

## Chairman's Statement



# A WELL PROVEN BUSINESS MODEL AND A LONG TERM TRACK RECORD

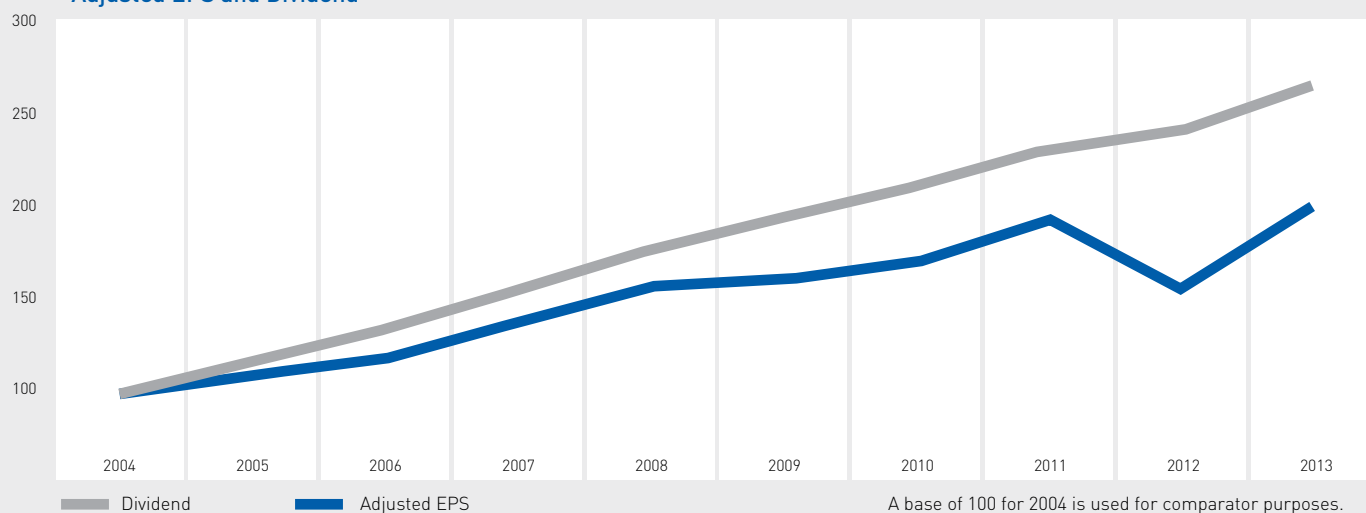


### Dear Shareholder

DCC performed robustly in the year ended 31 March 2013. Despite a continuing weak economic environment, we achieved our highest ever earnings per share, which on an adjusted basis showed sizeable year-on-year earnings growth of 26% on a constant currency basis. Return on capital employed climbed back over 15% and cash generation was strong. A number of acquisitions that are important to delivering on our strategic agenda, especially in DCC Energy and DCC Healthcare, were successfully completed. All in all, it was a good return to growth after last year's hiatus following a previous 17 years of continuous earnings growth.



### Adjusted EPS and Dividend



### Strong Balance Sheet and Sound Funding

Our balance sheet remains very strong and conservatively managed, with net debt at year end of €219.9 million, compared with shareholders' equity of €1.1 billion.

Our strong funding position further benefited from a successful private placing of debt of \$525 million (€404 million) with an average maturity of 10 years. A wide range of international debt investors participated, including a number of significant new investors.

### Consistent Dividend Increases

The Board is recommending a final dividend of 56.20 cent per share. This brings the total dividend for the year ended 31 March 2013 to 85.68 cent per share, up 10% compared to the prior year. The dividend is covered 2.5 times by adjusted earnings per share (up from 2.1 times in 2012). We now have an uninterrupted 19 years of dividend growth since DCC was first listed.

The chart above shows the comparison between adjusted earnings per share and dividend over the last ten years. A base of 100 for 2004 is used for comparator purposes.

### Change of Listing Arrangements and Reporting Currency

During the year, the Board carried out a review of the listing and index eligibility arrangements for DCC's shares. The increasing internationalisation of DCC's operations and shareholder base were important factors that led the Board to the conclusion, supported by consultation with a wide range of large shareholders, that inclusion in the FTSE UK Index Series would, over time, be likely to increase further the awareness of DCC among the international investor community, and therefore be in the interest of shareholders. An announcement of the intention to seek admission to the FTSE UK Index series was made on 26 February 2013. This necessitated cancelling the listing of DCC's shares on the Irish Stock Exchange, with effect from 3 May 2013, while maintaining its Premium Listing on the Official List of the United Kingdom Listing Authority.

**OUR BALANCE SHEET  
REMAINS VERY STRONG  
AND CONSERVATIVELY  
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AT YEAR END OF €219.9  
MILLION, COMPARED WITH  
SHAREHOLDERS' EQUITY  
OF €1.1 BILLION.**

## Chairman's Statement (continued)

Subject to the independent deliberations of the FTSE Committees, DCC will be included in the FTSE All-Share Index and the FTSE 250 Index from 24 June 2013.

For some years now, the majority of the Group's revenue and profits have been generated in the UK. With effect from the start of the financial year to 31 March 2014, DCC will present its results in sterling. This will reduce the impact of currency movements on results and will give a more straightforward picture of financial performance from year to year.

The Group will remain incorporated, headquartered and tax resident in Ireland.

### Focus of the Board and Governance

The main tasks of the Board of DCC are to provide well-informed oversight of strategy and delivery, to ensure that risk appetite and parameters are clearly defined and consistently applied, to maintain the highest standards of corporate governance and to nurture the culture of a unitary Board.

There were 8 scheduled Board meetings in the year ended 31 March 2013.

Two of the scheduled Board meetings were held in the UK, to facilitate in-depth reviews of particular businesses, involving a broad range of management, as well as to enable Board members to visit DCC facilities in the area. During the course of the year, individual non-executive Directors also devoted significant time to visiting DCC subsidiaries and discussing operations, challenges and opportunities with local management.

In December 2012, the Board conducted its annual strategy review over two days with the executive team.

Over the course of the year, Board agendas incorporated in depth reviews of the Group's divisions. Significant Board time was also devoted to operational performance, potential acquisitions, the Group's key risks and risk appetite, succession planning, diversity policies at Board and management levels, the Group's control and governance environment, corporate governance developments and progress on the Group's sustainability agenda. I believe that, as a Board, we kept a good balance through the year between the amount of time devoted to business issues and to governance issues.

Having had a fully independent, externally conducted Board evaluation in the previous year, with a positive outcome, all action items, incorporating learnings from it, were completed during the course of the year. At the end of the year under review, a formal Board evaluation, using the framework from the previous year, was conducted internally, in part by David Byrne, our Deputy Chairman and Senior Independent Director, and in part by me. I have again taken responsibility for ensuring completion of a list of action items arising, designed further to improve Board performance in the year ahead.

In the 5 years I have been Chairman of DCC, I have refreshed and strengthened the Board by bringing in Directors with a range of skill-sets, domain knowledge and deep commercial experience relevant to the diverse business sectors and geographies in which DCC operates. The current average service of non-executive Board members is 4 years and 3 months.

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During the year under review, Bernard Somers retired as an independent non-executive Director and Chair of the Audit Committee. Bernard had brought exceptional financial expertise and commercial acumen to his roles and to his pithy contributions to Board debates. We were fortunate to find someone with highly relevant experience to replace Bernard. On 4 October 2012, Jane Lodge joined the Board as non-executive Director and took over as Chair of the Audit Committee on 5 November 2012. Until July 2011, Jane had been a senior audit partner with Deloitte, where she spent over 25 years advising global manufacturing companies.

#### Communications with Shareholders

DCC engages very actively with its shareholders, both in terms of interim and annual results and when significant issues, such as the change of listing, arise. The debt private placement mentioned above also entailed detailed interaction with a wide range of debt investors. In June 2013, we will host an Investor Day at the London Stock Exchange. Non-executive Directors will have an opportunity there to interact with shareholders and hear their views.

#### Thanks to Colleagues

DCC has a very capable management team, led by our Chief Executive, Tommy Breen. It is focussed on building sustainable businesses for long term value. I congratulate them and our entire workforce of almost 10,000 colleagues on achieving the robust performance I have outlined in the year under review, and for their continuing dedication to serving our customers and building strong relationships with our suppliers.

The nature of DCC's business requires a culture of consistently applied operational focus and financial discipline, overlaid with a similarly disciplined approach to making and integrating acquisitions. Alongside those disciplines is a culture of retaining and developing within our subsidiaries the entrepreneurial talent that comes with many of our acquisitions. It is an unusual combination. In the year just past, we continued to add judiciously to our senior management capacity, notably in our Energy and Healthcare divisions and to provide leadership across the Group in adding value through our IT systems. Those investments in key people, together with an associated evolution in the organisational shape of key divisions, will enable us to find added value from the overall growth and geographical diversification of the business achieved in recent years, and to position ourselves to find new opportunities for future growth.

#### Outlook

Looking to the year ahead, the business environment is likely to remain no less anaemic and challenging than it has been for the past several years.

But we have a well proven business model and a long term track record of well managed growth and adaptability through the economic cycle. We have the resources and the ambition to continue to invest in the development of the businesses that are strategically important to us and to continue to extend our geographical reach as we do so.

Thank you for your continuing support.

**Michael Buckley**

Chairman  
13 May 2013

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