

14 May 2019

DCC Reports Excellent Performance and New Acquisitions

DCC, the leading international sales, marketing and support services group, is today announcing its results for the year ended 31 March 2019.

Highlights	2019	2018	% change
Revenue¹ - continuing²	£15.227bn	£13.122bn	+16.0%
Adjusted operating profit – continuing^{2, 3}	£460.5m	£383.4m	+20.1%
DCC LPG	£201.8m	£167.5m	+20.5%
DCC Retail & Oil	£133.7m	£113.8m	+17.6%
DCC Technology	£64.7m	£47.8m	+35.1%
DCC Healthcare	£60.3m	£54.3m	+11.1%
Adjusted earnings per share – continuing^{2, 3}	358.2p	317.5p	+12.8%
Dividend per share	138.35p	122.98p	+12.5%
Free cash flow⁴	£434.0m	£328.1m	
Return on capital employed – continuing²	17.0%	17.5%	

- Excellent performance for the year, notwithstanding the mild weather conditions, with Group adjusted operating profit on continuing operations increasing by 20.1% to £460.5 million. All divisions of DCC recorded very strong profit growth.
- Adjusted earnings per share on continuing activities up 12.8% to 358.2 pence, reflecting the equity placing completed during the year.
- With approval of this year's final dividend, DCC will have recorded 25 years of unbroken dividend growth since listing in 1994. A proposed 13.7% increase in the final dividend will see the total dividend for the year increase by 12.5%.
- Excellent cash flow performance, with free cash flow conversion of approximately 94% and a return on capital employed of 17.0%.
- Another active period of development for DCC with approximately £370 million of capital committed to acquisitions. Approximately £90 million of new acquisition commitments announced today, including Pacific Coast Energy, DCC LPG's first material follow-on acquisition in the US and DCC Technology's acquisitions of Comm-Tec in Germany and Amacom in the Netherlands, strengthening its European presence.
- The Group expects that the year ending 31 March 2020 will be another year of profit growth and development.

¹ Prior year revenue restated to reflect the adoption of IFRS 15 *Revenue from Contracts with Customers*

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 working capital and net capital expenditure and before net exceptionals, interest and tax payments

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

"I am very pleased to report that the year ended 31 March 2019 has been another year of significant progress for DCC. An excellent trading performance, very strong cash generation and continued acquisition activity across the Group exemplifies the DCC business model. I am particularly pleased that each division recorded very strong growth in operating profit and traded in line with expectations, given the mild weather conditions experienced during the year.

It has been another active year from a development perspective and we have committed approximately £370 million to acquisitions during the period. Each of the new acquisitions announced today are good examples of our divisional strategies in action. DCC LPG's acquisition of Pacific Coast Energy, our first material bolt-on in the US LPG market, will strengthen our position in the north-west of the US, helping to build further scale in that region. Similarly, DCC Technology's acquisition of both Comm-Tec and Amacom significantly enhances our business in Continental Europe and will strengthen our relationships with suppliers and customers in the region.

Following the equity placing completed during the year, DCC has a very strong and liquid balance sheet, leaving the Group well placed to continue its targeted acquisition strategy. The Group continues to have the platforms, opportunities and capability for further development across each of our four divisions.

We expect that the year to 31 March 2020 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) 1 431 9615

UK / International: +44 (0) 2071 92 8000

Passcode: 5263849

Webcast Link: <https://edge.media-server.com/m6/p/iurzueqv>

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 2019 is as follows:

	2019 £'m	2018 £'m	% change
Revenue – continuing ^{1, 2}	<u>15,227</u>	<u>13,122</u>	+16.0%
Operating profit ³			
DCC LPG	201.8	167.5	+20.5%
DCC Retail & Oil	133.7	113.8	+17.6%
DCC Technology	64.7	47.8	+35.1%
DCC Healthcare	<u>60.3</u>	<u>54.3</u>	+11.1%
Group adjusted operating profit ³ – continuing ²	460.5	383.4	+20.1%
Finance costs (net) and other	<u>(45.9)</u>	<u>(35.4)</u>	
Profit before net exceptionals, amortisation of intangible assets and tax	414.6	348.0	+19.1%
Net exceptional (charge)/credit after tax and non-controlling interests	(24.6)	11.4	
Amortisation of intangible assets	<u>(63.3)</u>	<u>(43.0)</u>	
Profit before tax	326.7	316.4	
Taxation	<u>(55.6)</u>	<u>(49.3)</u>	
Profit after tax	271.1	267.1	
Profit after tax – discontinued operations	-	0.8	
Non-controlling interests	<u>(8.5)</u>	<u>(6.1)</u>	
Attributable profit	<u>262.6</u>	<u>261.8</u>	
Adjusted earnings per share ³ – continuing ²	358.2p	317.5p	+12.8%
Adjusted earnings per share ³	358.2p	318.4p	+12.5%
Dividend per share	138.35p	122.98p	+12.5%
Operating cash flow	607.5	473.4	
Free cash flow ⁴	434.0	328.1	
Net debt at 31 March	18.4	542.7	
Pro forma net debt at 31 March ⁵	108.4	542.7	
Total equity at 31 March	2,433.5	1,677.9	
Return on capital employed – continuing ²	17.0%	17.5%	

¹ Prior year revenue restated to reflect the adoption of IFRS 15 *Revenue from Contracts with Customers*

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 working capital and net capital expenditure and before net exceptionals, interest and tax payments

⁵ Adjusted for committed acquisition expenditure

Reporting currency

The Group's financial statements are presented in sterling. Results and cash flows of operations based in non-sterling jurisdictions have been translated into sterling at average rates for the year. The principal exchange rates used for the translation of results into sterling were as follows:

	Average rate	
	2019	2018
	Stg£1=	Stg£1=
Euro	1.1319	1.1366
Danish Krone	8.4407	8.4603
Swedish Krona	11.7467	11.0482
Norwegian Krone	10.9172	10.7901
US Dollar	1.3184	1.3236
Hong Kong Dollar	10.3392	10.3312

The impact of currency translation versus the prior period was very modest, with average sterling exchange rates marginally weakening against the euro and US Dollar and marginally strengthening against other relevant currencies.

Revenue – continuing operations

Revenue from continuing operations increased by 16.0% to £15.2 billion. Prior year revenue has been restated to reflect the adoption of IFRS 15 *Revenue from Contracts with Customers* as set out in note 4 to the financial statements.

Volumes in DCC LPG increased by 10.8% to 2.1 million tonnes, driven by DCC LPG's prior year acquisitions of the businesses in the US, Germany and Hong Kong & Macau. On a like-for-like basis, volumes were 2.8% behind the prior year, principally reflecting the warmer than average temperatures across Europe which impacted heating segments. DCC LPG's revenue increased by 30.5%.

DCC Retail & Oil volumes were 12.2 billion litres, modestly behind the prior year, reflecting the disposal of the oil distribution business in Northern Ireland. On a like-for-like basis, volumes declined by 3.8%, reflecting the mild weather conditions and also the impact of reduced volumes in France as a result of the regular nationwide protests. DCC Retail & Oil's revenue increased by 12.2%.

Revenue excluding DCC LPG and DCC Retail & Oil was £4.2 billion, an increase of 19.5%, approximately one third of which was organic.

Group adjusted operating profit – continuing operations

Group adjusted operating profit from continuing operations increased by 20.1% to £460.5 million, reflecting the contribution from acquisitions and organic growth, notwithstanding the mild weather conditions experienced during the year.

DCC LPG delivered very strong operating profit growth of 20.5%, primarily driven by acquisitions completed in the final quarter of the prior year. As anticipated, organic operating profit was modestly behind the prior year, reflecting the investment in the natural gas and electricity offering in France and the impact of mild weather conditions. Each of the newly acquired businesses in the US, Germany and Hong Kong & Macau was integrated into the Group during the year and performed in line with, or modestly ahead of, expectations.

Operating profit in DCC Retail & Oil was significantly ahead of the prior year, increasing by 17.6%, approximately one third of which was organic. This excellent performance reflects strong organic profit

growth in the businesses in Britain, France and Denmark and the contribution from acquisitions completed during the prior year.

DCC Technology achieved very strong operating profit growth of 35.1%, principally driven by the first-time contribution from acquisitions completed in the current year and also good organic growth. The UK and Ireland, DCC Technology's largest business, benefited from market share gains and the continued development of its value-added service proposition.

In DCC Healthcare, operating profit increased by 11.1% and approximately half of the growth was organic. DCC Vital delivered good organic profit growth in GP supplies and medical devices, while DCC Health & Beauty Solutions generated very strong organic growth in both the nutrition and beauty sector. DCC Healthcare also benefited from the contribution from acquisitions completed in the prior year.

	2018/19			2017/18			% change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Adjusted operating profit*	£'m	£'m	£'m	£'m	£'m	£'m			
DCC LPG	40.9	160.9	201.8	44.1	123.4	167.5	-7.2%	+30.4%	+20.5%
DCC Retail & Oil	56.3	77.4	133.7	42.2	71.6	113.8	+33.5%	+8.2%	+17.6%
DCC Technology	17.8	46.9	64.7	14.2	33.6	47.8	+25.0%	+39.4%	+35.1%
DCC Healthcare	<u>26.9</u>	<u>33.4</u>	<u>60.3</u>	<u>22.0</u>	<u>32.3</u>	<u>54.3</u>	<u>+22.2%</u>	<u>+3.4%</u>	<u>+11.1%</u>
Group	<u>141.9</u>	<u>318.6</u>	<u>460.5</u>	<u>122.5</u>	<u>260.9</u>	<u>383.4</u>	<u>+15.9%</u>	<u>+22.1%</u>	<u>+20.1%</u>
Adjusted EPS* (pence)	<u>107.1</u>	<u>251.1</u>	<u>358.2</u>	<u>95.5</u>	<u>222.0</u>	<u>317.5</u>	<u>+12.1%</u>	<u>+13.1%</u>	<u>+12.8%</u>

*Continuing operations excluding net exceptionals and amortisation of intangible assets

Finance costs (net) and other

Net finance costs and other increased to £45.9 million (2018: £35.4 million) and reflects the full year impact of an increase in the Group's gross debt following a private placement debt issuance in the prior year. It also reflects an increase in the Group's average net debt during the year to approximately £670 million, from £467 million in the prior year and the impact of the increased level of acquisition activity in jurisdictions with relatively higher base interest rates.

Interest was covered 12.2 times by Group adjusted operating profit before depreciation and amortisation of intangible assets (2018: 13.4 times).

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

Profit before net exceptional items, amortisation of intangible assets and tax increased by 19.1% to £414.6 million.

Net exceptional charge and amortisation of intangible assets

The Group incurred a net exceptional charge after tax and non-controlling interests of £24.6 million (2018: net exceptional credit of £11.4m) as follows:

	£'m
Acquisition and related costs	(9.6)
Restructuring and integration costs and other	(18.6)
IAS 39 mark-to-market gain and related deferred tax	<u>3.6</u>
Net exceptional charge	<u>(24.6)</u>

Acquisition costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £9.6 million.

Restructuring and integration costs and other amounted to £18.6 million. The largest component of the charge relates to the ongoing dual running costs relating to the optimisation of DCC Technology's logistics and related infrastructure. The upgraded warehousing and logistics in the UK, Nordics and France are all now operational. The related UK SAP implementation is now live in an element of the UK business, with the remaining components of the business scheduled to go-live during the next financial year. Given the level of acquisitions undertaken in the previous 12 months across the Group, a number of integration-related restructurings took place during the year.

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 2019, this amounted to an exceptional non-cash gain of £4.3 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 £1.2 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 charge for the amortisation of acquisition-related intangible assets increased to £63.3 million from £43.0 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 to £326.7 million.

Taxation

The effective tax rate for the Group remained consistent at 17.0%. The Group's tax rate is influenced by the geographical mix of profits arising in any year and the tax rates attributable to the individual territories.

Adjusted earnings per share

Adjusted earnings per share on a continuing basis increased by 12.8% to 358.16 pence. This reflects an 18.7% increase in adjusted earnings offset by a 5.2% increase in the average number of shares in issue during the year, primarily as a result of the equity placing which was successfully completed on 2 October 2018.

Total adjusted earnings per share increased by 12.5% to 358.16 pence.

Dividend

The Board is recommending an increase of 13.7% in the final dividend to 93.37 pence per share, which, when added to the interim dividend of 44.98 pence per share, gives a total dividend for the year of 138.35 pence per share. This represents a 12.5% increase over the total prior year dividend of 122.98 pence per share. The dividend is covered 2.6 times by adjusted earnings per share on a continuing basis (2018: 2.6 times). It is proposed to pay the final dividend on 18 July 2019 to shareholders on the register at the close of business on 24 May 2019.

Over its 25 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual rate of 14.4%.

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:

	2019	2018
DCC LPG	17.1%	17.4%
DCC Retail & Oil	18.6%	18.7%
DCC Technology	14.3%	16.1%
DCC Healthcare	16.6%	16.7%
Group – continuing	17.0%	17.5%

In 2019, the Group continued to generate very strong returns on capital employed with the modest decrease in the return on capital employed versus the prior year principally reflecting the impact of the substantial acquisition spend in both the current and prior year, as the Group entered new geographies and the recent organic investments made in the warehousing and operating infrastructure of the UK, Nordics and France.

As set out in note 2, IFRS 16 *Leases* will replace IAS 17 *Leases* in the next financial year. The Group currently expects to recognise a lease liability and corresponding increase in property, plant and equipment of approximately £320 million on transition. The increase in capital employed resulting from the new accounting standard would reduce the Group's 2019 return on capital employed to approximately 15.4%.

Cash flow

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

Year ended 31 March	2019 £'m	2018 £'m
Group operating profit	460.5	384.4
Decrease/(increase) in working capital	37.5	(13.8)
Depreciation and other	<u>109.5</u>	<u>102.8</u>
Operating cash flow	607.5	473.4
Capital expenditure (net)	<u>(173.5)</u>	<u>(145.3)</u>
Free cash flow	434.0	328.1
Interest and tax paid, net of dividend from equity accounted investments	<u>(77.3)</u>	<u>(96.0)</u>
Free cash flow after interest and tax	356.7	232.1
Acquisitions	(296.8)	(691.0)
Disposals	8.5	160.1
Dividends	(117.0)	(102.9)
Exceptional items	(34.6)	(12.6)
Share issues	<u>593.2</u>	<u>3.3</u>
Net inflow/(outflow)	510.0	(411.0)
Opening net debt	(542.7)	(121.9)
Translation and other	<u>14.3</u>	<u>(9.8)</u>
Closing net debt	<u>(18.4)</u>	<u>(542.7)</u>

Operating cash flow in 2019 was £607.5 million compared to £473.4 million in the prior year. Working capital decreased by £37.5 million, primarily as a result of a reduction in working capital at businesses acquired during the last 18 months. Overall working capital days were negative 0.4 days sales, compared to negative 2.0 days sales in the prior year, reflecting the acquisition during the year of businesses with positive working capital characteristics. On a like-for-like basis, working capital days were modestly improved on the previous year. 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 2019 increased modestly on the prior year and had a positive impact on Group working capital days of 4.9 days (31 March 2018: 4.4 days) or £211.4 million (2018: £202.2 million).

Net capital expenditure amounted to £173.5 million for the year (2018: £145.3 million) and was net of disposal proceeds of £8.8 million (2018: £7.6 million). The increase in net capital expenditure over the prior year reflects the increasing scale of the Group and a number of investments being undertaken to support its continued organic growth and development. Capital expenditure in DCC LPG principally comprised development expenditure to support the ongoing conversion of oil customers to LPG and the initial investment in relation to the Avonmouth LPG storage facility in the UK. The ongoing investment in new retail sites and site upgrades in France and Norway were the principal items in the Retail & Oil division. As previously reported, DCC

Technology has made significant investments in improving its logistics and warehousing infrastructure in the UK, Nordics and France. Within DCC Healthcare, DCC Health & Beauty Solutions is expanding its manufacturing footprint in the soft gel facility in South Wales which will significantly increase the scale and capability of the facility. Net capital expenditure for the Group exceeded the depreciation charge in the year by £63.9 million.

The Group's free cash flow amounted to £434.0 million, representing a 94% conversion of operating profit into free cash flow.

Committed acquisitions, disposals and net capital expenditure

Committed acquisition spend in the period and net capital expenditure amounted to £541.8 million. An analysis by division is shown below:

	Acquisitions	Capex	Total
	£'m	£'m	£'m
DCC LPG	38.5	76.1	114.6
DCC Retail & Oil	17.0	64.0	81.0
DCC Technology	311.0	16.8	327.8
DCC Healthcare	<u>1.8</u>	<u>16.6</u>	<u>18.4</u>
Total	<u>368.3</u>	<u>173.5</u>	<u>541.8</u>

DCC LPG

Pacific Coast Energy

In April 2019, DCC LPG acquired Pacific Coast Energy, an LPG distribution business operating in the north-west of the US for an enterprise value of approximately £30 million. The business trades under a number of brand names, supplying both residential and commercial customers in Washington and Oregon from five well-located facilities. DCC LPG has an existing modest presence in the north west region and the acquisition of Pacific Coast Energy, DCC's first material bolt-on acquisition in the US market, will provide an enlarged presence in this attractive regional market.

DCC Retail & Oil

DCC Retail & Oil completed a number of small complementary bolt-on acquisitions during the period, primarily in the UK and France. These acquisitions have been successfully integrated into the existing businesses.

DCC Technology

DCC Technology has today announced the agreement to acquire Comm-Tec GmbH ("Comm-Tec") in Germany and Amacom Holding BV ("Amacom") in the Netherlands.

Comm-Tec

Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain. The business recorded revenue of approximately €90 million in its latest financial year and employs approximately 150 people. The acquisition of Comm-Tec represents a material extension of DCC Technology's Pro AV offering in Europe.

Amacom

Amacom is a leading distributor of consumer electronics, AV and IT products, primarily to the retail and e-tail sectors in the Netherlands. The business recorded revenue of approximately €160 million in its latest financial year and employs approximately 80 people. Amacom will provide DCC Technology with an efficient distribution footprint in the Netherlands and an attractive portfolio of product categories and suppliers.

The combined initial enterprise value of Amacom and Comm-Tec is approximately £55 million and both acquisitions are subject to customary regulatory approvals.

Jam

In September 2018, DCC Technology announced the acquisition of Jam, a market-leading North American specialist sales, marketing and services business serving the professional audio, musical instruments and consumer electronics product sectors.

Headquartered in Montreal, Canada, Jam is a world-leader in the professional audio and musical instruments sectors, providing a range of industry-leading, value-adding services and solutions to both its vendor and customer partners. This product sector and channel specialisation includes marketing and sales support, in-house technicians providing technical support, after-sales, repair and warranty repair services, in-house graphics and print services and the provision of white-label e-commerce platforms for smaller retailers and resellers. The business recorded revenue of US\$323 million in the year ended 30 April 2018 and employs approximately 570 people.

The acquisition of Jam significantly strengthened DCC Technology's position in the North American market building on the acquisition of Stampede in July 2018. Importantly, the very strong service capability of Jam is consistent with DCC Technology's increasing focus on positioning itself as a specialist service partner for customers and suppliers, providing extensive brand reach, market access and simplifying the complex supply chain of its chosen sectors.

Stampede

In July 2018, DCC Technology announced the acquisition of Stampede, a specialist distributor of Pro AV products and solutions in North America.

Headquartered in Buffalo, New York, Stampede, one of the leading specialist Pro AV distributors in the US, supplies Pro AV products including large format display, projectors, lamps, drones and accessories to system integrators, value-added resellers, retailers and etailers in the US, Canada and the UK. Stampede also provides Pro AV solutions to the hospitality, government, corporate and education sectors. Stampede partners with, and supplies products from, leading Pro AV brands such as Christie, Epson, LG, NEC, Samsung and Sharp. Stampede recorded revenue of US\$280 million in the year ended 31 December 2017 and employs approximately 210 people.

The acquisition of Stampede represented DCC Technology's first acquisition in North America and is consistent with DCC Technology's strategy to extend the geographic footprint and product range of its successful and growing Pro AV business, strengthening its partnership with existing suppliers, while also broadening its base of customers and suppliers.

Kondor

In July 2018, DCC announced the acquisition of Kondor, based in the South of England. Kondor distributes audio and mobile accessory products to etailers, retailers and mobile operators in the UK and Continental Europe. It partners with mobile and accessory brand owners and has an extensive portfolio of own-brand products, complementing its third-party brands. Kondor also provides outsourced category management services, including category/brand management, marketing support, promotional display, brand support and advanced stock solutions, to the retail channel.

DCC Retail & Oil

Denmark Aviation

In March 2019, DCC Retail & Oil's Danish business agreed to create a new branded marketing and distribution aviation business with Shell Aviation. The business will supply national and international airlines with aviation fuel from seven Danish airports. The business is the largest supplier of aviation fuel in the country, serving Denmark's busiest airports. The relationship, which involved Shell Aviation taking a stake in DCC's existing Danish aviation operations, combines DCC's local presence and supply infrastructure with Shell's global expertise in aviation and capabilities in jet fuel production and supply.

Oil Distribution Northern Ireland

In April 2018, DCC Retail & Oil completed the disposal of its fuel storage terminal in Belfast and its distribution business in Northern Ireland. The distribution business sold approximately 250 million litres of product in the year ended 31 March 2018.

Total cash spend on acquisitions for the year ended 31 March 2019

The total cash spend on acquisitions completed in the year was £296.8 million and included the payment of deferred and contingent acquisition consideration previously provided of £30.3 million.

Financial strength

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet, which amongst other benefits, enables it to take advantage of development opportunities as they arise. On 2 October 2018, the Group completed an equity placing raising approximately £600 million, significantly strengthening the Group's balance sheet following a period of record development expenditure.

At 31 March 2019, the Group had net debt of £18.4 million, total equity of £2.4 billion, cash resources, net of overdrafts, of £1.5 billion and a further £400 million of undrawn, committed debt facilities. The Group's outstanding term debt had an average maturity of 5.3 years (6.4 years including commitments). Substantially all of the Group's debt has been raised in the US Private Placement market with an average credit margin of 1.61% over floating Euribor/Libor. In April 2019, DCC successfully drew down a private placement issuance equivalent to £353 million, which will refinance private placement debt maturing within the next 12 months.

At 31 March 2019, the Group's net debt:EBITDA was less than 0.1 times and on a pro-forma basis, adjusting solely for the acquisition commitments announced today, net debt:EBITDA at 31 March 2019 would be approximately 0.2 times.

Outlook

The Group expects that the year ending 31 March 2020 will be another year of profit growth and development.

Annual Report and Annual General Meeting

DCC's 2019 Annual Report will be published in June 2019. The Company's Annual General Meeting will be held at 11.00 am on Friday 12 July 2019 in The InterContinental Hotel, Simonscourt Road, Ballsbridge, Dublin 4, Ireland.

Performance Review – Divisional Analysis

DCC LPG	2019	2018	% change
Volumes (thousand tonnes)	2,078.3kT	1,876.2kT	+10.8%
Operating profit	£201.8m	£167.5m	+20.5%
Operating profit per tonne	£97.11	£89.27	+8.8%
Return on capital employed	17.1%	17.4%	

DCC LPG delivered very strong growth, notwithstanding the mild weather conditions experienced in Europe, with operating profit increasing by 20.5% to £201.8 million, driven by acquisitions. The integration of each of the US, German and Hong Kong & Macau businesses was completed during the year and each business performed in line with, or modestly ahead of, expectations during the year.

Overall volumes increased by 10.8%, driven by the contribution from the aforementioned acquisitions. On a like-for-like basis volumes declined by 2.8%, reflecting the mild weather conditions across Europe which impacted heating segments. The operating profit per tonne increased versus the prior year, principally due to the positive effect on mix of the newly acquired businesses.

The business in France performed in line with expectations, with good procurement and cost control offsetting the impact of lower volumes due to the warmer than normal weather conditions. The business continues to focus on diversifying its offering to complement its very strong position in the retail and domestic LPG segments. The business made good progress during the year in increasing its presence in the commercial LPG market, rolled out approximately 200 'Click & Collect' automated cylinder dispensers and has also developed a nascent business in the retailing of wood pellets. Similarly, the B2C natural gas and electricity start-up initiative launched in the prior year continues to develop, albeit in a competitive marketplace. These initiatives are aimed at leveraging the strength of the 'Butagaz' brand and developing a broader position in the French energy market.

DCC LPG delivered good growth in volumes in Britain and Ireland, despite the warmer weather conditions, with particular success in growing its sales to industrial and commercial customers, with the commercial and environmental benefits of LPG continuing to attract new customers to the segment. In Britain, the Countrywide LPG business was successfully integrated during the second half of the financial year. The British business continues to invest in its operational infrastructure and was recently granted planning permission to convert an existing LNG facility in Avonmouth into a large LPG storage terminal which, when completed, will provide enhanced security of supply to the business.

The US business has performed well since acquisition and benefited from the colder than normal weather conditions experienced in its regional markets. The business recently completed the acquisition of Pacific Coast Energy, its first material bolt-on acquisition, as it continues to target further expansion in the highly fragmented US LPG market.

DCC LPG now has substantial operations in ten countries and is very well placed to continue its development both in existing and new territories, as well as continuing to develop its position in adjacencies, which broadens the service offering of the division.

DCC Retail & Oil	2019	2018	% change
Volumes (litres)	12.151bn	12.308bn	-1.3%
Operating profit	£133.7m	£113.8m	+17.6%
Operating profit per litre	1.10ppl	0.92ppl	+19.6%
Return on capital employed	18.6%	18.7%	

DCC Retail & Oil delivered very strong growth, with operating profit increasing to £133.7 million, 17.6% ahead of the prior year. This excellent performance reflects both the continuing focus of the business on increasing its penetration of value-added products and services, which drove very strong organic profit growth in the year, and the full year impact of acquisitions completed in the prior year.

DCC Retail & Oil sold 12.2 billion litres of product, a modest decline on the prior year. On a like-for-like basis (adjusting for acquired volumes and the disposal of the Northern Irish distribution business in April 2018), volumes declined by 3.8%. This reflected the mild weather conditions, which impacted both agricultural and heating-related volumes, and also the impact of reduced volumes in France where the business was affected by the regular nationwide protests.

In Britain and Ireland, the business delivered good organic profit growth. A strong performance in the commercial sector and the positive mix impact from the expansion into premium fuels and value-added services offset the impact of adverse weather conditions on both heating volumes in the last quarter and agricultural demand seen earlier in the year. The business continued its recent growth in the lubricants sector, delivering good organic growth and also acquiring two modest lubricants blending businesses during the period. Following the complementary acquisition of SNAP in the prior year, the business continues to invest in the expansion of its activities in unmanned retail and in its HGV truck stop network, where the business is adding well-located sites across Britain. It now offers additional services to HGVs at these truck stops, such as secure parking and truck washes, which is enabled by SNAP's technology platform. The Fuel Card business performed very well, delivering strong organic profit growth in both fuel and non-fuel income streams, and placed an increased focus on customer engagement in a competitive market.

The Scandinavian business performed very well, primarily driven by strong organic operating profit growth and the full year contribution of Esso Norway. Notwithstanding the difficult weather conditions which impacted both agricultural and heating-related volumes, the Danish business recorded very strong operating profit growth as the business continued to both develop its offering in differentiated fuels and to improve the performance of the retail and commercial business acquired in 2017. In Norway, management continues to drive improvements in what remains a difficult retail market environment. In March 2019, the Danish business agreed to create a new branded marketing and distribution business with Shell Aviation, which involved Shell taking a stake in the existing Danish aviation operations, giving the business access to Shell's global network and settlements platform, further strengthening DCC Retail & Oil's presence in the aviation fuels market.

In France, the business delivered good organic profit growth, despite the impact of the regular nationwide protests. The growth in France has been supported by initiatives in customer engagement, loyalty programmes, fuel differentiation through Esso's 'Synergy' fuels, and the modest bolt-on acquisition of a network of Esso dealers that completed during the year. The other Continental European businesses also performed very well during the year.

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.

DCC Technology	2019	2018	% change
Revenue	£3.631bn	£3.006bn	+20.8%
Operating profit	£64.7m	£47.8m	+35.1%
Operating margin	1.8%	1.6%	
Return on capital employed	14.3%	16.1%	

DCC Technology recorded very strong growth with operating profit increasing by 35.1%, driven by acquisitions completed in the current year and strong organic profit growth in the UK & Ireland. It was also a very significant period of development activity, with DCC Technology entering the North American market and today announcing the further strengthening of its European presence through the acquisitions of Comm-Tec in Germany and Amacom in the Netherlands. The improvement in operating margin reflects the increasing proportion of service-led revenue in the business, whilst the recent strategic investments made in the warehousing and operating infrastructure of the UK, Nordics and France held back the division's return on capital employed.

In the UK & Ireland, the business achieved very strong revenue and profit growth, driven by market share gains and growth in the mobile, datacentre and AV sectors. The business also benefited from the continued development of its service proposition, including device life cycle management. The upgrade of the enterprise management system in the UK business is continuing, with the system now live in an element of the UK business, with the remaining components of the business scheduled to go live during the next financial year. The upgrade is expected to significantly enhance the capability of the business to service its customers and suppliers.

The acquisitions of Comm-Tec and Amacom announced today substantially strengthen DCC Technology's position in Continental Europe, while the significant investment made in the infrastructure in France and the Nordics has enhanced the service offering in the region, will drive efficiencies in the business and support future growth. Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain and Amacom is a leading distributor of consumer electronics, AV, and IT products, primarily to the retail and e-tail sectors in the Netherlands.

The business in the Middle East continued to generate very strong organic revenue and profit growth, reflecting further development of its relationships with key retailers in the region.

As previously reported, DCC Technology also acquired two businesses in North America during the year, Stampede and Jam, both of which are trading in line with expectations. Stampede and Jam provide platforms for DCC Technology to develop and expand its business in North America, in particular in the Pro AV, Pro Audio and consumer electronics market.

With its increasing scale and geographic reach and significant investments in operational infrastructure and service capability, DCC Technology is very well placed to continue its development and become a leading specialist technology and value-added services business, delivering an industry-leading services offering to technology manufacturers, resellers and retailers in both existing and new markets.

DCC Healthcare	2019	2018	% change
Revenue	£576.4m	£514.6m	+12.0%
Operating profit	£60.3m	£54.3m	+11.1%
Operating margin	10.5%	10.6%	
Return on capital employed	16.6%	16.7%	

DCC Healthcare again delivered very strong operating profit growth, driven by excellent organic growth in the health and beauty sector and also benefiting from acquisitions completed in the prior year.

DCC Vital, which is focused on the sales and marketing of medical devices and pharmaceuticals to healthcare providers in Britain and Ireland, performed well and delivered good organic profit growth in the supply of medical products into the hospital and GP channels in Britain. The business generated strong growth in sales of its own medical and surgical products into hospitals, particularly in the areas of cardiac monitoring, anaesthesia and laparoscopic surgery. DCC Vital strengthened its position as the market leader in the GP channel in Britain, generating very strong profit growth including the benefit of synergies from the successful integration of two small complementary bolt-on acquisitions completed in the prior year. DCC Vital's pharma activities performed satisfactorily, with good profit growth in Britain driven by the strength of its supply chain, which offset a slightly weaker performance in the Irish market.

DCC Health & Beauty Solutions, which provides outsourced solutions to international nutrition and beauty brand owners, generated very strong organic profit growth and also benefited from the first-time contribution from the prior year acquisition of Elite One Source. In the nutrition sector, the business generated very strong organic growth as it continues to support the international growth of key customers, particularly this year in the Chinese and Scandinavian markets, by providing a high-quality service encompassing innovation, manufacturing flexibility and technical support. The business also benefited from the development of new nutritional liquid products on behalf of customers. In the beauty sector, DCC generated excellent organic growth across a range of existing and new customers, driven in particular by strong demand for premium brands in the travel sector.

DCC Health & Beauty Solutions continues to invest in its facilities against the positive background of continuing global market growth and strong customer demand for its services. The business made good progress on a number of on-going investment projects across its manufacturing footprint, which will add significant new capacity and capability. The most material investment is at DCC Health & Beauty Solutions' soft gel facility in south Wales. DCC has grown its European market share in soft gels on the back of its market-leading capability in complex formulation and vegetarian soft gel products. This expansion project, which is scheduled to be commissioned over the summer months, will almost double soft gel capacity, allowing the business to leverage its latest technology innovations in organic vegetarian and delayed release soft gel products.

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 2019

		2019			2018 (restated*)		
		Pre exceptionals £'000	Exceptionals (note 6) £'000	Total £'000	Pre exceptionals £'000	Exceptionals (note 6) £'000	Total £'000
Continuing operations	Notes						
Revenue	5	15,226,893	-	15,226,893	13,121,671	-	13,121,671
Cost of sales		(13,589,254)	-	(13,589,254)	(11,714,846)	-	(11,714,846)
Gross profit		1,637,639	-	1,637,639	1,406,825	-	1,406,825
Administration expenses		(410,388)	-	(410,388)	(384,701)	-	(384,701)
Selling and distribution expenses		(793,514)	-	(793,514)	(652,636)	-	(652,636)
Other operating income		45,600	2,537	48,137	28,652	1,156	29,808
Other operating expenses		(18,815)	(30,722)	(49,537)	(14,740)	(46,269)	(61,009)
Adjusted operating profit		460,522	(28,185)	432,337	383,400	(45,113)	338,287
Amortisation of intangible assets		(63,312)	-	(63,312)	(43,059)	-	(43,059)
Operating profit	5	397,210	(28,185)	369,025	340,341	(45,113)	295,228
Finance costs		(83,595)	-	(83,595)	(73,156)	-	(73,156)
Finance income		36,980	4,307	41,287	37,421	299	37,720
Equity accounted investments' profit after tax		717	-	717	368	-	368
Profit before tax		351,312	(23,878)	327,434	304,974	(44,814)	260,160
Income tax expense		(55,617)	(685)	(56,302)	(49,289)	25,407	(23,882)
Profit for the year (continuing operations)		295,695	(24,563)	271,132	255,685	(19,407)	236,278
Profit for the year from discontinued operations	9	-	-	-	801	29,842	30,643
Profit after tax for the financial year		295,695	(24,563)	271,132	256,486	10,435	266,921
Profit attributable to:							
Owners of the Parent		287,156	(24,563)	262,593	250,420	11,404	261,824
Non-controlling interests		8,539	-	8,539	6,066	(969)	5,097
		295,695	(24,563)	271,132	256,486	10,435	266,921
Earnings per ordinary share							
Basic earnings per share	7			280.14p			293.83p
Diluted earnings per share	7			279.73p			292.79p
Basic adjusted earnings per share	7			358.16p			318.35p
Diluted adjusted earnings per share	7			357.63p			317.21p
Earnings per ordinary share – continuing operations							
Basic earnings per share	7			280.14p			259.44p
Diluted earnings per share	7			279.73p			258.52p
Basic adjusted earnings per share	7			358.16p			317.45p
Diluted adjusted earnings per share	7			357.63p			316.31p

*See note 4

Group Statement of Comprehensive Income

For the year ended 31 March 2019

	2019 £'000	2018 £'000
Group profit for the financial year	271,132	266,921
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation:		
- arising in the year	5,649	682
- recycled to the Income Statement on disposal	-	(4,548)
Movements relating to cash flow hedges	1,555	(3,030)
Movement in deferred tax liability on cash flow hedges	(264)	433
	<u>6,940</u>	<u>(6,463)</u>
Items that will not be reclassified to profit or loss		
Group defined benefit pension obligations:		
- remeasurements	(1,346)	5,215
- movement in deferred tax asset	223	(665)
	<u>(1,123)</u>	<u>4,550</u>
Other comprehensive income for the financial year, net of tax	<u>5,817</u>	<u>(1,913)</u>
Total comprehensive income for the financial year	<u>276,949</u>	<u>265,008</u>
Attributable to:		
Owners of the Parent	269,387	259,336
Non-controlling interests	7,562	5,672
	<u>276,949</u>	<u>265,008</u>
Attributable to:		
Continuing operations	276,949	234,365
Discontinued operations	-	30,643
	<u>276,949</u>	<u>265,008</u>

Group Balance Sheet

As at 31 March 2019

	Notes	2019 £'000	Restated 2018 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		996,536	933,038
Intangible assets and goodwill		2,069,558	1,953,831
Equity accounted investments		24,233	24,461
Deferred income tax assets		26,142	26,154
Derivative financial instruments		143,554	103,085
		3,260,023	3,040,569
Current assets			
Inventories		678,006	530,473
Trade and other receivables		1,517,507	1,426,217
Derivative financial instruments		67,987	8,050
Cash and cash equivalents		1,554,093	1,038,827
		3,817,593	3,003,567
Total assets		7,077,616	6,044,136
EQUITY			
Capital and reserves attributable to owners of the Parent			
Share capital		17,422	15,455
Share premium		882,561	280,533
Share based payment reserve	10	28,706	22,883
Cash flow hedge reserve	10	(14,887)	(16,178)
Foreign currency translation reserve	10	107,722	101,096
Other reserves	10	932	932
Retained earnings		1,368,250	1,237,937
Equity attributable to owners of the Parent		2,390,706	1,642,658
Non-controlling interests		42,821	35,259
Total equity		2,433,527	1,677,917
LIABILITIES			
Non-current liabilities			
Borrowings		1,442,356	1,598,521
Derivative financial instruments		1,122	10,732
Deferred income tax liabilities		174,250	169,421
Post employment benefit obligations	12	(1,397)	(286)
Provisions for liabilities		269,580	278,890
Acquisition related liabilities		73,586	71,454
Government grants		342	237
		1,959,839	2,128,969
Current liabilities			
Trade and other payables		2,218,838	2,063,260
Current income tax liabilities		49,799	19,769
Borrowings		331,573	74,897
Derivative financial instruments		9,008	8,474
Provisions for liabilities		47,208	44,451
Acquisition related liabilities		27,824	26,399
		2,684,250	2,237,250
Total liabilities		4,644,089	4,366,219
Total equity and liabilities		7,077,616	6,044,136
Net debt included above	11	(18,425)	(542,662)

Group Statement of Changes in Equity

For the year ended 31 March 2019

	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 10) £'000	Total £'000		
At 1 April 2018	15,455	280,533	1,237,937	108,733	1,642,658	35,259	1,677,917
IFRS 9 transition adjustment (note 4)	-	-	(3,349)	-	(3,349)	-	(3,349)
At 1 April 2018 (restated)	15,455	280,533	1,234,588	108,733	1,639,309	35,259	1,674,568
Profit for the financial year	-	-	262,593	-	262,593	8,539	271,132
Currency translation	-	-	-	6,626	6,626	(977)	5,649
Group defined benefit pension obligations:							
- remeasurements	-	-	(1,346)	-	(1,346)	-	(1,346)
- movement in deferred tax asset	-	-	223	-	223	-	223
Movements relating to cash flow hedges	-	-	-	1,555	1,555	-	1,555
Movement in deferred tax liability on cash flow hedges	-	-	-	(264)	(264)	-	(264)
Total comprehensive income	-	-	261,470	7,917	269,387	7,562	276,949
Issue of share capital	1,967	600,970	(10,847)	-	592,090	-	592,090
Re-issue of treasury shares	-	1,058	-	-	1,058	-	1,058
Share based payment	-	-	-	5,823	5,823	-	5,823
Dividends	-	-	(116,961)	-	(116,961)	-	(116,961)
At 31 March 2019	17,422	882,561	1,368,250	122,473	2,390,706	42,821	2,433,527

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 10) £'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

Group Cash Flow Statement

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Cash flows from operating activities			
Profit for the financial year		271,132	266,921
Add back non-operating expenses/(income):			
- tax		56,302	24,046
- share of equity accounted investments' profit		(717)	(368)
- net operating exceptionals		28,185	15,271
- net finance costs		42,308	35,452
Group operating profit before exceptionals		397,210	341,322
Share-based payments expense		5,823	4,737
Depreciation		109,626	93,722
Amortisation of intangible assets		63,312	43,059
Profit on disposal of property, plant and equipment		(2,182)	(167)
Amortisation of government grants		(40)	(36)
Other		(3,709)	4,555
Decrease/(increase) in working capital		37,465	(13,758)
Cash generated from operations before exceptionals		607,505	473,434
Exceptionals		(34,619)	(12,602)
Cash generated from operations		572,886	460,832
Interest paid		(78,031)	(69,900)
Income tax paid		(34,500)	(65,437)
Net cash flows from operating activities		460,355	325,495
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		8,810	7,617
Dividends received from equity accounted investments		420	1,980
Disposal of subsidiaries		8,492	160,063
Interest received		34,831	37,399
		52,553	207,059
Outflows:			
Purchase of property, plant and equipment		(182,311)	(152,997)
Acquisition of subsidiaries	13	(266,525)	(664,109)
Payment of accrued acquisition related liabilities		(30,311)	(26,910)
		(479,147)	(844,016)
Net cash flows from investing activities		(426,594)	(636,957)
Financing activities			
Inflows:			
Proceeds from issue of shares		593,148	3,322
Net cash inflow on derivative financial instruments		-	11,275
Increase in interest-bearing loans and borrowings		201,357	458,593
Increase in finance lease liabilities		492	766
		794,997	473,956
Outflows:			
Repayment of interest-bearing loans and borrowings		(201,357)	(58,130)
Repayment of finance lease liabilities		(630)	(4)
Dividends paid to owners of the Parent	8	(116,961)	(102,871)
		(318,948)	(161,005)
Net cash flows from financing activities		476,049	312,951
Change in cash and cash equivalents		509,810	1,489
Translation adjustment		(8,075)	(10,018)
Cash and cash equivalents at beginning of year		964,293	972,822
Cash and cash equivalents at end of year		1,466,028	964,293
Cash and cash equivalents consists of:			
Cash and short term bank deposits		1,554,093	1,038,827
Overdrafts		(88,065)	(74,534)
		1,466,028	964,293

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

1. Basis of Preparation

The financial information, from the Group Income Statement to note 17, contained in this preliminary results statement has been derived from the Group financial statements for the year ended 31 March 2019 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 2019 and their report was unqualified. The financial information for the year ended 31 March 2018 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 2019 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:

IFRS 9 Financial Instruments:

This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. The Standard includes requirements for recognition and measurement, classification, and de-recognition of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new rules for hedge accounting. The new standard also introduced expanded disclosure requirements and changes in presentation.

- Impairment of Financial Assets:

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as was the case under IAS 39. Trade receivables represent one of the Group's most significant financial assets and are subject to IFRS 9's new expected credit losses model. The Group's impairment methodology has been revised in line with the new requirements of IFRS 9 and the simplified approach to providing for expected credit losses has been applied which uses a lifetime expected loss allowance for all trade receivables. Details of the impact on the Group's financial statements is provided in note 4.

- Hedge Accounting:

The Group has made the accounting policy choice allowed under IFRS 9 to continue to apply the hedge accounting requirements of IAS 39 until the amended standard resulting from an IASB project on macro hedge accounting becomes effective. Accordingly, there has been no impact on the accounting for hedging relationships.

IFRS 15 Revenue from Contracts with Customers:

This standard replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. This standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. It specifies how and when revenue should be recognised as well as requiring enhanced disclosures. Revenue is recognised when an identified performance obligation has been met and the customer can direct the use of, and obtain substantially all the remaining benefits from, a good or service as a result of obtaining control of that good or service. Details of the impact on the Group's financial statements is provided in note 4.

The following changes to IFRS became effective for the Group during the financial year but did not result in material changes to the Group's consolidated financial statements:

- Annual Improvements to IFRS 2014 -2016 Cycle;
- Amendments to IFRS 4: Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*;
- Amendments to IFRS 2: *Classification and measurement of share-based payment transactions*;
- IFRIC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*; and
- Amendments to IAS 40: *Transfers of Investment Property*.

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

2. Accounting Policies (continued)

The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective, the most significant of which are as follows:

IFRS 16 Leases (effective date: DCC financial year beginning 1 April 2019):

This standard will replace IAS 17 *Leases*. The changes under IFRS 16 are significant and will predominantly affect lessees, the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17, will remain largely unchanged. The main impact on lessees is that almost all leases will be recognised on the balance sheet as the distinction between operating and finance leases is removed for lessees. Under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term leases and low-value leased assets. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions. More extensive disclosures, both qualitative and quantitative, are also required for both lessees and lessors.

At transition date, the Group will calculate the lease commitments outstanding at that date and apply appropriate discount rates to calculate the present value of the lease commitment which will be recognised as a liability and a right of use asset on the Group's Balance Sheet. In the Income Statement, the Group currently recognises operating lease rentals in operating expenses. Under the new standard, a right of use asset will be capitalised and depreciated over the term of the lease with an associated finance cost applied annually to the lease liability.

The Group's future minimum rentals payable under non-cancellable operating leases at 31 March 2019 amounted to £376.3 million and the charge recognised in the Income Statement for the year ended 31 March 2019 amounted to £66.0 million. These amounts provide an indication of the scale of leases held at 31 March 2019 but exclude the impact of discounting, assessment of the expected term of leases (including renewal options) and exemptions for short-term leases and low-value leased assets.

The Group will apply IFRS 16 from its effective date using the modified retrospective approach, which means that comparatives do not need to be restated. The Group will apply the recognition exemption for both short-term leases and low-value leased assets. The Group will also apply the practical expedient allowing leases previously classified as operating leases and ending within 12 months of the date of transition, to be accounted for as short-term leases.

The Group's assessment of the impact of adopting IFRS 16 is in the process of being finalised. The actual adjustment on transition could differ to the estimated impact provided below due to changes in underlying assumptions. Based on the work performed to date, the expected impact of IFRS 16 as applied to the current year results is as follows:

- Property, plant and equipment: increase of £320 million with a corresponding increase in net debt;
- Adjusted operating profit: increase of £6 million;
- Net finance cost: increase of £8 million;
- Adjusted earnings per share: decrease of 1.8 pence; and
- Return on capital employed: decrease of 1.6%.

IFRIC 23 Uncertainty over Income Tax Treatments (effective date: DCC financial year beginning 1 April 2019):

This IFRIC clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. The Group does not expect the adoption of this IFRIC to have a material impact on the consolidated financial statements.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the Group.

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

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	
	2019 Stg£1=	2018 Stg£1=	2019 Stg£1=	2018 Stg£1=
Euro	1.1319	1.1366	1.1651	1.1430
Danish Krone	8.4407	8.4603	8.6977	8.5187
Swedish Krona	11.7467	11.0482	12.1146	11.7548
Norwegian Krone	10.9172	10.7901	11.2536	11.0607
US Dollar	1.3184	1.3236	1.3090	1.4083
Hong Kong Dollar	10.3392	10.3312	10.2755	11.0522

4. Restatement

Measurement period adjustments:

The Group Balance Sheet for the year ended 31 March 2018 has been restated due to the finalisation of the valuation of the separately identifiable intangible assets acquired on the DCC Propane (previously 'Retail West') and TEGA business combinations. In the year ended 31 March 2018 the Group reported that the acquisitions of DCC Propane and TEGA both completed on 31 March 2018 and, as such, it had not been feasible to perform a preliminary assignment of fair values to identifiable net assets. IFRS 3 *Business Combinations* allows for the recognition of provisional fair values where the initial accounting for the business combination is incomplete. The Group has now completed this assignment of fair values to identifiable net assets and the most significant amendment has been the recognition of customer and supplier related intangible assets. The net impact of the prior year restatement on the previously reported Group Balance Sheet is summarised as follows:

	As at 31 March 2018		
	Previously reported £'000	Adjustment £'000	Restated £'000
Intangible assets	500,396	110,652	611,048
Goodwill	1,436,566	(93,783)	1,342,783
Intangible assets and goodwill	1,936,962	16,869	1,953,831
Other non-current assets	1,086,738	-	1,086,738
Non-current assets	3,023,700	16,869	3,040,569
Deferred income tax liabilities	(152,552)	(16,869)	(169,421)
Other non-current liabilities	(1,959,548)	-	(1,959,548)
Non-current liabilities	(2,112,100)	(16,869)	(2,128,969)

The Group Income Statement was not impacted by the adjustments detailed above.

Revenue recognition:

As disclosed in the 31 March 2018 Annual Report, the Group undertook a detailed analysis of the impact of IFRS 15 *Revenue from Contracts with Customers*, which became effective during the current year. This analysis included a focus on whether certain revenue streams might be more appropriately recorded on an agency ('net') basis rather than on a principal ('gross') basis. In particular, the Group concluded that under the new standard, a portion of its fuel card activities constituted acting in the role of an agent rather than that of a principal. Consequently, revenue from these activities is now recorded on a 'net' basis i.e. the Group recognises the gross profit contribution on the revenue line with no overall net impact on gross profit.

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

4. Restatement (continued)

In accordance with transition options available under IFRS 15, the Group has restated the Group Income Statement comparatives for the year ended 31 March 2018 as follows:

	Year ended 31 March 2018		
	Previously reported £'000	Adjustment £'000	Restated £'000
Revenue	14,264,639	(1,142,968)	13,121,671
Cost of sales	(12,857,814)	1,142,968	(11,714,846)
Gross profit	1,406,825	-	1,406,825

Impairment of financial assets:

The Group adopted IFRS 9 *Financial Instruments* from 1 April 2018. In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated. The impact of adopting IFRS 9 did not have a material impact on the Group's consolidated financial statements and the adjustment on application at 1 April 2018 was £3.3 million.

5. 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.

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

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

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

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

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

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 2019

5. 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 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment revenue	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Adjusted operating profit	201,826	133,731	64,638	60,327	460,522
Amortisation of intangible assets	(31,525)	(10,574)	(14,885)	(6,328)	(63,312)
Net operating exceptionals (note 6)	(7,041)	(4,063)	(16,175)	(906)	(28,185)
Operating profit	163,260	119,094	33,578	53,093	369,025

	Year ended 31 March 2018 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment revenue	1,362,796	8,238,170	3,006,141	514,564	13,121,671
Adjusted operating profit	167,485	113,757	47,840	54,318	383,400
Amortisation of intangible assets	(21,312)	(8,983)	(5,566)	(7,198)	(43,059)
Net operating exceptionals (note 6)	(8,127)	(21,788)	(12,164)	(3,034)	(45,113)
Operating profit	138,046	82,986	30,110	44,086	295,228

(b) By geography

The Group has a presence in 17 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*	
	2019 £'000	Restated 2018 £'000	2019 £'000	Restated 2018 £'000
Republic of Ireland	849,795	842,913	128,138	129,050
United Kingdom	7,345,634	6,749,855	1,118,552	1,050,804
France	2,958,479	2,671,257	862,014	882,276
Other	4,072,985	2,857,646	981,623	849,200
	15,226,893	13,121,671	3,090,327	2,911,330

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

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

5. Segmental Reporting (continued)

Disaggregation of revenue

The following table disaggregates revenue by primary geographical market, major revenue lines and timing of revenue recognition.

	Year ended 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Republic of Ireland (country of domicile)	128,086	365,814	268,795	87,100	849,795
United Kingdom	298,731	4,125,047	2,477,365	444,491	7,345,634
France	911,829	1,835,326	211,324	-	2,958,479
Other	439,647	2,915,094	673,450	44,794	4,072,985
Revenue	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Products transferred at point in time	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Products transferred over time	-	-	-	-	-
Revenue	1,778,293	9,241,281	3,630,934	576,385	15,226,893
LPG and related products	1,778,293	-	-	-	1,778,293
Oil and related products	-	9,241,281	-	-	9,241,281
Technology products and services	-	-	3,630,934	-	3,630,934
Medical and pharmaceutical products	-	-	-	344,955	344,955
Nutrition and health & beauty products	-	-	-	231,430	231,430
Revenue	1,778,293	9,241,281	3,630,934	576,385	15,226,893

	Year ended 31 March 2018				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Republic of Ireland (country of domicile)	134,833	329,110	294,616	84,354	842,913
United Kingdom	244,453	3,977,826	2,108,702	418,874	6,749,855
France	783,124	1,674,603	213,530	-	2,671,257
Other	200,386	2,256,631	389,293	11,336	2,857,646
Revenue	1,362,796	8,238,170	3,006,141	514,564	13,121,671
Products transferred at point in time	1,362,796	8,238,170	3,006,141	514,564	13,121,671
Products transferred over time	-	-	-	-	-
Revenue	1,362,796	8,238,170	3,006,141	514,564	13,121,671
LPG and related products	1,362,796	-	-	-	1,362,796
Oil and related products	-	8,238,170	-	-	8,238,170
Technology products and services	-	-	3,006,141	-	3,006,141
Medical and pharmaceutical products	-	-	-	338,654	338,654
Nutrition and health & beauty products	-	-	-	175,910	175,910
Revenue	1,362,796	8,238,170	3,006,141	514,564	13,121,671

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

6. Exceptionals

	2019 £'000	2018 £'000
Restructuring costs	(19,430)	(29,419)
Acquisition and related costs	(9,564)	(12,789)
Impairment of property, plant and equipment	-	(3,735)
Adjustments to contingent acquisition consideration	1,727	477
Other operating exceptional items	(918)	353
Net operating exceptional items	(28,185)	(45,113)
Mark to market of swaps and related debt	4,307	299
Net exceptional items before taxation	(23,878)	(44,814)
Deferred tax	(685)	25,407
Net exceptional items after taxation (continuing operations)	(24,563)	(19,407)
Profit on disposal of discontinued operations	-	29,842
Net exceptional items after taxation	(24,563)	10,435
Non-controlling interest share of net exceptional items after taxation	-	969
Net exceptional items attributable to owners of the Parent	(24,563)	11,404

Acquisition and related costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £9.564 million.

Restructuring and integration costs amounted to £19.430 million. The largest component of this cost relates to the ongoing dual running costs relating to the optimisation of DCC Technology's logistics and related infrastructure. The upgraded warehousing and logistics in the UK, Nordics and France are all now operational. The related UK SAP implementation is now live in an element of the UK business, with the remaining components of the business scheduled to go-live during the next financial year. Given the level of acquisitions undertaken in the previous 12 months across the Group, a number of integration-related restructurings took place during the year.

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 2019, this amounted to an exceptional non-cash gain of £4.307 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 £1.194 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 included in the prior year principally reflects the impact of the recent reduction of the statutory corporation tax rate in France and a 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 the prior year in relation to certain exceptional charges.

The profit on disposal of discontinued operations in the prior year of £29.842 million related to the gain recorded on the profitable sale of DCC's environmental division which completed in the prior year.

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

7. Earnings per Ordinary Share

	Continuing operations 2019 £'000	Discontinued operations (note 9) 2019 £'000	Total 2019 £'000	Continuing operations 2018 £'000	Discontinued operations (note 9) 2018 £'000	Total 2018 £'000
Profit attributable to owners of the Parent	262,593	-	262,593	231,181	30,643	261,824
Amortisation of intangible assets after tax	48,565	-	48,565	33,245	-	33,245
Exceptionals after tax (note 6)	24,563	-	24,563	18,438	(29,842)	(11,404)
Adjusted profit after taxation and non-controlling interests	335,721	-	335,721	282,864	801	283,665
Basic earnings per ordinary share	2019 pence	Discontinued operations 2019 pence	Total 2019 pence	Continuing operations 2018 pence	Discontinued operations 2018 pence	Total 2018 pence
Basic earnings per ordinary share	280.14p	-	280.14p	259.44p	34.39p	293.83p
Amortisation of intangible assets after tax	51.81p	-	51.81p	37.31p	-	37.31p
Exceptionals after tax	26.21p	-	26.21p	20.70p	(33.49p)	(12.79p)
Adjusted basic earnings per ordinary share	358.16p	-	358.16p	317.45p	0.90p	318.35p
Weighted average number of ordinary shares in issue (thousands)			93,736			89,106

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 2019 pence	Discontinued operations 2019 pence	Total 2019 pence	Continuing operations 2018 pence	Discontinued operations 2018 pence	Total 2018 pence
Diluted earnings per ordinary share						
Basic earnings per ordinary share	279.73p	-	279.73p	258.52p	34.27p	292.79p
Amortisation of intangible assets after tax	51.73p	-	51.73p	37.18p	-	37.18p
Exceptionals after tax	26.17p	-	26.17p	20.61p	(33.37p)	(12.76p)
Adjusted basic earnings per ordinary share	357.63p	-	357.63p	316.31p	0.90p	317.21p
Weighted average number of ordinary shares in issue (thousands)			93,874			89,425

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

7. Earnings per Ordinary Share (continued)

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £262.593 million (2018: £231.181 million) and £335.721 million (2018: £282.864 million) for the purposes of the continuing adjusted diluted earnings per ordinary share calculations.

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2019 was 93.874 million (2018: 89.425 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:

	2019 '000	2018 '000
Weighted average number of ordinary shares in issue	93,736	89,106
Dilutive effect of options and awards	138	319
Weighted average number of ordinary shares for diluted earnings per share	<u>93,874</u>	<u>89,425</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.

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

8. Dividends

	2019 £'000	2018 £'000
Final - paid 82.09 pence per share on 19 July 2018 (2018: paid 74.63 pence per share on 20 July 2017)	73,108	66,520
Interim - paid 44.98 pence per share on 12 December 2018 (2018: paid 40.89 pence per share on 11 December 2017)	43,853	36,351
	116,961	102,871

The Directors are proposing a final dividend in respect of the year ended 31 March 2019 of 93.37 pence per ordinary share (£91.744 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

9. Discontinued Operations

The Group's discontinued operations for the year ended 31 March 2018 comprise the results of the Group's former DCC Environmental segment. There were no discontinued operations during the year ended 31 March 2019.

The following table details the results of discontinued operations included in the Group Income Statement in the prior year ended 31 March 2018:

	2018 £'000
Revenue	29,614
Cost of sales	(20,292)
Gross profit	9,322
Operating expenses	(8,341)
Operating profit	981
Net finance costs	(16)
Profit before tax	965
Income tax expense	(164)
	801
Profit on disposal of discontinued operations	29,842
Profit from discontinued operations after tax	30,643

The following table details the cash flow from discontinued operations included in the Group Cash Flow Statement in the prior year ended 31 March 2018:

	2018 £'000
Net cash flow from operating activities	(5,602)
Net cash flow from investing activities	(1,332)
Net cash flow from discontinued operations	(6,934)

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

10. Other Reserves

For the year ended 31 March 2019

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2018	22,883	(16,178)	101,096	932	108,733
Currency translation	-	-	6,626	-	6,626
Movements relating to cash flow hedges	-	1,555	-	-	1,555
Movement in deferred tax liability on cash flow hedges	-	(264)	-	-	(264)
Share based payment	5,823	-	-	-	5,823
At 31 March 2019	28,706	(14,887)	107,722	932	122,473

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

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

11. Analysis of Net Debt

	2019 £'000	2018 £'000
Non-current assets		
Derivative financial instruments	143,554	103,085
Current assets		
Derivative financial instruments	67,987	8,050
Cash and cash equivalents	1,554,093	1,038,827
	1,622,080	1,046,877
Non-current liabilities		
Finance leases	(452)	(692)
Derivative financial instruments	(1,122)	(10,732)
Unsecured Notes	(1,441,904)	(1,597,829)
	(1,443,478)	(1,609,253)
Current liabilities		
Bank borrowings	(88,065)	(74,534)
Finance leases	(449)	(363)
Derivative financial instruments	(9,008)	(8,474)
Unsecured Notes	(243,059)	-
	(340,581)	(83,371)
Net debt	(18,425)	(542,662)

12. Post Employment Benefit Obligations

The Group's defined benefit pension schemes' assets were measured at fair value at 31 March 2019. The defined benefit pension schemes' liabilities at 31 March 2019 were updated to reflect material movements in underlying assumptions.

The Group's post employment benefit obligations moved from a net asset of £0.286 million at 31 March 2018 to a net asset of £1.397 million at 31 March 2019. The movement in the net asset position primarily reflects contributions in excess of the current service cost offset somewhat by actuarial losses on liabilities.

13. 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 by DCC Technology of 100% of Stampede Global Holdings Inc. ('Stampede') as announced in July 2018. Stampede is a specialist distributor of professional audio-visual products and solutions to customers based in the US, Canada and the UK;
- The acquisition by DCC Technology of 100% of Kondor Limited ('Kondor') as announced in July 2018. Kondor distributes audio and mobile accessory products and provides outsourced category management solutions to the retail channel in the UK and Continental Europe; and
- The acquisition by DCC Technology in September 2018 of 91% of the Jam Group of Companies ('Jam'). Jam is a market-leading North American specialist sales, marketing and services business serving the professional audio, musical instruments and consumer electronics product sectors.

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

13. 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.

	Total 2019 £'000	Restated Total 2018 £'000
Assets		
Non-current assets		
Property, plant and equipment	12,791	142,432
Intangible assets - other intangible assets	74,053	254,265
Equity accounted investments	164	497
Deferred income tax assets	2,602	6,409
Total non-current assets	<u>89,610</u>	<u>403,603</u>
Current assets		
Inventories	104,591	35,132
Trade and other receivables	141,388	51,984
Total current assets	<u>245,979</u>	<u>87,116</u>
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	(19,322)	(45,077)
Post employment benefit obligations	-	(9,636)
Provisions for liabilities	(846)	(10,716)
Government grants	(147)	-
Acquisition related liabilities	-	(102)
Total non-current liabilities	<u>(20,315)</u>	<u>(65,531)</u>
Current liabilities		
Trade and other payables	(129,118)	(38,000)
Provisions for liabilities	(389)	(4,271)
Current income tax asset/(liability)	966	(2,629)
Acquisition related liabilities	-	(57)
Total current liabilities	<u>(128,541)</u>	<u>(44,957)</u>
Identifiable net assets acquired	186,733	380,231
Goodwill	109,738	311,559
Total consideration	<u>296,471</u>	<u>691,790</u>
Satisfied by:		
Cash	274,678	682,461
Cash and cash equivalents acquired	(8,153)	(18,352)
Net cash outflow	266,525	664,109
Acquisition related liabilities	29,946	27,681
Total consideration	<u>296,471</u>	<u>691,790</u>

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

13. Business Combinations (continued)

None of the 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:

Total	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	17,122	72,488	89,610
Current assets	248,807	(2,828)	245,979
Non-current liabilities	(1,841)	(18,474)	(20,315)
Current liabilities	(126,286)	(2,255)	(128,541)
Identifiable net assets acquired	137,802	48,931	186,733
Goodwill arising on acquisition	158,669	(48,931)	109,738
Total consideration	296,471	-	296,471

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. Any amendments to fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2020 Annual Report as stipulated by IFRS 3.

As noted in the 2018 Annual Report the acquisitions of DCC Propane (previously 'Retail West') and TEGA both completed on 31 March 2018 and, as such, it was not feasible to perform a preliminary assignment of fair values to identifiable net assets. The Group has now completed an assignment of fair values to identifiable net assets and detailed in note 4.

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.

None 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 £9.564 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 £146.850 million. The fair value of these receivables is £141.388 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £5.462 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 nil to £146.9 million.

The acquisitions during the year contributed £652.7 million to revenues and £10.2 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 2019 would have been £15,501.2 million and total Group profit after tax (continuing) would be £265.8 million.

Notes to the Condensed Financial Statements

For the year ended 31 March 2019

14. 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.

15. 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 2019 financial year.

16. Events after the Balance Sheet Date

Pacific Coast Energy

In April 2019, DCC LPG acquired Pacific Coast Energy, an LPG distribution business operating in the north-west of the US for an enterprise value of approximately £30 million. The business trades under a number of brand names, supplying both residential and commercial customers in Washington and Oregon from six well-located facilities.

Comm-Tec

Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain. The business recorded revenue of approximately €90 million in its latest financial year and employs approximately 150 people.

Amacom

Amacom is a leading distributor of consumer electronics, AV and IT products, primarily to the retail and e-tail sectors in the Netherlands. The business recorded revenue of approximately €160 million in its latest financial year and employs approximately 80 people.

The combined initial enterprise value of Amacom and Comm-Tec is approximately £55 million and both acquisitions are subject to customary regulatory approvals.

An initial assignment of fair values to identifiable net assets acquired has not been completed given the timing of the closure of these transactions.

17. Board Approval

This report was approved by the Board of Directors of DCC plc on 13 May 2019.

Supplementary Financial Information

For the year ended 31 March 2019

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	2019 £'000	2018 £'000
Operating profit	369,025	295,228
Net operating exceptional items	28,185	45,113
Amortisation of intangible assets	63,312	43,059
Adjusted operating profit - continuing	460,522	383,400
Adjusted operating profit - discontinued	-	981
Adjusted operating profit ('EBITA')	460,522	384,381

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	2019 £'000	2018 £'000
Adjusted operating profit ('EBITA')	460,522	384,381
Depreciation	109,626	93,722
EBITDA	570,148	478,103

Supplementary Financial Information

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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	2019 £'000	2018 £'000
Finance costs before exceptional items	(83,595)	(73,156)
Finance income before exceptional items	36,980	37,421
Net interest - continuing	(46,615)	(35,735)
Net interest - discontinued	-	(16)
Net interest	(46,615)	(35,751)

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	2019 £'000	2018 £'000
Adjusted operating profit	460,522	384,381
Net interest	(46,615)	(35,751)
Earnings before taxation	413,907	348,630
Income tax expense	56,302	23,882
Exceptional deferred tax	(685)	25,407
Deferred tax attaching to amortisation of intangible assets	14,747	9,814
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - continuing	70,364	59,103
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - discontinued	-	164
Total income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets	70,364	59,267
Effective tax rate (%)	17.0%	17.0%

Supplementary Financial Information

For the year ended 31 March 2019

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	2019 pence	2018 pence
Adjusted earnings per share - continuing	358.16	317.45
Adjusted earnings per share - discontinued	-	0.90
Adjusted earnings per share	358.16	318.35

Dividend cover

Definition

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

Calculation	2019 pence	2018 pence
Adjusted earnings per share - continuing	358.16	317.45
Dividend	138.35	122.98
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	2019 £'000	2018 £'000
Purchase of property, plant and equipment	182,311	152,997
Proceeds from disposal of property, plant and equipment	(8,810)	(7,617)
Net capital expenditure	173,501	145,380

Supplementary Financial Information

For the year ended 31 March 2019

Alternative Performance Measures (continued)

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	2019 £'000	2018 £'000
Cash generated from operations before exceptionals	607,505	473,434
Net capital expenditure	(173,501)	(145,380)
Free cash flow	434,004	328,054

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	2019 £'000	2018 £'000
Free cash flow	434,004	328,054
Interest paid	(78,031)	(69,900)
Income tax paid	(34,500)	(65,437)
Dividends received from equity accounted investments	420	1,980
Interest received	34,831	37,399
Free cash flow (after interest and tax payments)	356,724	232,096

Cash conversion ratio

Definition

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

Calculation	2019 £'000	2018 £'000
Free cash flow	434,004	328,054
Adjusted operating profit	460,522	384,381
Cash conversion ratio (%)	94%	85%

Supplementary Financial Information

For the year ended 31 March 2019

Alternative Performance Measures (continued)

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	2019 £'000	2018 £'000
Net debt	18,425	542,662
EBITDA	570,148	478,103
Net debt/EBITDA (times)	0.1x	1.1x

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	2019 £'000	2018 £'000
Total equity	2,433,527	1,677,917
Net debt (continuing)	18,425	542,662
Goodwill and intangibles written off (continuing)	333,439	271,399
Equity accounted investments (continuing)	(24,233)	(24,461)
Acquisition related liabilities (continuing, current and non-current)	101,410	97,853
	2,862,568	2,565,370
Average total capital employed - continuing	2,713,969	2,190,043
Adjusted operating profit - continuing	460,522	383,400
Return on capital employed (%) - continuing	17.0%	17.5%

Supplementary Financial Information

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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	2019 £'000	2018 £'000
Net cash outflow on acquisitions during the year	266,525	664,109
Cash outflow on acquisitions which were committed to in the previous year	(14,750)	(341,253)
Acquisition related liabilities arising on acquisitions during the year	29,946	27,840
Acquisition related liabilities which were committed to in the previous year	(4,099)	(13,404)
Amounts committed in the current year	90,700	18,000
Committed acquisition expenditure	368,322	355,292

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	2019 £'000	2018 £'000
Inventories	678,006	530,473
Trade and other receivables	1,517,507	1,426,217
Less: interest receivable	(193)	(126)
Trade and other payables	(2,218,838)	(2,063,260)
Less: interest payable	5,058	4,775
Less: amounts due in respect of property, plant and equipment	2,831	10,671
Less: government grants	11	9
Net working capital	(15,618)	(91,241)

Working capital (days)

Definition

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

Calculation	2019 £'000	2018 £'000
Net working capital	(15,618)	(91,241)
March revenue	1,343,551	1,418,988
Working capital (days)	(0.4 days)	(2.0 days)