DCC

2016 Results Presentation

17 May 2016

Agenda

- **Introduction and highlights**
- **Business review**
- **Financial review**
- **Summary and Q & A**

Highlights

For the year ended 31 March 2016

- **Record year of performance and development in DCC**
- **35.5% growth in Group operating profit to £300.5 million, driven in particular by the performance of DCC Energy**
- **Adjusted EPS increasing to 257.1 pence, up 27.2%**
- **15.0% increase in final dividend – 22nd consecutive year of growth**
- **Strong cash generation continues with 97% operating profit to free cash flow conversion - £291.1 million**

Highlights

For the year ended 31 March 2016

- **Operating profit growth and strong cash generation result in Group return on capital employed of 21.0%**
- **Completion and integration of our largest acquisitions to date, Butagaz and Esso Retail France**
- **Further bolt-on acquisitions across DCC Healthcare, DCC Technology and DCC Energy**
- **Balance sheet in strong position, with modest level of net debt**

Financial Summary

For the year ended 31 March 2016

£'m	2016	2015[1]	% change
Revenue	10,601	10,606	-
Operating profit[2]	**300.5**	**221.7**	**+35.5%**
Profit before net exceptionals, amortisation of intangible assets & tax	272.0	193.2	+40.8%
Adjusted EPS[2]	**257.1 pence**	**202.2 pence**	**+27.2%**
Free cash flow[3]	291.1	314.5	
Net (debt) / cash	(54.5)	30.0	
Dividend per share	97.22 pence	84.54 pence	+15.0%
Return on capital employed	21.0%	18.9%	

[1] Income Statement items represent continuing operations (i.e. excluding DCC Food & Beverage which was disposed of)
[2] Excluding net exceptionals and amortisation of intangible assets
[3] After net capital expenditure and before net exceptionals, interest and tax payments

Business Review

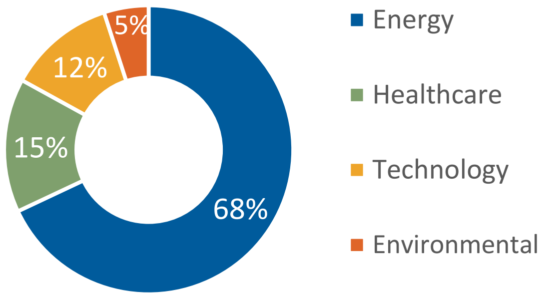
Tommy Breen, CEO

Divisional Results

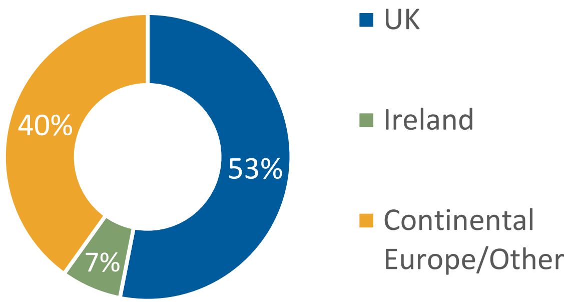
For the year ended 31 March 2016

£'m	2016	2015[1]	% change
Operating profit[2]			
DCC Energy	205.2	119.4	+71.9%
DCC Healthcare	45.0	39.7	+13.5%
DCC Technology	35.1	49.3	-28.8%
DCC Environmental	15.2	13.3	+14.2%
Group operating profit[2]	**300.5**	**221.7**	**+35.5%**

By Division



By Geography



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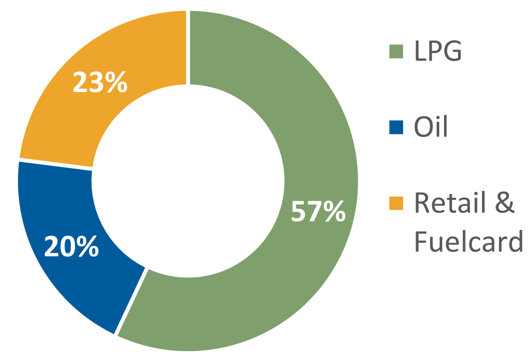
DCC Energy

	2016	2015	% change
Volume (bn litres)	12.770	10.754	+18.7%
Revenue (£'bn)	*7.515*	*7.624*	*-1.4%*
Operating profit (£'m)	205.2	119.4	+71.9%
Operating profit / litre	1.61p	1.11p	
ROCE	24.4%	19.8%	

Operating profit by sector:



- Excellent year in DCC Energy
  - Benefited from the acquisitions of Butagaz & Esso Retail France
  - Strong organic operating profit growth in LPG mitigating mild weather impact
- **LPG** business performed particularly well during the year
  - Consolidation of Butagaz from 1 September, performing well
  - Good organic volume growth in the remainder of the business
  - Organic volume growth driven by continuing good growth with commercial and industrial customers
  - Substantial fall in product price assisted margin performance

DCC Energy

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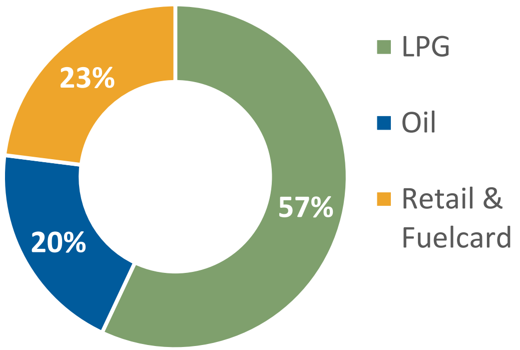
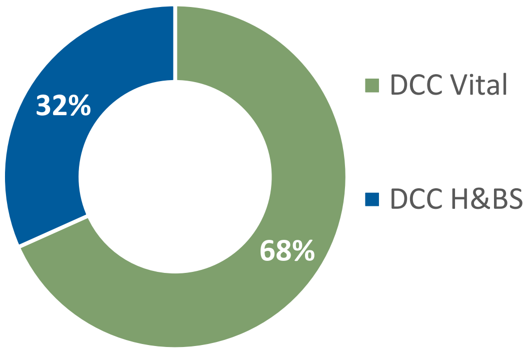


- Satisfactory performance in **Oil** although impacted by adverse weather conditions
  - Britain impacted by very mild weather, particularly in third quarter and weak commercial sector
  - Good performance in other markets, particularly in Denmark
- Excellent growth in **Retail & Fuelcard**
  - Strong organic performance in existing markets
  - Esso Retail France integration went to schedule and performed well
  - Further development during the year with agreement to acquire 139 sites in Denmark

DCC Healthcare

	2016	2015	% change
Revenue (£'m)	490.7	488.1	+0.5%
Operating profit (£'m)	45.0	39.7	+13.5%
Operating margin	9.2%	8.1%	
ROCE	17.1%	16.6%	

Revenue by business:

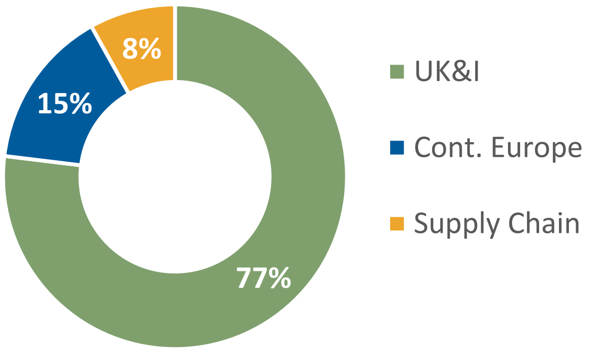


- Very strong operating profit growth and further improvement in ROCE
- Operating margin improvement driven by focus on improving sales mix, streamlining activities and leveraging scale
- **DCC Vital** generated good growth across all its medical device product categories, excellent growth in hospital injectable pharmaceuticals
- **DCC Health & Beauty Solutions** continued its track record of strong organic growth, especially in nutritional products
- Design Plus acquisition further enhances service offering to brand owners – UK market leader in sachet filling

DCC Technology

	2016	2015	% change
Revenue (£'bn)	2.442	2.350	+3.9%
Operating profit (£'m)	35.1	49.3	-28.8%
Operating margin	1.4%	2.1%	
ROCE	17.8%	25.5%	

Revenue by business:

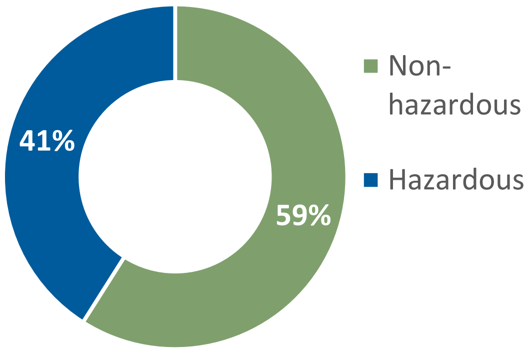


- Very difficult year due to weak performance of UK business - UK impacted by reduced sales of products of one large supplier. Weak demand in our market for tablet, smartphone and gaming products
- UK like-for-like sales decline of 7%, with change in product mix and negative operating leverage impacting operating margin
- Good growth in Ireland and Continental Europe, with Continental Europe benefitting from strong performance in Sweden and first time contribution of CUC
- Supply chain business performed well and benefitted from growth in lower margin finished goods programmes

DCC Environmental

	2016	2015	% change
Revenue (£'m)	153.5	143.6	+6.9%
Operating profit (£'m)	15.2	13.3	+14.2%
Operating margin	9.9%	9.3%	
ROCE	11.7%	9.7%	

Revenue Split:



- Very strong performance with operating profit increasing by 14.2%, all of which was organic, and ROCE also improving
- Good business development activity in Britain, particularly within non-hazardous business in the East Midlands
- Irish business also performed well and benefited from an improving economic environment and cost reduction initiatives implemented in the prior year

Acquisitions & Capital Expenditure

For the year ended 31 March 2016

£'m	Acquisitions	Capex	Total
DCC Energy	40.9	68.3	**109.2**
DCC Healthcare	20.3	8.4	**28.7**
DCC Technology	19.0	31.6	**50.6**
DCC Environmental	-	12.4	**12.4**
Total	**80.2**	**120.7**	**200.9**

DCC

Financial Review

Fergal O'Dwyer, CFO

Group Income Statement

FY 2016	Revenue	% change	Gross Margin	ppl / % of sales change	Operating Costs	ppl / % of sales change
DCC Energy	£7,515m	-1.4%	5.64ppl	+1.05	£515m	+0.55
Group excl. DCC Energy	£3,086m	+3.5%	10.9%	-0.2%	£241m	-0.1%
Total	**£10,601m**		**£1,056m**		**£756m**	

- Energy volumes up 18.7% (-0.8% organically), average selling prices down 16.9% due to the lower oil price
- Revenue excluding DCC Energy up 3.5% (+5.6% on constant currency basis), driven by acquisitions
- DCC Energy gross margin increasing to 5.64ppl (2015: 4.59ppl) due to greater proportion of LPG sales in mix
- Gross margin excluding DCC Energy of 10.9% (2015: 11.2%)
- Operating costs up £153m (acq's +£169m, organic +£11m, currency -£27m)
- DCC Energy operating costs of 4.03ppl up from 3.48ppl in 2015 reflects a higher cost to serve in Butagaz
- Excluding DCC Energy, operating costs as % of revenue 7.8% (2015: 7.7%)

Group Income Statement

	2016	2015	% change
Operating profit (£'m)	**300.5**	**221.7**	**+35.5%**
Finance costs etc. (£'m)	(28.5)	(28.5)	-
Profit before net exceptionals, amortisation of intangible assets and tax (£'m)	272.0	193.2	+40.8%
Effective tax rate	16%	12%	
Adjusted EPS (pence)	**257.1**	**202.2**	**+27.2%**

- Operating profit growth of 35.5% (40.0% on a ccy basis) – driven by acquisitions
- Finance costs unchanged as, despite lower average net debt during the year, finance costs reflect the Group's gross debt position
- Effective tax rate increasing to 16% reflecting larger proportion of Continental European profits
- Adjusted EPS increasing by 27.2% (31.3% on a ccy basis) reflects the operating profit growth and share issue in May 2015

Strong free cash flow continues

FY2016	£m	*Conversion*	22 Year* £m	*22 Year Conversion*
Operating profit	**300.5**		**2,496**	
Decrease in working capital	37.6		252	
Depreciation & other	73.6		637	
Operating cash flow	**411.7**	***137%***	**3,385**	***136%***
Capex	(120.6)		(821)	
Free cash flow	**291.1**	***97%***	**2,564**	***103%***
Interest and tax	(63.4)		(537)	
Free cash flow after interest and tax	**227.7**	***76%***	**2,027**	***81%***
Acquisitions	(394.0)		(1,776)	
Disposals / exceptionals	(15.4)		223	
Dividends / share buybacks	(80.9)		(761)	
Share issues	197.7		263	
Translation and other	(19.6)		(29)	
Net cash outflow	**(84.5)**		**(53)**	
Opening net cash	30.0		(2)	
Closing net debt	**(54.5)**		**(54.5)**	

- £37m working capital inflow
- Overall WC days of negative 3.9 days (2015: negative 4.9 days)
- Capex exceeded depreciation by £46m, principally due to NDC project within DCC Technology
- Free cash flow conversion of 97%
- Acquisition spend of £394m
- Modest net debt at year end with strong and liquid balance sheet
- Net debt / EBITDA of c. 0.2 times

* 22 year record since 1994 – when DCC listed as a public company

Summary / Q&A

Tommy Breen, CEO

Summary

- **Very strong operating and cash flow performance**
- **Integration of two largest acquisitions to date and further bolt-on acquisition activity**
- **Balance sheet in strong and liquid position to facilitate development activity**
- **The Group expects that the year ending 31 March 2017 will be another year of profit growth and development**

DCC's Strategy

Our Objective:

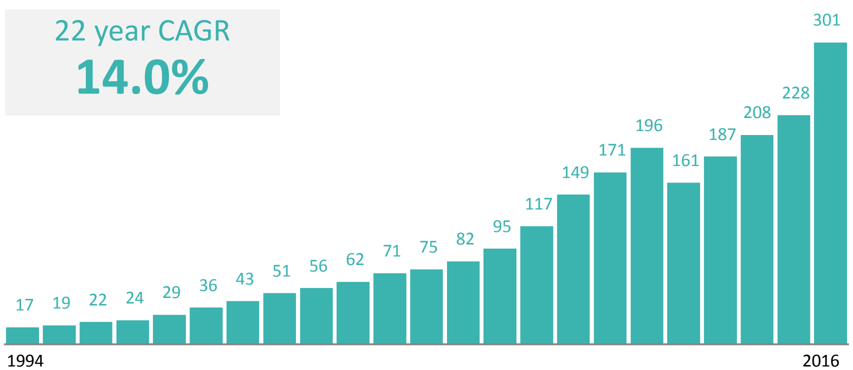
To continue to build a growing, sustainable and cash generative business which consistently provides returns on total capital employed significantly ahead of its cost of capital

Our strategic priorities:

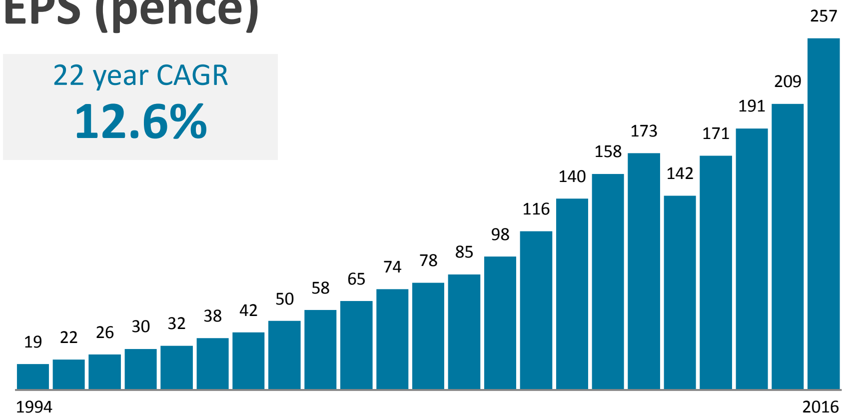
- Creating and sustaining leading positions in each of the markets in which we operate
- Continuously benchmarking and improving the efficiency of our operating model in each of our businesses
- Carefully extending our geographic footprint to provide new horizons for growth
- Attracting and empowering entrepreneurial leadership teams, capable of delivering outstanding performance, through the deployment of a devolved management structure
- Maintaining financial strength through a disciplined approach to balance sheet management

Strategy continues to deliver

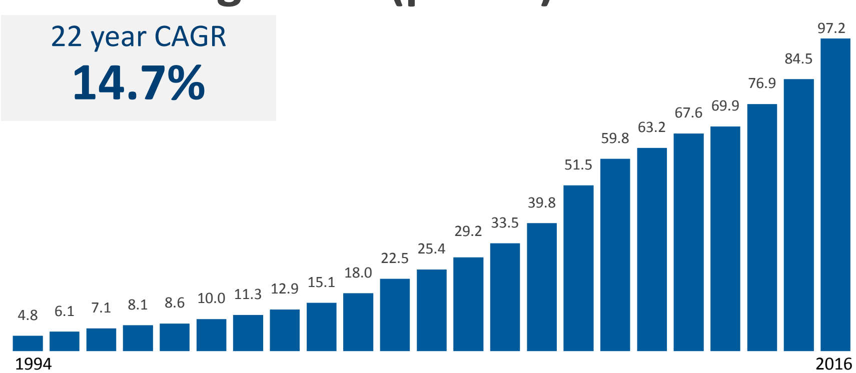
Operating profit (£m)



EPS (pence)



Dividend growth (pence)



Free cash flow conversion (%)