Results Presentation

For the year ended 31 March 2019
14 May 2019

DCC

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Agenda

1. Results highlights
2. Business review
3. Financial summary
4. Development review
5. Summary and Q&A

Results highlights

- Excellent performance for the year – group operating profit on continuing basis up 20.1% to £460.5 million
- All divisions recording very strong profit growth
- Adj. EPS on continuing basis up 12.8% to 358.2p
- Proposed 12.5% increase in full year dividend – 25th consecutive year of dividend growth since DCC listed in 1994
- Very strong cash flow performance with free cash flow conversion of c.94% – continuing strong return on capital employed of 17.0%
- Another active period of development for DCC – c.£370 million of acquisition commitments

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Business review

Donal Murphy
Chief Executive

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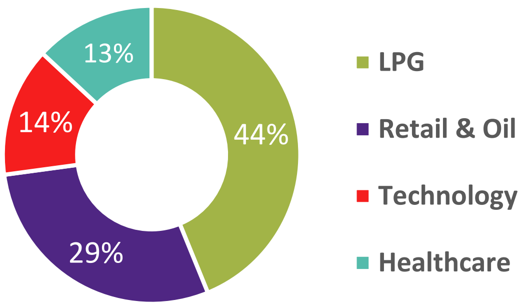
Divisional results

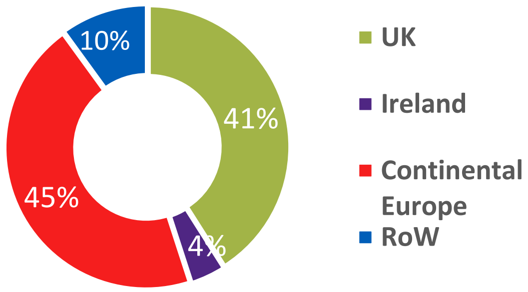
For the year ending 31 March 2019

£'m	2019	2018	% change
Operating profit[1]			
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	60.3	54.3	+11.1%
Operating profit - continuing operations[2]	**460.5**	**383.4**	**+20.1%**

By Division



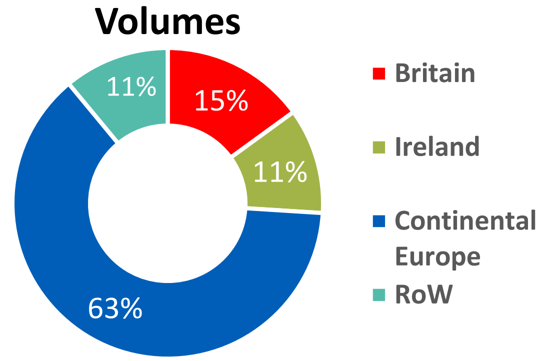
By Geography



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

DCC LPG

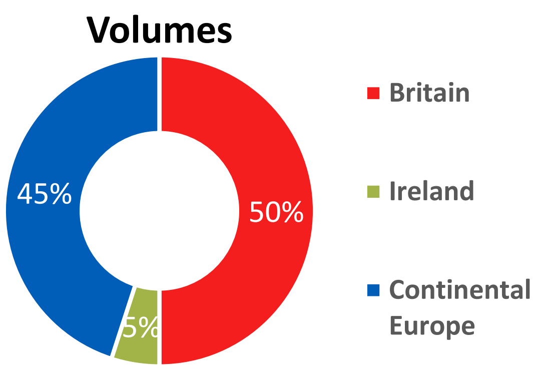
	2019	2018	% change
Volume ('000 tonnes)	2,078.3	1,876.2	+10.8%
Operating profit (£'m)	201.8	167.5	+20.5%
Operating profit / tonne	£97.11	£89.27	
ROCE	17.1%	17.4%	



- **Very strong performance with operating profits up 20.5%**
  - Volume growth of 10.8%, driven by prior year acquisitions of US, German and Hong Kong & Macau businesses
  - Organic operating profit modestly behind prior year, as anticipated, due to investment in natural gas and power in France and mild weather conditions
  - France performed in line with expectations with good procurement and cost control. Good progress leveraging strength of 'Butagaz' brand and developing broader position in the French energy market
  - In Britain & Ireland, good volume growth, despite the warmer weather, with continued success in Oil2LPG conversions
  - All recent acquisitions performed well, and first material bolt-on completed in the US

DCC Retail & Oil

	2019	2018	% change
Volume (bn litres)	12.151	12.308	-1.3%
Operating profit (£'m)	133.7	113.8	+17.6%
Operating profit / litre	1.10ppl	0.92ppl	
ROCE	18.6%	18.7%	

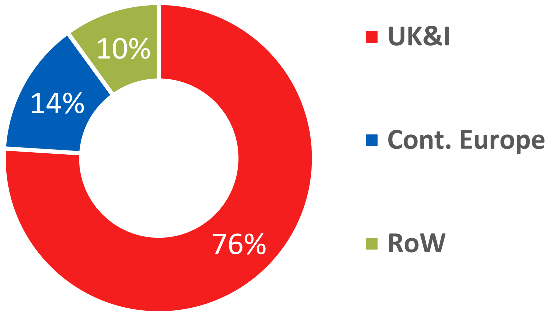


- **Very strong growth with operating profits up 17.6%**
  - Volumes modestly behind, principally reflecting mild weather conditions and protests in France
  - In Britain and Ireland, good organic profit growth driven by strong performance in commercial sector and continued focus on driving premium fuels and value-added services
  - Scandinavian business performed well – strong organic profit growth in Denmark driven by growth in retail and commercial fuels. Management continuing to drive improvements in Norway
  - New Danish branded marketing and distribution aviation business created with Shell Aviation
  - Good organic profit growth in France despite impact of regular protests

DCC Technology

	2019	2018	% change
Revenue (£'m)	3,631	3,006	+20.8%
Operating profit (£'m)	64.7	47.8	+35.1%
Operating margin	1.8%	1.6%	
ROCE	14.3%	16.1%	

Revenue by geography

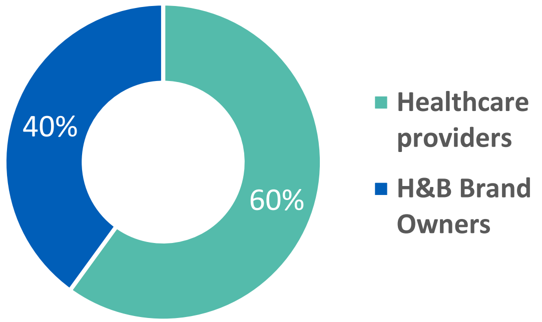


- **Very strong operating profit growth of 35.1%**
  - Benefit of current year acquisitions and strong organic profit growth in the UK and Ireland
  - Return on capital employed held back by recent acquisitions and investments made in the UK, France and Nordics infrastructure
  - Very strong revenue and profit growth in the UK and Ireland – market share gains and growth in mobile, datacenter and AV sectors
  - Very significant period of development activity
    - Entered large, fragmented and growing North American market
    - Significantly strengthened Continental European footprint

DCC Healthcare

	2019	2018	% change
Revenue (£'m)	576.4	514.6	+12.0%
Operating profit (£'m)	60.3	54.3	+11.1%
Operating margin	10.5%	10.6%	
ROCE	16.6%	16.7%	

Revenue by business



- **Very strong operating profit growth of 11.1%**
- **DCC Vital:**
  - Good organic profit growth in supply of medical products to hospitals and GPs in Britain and strong growth in sales of own-brand medical and surgical products into hospitals
  - Strengthened position as market leader in GP channel following integration of bolt-on acquisitions
- **DCC Health & Beauty:**
  - Very strong organic profit growth and benefit of first-time contribution from Elite One Source
  - In Nutrition, very strong organic growth as the business benefited from supporting international growth of key customers, particularly in China and Scandinavia and development of new nutritional liquids
  - In Beauty, continued excellent organic growth across a range of existing and new customers
  - Significant investment in new facilities will add capacity and new capabilities

Financial summary

Fergal O'Dwyer
Chief Financial Officer

Financial summary

For the year ending 31 March 2019

	2019	2018	% change
Operating profit[1] – continuing[2] (£'m)	460.5	383.4	+20.1%
Finance costs (£'m)	(45.9)	(35.4)	
Effective tax rate	17.0%	17.0%	
Adjusted EPS[1] – continuing[2]	358.2 pence	317.5 pence	+12.8%
Dividend per share	138.35 pence	122.98 pence	+12.5%
ROCE – continuing[2]	17.0%	17.5%	

- **Operating profit growth of 20.1%; good organic growth given weather and LPG investment**
- **Finance costs increase reflecting full year cost of prior year debt drawdown and higher average net debt of £670 million vs. £467 million**
- **Effective tax rate remains constant at 17.0%**
- **Adjusted EPS growth of 12.8% 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**

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

Good cash flow conversion continues

	2019	25 Years
Cash Flow	**£m**	**£m**
Operating profit	**460.5**	**3,704.3**
Decrease in working capital	37.5	359.5
Depreciation and other	109.5	948.2
Operating cash flow	**607.5**	**5,012.0**
Net capex	(173.5)	(1,270.9)
Free cash flow	**434.0**	**3,741.1**
Interest and tax	(77.3)	(801.8)
Free cash flow after interest and tax	**356.7**	**2,939.3**
Acquisitions	(296.8)	(3,026.0)
Disposals / exceptional items	(26.1)	314.1
Dividends	(117.0)	(981.5)
Share issues / buybacks	593.2	767.3
Net cash inflow	**510.0**	**13.2**
Opening net debt	(542.7)	(1.6)
Translation and other	14.3	(30.0)
Closing net debt	**(18.4)**	**(18.4)**
Free cashflow conversion	**94.2%**	**101.0%**

Strong working capital performance

Capex in excess of depreciation by c. £64 million

Excellent free cashflow

Total acquisition spend of c. £297 million

Net debt of < 0.1x and 0.2x pro-forma for today's acquisition commitments

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IFRS 16 Leases

Estimated impact on transition*		2019*
		£'m
PPE & net debt (lease creditors)	↑	~ 320
Adjusted operating profit	↑	~ 6
Net finance cost	↑	~ 8
Adjusted EPS	↓	~ 1.8 pence
Adjusted ROCE	↓	~ 1.6%

The expected FY20 impact of IFRS16 as applied to the FY19 results

- **IFRS 16 *Leases* will replace IAS 17 in DCC's FY 2020 i.e. applicable from 1 April 2019**
- **Will result in a number of leases, primarily property, previously accounted for as operating leases being capitalised**
- **DCC currently has approximately 2,000 leases with 700 lessors subject to capitalisation**
- **No change to underlying cashflows, business or operating model**

Development review

Donal Murphy
Chief Executive

Development expenditure

- Another active period of development with approximately £370 million committed to acquisitions
- Approximately £90 million of new acquisitions announced today
- Building further scale in existing and recently entered geographies

DCC's strategy in action

CMD September 2018 Extending our footprint	Divisional acquisition activity
Bolt-on acquisitions in existing markets Entering new geographies	Pacific Coast Energy First material follow-on acquisition in the US
Development of retail network Fuel card services Geographic expansion	Complementary bolt-on acquisitions - E.g. small dealer networks - Lubricant blending businesses
Enhanced capabilities in existing geographies Geographic expansion Global supply chain capability	Strengthening European presence Entering North American market

Summary and Q&A

Donal Murphy
Chief Executive

DCC

Summary and Q&A

- Excellent performance for the year – all divisions recording very strong growth
- Another active period of development – acquisitions announced today good examples of DCC's divisional strategies in action
- Continue to have the platforms, opportunities and capability for further development across each of our divisions

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

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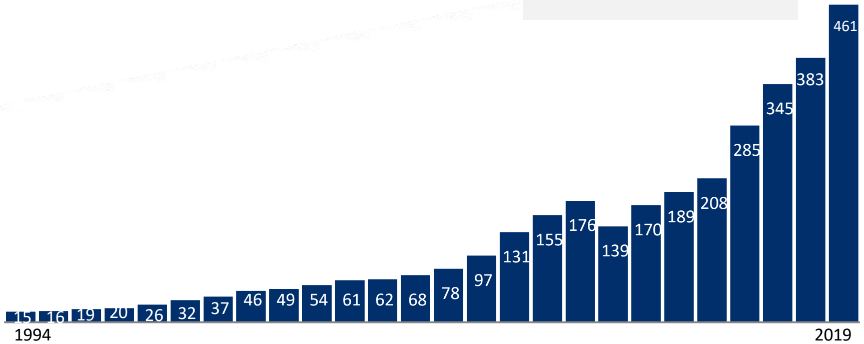
Strategy continues to deliver

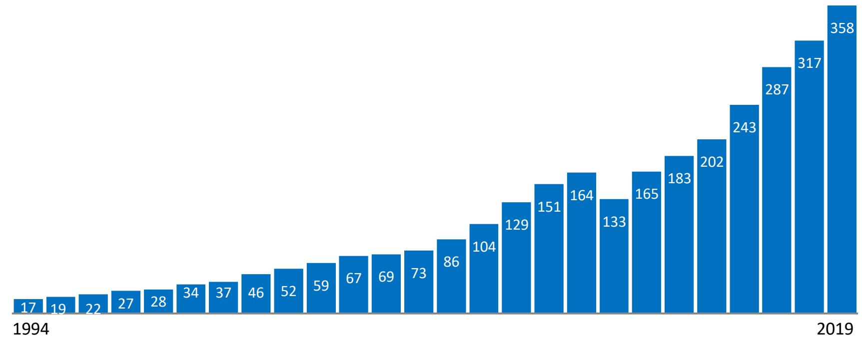
Operating profit (£m)[1]

25 year CAGR[1]
14.6%



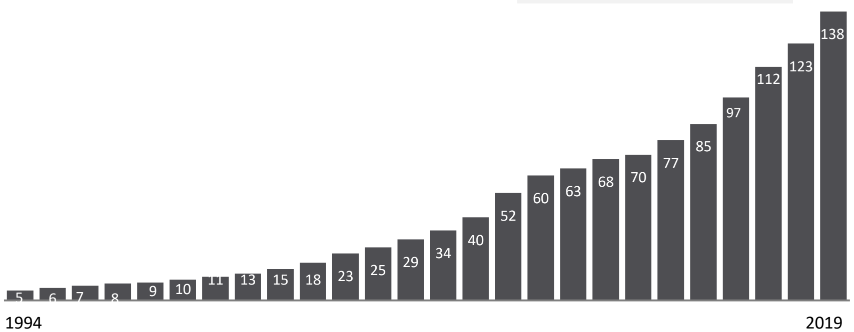
EPS (pence)[1]

25 year CAGR
13.0%



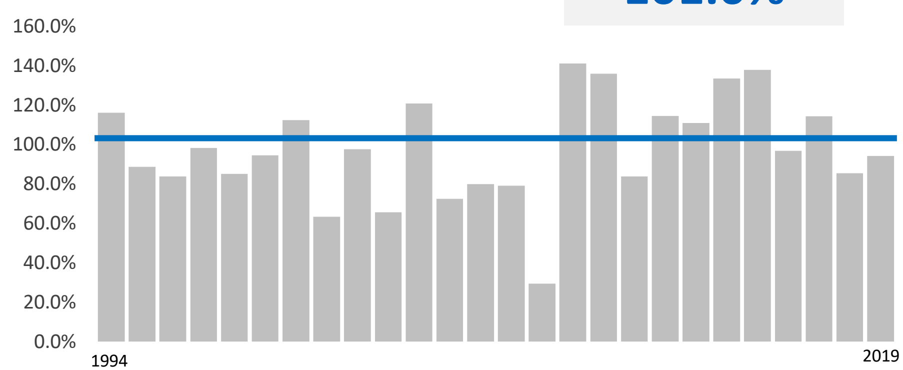
Dividend (pence)

25 year CAGR
14.4%



Free cash flow conversion (%)

25 year conversion
101.0%



[1] On a continuing basis

Appendix

Financial summary

	Volumes / revenue	Gross margin	Operating costs	Operating profit	Pt/ppl/% of sales change
DCC LPG (tonnes)	2,078kT +10.8%	£297pt vs £283pt; +4.9%	£416m £200pt; +4.1%	£202m +20.5%	£97pt vs £89pt; +8.8%
DCC Retail & Oil (litres)	12.151bn -1.3%	4.61ppl vs 4.16ppl; +10.8%	£427m 3.50ppl; +8.3%	£134m +17.6%	1.10ppl vs 0.92ppl; +19.6%
DCC Technology & DCC Healthcare	£4,207m +19.5%	10.9% vs 10.3%	£334m 7.9% vs 7.4%	£125m +22.3%	3.0% vs 2.9%
Total	**£15,227m** **+16.0%**	**£1,638m** **+15.9%**	**£1,177m** **+15.0%**	**£461m** **+20.1%**	

- **Revenue ex-DCC LPG and DCC Retail & Oil up 19.5%, reflecting good organic revenue growth and acquisitions in DCC Technology**
- **DCC LPG gross margin increasing by 4.9% to £297 per tonne, driven by product mix**
- **DCC Retail & Oil gross margin increasing to 4.61ppl, a 10.8% increase reflecting an increasing mix of retail volume**
- **Gross margin, excluding DCC LPG and DCC Retail & Oil, of 10.9% (2018: 10.3%) – higher value-add element**
- **Operating costs +£153m (+15.0%) (acq's +£134m, organic +£11m, currency/other +£8m); organic +0.9%**