

21 May 2014

Results for the year ended 31 March 2014

DCC, the international sales, marketing, distribution and business support services group, today announced its results for the year ended 31 March 2014.

RESULTS HIGHLIGHTS

	2014 £'m	2013 £'m	% change
Revenue	11,231.7	10,572.7	+6.2%
Operating profit*	208.4	186.9	+11.5%
Profit before net exceptional items, amortisation of intangible assets and tax	187.0	172.8	+8.2%
Adjusted earnings per share*	191.20 pence	171.20 pence	+11.7%
Dividend per share	76.85 pence	69.86 pence**	+10.0%
Operating cash flow	348.7	264.6	
Free cash flow***	278.1	207.1	
Net debt	86.3	186.0	
Total equity	946.3	892.3	
Return on capital employed	16.3%	15.6%	

* Excluding net exceptionals and amortisation of intangible assets

** The total dividend in the prior year of 85.68 cent has been translated at the average euro/sterling exchange rate for the year ended 31 March 2013 of £0.815 = €1

*** After net capital expenditure and before interest and tax payments

- Revenue increased by 6.2% to £11.2 billion, driven by acquisitions, particularly in DCC Energy, and excellent organic growth in DCC Technology (formerly DCC SerCom).
- Operating profit increased by 11.5% to £208 million with profit growth achieved across each of DCC's five divisions.
- Adjusted earnings per share up 11.7% to 191.20 pence.
- Proposed 10% increase in the final dividend to give a total full year dividend of 76.85 pence, an increase of 10% over the prior year, representing the 20th consecutive year of dividend growth as a listed company.
- Record cash generation:
 - Operating cash flow of £349 million (£265 million in the prior year)
 - Free cash flow of £278 million (£207 million in the prior year)

- 2.8 day improvement in working capital days to a record low level, primarily driven by a reduction in debtor days.
- Increase in return on capital employed to 16.3%, driven by profit growth and excellent working capital management.
- Committed acquisition expenditure of £84 million, including the recently completed acquisition of Qstar, a leading network of unmanned petrol stations in Sweden.
- Committed US Private Placement market funding, arranged in March 2014, of \$750 million (£451 million). This committed funding, together with available cash resources and committed bank term facilities, ensures that the Group retains significant financial capacity to support future growth.
- DCC anticipates continuing growth and development in the year to 31 March 2015.

Commenting on the results, Tommy Breen, Chief Executive, said:

“It is pleasing that, in our 20th year as a listed company, the Group has achieved another strong result, with operating profit growth across each of DCC’s five divisions. Overall Group operating profit was 11.5% ahead of the prior year, driven primarily by strong growth in DCC Technology and DCC Healthcare.

Record free cash flow of £278 million in the year reflects the Group’s ongoing ability to convert its profits into cash. Return on capital employed increased to 16.3% from 15.6% in the prior year, substantially ahead of DCC’s cost of capital.

Operating profit in DCC Energy, the Group’s largest division, was 4.0% ahead of the prior year. This growth reflected the successful integration of acquisitions completed in prior years and cost efficiency initiatives, offset to some extent by the impact on volumes and margins of the very mild weather conditions across Northern Europe, particularly in the months from December 2013 to February 2014 when average temperatures were well above the 10 year average.

Operating profit in DCC Technology, the Group’s second largest division, was strongly (15.9%) ahead of the prior year primarily based on very strong organic growth in mobile computing and communications products in Britain.

Operating profit in DCC Healthcare was substantially (36.9%) ahead of the prior year, benefitting from the acquisition of Kent Pharma, which was completed in February 2013, and from a very strong organic performance in DCC Health & Beauty Solutions.

DCC Environmental and DCC Food & Beverage, DCC’s two smaller divisions, traded ahead of the prior year as early signs of economic recovery became evident in Britain and Ireland.

Over the last 20 years, DCC’s operating profit has increased at a compound annual rate of 13.4%.

The Group’s adjusted earnings per share grew by 11.7% to 191.20 pence. Over the last 20 years, DCC’s adjusted earnings per share have increased at a compound annual rate of 12.3%.

The proposed 10% increase in the dividend for the year would represent the 20th consecutive year of dividend growth for DCC as a listed company. The compound annual growth rate over 20 years has been 14.9%.

The outlook for the year to 31 March 2015 is based on the important assumption that there will be normal winter weather conditions. At this very early stage, the Group anticipates that its operating profit and adjusted earnings per share will be approximately 10% ahead of the prior year. Having regard to the unseasonably colder start to the prior year, it is anticipated that this growth in the year to 31 March 2015 will be significantly weighted towards the second half.

DCC’s strong equity base, long term debt maturities and significant cash and committed funding resources leave it well placed to continue the development of its business in existing and new geographies.”

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Results

A summary of the Group's results for the year ended 31 March 2014 is as follows:

	2014 £'m	2013 £'m	% change
Revenue	<u>11,231.7</u>	<u>10,572.7</u>	+6.2%
Operating profit*			
DCC Energy	110.5	106.2	+4.0%
DCC Technology	48.1	41.5	+15.9%
DCC Healthcare	30.4	22.2	+36.9%
DCC Environmental	11.7	10.9	+7.8%
DCC Food & Beverage	<u>7.7</u>	<u>6.1</u>	+25.9%
Group operating profit*	208.4	186.9	+11.5%
Finance costs (net)	<u>(21.4)</u>	<u>(14.1)</u>	
Profit before net exceptionals, amortisation of intangible assets and tax	187.0	172.8	+8.2%
Net exceptional charge	(15.4)	(25.5)	
Amortisation of intangible assets	<u>(20.4)</u>	<u>(14.4)</u>	
Profit before tax	151.2	132.9	+13.7%
Taxation	<u>(27.3)</u>	<u>(26.3)</u>	
Profit after tax	123.9	106.6	+16.2%
Non-controlling interests	<u>(2.7)</u>	<u>(0.3)</u>	
Attributable profit	<u>121.2</u>	<u>106.3</u>	+14.1%
Adjusted earnings per share*	191.20 pence	171.20 pence	+11.7%
Dividend per share	76.85 pence	69.86 pence**	+10.0%
Operating cash flow	348.7	264.6	
Free cash flow***	278.1	207.1	
Net debt at 31 March	86.3	186.0	
Total equity at 31 March	946.3	892.3	
Return on capital employed	16.3%	15.6%	

* Excluding net exceptionals and amortisation of intangible assets

** The total dividend in the prior year of 85.68 cent has been translated at the average euro/sterling exchange rate for the year ended 31 March 2013 of £0.815=€1

*** After net capital expenditure and before interest and tax payments

Overview of results

Revenue

Revenue increased by 6.2% to £11.2 billion driven by acquisitions, particularly in DCC Energy, and excellent organic growth in DCC Technology. DCC Energy increased its sales volumes by 6.1% driven by acquisitions, with organic volumes decreasing by 3.0% primarily due to the impact of a very mild winter. Excluding DCC Energy, Group revenue was 21.4% ahead of the prior year. Most of this revenue growth was organic and was driven by the growth in DCC Technology, particularly in Britain.

Operating profit

Group operating profit increased by 11.5%. Approximately half of this growth was organic, primarily reflecting excellent growth in DCC Technology in Britain and in DCC Healthcare's health and beauty activities. The compound annual growth rate in DCC's operating profit over the last 20 years has been 13.4%.

Operating profit in DCC Energy, the Group's largest division, was 4.0% ahead of the prior year. This growth reflected the successful integration of acquisitions made in prior years and cost efficiency initiatives, offset to some extent by the impact on volumes and margins of the very mild weather conditions across Northern Europe, particularly in the months from December 2013 to February 2014 when average temperatures were well above the 10 year average.

Operating profit in DCC Technology, the Group's second largest division, was strongly (15.9%) ahead of the prior year primarily based on very strong organic growth in mobile computing and communications products in Britain.

Operating profit in DCC Healthcare was substantially (36.9%) ahead of the prior year, benefitting from the acquisition of Kent Pharma, which was completed in February 2013, and from a very strong organic performance in DCC Health & Beauty Solutions.

DCC Environmental and DCC Food & Beverage, DCC's two smaller divisions, traded modestly ahead of the prior year as early signs of recovery became evident in Britain and Ireland.

An analysis of the divisional performance in each half of the year is set out below:

	2013/14			2012/13			% change		
	H1	H2	FY	H1	H2	FY	H1	H2	FY
Operating profit*	£'m	£'m	£'m	£'m	£'m	£'m			
DCC Energy	33.5	77.0	110.5	18.9	87.3	106.2	+77.8%	-11.9%	+4.0%
DCC Technology	14.1	34.0	48.1	12.7	28.8	41.5	+10.9%	+18.2%	+15.9%
DCC Healthcare	12.6	17.8	30.4	9.7	12.5	22.2	+29.3%	+42.9%	+36.9%
DCC Environmental	6.3	5.4	11.7	6.3	4.6	10.9	+0.2%	+18.2%	+7.8%
DCC Food & Beverage	<u>2.9</u>	<u>4.8</u>	<u>7.7</u>	<u>2.7</u>	<u>3.4</u>	<u>6.1</u>	<u>+7.0%</u>	<u>+40.6%</u>	<u>+25.9%</u>
Group*	<u>69.4</u>	<u>139.0</u>	<u>208.4</u>	<u>50.3</u>	<u>136.6</u>	<u>186.9</u>	<u>+38.0%</u>	<u>+1.8%</u>	<u>+11.5%</u>
Adjusted EPS* (pence)	<u>58.34</u>	<u>132.86</u>	<u>191.20</u>	<u>42.08</u>	<u>129.12</u>	<u>171.20</u>	<u>+38.6%</u>	<u>+2.9%</u>	<u>+11.7%</u>

* Excluding net exceptionals and amortisation of intangible assets

Finance costs (net)

Net finance costs increased to £21.4 million (2013: £14.1 million) primarily as a result of the incremental interest cost of the US Private Placement debt drawn down in April 2013 and higher average net debt during the year of £366 million compared to £279 million in the prior year. The increase in average net debt arose primarily from seasonal increases in working capital in DCC Technology, as a result of the significant organic increase in its revenue. Interest was covered 12.4 times by Group operating profit before depreciation and amortisation of intangible assets (17.1 times in 2013).

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

Profit before net exceptional items, amortisation of intangible assets and tax increased by 8.2% to £187.0 million.

Net exceptional charge and amortisation of intangible assets

The Group incurred a net exceptional charge before tax and non-controlling interests of £15.4 million as follows:

	£'m
Restructuring costs	19.7
Acquisition and related costs	5.6
Mark to market loss	2.1
Gain arising from legal claim	(7.0)
Gain on disposal of non-core activities	(5.3)
Write back of deferred and contingent acquisition consideration less asset impairments	(1.7)
Other (net)	<u>2.0</u>
Total	<u>15.4</u>

The Group incurred an exceptional charge of £19.7 million in relation to restructuring of acquired and existing businesses. Most of this related to the costs of integration of previously acquired oil and LPG businesses, the relocation of DCC Healthcare's Swedish health and beauty manufacturing activities to Britain, which was planned for at the time of the acquisition of those assets, and the closure of DCC Technology's Irish DVD business.

Acquisition and related costs include the professional and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities. During the year, acquisition and related costs amounted to £5.6 million.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long term interest, currency and cross currency 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, together with gains or losses arising from marking to market swaps not designated as hedges, offset by foreign exchange translation gains or losses on the related fixed rate debt, is charged or credited as an exceptional item. In the year ended 31 March 2014 this amounted to an exceptional charge of £2.1 million.

In January 2004, the High Court in London awarded £12.2 million in damages and associated interim costs, together with interest, to DCC's former British based mobility and rehabilitation subsidiary for breach of an exclusive supply agreement by a Taiwanese supplier. A further amount in respect of costs of £2.9 million was subsequently determined by the High Court to be payable. In order to enforce the High Court judgments, it has been necessary to pursue the collection of all outstanding amounts through the Taiwanese courts. In March 2012, DCC received the initial £12.2 million referred to above which was accounted for in DCC's financial year ended 31 March 2012. In December 2013 and January 2014 a further aggregate amount of £7.0 million was recovered in respect of the accumulated interest on the £12.2 million from which there was a deduction of £5.3 million for Taiwanese withholding tax which is being challenged by DCC. The recovery of the £2.9 million, plus interest, continues to be pursued through the Taiwanese courts. DCC has not accrued the amount of this outstanding claim.

In March 2014, DCC Healthcare disposed of a small US based subsidiary which contract manufactures a range of mattress covers for hospital beds and stretchers and in February 2014 DCC Food & Beverage disposed of part of its chilled and frozen food distribution activities. The businesses disposed of accounted for less than 1% of DCC's operating profit for the year ended 31 March 2014. The net cash inflow from these transactions was £11.1 million and resulted in a gain on disposal (before a non-controlling interest charge) on their book carrying values of £5.3 million.

There was a non-cash credit of £16.2 million for deferred and contingent acquisition consideration overprovided in previous years. This non-cash credit was offset by a non-cash charge of £14.5 million for the impairment of subsidiary goodwill and a property asset.

There was a tax charge of £5.3 million, as referred to above, for Taiwanese withholding tax, which is being challenged by DCC and a non-controlling interest charge of £2.1 million relating to the net exceptional items. The cash impact in the year of net exceptional charges relating to the year ended 31 March 2014 and the prior year was £21.1 million.

Amortisation

The charge for the amortisation of acquisition related intangible assets increased to £20.4 million from £14.4 million, principally reflecting acquisitions completed in the prior year.

Profit before tax

Profit before tax increased by 13.7% to £151.2 million.

Taxation

The effective tax rate for the Group was 14% compared to 17% in the prior year.

Adjusted earnings per share

Adjusted earnings per share increased by 11.7% to 191.20 pence. The compound annual growth rate in DCC's adjusted earnings per share over the last 20 years has been 12.3%.

Dividend

The Board is recommending a final dividend of 50.73 pence per share, which when added to the interim dividend of 26.12 pence per share, gives a total dividend for the year of 76.85 pence per share. This represents a 10% increase over the total prior year dividend of 69.86 pence per share (85.68 cent per share translated at the average euro/sterling exchange rate for the year ended 31 March 2013 of £0.815 = €1). The dividend is covered 2.5 times by adjusted earnings per share (2.5 times in 2013). It is proposed to pay the final dividend on 24 July 2014 to shareholders on the register at the close of business on 30 May 2014.

Over the last 20 years, DCC has an unbroken record of dividend growth at a compound annual rate of 14.9%.

Cash flow

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

Year ended 31 March	2014	2013
	£'m	£'m
Operating profit	208.4	186.9
Decrease in working capital	86.9	28.2
Depreciation and other	<u>53.4</u>	<u>49.5</u>
Operating cash flow	348.7	264.6
Capital expenditure (net)	<u>(70.6)</u>	<u>(57.5)</u>
Free cash flow	278.1	207.1
Interest and tax paid	<u>(53.0)</u>	<u>(45.6)</u>
Free cash flow after interest and tax	225.1	161.5
Acquisitions	(50.1)	(168.2)
Disposals	11.1	11.7
Dividends	(62.1)	(54.7)
Exceptional items (net)	(21.1)	(25.2)
Share issues	<u>2.0</u>	<u>1.7</u>
Net inflow/(outflow)	104.9	(73.2)
Opening net debt	(186.0)	(106.9)
Translation and other	<u>(5.2)</u>	<u>(5.9)</u>
Closing net debt	<u>(86.3)</u>	<u>(186.0)</u>

Operating cash flow in 2014 was £348.7 million compared to £264.6 million in 2013. Working capital was reduced by £86.9 million with overall working capital days improving by 2.8 days. Working capital improvements were achieved across all of the Group's divisions with overall Group debtor days reducing from 36.9 days to 31.4 days. The primary driver of this improvement was a reduction in debtor days in DCC Energy and DCC Technology. DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of the receivables relating to certain larger supply chain/sales and marketing activities, thereby mitigating the impact of the higher inventory levels that are required to effect this business. This accounted for 3.3 days of the reduction in Group debtor days and, having regard to the related higher inventory levels, the net impact on Group net working capital days was a reduction of 1.0 day (£30 million).

After capital expenditure of £70.6 million (2013: £57.5 million), free cash flow amounted to £278.1 million compared to £207.1 million in the prior year. The Group has a high cash conversion rate which is summarised over 1, 5, 10 and 20 years as follows:

	1 Year	5 Years	10 Years	20 Years
	£'m	£'m	£'m	£'m
Operating profit	208	891	1,476	1,968
Operating cash flow	349	1,302	1,968	2,595
Free cash flow*	278	1,029	1,510	1,959
Free cash flow* conversion %	133%	116%	102%	100%

* Operating cash flow less capital expenditure

After interest and tax payments of £53.0 million (2013: £45.6 million), the Group generated cash of £225.1 million compared to £161.5 million in the prior year.

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. Return on capital employed increased from 15.6% to 16.3% driven primarily by the increase in the Group's operating profit and strong working capital management. The return on capital employed by division was as follows:

	2014	2013
DCC Energy	17.5%	18.5%
DCC Technology	21.1%	16.4%
DCC Healthcare	14.2%	13.1%
DCC Environmental	8.6%	8.3%
DCC Food & Beverage	11.8%	9.5%
Group	16.3%	15.6%

The reduction in return on capital employed in DCC Energy arose as a result of the impact on operating profit of the mild winter.

Acquisition and Capital Expenditure

Acquisition and capital expenditure committed in the year ended 31 March 2014 amounted to £154.7 million as follows:

	Acquisitions	Capex	Total
	£'m	£'m	£'m
DCC Energy	50.5	48.4	98.9
DCC Technology	4.8	7.4	12.2
DCC Healthcare	25.4	6.0	31.4
DCC Environmental	1.5	7.5	9.0
DCC Food & Beverage	<u>1.9</u>	<u>1.3</u>	<u>3.2</u>
Total	<u>84.1</u>	<u>70.6</u>	<u>154.7</u>

Acquisitions

Committed acquisition expenditure in the year ended 31 March 2014 amounted to £84.1 million. The cash outflow on acquisitions in the year of £50.1 million includes the cash outlay on acquisitions completed during the year and the payment of deferred and contingent acquisition consideration amounts which had previously been provided for.

DCC Energy

In January 2014, DCC Energy agreed to acquire Qstar Försäljning AB, a Swedish unmanned retail petrol station company and its related fuel distribution and fuel card businesses ("Qstar") for a combined consideration based on an enterprise value of £40 million. Completion of the acquisition was conditional on the approval of the competition authorities. This approval was received at the end of April 2014 and the acquisition was subsequently completed on 9 May.

Qstar's retail fuel distribution business operates 307 Qstar branded unmanned retail petrol stations throughout Sweden and supplies 72 independent dealer owned retail petrol stations operating under the "Pump" and "Bilisten" brands. Qstar is the fifth largest retail petrol station operator in Sweden, selling approximately 300 million litres of product per annum. The smaller Qstar fuel distribution business sells diesel and heating oil (c. 70 million litres in 2013) while its fuel card services business provides branded fuel card software as well as processing fuel card transactions for Qstar's retail business and third parties. Qstar has 71 employees.

DCC Energy also acquired 13 retail petrol stations in Scotland from Shell and three small independent oil distribution businesses in Britain and Austria for an aggregate consideration of £8 million.

It is part of DCC Energy's strategy to build a larger presence in the transport fuels market in Britain and Continental Europe with a particular emphasis on growth in the retail forecourt sector. Over recent years, DCC Energy has become the largest supplier to independent dealer owned retail petrol stations in Britain and it also operates a leading fuel card marketing business in that market. The acquisition of Qstar represents a further development of DCC Energy's transport fuels business in Europe and the first material step in building a presence in the unmanned retail petrol station market.

DCC Energy now has a network of 315 unmanned retail petrol stations in Sweden and Ireland and 37 manned retail petrol stations in Britain. DCC Energy also supplies in excess of 2,000 independent dealer owned retail petrol stations in Britain, Ireland, Sweden, Austria and Denmark.

DCC Technology

In October 2013, DCC Technology acquired Cohort Technology, a British distributor of security and networking products based in Basingstoke, for an enterprise value of £5 million. This acquisition has expanded DCC Technology's unified communications and security offering.

DCC Healthcare

In January 2014, DCC Healthcare strengthened its Health & Beauty Solutions business through the acquisition of Universal Products (Lytham) Manufacturing Limited ("UPL"), a British contract manufacturer of creams and liquids, based on an enterprise valuation of £13 million. UPL develops, manufactures and packs a wide range of skincare, haircare and pharmaceutical products for its customer base of British and international beauty and healthcare brand owners. The business employs 248 staff at its MHRA licensed facility in Kirkham, Lancashire. Combining UPL with its existing business enables DCC Health & Beauty Solutions to offer customers enhanced manufacturing and packing capability across its high quality, licensed facilities, in addition to product development, formulation, regulatory and technical services. DCC is now one of the two leading British creams and liquids contract manufacturers for brand owners.

Capital expenditure

Net capital expenditure in the year of £70.6 million (2013: £57.5 million) compares to a depreciation charge of £56.1 million (2013: £54.2 million). The increase in capital expenditure over the prior year was driven primarily by ongoing investment in upgrading truck and depot infrastructure in DCC Energy, particularly in the oil business in Britain.

Financial strength

DCC's financial position remains very strong, well funded and highly liquid. At 31 March 2014 the Group had net debt of £86 million and total equity of £946 million. In late March 2014, the Group arranged committed US Private Placement market funding of \$750 million (£451 million) with maturity terms of seven, ten, twelve and fifteen years (average maturity of ten years), which will be drawn down

in May and September 2014. This committed funding, together with available cash resources and committed bank term facilities, ensures that the Group retains significant financial capacity to support its future growth. Pending deployment of these funds on acquisitions and future debt repayments, the funds raised add to DCC's cash resources and increase the average maturity on the Group's debt to nearly eight years with an average credit spread over euribor/libor of 1.66%. The Group will incur an annual interest holding cost on this incremental debt until it is deployed on scheduled debt repayments and acquisition and development opportunities.

Key financial ratios as at 31 March 2014, and the principal financial covenants included in the Group's various lending agreements, are as follows:

	2014 Actual	2013 Actual	Lender covenants
Net debt : EBITDA	0.3	0.7	3.5
EBITDA : net interest	12.4	17.1	3.0
EBITA : net interest	9.7	13.3	3.0
Total equity (£'m)	946.3	892.3	425.0

Outlook

The outlook for the year to 31 March 2015 is based on the important assumption that there will be normal winter weather conditions. At this very early stage, the Group anticipates that its operating profit and adjusted earnings per share will be approximately 10% ahead of the prior year. Having regard to the unseasonably colder start to the prior year, it is anticipated that this growth in the year to 31 March 2015 will be significantly weighted towards the second half.

Operating review

DCC Energy

	2014	2013	% change
Revenue	£8,243.7m	£8,112.1m	+1.6%
Volumes (litres)	10.2bn	9.6bn	+6.1%
Operating profit	£110.5m	£106.2m	+4.0%
Return on capital employed	17.5%	18.5%	

DCC Energy delivered a robust performance with operating profit 4.0% ahead of the prior year as the business benefitted from acquisitions, integration synergies and operational efficiencies which were partly offset by the effect on profitability of the very mild winter weather conditions which impacted all geographies in which DCC Energy operates.

DCC Energy sold 10.2 billion litres of product during the year, an increase of 6.1% over the prior year. Organically, volumes were 3.0% lower, primarily due to a decrease in heating related volumes of approximately 11% as the average temperatures in Northern Europe during the second half of the year, particularly December through to February, were significantly milder than both the prior year and the 10 year average.

The oil business made good progress, notwithstanding the impact of the mild winter weather conditions. The business in Britain benefitted from the implementation of its logistics efficiency programme and from the successful integration of the former Total distribution business. In addition, it benefitted from its focus on transport fuels, with particularly strong organic growth in fuel cards. Adjusting for the weather impact, the oil businesses in Continental Europe performed satisfactorily and delivered strong returns, with the exception of the business in Sweden which was impacted by significant competition. Good progress was made in DCC's strategy to build a larger presence in the transport fuels market, particularly in unmanned retail petrol stations, through the agreement to acquire Qstar, the fifth largest retail petrol station operator in Sweden.

The LPG business performed strongly, benefitting from the acquisitions of BP's businesses in Britain, the Netherlands and Belgium and SFR's businesses in Sweden and Norway, all of which were completed in the prior year. In particular, the business in Britain benefitted from the achievement of the targeted cost synergies following the successful integration of the former BP LPG business. The LPG operations as a whole achieved good organic growth in the industrial and commercial sector of the market which more than offset the impact on volumes of the mild winter weather.

DCC Energy now operates across nine countries in Europe and remains well positioned to grow in those markets and to continue to expand into new geographies.

DCC Technology

	2014	2013	% change
Revenue	£2,264.0m	£1,850.3m	+22.4%
Operating profit	£48.1m	£41.5m	+15.9%
Operating margin	2.1%	2.2%	
Return on capital employed	21.1%	16.4%	

DCC Technology, which has changed its name from DCC SerCom, achieved an excellent result, increasing operating profit by 15.9%, reflecting very strong organic growth in both mobile computing and communications products, and increased its return on capital employed to 21.1%. DCC Technology continues to develop its service offering to enhance its position as a leading route to market partner for connected devices and to develop new sales channels in the sports and lifestyle sectors.

In October 2013 all of the businesses within DCC Technology were rebranded under the 'Exertis' brand. The rebranding was undertaken as part of a broader project which, in addition to building greater recognition from supplier and customer partners as to the scale and capability of the business, is intended to create a platform for sustained growth into new market sectors and geographies. As part of this broader project, further integration of the operations and service offering will be undertaken, including an upgrade of the logistics and IT infrastructure.

The business in Britain, which accounted for 81% of total revenues in the period, generated excellent operating profit growth across its principal product lines. The performance was particularly strong in mobile computing and communications products such as smartphones, laptops and tablets, with increased market share achieved in both the retail and reseller channels. The business continues to invest in broadening its product and service portfolio, including the provision of accessories, airtime and outsourced fulfilment and category management solutions. Excellent organic growth was achieved in "data room" products, such as servers, storage and security, and the business benefitted from the additional technical capability introduced through the acquisition, in October 2013, of Cohort Technology, a specialist in security, unified communications and managed services. The launch of the latest generation of gaming consoles in advance of Christmas 2013, as well as major software releases during the year, was also a feature of the performance in Britain.

In Continental Europe, the business was impacted by a weak demand environment and margins declined due to a changed product mix. The business is focussed on broadening its product portfolio and extending the range of customer channels serviced.

The supply chain services business traded ahead of expectations. These activities have now been integrated with DCC Technology's sales, marketing and distribution activities to allow the provision of a consolidated end-to-end service offering.

DCC Healthcare

	2014	2013	% change
Revenue	£406.5m	£320.6m	+26.8%
Operating profit	£30.4m	£22.2m	+36.9%
Operating margin	7.5%	6.9%	
Return on capital employed	14.2%	13.1%	

DCC Healthcare achieved excellent operating profit growth across its two businesses, DCC Vital and DCC Health & Beauty Solutions. The division benefitted from acquisitions completed in the year under review and in the prior year and from very strong organic growth in DCC Health & Beauty Solutions.

DCC Vital, which is focussed on the sales, marketing and distribution of pharmaceuticals and medical devices, recorded strong profit growth driven by recent acquisition activity. DCC Vital completed the integration of Kent Pharma, combining the product portfolios and the commercial and regulatory teams, and realised the planned synergies. Kent Pharma achieved strong growth in the respiratory area while experiencing increased competitive pressures for certain antibiotic products. The pharma performance in Ireland was impacted by slower than projected growth in volumes in DCC Vital's compounding activity as the National OPAT (Outpatient Parenteral Antimicrobial Therapy) service contract was rolled out.

DCC Vital achieved excellent growth in medical devices in Britain, with good organic growth augmented by the strong performance of Leonhard Lang UK, which was acquired in July 2013. Leonhard Lang UK is the market leading supplier of electrodes and diathermy consumables, under its own Skintact brand, to hospitals and emergency services in Britain. DCC Vital's British value added logistics business performed satisfactorily with new customer wins on the back of continued market interest in its range of customised stock management and just-in-time logistics solutions for hospitals and manufacturers.

DCC Health & Beauty Solutions, a leading provider of outsourced services to brand owners in the European health and beauty sector, achieved very strong organic profit growth and benefitted from a first time contribution from UPL, acquired in January 2014. Excellent organic growth was achieved across both the nutrition (vitamins and health supplements) and beauty categories. The business benefitted from successful new product development for existing customers and from a number of new business wins, particularly in healthcare creams and liquids. The process of combining UPL with DCC Health & Beauty Solutions' existing creams and liquids activities is under way and is enabling the business to offer customers enhanced product development, manufacturing and packing capability across its high quality, licensed facilities. DCC is now one of the two leading British creams and liquids contract manufacturers for brand owners. In the Nutrition area, the planned process to integrate the Swedish tablet manufacturing operations into DCC's larger tablet manufacturing facility in Britain has also commenced. The sales, development, customer service and regulatory teams in Sweden will remain in situ to service DCC Health & Beauty Solutions' Scandinavian customer base.

DCC Environmental

	2014	2013	% change
Revenue	£130.6m	£116.1m	+12.5%
Operating profit	£11.7m	£10.9m	+7.8%
Operating margin	9.0%	9.4%	
Return on capital employed	8.6%	8.3%	

DCC Environmental's operating profit increased by 7.8%, driven by improved market conditions in the non-hazardous waste market and a continued focus on operational efficiency.

In Britain, the non-hazardous waste business benefitted from improved economic conditions with a pickup in construction sector activity. In the hazardous sector, price competition continues to be intense, with the improved economic backdrop yet to translate into an increase in demand.

DCC Food & Beverage

	2014	2013	% change
Revenue	£186.9m	£173.6m	+7.7%
Operating profit	£7.7m	£6.1m	+25.9%
Operating margin	4.1%	3.5%	
Return on capital employed	11.8%	9.5%	

Operating profit in DCC Food & Beverage increased by 25.9% with growth in each of its major product areas. The Indulgence and Health Foods businesses delivered growth in company owned brands, while also benefitting from the full year effect of some agency wins. The Kelkin healthy foods brand achieved good sales growth, especially in gluten free products, and benefitted from increased listings in multiples in Britain.

Annual Report and Annual General Meeting

DCC's 2014 Annual Report will be published in June 2014. The Company's Annual General Meeting will be held at 11.00 am on Friday 18 July 2014 in The Four Seasons Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.

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.

Presentation of results and dial-in facility

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

A dial-in facility will be available for this meeting:

Ireland: +353 (0) 1 2465603

UK / International: +44 (0) 20 3427 1903

Passcode: 5098837

This announcement and further information on DCC is available at www.dcc.ie

Group Income Statement

for the year ended 31 March 2014

	Notes	2014			Restated 2013		
		Pre exceptionals £'000	Exceptionals (note 6) £'000	Total £'000	Pre exceptionals £'000	Exceptionals (note 6) £'000	Total £'000
Revenue	5	11,231,666	-	11,231,666	10,572,686	-	10,572,686
Cost of sales		(10,425,140)	-	(10,425,140)	(9,831,692)	-	(9,831,692)
Gross profit		806,526	-	806,526	740,994	-	740,994
Administration expenses		(261,910)	-	(261,910)	(247,368)	-	(247,368)
Selling and distribution expenses		(353,244)	-	(353,244)	(321,988)	-	(321,988)
Other operating income		19,875	31,101	50,976	19,129	5,601	24,730
Other operating expenses		(2,844)	(44,384)	(47,228)	(3,905)	(29,418)	(33,323)
Operating profit before amortisation of intangible assets		208,403	(13,283)	195,120	186,862	(23,817)	163,045
Amortisation of intangible assets		(20,416)	-	(20,416)	(14,420)	-	(14,420)
Operating profit	5	187,987	(13,283)	174,704	172,442	(23,817)	148,625
Finance costs		(50,824)	(2,128)	(52,952)	(39,363)	(1,372)	(40,735)
Finance income		29,413	-	29,413	25,291	-	25,291
Share of associates' profit/(loss) after tax		33	-	33	26	(285)	(259)
Profit before tax		166,609	(15,411)	151,198	158,396	(25,474)	132,922
Income tax expense		(22,000)	(5,255)	(27,255)	(26,288)	-	(26,288)
Profit after tax for the financial year		144,609	(20,666)	123,943	132,108	(25,474)	106,634
Profit attributable to:							
Owners of the Parent				121,234			106,295
Non-controlling interests				2,709			339
				123,943			106,634
Earnings per ordinary share							
Basic	7			144.70p			127.17p
Diluted	7			143.90p			126.77p
Adjusted earnings per ordinary share							
Basic	7			191.20p			171.20p
Diluted	7			190.14p			170.66p

Group Statement of Comprehensive Income

for the year ended 31 March 2014

	2014 £'000	Restated 2013 £'000
Group profit for the financial year	123,943	106,634
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation:		
- arising in the year	(7,575)	1,853
- recycled to the Income Statement on disposal of subsidiary	324	-
Losses relating to cash flow hedges	(3,455)	(1,931)
Movement in deferred tax liability on cash flow hedges	288	202
	<u>(10,418)</u>	<u>124</u>
Items that will not be reclassified to profit or loss		
Group defined benefit pension obligations:		
- remeasurements	(835)	(9,579)
- movement in deferred tax asset	152	1,506
	<u>(683)</u>	<u>(8,073)</u>
Other comprehensive income for the financial year, net of tax	<u>(11,101)</u>	<u>(7,949)</u>
Total comprehensive income for the financial year	<u>112,842</u>	<u>98,685</u>
Attributable to:		
Owners of the Parent	110,189	98,309
Non-controlling interests	2,653	376
	<u>112,842</u>	<u>98,685</u>

Group Balance Sheet

as at 31 March 2014

			Restated as at 1 April 2012 £'000
	Note	2014 £'000	Restated 2013 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		469,417	441,500
Intangible assets		744,073	749,317
Investments in associates		824	808
Deferred income tax assets		11,260	9,478
Derivative financial instruments		56,240	125,912
		<u>1,281,814</u>	<u>1,327,015</u>
Current assets			
Inventories		501,765	389,526
Trade and other receivables		959,655	1,139,266
Derivative financial instruments		1,221	11,794
Cash and cash equivalents		963,144	518,925
		<u>2,425,785</u>	<u>2,059,511</u>
Assets classified as held for sale		-	-
		<u>2,425,785</u>	<u>2,059,511</u>
Total assets		<u>3,707,599</u>	<u>3,386,526</u>
EQUITY			
Capital and reserves attributable to owners of the Parent			
Share capital		14,688	14,688
Share premium		83,032	83,032
Share based payment reserve	9	10,630	9,445
Cash flow hedge reserve	9	(3,844)	(677)
Foreign currency translation reserve	9	49,822	57,017
Other reserves	9	932	932
Retained earnings		786,158	725,514
		<u>941,418</u>	<u>889,951</u>
Non-controlling interests		4,837	2,391
Total equity		<u>946,255</u>	<u>892,342</u>
LIABILITIES			
Non-current liabilities			
Borrowings		725,831	672,715
Derivative financial instruments		45,636	13,436
Deferred income tax liabilities		27,526	32,897
Post employment benefit obligations	11	16,033	19,352
Provisions for liabilities and charges		24,157	17,141
Deferred and contingent acquisition consideration		36,949	56,558
Government grants		1,323	1,574
		<u>877,455</u>	<u>813,673</u>
Current liabilities			
Trade and other payables		1,492,968	1,463,330
Current income tax liabilities		32,276	29,304
Borrowings		316,726	154,060
Derivative financial instruments		18,699	2,372
Provisions for liabilities and charges		6,846	12,044
Deferred and contingent acquisition consideration		16,374	19,401
		<u>1,883,889</u>	<u>1,680,511</u>
Liabilities associated with assets classified as held for sale		-	-
		<u>1,883,889</u>	<u>1,680,511</u>
Total liabilities		<u>2,761,344</u>	<u>2,494,184</u>
Total equity and liabilities		<u>3,707,599</u>	<u>3,386,526</u>
Net debt included above	10	<u>(86,287)</u>	<u>(185,952)</u>

Group Statement of Changes in Equity

For the year ended 31 March 2014

	Attributable to owners of the Parent					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 9) £'000	Total £'000		
At 1 April 2013 (restated)	14,688	83,032	725,514	66,717	889,951	2,391	892,342
Profit for the financial year	-	-	121,234	-	121,234	2,709	123,943
Other comprehensive income/(expense):							
Currency translation:							
- arising in the year	-	-	-	(7,519)	(7,519)	(56)	(7,575)
- recycled to the Income Statement on disposal of subsidiary	-	-	-	324	324	-	324
Group defined benefit pension obligations:							
- remeasurements	-	-	(835)	-	(835)	-	(835)
- movement in deferred tax asset	-	-	152	-	152	-	152
Losses relating to cash flow hedges	-	-	-	(3,455)	(3,455)	-	(3,455)
Movement in deferred tax liability on cash flow hedges	-	-	-	288	288	-	288
Total comprehensive income	-	-	120,551	(10,362)	110,189	2,653	112,842
Re-issue of treasury shares	-	-	1,981	-	1,981	-	1,981
Share based payment	-	-	-	1,185	1,185	-	1,185
Dividends	-	-	(61,888)	-	(61,888)	(207)	(62,095)
At 31 March 2014	14,688	83,032	786,158	57,540	941,418	4,837	946,255

For the year ended 31 March 2013 (restated)

	Attributable to owners of the Parent					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 9) £'000	Total £'000		
At 1 April 2012 (restated)	14,688	83,032	680,070	65,552	843,342	2,215	845,557
Profit for the financial year	-	-	106,295	-	106,295	339	106,634
Other comprehensive income/(expense):							
Currency translation arising in the year	-	-	-	1,816	1,816	37	1,853
Group defined benefit pension obligations:							
- remeasurements	-	-	(9,579)	-	(9,579)	-	(9,579)
- movement in deferred tax asset	-	-	1,506	-	1,506	-	1,506
Losses relating to cash flow hedges	-	-	-	(1,931)	(1,931)	-	(1,931)
Movement in deferred tax liability on cash flow hedges	-	-	-	202	202	-	202
Total comprehensive income	-	-	98,222	87	98,309	376	98,685
Re-issue of treasury shares	-	-	1,702	-	1,702	-	1,702
Share based payment	-	-	-	1,078	1,078	-	1,078
Dividends	-	-	(54,480)	-	(54,480)	(200)	(54,680)
At 31 March 2013 (restated)	14,688	83,032	725,514	66,717	889,951	2,391	892,342

Group Cash Flow Statement

for the year ended 31 March 2014

	Note	2014 £'000	Restated 2013 £'000
Operating activities			
Profit for the financial year		123,943	106,634
Add back non-operating expenses			
- tax		27,255	26,288
- share of (profit)/loss from associates		(33)	259
- net operating exceptionals		13,283	23,817
- net finance costs		23,539	15,444
Operating profit before exceptionals		187,987	172,442
Share-based payments expense		1,185	1,078
Depreciation		56,130	54,234
Amortisation		20,416	14,420
Profit on sale of property, plant and equipment		(1,783)	(1,036)
Amortisation of government grants		(383)	(476)
Other		(1,792)	(4,249)
Decrease in working capital		86,904	28,201
Cash generated from operations before exceptionals		348,664	264,614
Exceptionals		(21,097)	(25,179)
Cash generated from operations		327,567	239,435
Interest paid		(50,011)	(39,970)
Income tax paid		(33,193)	(31,273)
Net cash flows from operating activities		244,363	168,192
Investing activities			
Inflows			
Proceeds from disposal of property, plant and equipment		8,584	5,042
Government grants received		100	-
Disposal of subsidiaries		11,073	11,722
Interest received		30,210	25,593
		49,967	42,357
Outflows			
Purchase of property, plant and equipment		(79,241)	(62,508)
Acquisition of subsidiaries	12	(39,876)	(156,177)
Deferred and contingent acquisition consideration paid		(10,196)	(11,970)
		(129,313)	(230,655)
Net cash flows from investing activities		(79,346)	(188,298)
Financing activities			
Inflows			
Re-issue of treasury shares		1,981	1,702
Increase in interest-bearing loans and borrowings		342,950	-
Net cash movement in derivative financial instruments		4,554	-
Increase in finance lease liabilities		324	1,425
		349,809	3,127
Outflows			
Repayment of interest-bearing loans and borrowings		(60,364)	-
Repayment of finance lease liabilities		(499)	(564)
Dividends paid to owners of the Parent	8	(61,888)	(54,480)
Dividends paid to non-controlling interests		(207)	(200)
		(122,958)	(55,244)
Net cash flows from financing activities		226,851	(52,117)
Change in cash and cash equivalents		391,868	(72,223)
Translation adjustment		(8,376)	2,891
Cash and cash equivalents at beginning of year		431,074	500,406
Cash and cash equivalents at end of year		814,566	431,074
Cash and cash equivalents consists of:			
Cash and short term bank deposits		963,144	518,925
Overdrafts		(148,578)	(87,851)
		814,566	431,074

Notes to the Preliminary Results

for the year ended 31 March 2014

1. Basis of Preparation

The financial information, from the Group Income Statement to Note 16, contained in this preliminary results statement has been derived from the Group financial statements for the year ended 31 March 2014 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 2014 and their report was unqualified. The financial information for the year ended 31 March 2013 represents an abbreviated, restated 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 2014 and are consistent with those applied in the prior year except as otherwise set out below:

Adoption of IFRS and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations

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

- Amendment to IAS 1 *Presentation of Items of Other Comprehensive Income (OCI)*. This amendment introduced a requirement for entities to group items of OCI on the basis of whether they are potentially re-classifiable to profit or loss subsequently. This amendment has resulted in some presentation changes and comparative information has been presented accordingly. The adoption of this amendment had no impact on the recognised assets, liabilities and comprehensive income of the Group;
- Amendment to IAS 19 *Employee Benefits*. The IASB has issued a number of amendments to IAS 19. This amendment (which was EU endorsed on 6 June 2012) made significant changes to the recognition and measurement of defined benefit pension expense and termination benefits. The main impact on the Group, apart from additional required disclosures, is that the expected return on defined benefit pension assets included in the Income Statement is no longer based on an estimate of asset returns but is now calculated based on the discount rate. The change in accounting policy had no impact on net assets and had no material impact on earnings per share for the current or comparative periods. Accordingly, for the comparative year ended 31 March 2013, the expected return on defined benefit pension scheme assets (previously reported under finance income) has been netted off against the interest on defined benefit pension scheme liabilities (previously reported under finance costs);
- IFRS 13 *Fair Value Measurement*. This standard sets out a single framework for measuring fair value and requires disclosures about fair value measurements. It applies when other IFRSs require or permit fair value measurements. It does not introduce new requirements to measure an asset or liability at fair value, change what is measured at fair value in IFRS or address how to present changes in fair value. The disclosure requirements have been adopted in the Consolidated Financial Statements. This standard did not have a significant impact on the Group's financial statements;
- Amendments to IFRS 7 *Disclosures - Offsetting Financial Assets and Financial Liabilities*. These amendments require an entity to disclose information about rights of set-off and related arrangements (e.g. collateral agreements). The disclosures will provide users with information that is useful in evaluating the effect of netting arrangements on an entity's financial position. The adoption of the amendments did not have a material impact on the Group's consolidated financial statements; and
- Amendment to IAS 36 *Recoverable Amount Disclosures for Non-Financial Assets*. This amendment sets out the changes to the disclosures when recoverable amount is determined based on fair value less costs of disposal. The amendment is not mandatory for the Group until 1 April 2014, however the Group has decided to early adopt the amendment as of 1 April 2013. This amendment did not have a significant impact on the Group's financial statements.

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

Notes to the Preliminary Results

for the year ended 31 March 2014

2. Change in Presentation Currency

On 26 February 2013 the Group announced that from the beginning of the current financial year it would be changing the currency in which it presents its financial results from euro to sterling. For some time, the majority of the Group's revenue and operating profit has been generated in the UK in sterling. In the past, fluctuations in the sterling/euro exchange rate have given rise to differences between reported results and constant currency results. Accordingly, the Board determined that, with effect from 1 April 2013, DCC will present its results in sterling. The Board believes that this change will help to provide a clearer understanding of DCC's financial performance by more closely reflecting the profile of its operations. Given the current composition of the Group's activities, this change is expected to reduce the impact of currency movements on reported results.

In order to satisfy the requirements of IAS 21 with respect to a change in presentation currency, the statutory financial information as previously reported in the Group's Annual Reports has been restated from euro into sterling using the procedures outlined below:

- assets and liabilities of foreign operations where the functional currency is other than sterling were translated into sterling at the relevant closing rates of exchange. Non-sterling trading results were translated into sterling at the relevant average rates of exchange. Differences arising from the retranslation of the opening net assets and the results for the year have been taken to the foreign currency translation reserve;
- the cumulative foreign currency translation reserve was set to nil at 1 April 2004, the date of transition to IFRS. All subsequent movements comprising differences on the retranslation of the opening net assets of non-sterling subsidiaries have been taken to the foreign currency translation reserve. Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions; and
- all exchange rates used were extracted from the Group's underlying financial records.

A change in presentation currency represents a change in accounting policy which is accounted for retrospectively.

3. Statutory Accounts

The financial information included in this report does not constitute full statutory financial statements but has been derived from the Group financial statements for the year ended 31 March 2014 which were approved by the Board of Directors on 20 May 2014.

4. Reporting Currency

The Group's financial statements are prepared in sterling denoted by the symbol £. The exchange rates used in translating non-sterling Balance Sheets and Income Statement amounts into sterling were as follows:

	Average rate		Closing rate	
	2014 Stg£1=	2013 Stg£1=	2014 Stg£1=	2013 Stg£1=
Euro	1.1847	1.2264	1.2074	1.1826
Danish Krone	8.8386	9.1366	9.0146	8.8162
Swedish Krona	10.3362	10.5862	10.8045	9.8806
Norwegian Krone	9.5103	9.1035	9.9674	8.8836

Notes to the Preliminary Results

for the year ended 31 March 2014

5. Segmental Reporting

DCC is a sales, marketing, distribution and business 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. Tommy Breen, Chief Executive and his executive management team. The Group is organised into five operating segments: DCC Energy, DCC Technology, DCC Healthcare, DCC Environmental and DCC Food & Beverage.

DCC Energy markets and sells oil products and services for transport, commercial/industrial, marine, aviation and home heating use in Britain, Ireland and Continental Europe. DCC Energy markets and sells liquefied petroleum gas for similar uses in Britain, Ireland and Continental Europe.

DCC Technology sells, markets, distributes and provides supply chain services to a broad range of consumer and SME focussed technology products in Europe.

DCC Healthcare sells, markets and distributes pharmaceutical and medical devices in British and Irish markets. DCC Healthcare also provides outsourced product development, manufacturing, packaging and other services to health and beauty brand owners in Europe.

DCC Environmental provides a broad range of waste management and recycling services to the industrial, commercial, construction and public sectors in Britain and Ireland.

DCC Food & Beverage markets and sells food and beverages in Ireland and wine in Britain. DCC Food & Beverage is also a provider of frozen food supply chain services in Ireland.

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.

(a) By operating segment

	Year ended 31 March 2014					
	DCC Energy £'000	DCC Technology £'000	DCC Healthcare £'000	DCC Environmental £'000	DCC Food & Beverage £'000	Total £'000
Segment revenue	8,243,645	2,263,973	406,510	130,635	186,903	11,231,666
Operating profit*	110,467	48,092	30,392	11,746	7,706	208,403
Amortisation of intangible assets	(13,686)	(1,974)	(2,711)	(1,285)	(760)	(20,416)
Net operating exceptionals (note 6)	(4,219)	(11,371)	3,285	3,743	(4,721)	(13,283)
Operating profit	92,562	34,747	30,966	14,204	2,225	174,704
	Year ended 31 March 2013 (restated)					
	DCC Energy £'000	DCC Technology £'000	DCC Healthcare £'000	DCC Environmental £'000	DCC Food & Beverage £'000	Total £'000
Segment revenue	8,112,143	1,850,246	320,593	116,107	173,597	10,572,686
Operating profit*	106,170	41,481	22,194	10,895	6,122	186,862
Amortisation of intangible assets	(10,140)	(1,354)	(850)	(1,342)	(734)	(14,420)
Net operating exceptionals (note 6)	(26,325)	2,467	(2,040)	360	1,721	(23,817)
Operating profit	69,705	42,594	19,304	9,913	7,109	148,625

* Operating profit before amortisation of intangible assets and net operating exceptionals

Notes to the Preliminary Results

for the year ended 31 March 2014

5. Segmental Reporting (continued)

(b) By geography

	Year ended 31 March 2014			
	UK £'000	Republic of Ireland £'000	Rest of the World £'000	Total £'000
Segment revenue	8,386,889	910,314	1,934,463	11,231,666
Operating profit*	158,735	23,199	26,469	208,403
Amortisation of intangible assets	(11,721)	(2,075)	(6,620)	(20,416)
Net operating exceptionals (note 6)	2,812	(13,963)	(2,132)	(13,283)
Operating profit	149,826	7,161	17,717	174,704
Year ended 31 March 2013 (restated)				
	UK £'000	Republic of Ireland £'000	Rest of the World £'000	Total £'000
Segment revenue	8,083,476	835,324	1,653,886	10,572,686
Operating profit*	137,696	20,052	29,114	186,862
Amortisation of intangible assets	(8,394)	(1,372)	(4,654)	(14,420)
Net operating exceptionals (note 6)	(19,405)	(1,317)	(3,095)	(23,817)
Operating profit	109,897	17,363	21,365	148,625

* Operating profit before amortisation of intangible assets and net operating exceptionals

6. Exceptionals

	2014 £'000	Restated 2013 £'000
Restructuring costs	(19,720)	(16,882)
Impairment of goodwill and property	(13,923)	-
Acquisition and related costs	(5,638)	(12,146)
Impairment of property, plant and equipment	(550)	-
Adjustment to deferred and contingent acquisition consideration	16,165	5,601
Gain arising from Taiwanese legal claim	6,962	-
Net profit on disposal of subsidiaries	5,294	-
Restructuring of Group defined benefit pension schemes	1,435	-
Legal and other operating exceptional items	(3,308)	(390)
Net operating exceptional items	(13,283)	(23,817)
Mark to market of swaps and related debt	(2,128)	(1,372)
Impairment of associate company investment and loan receivable from associate	-	(285)
Net exceptional items before taxation	(15,411)	(25,474)
Tax on Taiwanese legal claim	(5,255)	-
Net exceptional items after taxation	(20,666)	(25,474)
Non-controlling interest share of profit on disposal of subsidiary	(2,055)	-
Net exceptional items attributable to owners of the Parent	(22,721)	(25,474)

The Group incurred an exceptional charge of £19.720 million in relation to restructuring of acquired and existing businesses. Most of this related to the costs of integration of previously acquired oil and LPG businesses, the relocation of DCC Healthcare's Swedish health and beauty manufacturing activities to Britain, which was planned for at the time of the acquisition of those assets, and the closure of DCC Technology's Irish DVD business.

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for the year ended 31 March 2014

6. Exceptionals (continued)

There was a non-cash exceptional charge of £13.923 million relating to the impairment of subsidiary goodwill. Included in this charge is an impairment charge of £7.286 million in relation to the carrying value of MSE Limited, a subsidiary of DCC Technology, primarily arising on the closure of the company's Irish DVD business. In addition, an impairment charge of £5.031 million was recognised in relation to Bottle Green Limited, a subsidiary of DCC Food & Beverage which was primarily due to weak demand in the current year whilst the recovery in profits is forecasted at a slower rate than previously anticipated. There was also a non-cash impairment of a property asset of £0.550 million.

Acquisition and related costs include the professional and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities. During the year, acquisition and related costs amounted to £5.638 million.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long term interest, currency and cross currency 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, together with gains or losses arising from marking to market swaps not designated as hedges, offset by foreign exchange translation gains or losses on the related fixed rate debt, is charged or credited as an exceptional item. In the year to 31 March 2014 this amounted to a total exceptional loss of £2.128 million.

In January 2004, the High Court in London awarded £12.2 million in damages and associated interim costs, together with interest, to DCC's former British based mobility and rehabilitation subsidiary for breach of an exclusive supply agreement by a Taiwanese supplier. A further amount in respect of costs of £2.9 million was subsequently determined by the High Court to be payable. In order to enforce the High Court judgments, it has been necessary to pursue the collection of all outstanding amounts through the Taiwanese courts. In March 2012, DCC received the initial £12.2 million referred to above which was accounted for in DCC's financial year ended 31 March 2012. In December 2013 and January 2014 a further aggregate amount of £6.962 million was recovered in respect of the accumulated interest on the £12.2 million from which there was a deduction of £5.255 million for Taiwanese withholding tax which is being challenged by DCC. The recovery of the £2.9 million, plus interest, continues to be pursued through the Taiwanese courts. DCC has not accrued the amount of this outstanding claim.

There was a non-cash credit of £16.165 million for deferred and contingent acquisition consideration overprovided in previous years. In accordance with IFRS 3 (revised), deferred and contingent consideration is measured at fair value at the time of the business combination. If the amount of deferred and contingent consideration changes as a result of a post-acquisition event then the changed amount is recognised in the Income Statement.

In March 2014, DCC Healthcare disposed of Virtus Inc., a small US based subsidiary which contract manufactures a range of mattress covers for hospital beds and stretchers and in February 2014 DCC Food & Beverage disposed of part of its chilled and frozen food distribution activities. The business activities disposed of accounted for less than 1% of DCC's operating profit for the year ended 31 March 2014. The assets disposed of comprised non-current assets of £1.050 million and net current assets (including cash and cash equivalents of £2.828 million) of £7.233 million. In addition, net foreign currency translation losses previously recognised in the foreign currency translation reserve of £0.324 million were recycled to the Income Statement. The net cash inflow from these transactions was £11.073 million and resulted in a gain on disposal (before a non-controlling interest charge) on their book carrying values of £5.294 million.

There was a tax charge of £5.255 million, as referred to above, for Taiwanese withholding tax, which is being challenged by DCC and a non-controlling interest charge of £2.055 million relating to the net exceptional items. The cash impact in the year of net exceptional charges relating to the year to 31 March 2014 and the prior year was £21.097 million.

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7. Earnings per Ordinary Share and Adjusted Earnings per Ordinary Share

	2014 £'000	Restated 2013 £'000
Profit attributable to owners of the Parent	121,234	106,295
Amortisation of intangible assets after tax	16,237	11,333
Exceptionals after tax (note 6)	22,721	25,474
Adjusted profit after taxation and non-controlling interests	160,192	143,102
Basic earnings per ordinary share	pence	pence
Basic earnings per ordinary share	144.70p	127.17p
Adjusted basic earnings per ordinary share*	191.20p	171.20p
Weighted average number of ordinary shares in issue ('000)	83,781	83,586
Diluted earnings per ordinary share	pence	pence
Diluted earnings per ordinary share	143.90p	126.77p
Adjusted diluted earnings per ordinary share*	190.14p	170.66p
Diluted weighted average number of ordinary shares in issue ('000)	84,250	83,850

* adjusted to exclude amortisation of intangible assets and exceptionals after tax.

8. Dividends

	2014 £'000	Restated 2013 £'000
Dividends per Ordinary Share are as follows:		
Final - paid 56.20 cent per share on 25 July 2013 (2013: paid 50.47 cent per share on 26 July 2012)	39,721	34,375
Interim - paid 26.12 pence per share on 29 November 2013 (2013: paid 29.48 cent per share on 30 November 2012)	22,167	20,105
	61,888	54,480

The Directors are proposing a final dividend in respect of the year ended 31 March 2014 of 50.73 pence per ordinary share (£42.543 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

Interim and final dividends declared previously in euro have been translated to sterling using the relevant average sterling/euro exchange rate for the period.

Notes to the Preliminary Results

for the year ended 31 March 2014

9. Other Reserves

Group	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 31 March 2012 (restated)	8,367	1,052	55,201	932	65,552
Currency translation arising in the year	-	-	1,816	-	1,816
Cash flow hedges					
- fair value loss in year - private placement debt	-	(811)	-	-	(811)
- fair value loss in year - other	-	(2,536)	-	-	(2,536)
- tax on fair value losses	-	443	-	-	443
- transfers to sales	-	603	-	-	603
- transfers to cost of sales	-	813	-	-	813
- tax on transfers	-	(241)	-	-	(241)
Share based payment	1,078	-	-	-	1,078
At 31 March 2013 (restated)	9,445	(677)	57,017	932	66,717
Currency translation					
- arising in the year	-	-	(7,519)	-	(7,519)
- recycled to the Income Statement on disposal of subsidiary	-	-	324	-	324
Cash flow hedges					
- fair value loss in year - private placement debt	-	(8,300)	-	-	(8,300)
- fair value loss in year - other	-	(3,828)	-	-	(3,828)
- tax on fair value losses	-	536	-	-	536
- transfers to sales	-	(676)	-	-	(676)
- transfers to cost of sales	-	2,546	-	-	2,546
- transfers to operating expenses	-	6,803	-	-	6,803
- tax on transfers	-	(248)	-	-	(248)
Share based payment	1,185	-	-	-	1,185
At 31 March 2014	10,630	(3,844)	49,822	932	57,540

Notes to the Preliminary Results

for the year ended 31 March 2014

10. Analysis of Net Debt

	2014 £'000	Restated 2013 £'000
Non-current assets:		
Derivative financial instruments	<u>56,240</u>	<u>125,912</u>
Current assets:		
Derivative financial instruments	1,221	11,794
Cash and cash equivalents	<u>963,144</u>	<u>518,925</u>
	<u>964,365</u>	<u>530,719</u>
Non-current liabilities:		
Borrowings	(619)	(619)
Derivative financial instruments	(45,636)	(13,436)
Unsecured Notes	<u>(725,212)</u>	<u>(672,096)</u>
	<u>(771,467)</u>	<u>(686,151)</u>
Current liabilities:		
Borrowings	(149,079)	(88,573)
Derivative financial instruments	(18,699)	(2,372)
Unsecured Notes	<u>(167,647)</u>	<u>(65,487)</u>
	<u>(335,425)</u>	<u>(156,432)</u>
Net debt	<u>(86,287)</u>	<u>(185,952)</u>
Group share of joint ventures' net cash included above	<u>1,005</u>	<u>697</u>

11. Post Employment Benefit Obligations

The Group's defined benefit pension schemes' assets were measured at fair value at 31 March 2014. The defined benefit pension schemes' liabilities at 31 March 2014 were updated to reflect material movements in underlying assumptions.

The deficit on the Group's post employment benefit obligations decreased from £19.352 million at 31 March 2013 to £16.033 million at 31 March 2014. The decrease in the deficit was primarily driven by contributions in excess of the current service cost and a reduction in the pension liability due to an exceptional gain of £1.435 million arising on the reorganisation of certain of the Group's defined benefit pension schemes.

Notes to the Preliminary Results

for the year ended 31 March 2014

12. Business Combinations

A key strategy of the Group is to create and sustain market leadership positions through bolt-on 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 of 100% of Bronberger & Kessler, an oil distribution business in southern Germany, completed in May 2013;
- the acquisition of 100% of Leonhard Lang UK Limited, a UK based business which is focussed on the sales, marketing and distribution of medical consumables to hospitals and ambulance services in Britain, completed in June 2013;
- the acquisition of 100% of Cohort Technology, a UK based distributor of security and networking products, completed in October 2013; and
- the acquisition of 100% of Universal Products Manufacturing (Lytham) Limited ('UPL'), a British contract manufacturer of creams and liquids, completed in January 2014.

The carrying amounts of the assets and liabilities acquired (excluding net cash/debt acquired), determined in accordance with IFRS before completion of the business combinations, together with the fair value adjustments made to those carrying values were as follows:

	2014 £'000 Total	Restated 2013 £'000 Total
Assets		
Non-current assets		
Property, plant and equipment	9,171	63,438
Intangible assets - other intangible assets	12,333	25,591
Deferred income tax assets	4	666
Total non-current assets	<u>21,508</u>	<u>89,695</u>
Current assets		
Inventories	6,748	17,191
Trade and other receivables	22,209	35,755
Total current assets	<u>28,957</u>	<u>52,946</u>
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	(2,512)	(6,595)
Provisions for liabilities and charges	(1,930)	(2,800)
Total non-current liabilities	<u>(4,442)</u>	<u>(9,395)</u>
Current liabilities		
Trade and other payables	(25,811)	(44,225)
Current income tax (liabilities)/assets	(680)	337
Provisions for liabilities and charges	-	(259)
Total current liabilities	<u>(26,491)</u>	<u>(44,147)</u>
Identifiable net assets acquired	19,532	89,099
Intangible assets - goodwill	24,601	79,907
Total consideration (enterprise value)	<u>44,133</u>	<u>169,006</u>
Satisfied by:		
Cash	51,009	166,325
Net cash acquired	(11,133)	(10,148)
Net cash outflow	39,876	156,177
Deferred and contingent consideration	4,257	12,829
Total consideration	<u>44,133</u>	<u>169,006</u>

Notes to the Preliminary Results

for the year ended 31 March 2014

12. 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)	9,175	12,333	21,508
Current assets	28,957	-	28,957
Non-current liabilities	(2,040)	(2,402)	(4,442)
Current liabilities	(26,491)	-	(26,491)
Identifiable net assets acquired	9,601	9,931	19,532
Goodwill arising on acquisition	34,532	(9,931)	24,601
Total consideration (enterprise value)	44,133	-	44,133

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 these fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2015 Annual Report as stipulated by IFRS 3.

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.

£2.525 million of the goodwill recognised in respect of acquisitions completed during the financial year is expected to be deductible for tax purposes.

Acquisition related costs included in other operating expenses in the Group Income Statement amounted to £5.638 million (2013: £12.146 million).

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

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £22.507 million. The fair value of these receivables is £22.209 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £0.298 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 in the current year range from nil to £7.2 million.

There were no adjustments processed during the year to the fair value of business combinations completed during the year ended 31 March 2013 where those fair values were not readily determinable as at 31 March 2013.

Notes to the Preliminary Results

for the year ended 31 March 2014

12. Business Combinations (continued)

The post-acquisition impact of business combinations completed during the year on Group profit for the financial year was as follows:

	2014 £'000	Restated 2013 £'000
Revenue	353,004	212,643
Cost of sales	(334,844)	(173,762)
Gross profit	18,160	38,881
Operating costs	(12,212)	(28,625)
Operating profit	5,948	10,256
Finance income/costs (net)	(205)	(624)
Profit before tax	5,743	9,632
Income tax expense	(848)	(2,184)
Profit for the financial year	4,895	7,448

The revenue and profit of the Group for the financial period determined in accordance with IFRS as though the acquisition date for all business combinations effected during the year had been the beginning of that year would be as follows:

	2014 £'000	Restated 2013 £'000
Revenue	11,352,020	10,823,585
Profit for the financial year	127,485	113,081

13. Seasonality of Operations

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

14. Related Party Transactions

There have been no related party transactions or changes in related party transactions that could have a material impact on the financial position or performance of the Group during the 2014 financial year.

Notes to the Preliminary Results

for the year ended 31 March 2014

15. Events after the Balance Sheet Date

On 9 May 2014 the Group acquired 100% of Qstar Försäljning AB, a Swedish unmanned retail petrol station company, along with its related fuel distribution and fuel card businesses ("Qstar"). The consideration, inclusive of deferred consideration, was £40.0 million. The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis given the timing of closure of the transaction. 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 were as follows:

Qstar	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	27,703	6,983	34,686
Current assets	34,975	-	34,975
Non-current liabilities	(5,732)	(12,144)	(17,876)
Current liabilities	(37,549)	-	(37,549)
Identifiable net assets acquired	19,397	(5,161)	14,236
Goodwill arising on acquisition	20,966	5,161	26,127
Total consideration (enterprise value)	40,363	-	40,363

16. Board Approval

This announcement was approved by the Board of Directors of DCC plc on 20 May 2014.