



Press Release

10 November 2003

Interim Results for the Six Months ended 30 September 2003

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Sales – continuing activities	975.1 m	Down 4.1%	(Underlying Up 1.4%)*
Operating profit** – continuing activities	41.2 m	Up 3.4%	(Underlying Up 5.6%)*
Profit before net exceptional items, goodwill amortisation and tax	38.8 m	Up 0.1%	
Adjusted earnings per share**	40.32 cent	Up 2.2%	
Dividend per share	11.75 cent	Up 15.0%	
Net cash at 30 September 2003	32.1 m		

* on a constant currency basis

** excluding net exceptional items and goodwill amortisation

DCC, the business support services group, today announced its results for the six months ended 30 September 2003.

Commenting on the results, DCC's Chief Executive/Deputy Chairman, Jim Flavin, said:

"DCC achieved excellent profit growth in Energy, Healthcare and Other Activities. The results of DCC's IT division were impacted by challenging trading conditions in the IT industry. Against this background, the increase in Group operating profit of 5.6% on a constant currency basis is a creditable result.

Cash generation was excellent in the period resulting in net cash of €32.1 million at 30 September 2003.

DCC's business is significantly second-half weighted and the Group expects good underlying growth in the second half although the reported rate of growth will be held back by the adverse impact of weaker sterling on the translation of UK profits."

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Results

- Sales from continuing activities were €975.1 million in the period, a decrease of 4.1% and an underlying increase of 1.4% when adjusted for the impact of weaker sterling.
- Operating profit from continuing activities grew by 3.4% to €41.2 million – an underlying increase of 5.6% when adjusted for the impact of weaker sterling.
- Net interest charge for the period was €2.4 million (2002: €2.3 million).
- Profit before net exceptional items, goodwill amortisation and taxation was unchanged at €38.8 million.
- Adjusted earnings per share (i.e. excluding net exceptional items and goodwill amortisation) increased by 2.2% to 40.32 cent.
- Interim dividend increased by 15.0% to 11.75 cent per share.

DCC achieved excellent profit growth in Energy, Healthcare and Other Activities. The results of DCC's IT division were impacted by challenging trading conditions in the IT industry. Against this background, the increase in Group operating profit of 5.6% on a constant currency basis is a creditable result.

Excellent cash flow

Cash generation was excellent with operating cash flow before exceptional items of €52.9 million in the period. Working capital decreased by €4.0 million since 31 March 2003 to equate to 17.0 days sales at 30 September 2003, which compares favourably with 19.4 days at 30 September 2002. The cash impact of acquisitions amounted to €4.5 million which included payments of deferred consideration amounting to €2.1 million that had been provided for at 31 March 2003.

Business overview

DCC is a business support services group principally focused on sales, marketing and distribution in the energy, IT, healthcare and food markets, with operations in Britain, Ireland and Continental Europe.

- Divisional operating profits were as follows:

	€m	Growth	Constant currency growth
▪ Energy	13.0	+29.0%	+32.9%
▪ IT	10.6	-27.3%	-24.1%
▪ Healthcare & Food	11.5	+5.8%	+6.1%
▪ Other Activities	<u>6.1</u>	+40.2%	+40.2%
Total – continuing activities	<u>41.2</u>	+3.4%	+5.6%

- DCC achieved excellent growth in its energy business with operating profit up 29.0% to €13.0 million following the successful integration of acquisitions completed in recent years.
- DCC's IT distribution business, SerCom Distribution, recorded an operating profit of €11.6 million, a decrease of 15.0% (11.6% when adjusted for the effects of weaker sterling) due to difficult trading conditions during the period, particularly in the UK hardware industry. SerCom

Solutions, the supply chain management services business, reported an operating loss of €1.0 million compared to an operating profit of €0.9 million in the corresponding period of last year.

- DCC Healthcare achieved an excellent increase in operating profit of 28.5% to €6.5 million, with significant improvements in both its hospital and community care and its nutraceuticals operations.

DCC's food business was impacted by the slowdown across the Irish grocery and food service sectors resulting in a 13.8% decrease in operating profit to €5.0 million.

- DCC's Other Activities, which principally comprise its 49% owned associate company Manor Park Homebuilders, achieved excellent operating profit growth of 40.2% to €6.1 million driven by a significant increase in the number of completed house sales during the period.

Net exceptional items

Net operating and non-operating exceptional items totalled €3.6 million. They principally comprised restructuring and redundancy costs in SerCom Solutions and costs associated with the legal action against Pihsiang for its breach of contract to supply Shoprider powered mobility products to DCC.

Development activity

DCC's development expenditure totalled €17.1 million in the six months ended 30 September 2003. Committed acquisition expenditure amounted to €3.3 million in the period, of which €0.9 million was deferred. Capital expenditure was €13.8 million.

The Group continues to aggressively pursue organic growth and is actively seeking acquisitions in all areas with a particular focus on Energy and Healthcare.

Financial strength

At 30 September 2003, the Group had net cash of €32.1 million and shareholders' funds of €443.0 million. DCC's strong financial position leaves the Group well placed to pursue its growth objectives.

During the period DCC bought back 40,000 of its own shares at a cost of €0.4 million.

Dividend increase of 15%

Having regard to DCC's strong balance sheet and high ongoing cash generation the Board has decided to increase the interim dividend by 15% to 11.75 cent per share. The interim dividend will be paid on 1 December 2003 to shareholders on the register at the close of business on 21 November 2003.

Outlook

DCC's business is significantly second-half weighted and the Group expects good underlying growth in the second half although the reported rate of growth will be held back by the adverse impact of weaker sterling on the translation of UK profits.

Operating review

Energy

	2003	2002	
Sales	€375.3m	€365.1m	+ 2.8%
Operating profit	€13.0m	€10.1m	+ 29.0%

DCC's energy business has grown significantly in size and strength in recent years. This growth continued in the six month period ended 30 September 2003 with the division reporting an excellent increase in operating profit.

LPG sales volumes increased by 47.5%, benefitting from the acquisition of British Gas' LPG business in the previous year, while sales volumes in oil distribution were impacted by the unusually mild weather and fell by 4.8% during the period.

Acquisition and integration benefits drove improved performance. The integration of British Gas LPG, which was acquired in the prior year, with DCC's existing UK LPG distribution business has been successfully completed and planned synergies are being achieved. In addition, the performance of DCC's Scottish oil business, acquired in September 2001 from BP, is continuing to benefit from operational improvements implemented since acquisition.

DCC's environmental services business continued to develop well. The acquisitions of Envirotech and Shannon Environmental Services in the previous year have increased the scale and opportunities for synergy in DCC's environmental services business as it continues to broaden the scope of services offered to customers.

IT

	2003	2002	
Sales			
- SerCom Distribution	€378.6m	€411.0m	- 7.9%
- SerCom Solutions	<u>€35.3m</u>	<u>€43.2m</u>	- <u>18.2%</u>
	<u>€413.9m</u>	<u>€454.2m</u>	- <u>8.9%</u>
Operating profit			
- SerCom Distribution	€11.6m	€13.6m	- 15.0%
- SerCom Solutions	<u>€(1.0m)</u>	<u>€0.9m</u>	- <u>210.6%</u>
	<u>€10.6m</u>	<u>€14.5m</u>	- <u>27.3%</u>
Operating margin – SerCom Distribution	3.1%	3.3%	

SerCom Distribution

SerCom Distribution achieved strong sales volume growth in the UK and Ireland. However, as a result of severe product sales price deflation in the last six months underlying sales declined by 1% on a constant currency basis. Underlying operating profit declined by 11.6% on a constant currency basis.

The severe price deflation had a particular impact on margins in SerCom Distribution's UK hardware business which was partly offset by tight cost control.

DCC's UK software distribution business had a satisfactory first half although it did not benefit from any major new product releases by its vendors as had been the case in the same period in the previous year with the newly launched X-box games console and related software.

The Irish IT distribution business had a very good first half benefitting from its market leading position and strong relationships with all of the leading hardware and software vendors.

DCC's Continental European IT distribution business benefitted from improved margins and good cost control in a tough trading environment. This business continues to broaden its product range and agreed a new distribution agreement with Oracle during the period.

SerCom Solutions

SerCom Solutions, the supply chain management business, had a difficult first half recording an operating loss of €1.0 million (2002: operating profit of €0.9 million) on sales of €35.3 million (2002: €43.2 million). The business has been impacted by the trend for technology companies, its traditional customer base, to locate their manufacturing activities in Eastern Europe and Asia. SerCom Solutions is focused on broadening its customer base beyond the IT industry and on reducing its cost base.

Healthcare and Food

	2003	2002*	
Sales			
- Healthcare	€76.6m	€81.3m	- 5.8%
- Food	<u>€84.7m</u>	<u>€98.1m</u>	<u>- 13.6%</u>
	<u>€161.3m</u>	<u>€179.4m</u>	<u>- 10.1%</u>
Operating profit			
- Healthcare	€6.5m	€5.0m	+ 28.5%
- Food	<u>€5.0m</u>	<u>€5.8m</u>	<u>- 13.8%</u>
	<u>€11.5m</u>	<u>€10.8m</u>	<u>+ 5.8%</u>
Operating margin			
- Healthcare	8.4%	6.2%	
- Food	5.9%	5.9%	

** continuing activities*

Healthcare

DCC Healthcare achieved an excellent increase in operating profit of 28.5% to €6.5 million, with significant improvements in both its hospital and community care and its nutraceuticals operations. The decline in reported sales reflects weaker sterling exchange rates and the aggressive sell out of Shoprider scooter stocks at low margins in the comparative period.

DCC recorded excellent profit growth in its hospital and community care businesses. In Ireland, sales of specialist pharmaceutical products to acute care hospitals continued to grow rapidly. In Britain, good progress has been achieved in the mobility and rehabilitation area through new procurement initiatives, product launches and cost saving measures resulting in a significant improvement in the competitive position of the business. The initial

launch of DCC's new range of 'DMA Strider' electrically powered scooters, manufactured in Taiwan by KYMCO, to DCC's design and specification, has been well received by the market.

DCC's nutraceuticals business recorded strong profit growth in the first half of the year. Demand in the UK market was relatively weak during the period; however, the business benefitted from its progress in broadening its customer base in Continental Europe and Scandinavia.

Food

DCC's food business was impacted by the slowdown across the Irish grocery and food service sectors. Notwithstanding this, the division recorded a 2.7% increase in like-for-like sales with good growth in wine and certain health food segments. During the period DCC launched a van sales operation in Northern Ireland and has recently commenced selling KP snack products in this market.

Other Activities

	2003	2002	
Sales	€24.5m	€17.8m	+ 37.7%
Operating profit	€6.1m	€4.4m	+ 40.2%

DCC's Other Activities, principally Manor Park Homebuilders (a 49% owned associate company) which is a leading Irish housebuilder, achieved excellent profit growth driven by an increase in completed house sales to 243 in the six month period, up from 188 in the corresponding period of the prior year. Manor Park has a substantial land bank for future development.

Summarised Consolidated Profit and Loss Account

for the six months ended 30 September 2003

	Notes	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Turnover - continuing activities	2	975,122	1,016,491	2,242,884
- discontinued activities		-	13,998	29,490
		<u>975,122</u>	<u>1,030,489</u>	<u>2,272,374</u>
Operating profit before operating exceptional items				
- continuing activities	3	41,164	39,813	111,093
- discontinued activities		-	1,248	3,239
		<u>41,164</u>	<u>41,061</u>	<u>114,332</u>
Operating exceptional items	4	<u>95</u>	-	<u>(2,898)</u>
Operating profit		41,259	41,061	111,434
Net interest payable		<u>(2,357)</u>	<u>(2,307)</u>	<u>(4,970)</u>
Profit on ordinary activities before non-operating net exceptional items and goodwill amortisation		38,902	38,754	106,464
Non-operating net exceptional items	4	(3,726)	-	(1,756)
Goodwill amortisation		<u>(3,959)</u>	<u>(3,505)</u>	<u>(7,340)</u>
Profit on ordinary activities before taxation		31,217	35,249	97,368
Taxation		<u>(4,851)</u>	<u>(5,426)</u>	<u>(15,311)</u>
Profit after taxation		26,366	29,823	82,057
Minority interests		<u>(241)</u>	<u>(341)</u>	<u>(1,248)</u>
Profit attributable to Group shareholders		26,125	29,482	80,809
Dividends	5	<u>(9,823)</u>	<u>(8,542)</u>	<u>(23,559)</u>
Profit retained for the period		<u>16,302</u>	<u>20,940</u>	<u>57,250</u>
Earnings per ordinary share				
- basic (cent)	6	<u>31.24c</u>	35.27c	96.66c
- diluted (cent)	6	<u>30.87c</u>	34.95c	95.50c
Adjusted earnings per ordinary share				
- basic (cent)	6	<u>40.32c</u>	39.46c	111.00c
- diluted (cent)	6	<u>39.84c</u>	39.10c	109.67c
Dividend per ordinary share (cent)	5	<u>11.75c</u>	10.217c	28.175c

Consolidated Balance Sheet

as at 30 September 2003

	Note	Unaudited 30 Sept. 2003 €'000	Unaudited 30 Sept. 2002 €'000	Audited 31 March 2003 €'000
Fixed Assets				
Intangible assets – goodwill		130,543	115,629	132,044
Tangible fixed assets		205,152	160,353	209,432
Financial assets – associated undertakings		44,329	43,547	40,330
		<u>380,024</u>	<u>319,529</u>	<u>381,806</u>
Current Assets				
Stocks		113,224	102,017	103,030
Debtors		286,636	297,992	321,650
Cash and term deposits		203,120	286,090	353,986
		<u>602,980</u>	<u>686,099</u>	<u>778,666</u>
Creditors: Amounts falling due within one year				
Bank and other debt		58,653	121,036	218,419
Trade and other creditors		309,487	296,421	334,997
Corporation tax		30,102	19,334	29,291
Proposed dividend		9,823	8,542	15,017
		<u>408,065</u>	<u>445,333</u>	<u>597,724</u>
Net Current Assets		<u>194,915</u>	<u>240,766</u>	<u>180,942</u>
Total Assets less Current Liabilities		<u>574,939</u>	<u>560,295</u>	<u>562,748</u>
FINANCED BY:				
Creditors: Amounts falling due after more than one year				
Bank and other debt		19,310	25,923	21,250
Unsecured Notes due 2008/11		93,043	103,257	94,258
Deferred acquisition consideration		11,991	14,780	11,887
		<u>124,344</u>	<u>143,960</u>	<u>127,395</u>
Provisions for Liabilities and Charges		<u>2,518</u>	<u>2,805</u>	<u>1,157</u>
		<u>126,862</u>	<u>146,765</u>	<u>128,552</u>
Capital and Reserves				
Equity share capital and share premium		146,479	146,458	146,479
Reserves		296,569	262,047	282,800
Equity Shareholders' Funds		<u>443,048</u>	<u>408,505</u>	<u>429,279</u>
Minority interests		3,760	3,913	3,632
Capital grants		1,269	1,112	1,285
		<u>448,077</u>	<u>413,530</u>	<u>434,196</u>
		<u>574,939</u>	<u>560,295</u>	<u>562,748</u>
Net cash	7	<u>32,114</u>	<u>35,874</u>	<u>20,059</u>

Reconciliation of Movements in Equity Shareholders' Funds

for the six months ended 30 September 2003

	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Profit attributable to Group shareholders	26,125	29,482	80,809
Dividends	<u>(9,823)</u>	<u>(8,542)</u>	<u>(23,559)</u>
Profit retained for the period	16,302	20,940	57,250
Share buyback (inclusive of costs)	(405)	-	-
Issues of equity share capital net of capital duty	119	80	231
Exchange adjustments	<u>(2,247)</u>	<u>(3,945)</u>	<u>(19,632)</u>
Net movement in shareholders' funds	13,769	17,075	37,849
Opening shareholders' funds	<u>429,279</u>	<u>391,430</u>	<u>391,430</u>
Closing shareholders' funds	<u>443,048</u>	<u>408,505</u>	<u>429,279</u>

Consolidated Cash Flow Statement

for the six months ended 30 September 2003

	Note	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Inflows				
Operating cash flow (see below)		47,918	9,608	92,467
Disposal proceeds		-	1,590	14,732
Share issues (net)		119	80	231
		<u>48,037</u>	<u>11,278</u>	<u>107,430</u>
Outflows				
Capital expenditure (net)		12,043	16,354	34,832
Acquisitions/payments of deferred consideration		4,452	5,340	88,215
Acquisition of own shares		405	-	-
Interest paid		1,924	1,723	4,864
Tax paid		2,452	1,878	2,923
Dividends paid		15,017	12,716	21,258
		<u>36,293</u>	<u>38,011</u>	<u>152,092</u>
Net cash inflow/(outflow)		11,744	(26,733)	(44,662)
Translation adjustment		311	(466)	1,648
Movement in net cash for the period		12,055	(27,199)	(43,014)
Opening net cash		20,059	63,073	63,073
Closing net cash	7	<u>32,114</u>	<u>35,874</u>	<u>20,059</u>

Operating Cash Flow

for the six months ended 30 September 2003

	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Group operating profit	41,164	41,061	114,332
Operating profit of associated undertakings	(7,922)	(8,099)	(17,709)
Dividends received from associated undertakings	2,442	836	1,317
Depreciation of tangible fixed assets	14,358	13,436	29,495
Decrease/(increase) in working capital	4,010	(36,271)	(25,740)
Other	(1,152)	(1,355)	(3,212)
Operating cash flow before exceptional costs	52,900	9,608	98,483
Exceptional redundancy and restructuring costs	(4,982)	-	(6,016)
Operating cash flow after exceptional costs	<u>47,918</u>	<u>9,608</u>	<u>92,467</u>

Notes to the Interim Results

for the six months ended 30 September 2003

1. Basis of Preparation

The interim financial statements for the six months ended 30 September 2003 have been prepared in accordance with the accounting policies set out in the financial statements for the year ended 31 March 2003.

The interim financial statements for the six months ended 30 September 2003 and the comparative figures for the six months ended 30 September 2002 are unaudited. The summary financial statements for the year ended 31 March 2003 represent an abbreviated version of the Group's full accounts for that year, on which the Auditors issued an unqualified audit report and which have been filed with the Registrar of Companies.

The Group's financial statements are prepared in euro denoted by the symbol €. The exchange rates used in translating sterling balance sheet and profit and loss amounts were as follows:

	6 months ended 30 Sept. 2003 €1=Stg£	6 months ended 30 Sept. 2002 €1=Stg£	Year ended 31 March 2003 €1=Stg£
Balance sheet (closing rate)	0.699	0.630	0.690
Profit and loss (average rate)	<u>0.699</u>	<u>0.631</u>	<u>0.640</u>

2. Turnover – Continuing Activities

	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Energy	375,333	365,070	864,247
IT	413,941	454,229	984,815
Healthcare	76,590	81,263	161,647
Food	84,749	98,133	185,159
Other Activities	<u>24,509</u>	<u>17,796</u>	<u>47,016</u>
Turnover – continuing activities	<u>975,122</u>	<u>1,016,491</u>	<u>2,242,884</u>
Analysis of turnover by subsidiary undertakings and associated undertakings:			
Subsidiary undertakings	920,864	950,666	2,111,066
Associated undertakings	<u>54,258</u>	<u>65,825</u>	<u>131,818</u>
	<u>975,122</u>	<u>1,016,491</u>	<u>2,242,884</u>
Of which acquisitions contributed	<u>2,123</u>	<u>-</u>	<u>47,283</u>

Notes to the Interim Results

for the six months ended 30 September 2003

3. Operating Profit – Continuing Activities

	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Energy	13,017	10,094	45,458
IT	10,555	14,514	32,876
Healthcare	6,465	5,031	11,415
Food	5,001	5,804	11,756
Other Activities	6,126	4,370	9,588
Group operating profit	41,164	39,813	111,093
Analysis of operating profit by subsidiary undertakings and associated undertakings:			
Subsidiary undertakings	33,242	32,962	96,623
Associated undertakings	7,922	6,851	14,470
Operating profit – continuing activities	41,164	39,813	111,093
Of which acquisitions contributed	-	-	5,165

4. Net Exceptional Items

	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Net operating exceptional items	95	-	(2,898)
Reorganisation and restructuring costs	(3,726)	-	(6,079)
Net gains on disposals of interest in subsidiary undertakings and associated undertakings and investments	-	-	4,323
Non-operating net exceptional items	(3,726)	-	(1,756)
Net exceptional items	(3,631)	-	(4,654)

Net operating and non-operating exceptional items totalled €3.631 million. They principally comprised restructuring and redundancy costs in SerCom Solutions and costs associated with the legal action against Pihsiang for breach of contract to supply Shoprider powered mobility products.

Notes to the Interim Results

for the six months ended 30 September 2003

5. Dividends

	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Interim dividend of 11.75 cent per share (2002: 10.217 cent per share)	9,823	8,542	8,542
Proposed final dividend of 17.958 cent per share	-	-	15,017
	9,823	8,542	23,559

6. Earnings per Ordinary Share and Adjusted Earnings per Ordinary Share

	Unaudited 6 months ended 30 Sept. 2003 €'000	Unaudited 6 months ended 30 Sept. 2002 €'000	Audited year ended 31 March 2003 €'000
Profit after taxation and minority interests	26,125	29,482	80,809
Net exceptional items	3,631	-	4,654
Goodwill amortisation	3,959	3,505	7,340
Adjusted profit after taxation and minority interests	33,715	32,987	92,803
Basic earnings per ordinary share	cent	cent	cent
Basic earnings per ordinary share	31.24	35.27	96.66
Adjusted basic earnings per ordinary share*	40.32	39.46	111.00
Weighted average number of ordinary shares in issue during the period ('000)	83,618	83,595	83,603
Diluted earnings per ordinary share			
Diluted earnings per ordinary share	30.87	34.95	95.50
Adjusted diluted earnings per ordinary share*	39.84	39.10	109.67
Diluted weighted average number of ordinary shares ('000)	84,627	84,356	84,617

*adjusted to exclude goodwill amortisation and net exceptional items.

Notes to the Interim Results

for the six months ended 30 September 2003

7. Analysis of Net Cash

	Unaudited 30 Sept. 2003 €'000	Unaudited 30 Sept. 2002 €'000	Audited 31 March 2003 €'000
Cash and term deposits	203,120	286,090	353,986
Bank and other debt repayable within one year	(58,653)	(121,036)	(218,419)
Bank and other debt repayable after more than one year	(19,310)	(25,923)	(21,250)
Unsecured Notes due 2008/11	<u>(93,043)</u>	<u>(103,257)</u>	<u>(94,258)</u>
Net cash	<u>32,114</u>	<u>35,874</u>	<u>20,059</u>

8. Distribution of Interim Report

This announcement and further information on DCC is available at the Company's website at www.dcc.ie. A printed copy of this report is being posted to shareholders and will be available to the public at the Company's registered office at DCC House, Stillorgan, Blackrock, Co. Dublin, Ireland.