retail West'). Retail West is a US based LPG distributor with leading market positions in Illinois, Indiana and Kansas and also operates in seven other states across the Mid-West and North-West regions;
- the acquisition on 31 March 2018 of 100% of Tega-Technische Gase und Gasetechnik GmbH ('TEGA'). TEGA is an LPG and refrigerant gas distribution business and operates across five sites largely based in southern Germany;
- the acquisition in February 2018 of 100% of the trade and assets of the British LPG distribution business ('Countrywide LPG') of Countrywide Farmers plc. Countrywide LPG supplies bulk and cylinder LPG to domestic, agricultural and commercial customers in Britain;
- the acquisition of 100% of Elite One Source Nutritional Services Inc ('Elite') in February 2018. Elite is a US based provider of contract manufacturing and related services to the growing healthcare and dietary supplements market in the US;
- the completion of the acquisition of Shell Gas (LPG) Holdings BV's LPG business in Hong Kong and Macau ('Shell HK&M'), as announced in January 2018. The business provides LPG in bulk, cylinder and autogas formats to domestic, commercial and industrial customers in the region;
- the completion of the acquisition of Esso's retail petrol station network in Norway, as announced in October 2017, comprising a national network of company-operated sites and contracts to supply Esso-branded dealer owned stations (together referred to as 'Esso Retail Norway'); and
- the acquisition of 100% of MTR Group Ltd ('MTR') in July 2017. MTR is a UK based provider of second lifecycle solutions for mobile and tablet devices.

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

12. Business Combinations (continued)

The acquisition data presented below reflects the fair value of the identifiable net assets acquired (excluding net cash/debt acquired) in respect of acquisitions completed during the year.

	Esso Retail Norway 2018 £'000	Others 2018 £'000	Total 2018 £'000	Total 2017 £'000
Assets				
Non-current assets				
Property, plant and equipment	63,822	78,610	142,432	8,265
Intangible assets - other intangible assets	55,885	87,728	143,613	68,513
Equity accounted investments	-	497	497	404
Deferred income tax assets	6,047	362	6,409	60
Total non-current assets	125,754	167,197	292,951	77,242
Current assets				
Inventories	6,587	28,545	35,132	32,207
Trade and other receivables	6,945	45,039	51,984	206,528
Total current assets	13,532	73,584	87,116	238,735
Liabilities				
Non-current liabilities				
Deferred income tax liabilities	(12,853)	(15,355)	(28,208)	(19,902)
Post employment benefit obligations	-	(9,636)	(9,636)	-
Provisions for liabilities	(6,042)	(4,674)	(10,716)	(11,129)
Acquisition related liabilities	-	(102)	(102)	-
Total non-current liabilities	(18,895)	(29,767)	(48,662)	(31,031)
Current liabilities				
Trade and other payables	(798)	(37,202)	(38,000)	(164,777)
Provisions for liabilities	-	(4,271)	(4,271)	(5,317)
Current income tax (liability)/asset	-	(2,629)	(2,629)	12,341
Acquisition related liabilities	-	(57)	(57)	(13,522)
Total current liabilities	(798)	(44,159)	(44,957)	(171,275)
Identifiable net assets acquired	119,593	166,855	286,448	113,671
Goodwill	120,925	284,417	405,342	117,175
Total consideration	240,518	451,272	691,790	230,846
Satisfied by:				
Cash	240,518	441,943	682,461	242,018
Cash and cash equivalents acquired	-	(18,352)	(18,352)	(38,691)
Net cash outflow	240,518	423,591	664,109	203,327
Acquisition related liabilities	-	27,681	27,681	27,519
Total consideration	240,518	451,272	691,790	230,846

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

12. Business Combinations (continued)

The acquisition of Esso Retail Norway has been deemed to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining business combinations completed during the year were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations. The carrying amounts of the assets and liabilities acquired, determined in accordance with IFRS, before completion of the combination together with the adjustments made to those carrying values disclosed above were as follows:

	Book value £'000	Fair value adjustments £'000	Fair value £'000
Esso Retail Norway			
Non-current assets (excluding goodwill)	69,869	55,885	125,754
Current assets	13,532	-	13,532
Non-current liabilities	(6,042)	(12,853)	(18,895)
Current liabilities	(520)	(278)	(798)
Identifiable net assets acquired	76,839	42,754	119,593
Goodwill arising on acquisition	163,679	(42,754)	120,925
Total consideration	240,518	-	240,518
	Book value £'000	Fair value adjustments £'000	Fair value £'000
Others			
Non-current assets (excluding goodwill)	80,296	86,901	167,197
Current assets	73,977	(393)	73,584
Non-current liabilities	(14,623)	(15,144)	(29,767)
Current liabilities	(43,953)	(206)	(44,159)
Identifiable net assets acquired	95,697	71,158	166,855
Goodwill arising on acquisition	355,575	(71,158)	284,417
Total consideration	451,272	-	451,272
	Book value £'000	Fair value adjustments £'000	Fair value £'000
Total			
Non-current assets (excluding goodwill)	150,165	142,786	292,951
Current assets	87,509	(393)	87,116
Non-current liabilities	(20,665)	(27,997)	(48,662)
Current liabilities	(44,473)	(484)	(44,957)
Identifiable net assets acquired	172,536	113,912	286,448
Goodwill arising on acquisition	519,254	(113,912)	405,342
Total consideration	691,790	-	691,790

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations above given the timing of closure of these transactions. The acquisitions of Retail West and TEGA both completed on 31 March 2018 and, as such, it has not yet been feasible to perform a preliminary assignment of fair values to identifiable net assets. Any amendments to fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2019 Annual Report as stipulated by IFRS 3.

Notes to the Condensed Financial Statements

For the year ended 31 March 2018

12. Business Combinations (continued)

The principal factors contributing to the recognition of goodwill on business combinations entered into by the Group are the expected profitability of the acquired business and the realisation of cost savings and synergies with existing Group entities.

£101.086 million of the goodwill recognised in respect of acquisitions completed during the financial year is expected to be deductible for tax purposes.

Acquisition related costs included in other operating expenses in the Group Income Statement amounted to £12.789 million.

No contingent liabilities were recognised on the acquisitions completed during the year or the prior financial years.

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £53.056 million. The fair value of these receivables is £51.984 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £1.072 million. In relation to the acquisition of Esso Retail Norway, the gross contractual value of trade and other receivables as at the date of acquisition amounted to £7.223 million. The fair value of these receivables is £6.945 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £0.278 million.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions completed during the year range from £15.346 million to £51.737 million.

The acquisitions during the year contributed £347.4 million to revenues and £11.5 million to profit after tax. The acquisition of Esso Retail Norway during the year contributed £263.4 million to revenues and £2.6 million to profit after tax. Had all the business combinations effected during the year occurred at the beginning of the year, total Group revenue (continuing) for the year ended 31 March 2018 would have been £14,977.9 million and total Group profit after tax (continuing) would be £274.5 million.

13. Seasonality of Operations

The Group's operations are significantly second-half weighted primarily due to a portion of the demand for DCC's LPG and Retail & Oil products being weather dependent and seasonal buying patterns in DCC Technology.

14. Related Party Transactions

There have been no related party transactions or changes in related party transactions that could have a material impact on the financial position or performance of the Group during the 2018 financial year.

15. Board Approval

This report was approved by the Board of Directors of DCC plc on 14 May 2018.

Supplementary Financial Information

For the year ended 31 March 2018

Alternative Performance Measures

The Group reports certain alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions.

These APMs are primarily used for the following purposes:

- to evaluate the historical and planned underlying results of our operations;
- to set director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The principal APMs used by the Group, together with reconciliations where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Adjusted operating profit ('EBITA')

Definition

This comprises operating profit as reported in the Group Income Statement before net operating exceptional items and amortisation of intangible assets. Net operating exceptional items and amortisation of intangible assets are excluded in order to assess the underlying performance of our operations. In addition, neither metric forms part of Director or management remuneration targets.

Calculation	2018 £'000	2017 £'000
Operating profit	295,228	269,578
Net operating exceptional items	45,113	36,297
Amortisation of intangible assets	43,059	39,130
Adjusted operating profit - continuing	383,400	345,005
Adjusted operating profit - discontinued	981	18,546
Adjusted operating profit ('EBITA')	384,381	363,551

Adjusted operating profit before depreciation ('EBITDA')

Definition

EBITDA represents earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items.

Calculation	2018 £'000	2017 £'000
Adjusted operating profit ('EBITA')	384,381	363,551
Depreciation	93,722	92,015
EBITDA	478,103	455,566

Supplementary Financial Information

For the year ended 31 March 2018

Alternative Performance Measures (continued)

Net interest

Definition

The Group defines net interest as the net total of finance costs and finance income before interest related exceptional items as presented in the Group Income Statement.

Calculation	2018 £'000	2017 £'000
Finance costs before exceptional items	(73,156)	(72,910)
Finance income before exceptional items	37,421	40,973
Net interest - continuing	(35,735)	(31,937)
Net interest - discontinued	(16)	(163)
Net interest	(35,751)	(32,100)

Effective tax rate

Definition

The Group's effective tax rate expresses the income tax expense before exceptionals and deferred tax attaching to the amortisation of intangible assets as a percentage of EBITA less net interest.

Calculation	2018 £'000	2017 £'000
Adjusted operating profit	384,381	363,551
Net interest	(35,751)	(32,100)
Earnings before taxation	348,630	331,451
Income tax expense	23,882	45,869
Exceptional deferred tax	25,407	(1,756)
Deferred tax attaching to amortisation of intangible assets	9,814	10,674
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - continuing	59,103	54,787
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - discontinued	164	3,217
Total income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets	59,267	58,004
Effective tax rate (%)	17.0%	17.5%

Supplementary Financial Information

For the year ended 31 March 2018

Alternative Performance Measures (continued)

Adjusted earnings per share

Definition

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact of net exceptional items and amortisation of intangible assets.

Calculation	2018 pence	2017 pence
Adjusted earnings per share - continuing	317.45	286.59
Adjusted earnings per share - discontinued	0.90	17.09
Adjusted earnings per share	318.35	303.68

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus sterling, the Group's presentation currency. In order to present a better reflection of underlying performance in the period, the Group retranslates foreign denominated current year earnings at prior year exchange rates.

Revenue - continuing, constant currency	2018 £'000	2017 £'000
Revenue - continuing	14,264,639	12,269,802
Currency impact	(296,654)	-
Revenue - continuing, constant currency	13,967,985	12,269,802

Adjusted operating profit - continuing, constant currency

Adjusted operating profit - continuing	383,400	345,005
Currency impact	(8,890)	-
Adjusted operating profit - continuing, constant currency	374,510	345,005

Adjusted earnings per share - continuing, constant currency

Adjusted earnings - continuing	282,864	254,307
Currency impact	(6,280)	-
Adjusted earnings - continuing, constant currency	276,584	254,307
Weighted average number of ordinary shares in issue ('000)	89,106	88,735
Adjusted earnings per share – continuing, constant currency	310.40p	286.59p

Supplementary Financial Information

For the year ended 31 March 2018

Alternative Performance Measures (continued)

Dividend cover

Definition

The dividend cover ratio measures the Group's ability to pay dividends from earnings.

Calculation	2018 pence	2017 pence
Adjusted earnings per share - continuing	317.45	286.59
Dividend	122.98	111.80
Dividend cover (times)	2.6x	2.6x

Net capital expenditure

Definition

Net capital expenditure comprises purchases of property, plant and equipment, proceeds from the disposal of property, plant and equipment and government grants received in relation to property, plant and equipment.

Calculation	2018 £'000	2017 £'000
Purchase of property, plant and equipment	152,997	143,698
Proceeds from disposal of property, plant and equipment	(7,617)	(12,315)
Net capital expenditure	145,380	131,383

Free cash flow

Definition

Free cash flow is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after net capital expenditure.

Calculation	2018 £'000	2017 £'000
Cash generated from operations before exceptionals	473,434	546,870
Net capital expenditure	(145,380)	(131,383)
Free cash flow	328,054	415,487

Free cash flow (after interest and tax payments)

Definition

Free cash flow (after interest and tax payments) is defined by the Group as free cash flow after interest paid, income tax paid, dividends received from equity accounted investments and interest received.

Calculation	2018 £'000	2017 £'000
Free cash flow	328,054	415,487
Interest paid	(69,900)	(70,108)
Income tax paid	(65,437)	(62,180)
Dividends received from equity accounted investments	1,980	125
Interest received	37,399	40,966
Free cash flow (after interest and tax payments)	232,096	324,290

Supplementary Financial Information

For the year ended 31 March 2018

Alternative Performance Measures (continued)

Cash conversion ratio

Definition

The cash conversion ratio expresses free cash flow as a percentage of adjusted operating profit.

Calculation	2018 £'000	2017 £'000
Free cash flow	328,054	415,487
Adjusted operating profit	384,381	363,551
Cash conversion ratio (%)	85%	114%

Net debt/EBITDA

Definition

The net debt to earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items ('EBITDA') ratio is a measurement of leverage, and shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.

Calculation	2018 £'000	2017 £'000
Net debt	542,662	121,949
EBITDA	478,103	455,566
Net debt/EBITDA (times)	1.1x	0.3x

Return on capital employed ('ROCE') - continuing

Definition

ROCE represents adjusted operating profit (continuing) expressed as a percentage of the average total continuing capital employed. Total continuing capital employed represents total equity adjusted for net debt/cash, goodwill and intangibles written off, acquisition related liabilities and equity accounted investments.

Calculation	2018 £'000	2017 £'000
Total equity	1,677,917	1,507,721
Net debt (continuing)	542,662	134,748
Goodwill and intangibles written off (continuing)	271,399	228,340
Equity accounted investments (continuing)	(24,461)	(24,938)
Acquisition related liabilities (continuing, current and non-current)	97,853	94,917
Net assets of the disposal group	-	(126,072)
	2,565,370	1,814,716
Average total capital employed - continuing	2,190,043	1,698,240
Adjusted operating profit - continuing	383,400	345,005
Return on capital employed (%) - continuing	17.5%	20.3%

Supplementary Financial Information

For the year ended 31 March 2018

Alternative Performance Measures (continued)

Committed acquisition expenditure

Definition

The Group defines committed acquisition expenditure as the total acquisition cost of subsidiaries as presented in the Group Cash Flow Statement (excluding amounts related to acquisitions which were committed to in previous years) and future acquisition related liabilities for acquisitions committed to during the year.

Calculation	2018 £'000	2017 £'000
Net cash outflow on acquisitions during the year	664,109	203,327
Cash outflow on acquisitions which were committed to in the previous year	(341,253)	(34,372)
Acquisition related liabilities arising on acquisitions during the year	27,840	41,041
Acquisition related liabilities which were committed to in the previous year	(13,404)	(14,082)
Amounts committed in the current year	18,000	358,000
Committed acquisition expenditure	355,292	553,914

Net working capital

Definition

Net working capital represents the net total of inventories, trade and other receivables (excluding interest receivable), and trade and other payables (excluding interest payable, amounts due in respect of property, plant and equipment and government grants).

Calculation	2018 £'000	2017 £'000
Inventories	530,473	456,395
Add: inventories of the disposal group	-	1,922
Trade and other receivables	1,426,217	1,222,597
Add: trade and other receivables of the disposal group	-	33,264
Less: interest receivable	(126)	(223)
Trade and other payables	(2,063,260)	(1,820,517)
Add: trade and other payables of the disposal group	-	(35,741)
Less: interest payable	4,775	4,534
Less: amounts due in respect of property, plant and equipment	10,671	6,349
Less: government grants	9	9
Net working capital	(91,241)	(131,411)

Working capital (days)

Definition

Working capital days measures how long it takes in days for the Group to convert working capital into revenue.

Calculation	2018 £'000	2017 £'000
Net working capital	(91,241)	(131,411)
March revenue	1,418,988	1,223,575
Working capital (days)	(2.0 days)	(3.3 days)