

14 November 2017

DCC Reports Strong First Half of Performance and Development

DCC, the leading international sales, marketing and support services group, today announced its results for the six months ended 30 September 2017.

Highlights	2017	2016	% change
DCC LPG volumes (thousand tonnes ¹)	645.6kT	555.4kT	+16.2%
DCC Retail & Oil volumes (billion litres)	6.011bn	5.581bn	+7.7%
Revenue - continuing ² (ex DCC LPG and DCC Retail & Oil)	£1.616bn	£1.389bn	+16.4%
Adjusted operating profit ³ - continuing ²	£122.5m	£107.1m	+14.4%
Adjusted earnings per share ³ – continuing ²	95.5p	82.2p	+16.1%
Interim dividend	40.89p	37.17p	+10.0%
Operating cash flow	£84.0m	£141.0m	
Net debt	£112.3m	£112.2m	

- Strong first half performance with Group adjusted operating profit on continuing activities increasing by 14.4% (up 9.7% on a constant currency basis) to £122.5 million, with all divisions recording growth on the prior year.
- Adjusted earnings per share on continuing activities up 16.1% (11.5% ahead on a constant currency basis) to 95.5 pence.
- Interim dividend increased by 10.0% to 40.89 pence per share.
- The Group continues to be very active from a development perspective. Recently, DCC Retail & Oil completed the acquisition of Esso Retail Norway and DCC Technology completed the acquisition of MTR. DCC LPG remains on schedule to complete the acquisition of Shell Hong Kong & Macau before the end of the financial year.
- In addition, on 7 November 2017, DCC LPG announced its agreement to acquire Retail West from NGL Energy Partners, for an enterprise value of \$200 million (£152 million). This will be DCC LPG's first step into the very large US LPG market and is DCC's first substantial acquisition in North America.
- Reflecting the announced acquisition activity to date, the Group's cash spend on acquisitions in the current financial year will be approximately £550 million.
- The Group reiterates its belief that the year ending 31 March 2018 will be another year of profit growth and development.

¹ 1 tonne of LPG equivalent to 1,969 litres of oil

² Continuing operations exclude DCC Environmental which was disposed of in May 2017

³ Excluding net exceptionals and amortisation of intangible assets

Commenting on the results, Donal Murphy, Chief Executive, said:

“I am pleased to report that the first half of the year has been another very active and successful period for DCC. The business has performed strongly, with each of our divisions recording good growth, albeit in the seasonally less significant first half of the year.

DCC continues to be very active on the development front. The recent completion of the acquisitions of Esso Retail Norway and MTR demonstrate the continuing opportunity for DCC to redeploy the organic cash flow of the business into attractive acquisition opportunities in each of its chosen sectors. In addition, the recent announcement of the acquisition of Retail West marks another important milestone for the Group and will provide DCC with a substantial, high-quality, LPG footprint in the very large North American LPG market.

The Group continues to have the ambition and capacity for further development and, importantly, as DCC increases in scale and geographic reach, also has the opportunity to build substantial market positions in its chosen sectors.

The Group reiterates its belief that the year ending 31 March 2018 will be another year of profit growth and development.”

Presentation of results and dial-in / webcast facility

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

There will also be audio conference access to, and a live webcast of, the presentation. The access details for the presentation are:

Ireland: 1800 937 656
UK / International: +44 (0) 20 3427 1907
Passcode: 3489165
Webcast Link: <https://edge.media-server.com/m6/p/do8jgz5d>

This report, the webcast of the presentation and further information on DCC is available at www.dcc.ie.

For reference, please contact:

Donal Murphy, Chief Executive
Fergal O’Dwyer, Chief Financial Officer
Kevin Lucey, Head of Capital Markets

Tel: +353 1 2799 400
Email: investorrelations@dcc.ie
Web: www.dcc.ie

For media enquiries: Powerscourt (Lisa Kavanagh)

Tel: +44 207 250 1446

Group Results

A summary of the Group's results for the six months ended 30 September 2017 is as follows:

	2017 £'m	2016 £'m	% change
Revenue - continuing operations ¹	<u>6,449</u>	<u>5,507</u>	+17.1%
Adjusted operating profit ² - continuing operations ¹			
DCC LPG	44.1	37.0	+19.2%
DCC Retail & Oil	42.2	39.0	+8.0%
DCC Healthcare	22.0	19.8	+11.6%
DCC Technology	<u>14.2</u>	<u>11.3</u>	+25.8%
Group adjusted operating profit ² - continuing operations ¹	122.5	107.1	+14.4%
Finance costs (net) and other	<u>(15.6)</u>	<u>(16.3)</u>	
Profit before net exceptionals, amortisation of intangible assets and tax	106.9	90.8	+17.8%
Net exceptional items before tax	16.6	(2.5)	
Amortisation of intangible assets	<u>(20.5)</u>	<u>(18.2)</u>	
Profit before tax	103.0	70.1	+46.9%
Taxation	<u>(13.2)</u>	<u>(11.2)</u>	
Profit after tax	89.8	58.9	+52.5%
Profit after tax – discontinued operations	0.8	8.7	
Non-controlling interests	<u>(1.9)</u>	<u>(2.0)</u>	
Attributable profit	<u>88.7</u>	<u>65.6</u>	
Adjusted earnings per share ² - continuing ¹	95.5 pence	82.2 pence	+16.1%
Adjusted earnings per share ²	96.4 pence	92.1 pence	
Dividend per share	40.89 pence	37.17 pence	+10.0%
Operating cash flow	84.0	141.0	
Net debt at 30 September	112.3	112.2	

¹ Continuing operations excludes DCC Environmental which was disposed of in May 2017
² Excluding net exceptionals and amortisation of intangible assets

Revenue – continuing operations

Overall, Group revenue increased by 17.1% (13.2% ahead on a constant currency basis) to £6.4 billion.

Volumes in DCC LPG increased by 16.2% to 645,600 tonnes, driven principally by the acquisition of Gaz Européen which completed during the prior year. On a like-for-like basis, volumes were modestly ahead of the prior year, with good growth in Britain and Ireland. Reflecting acquisitions and the increased cost of product, DCC LPG's revenue increased by 36.5% (up 28.7% on a constant currency basis).

DCC Retail & Oil volumes increased by 7.7% to 6.0 billion litres, benefiting from the acquisition of Dansk Fuels which completed in November 2016. Organic volumes were in line with the prior year. Reflecting higher oil prices, DCC Retail & Oil's revenue increased by 15.5% (up 11.5% on a constant currency basis).

Revenue excluding DCC LPG and DCC Retail & Oil increased by 16.4% (up 13.7% on a constant currency basis) to £1.6 billion.

Group adjusted operating profit – continuing operations

Group adjusted operating profit from continuing operations increased by 14.4% to £122.5 million (9.7% ahead on a constant currency basis), in the seasonally less significant first half. The average sterling/euro translation rate for the six months ended 30 September 2017 of 1.1391 was 7.9% weaker than the average of 1.2364 in the comparative period. Substantially all of the constant currency operating profit growth was organic.

Operating profit in DCC LPG was 19.2% ahead of the prior year (11.5% ahead on a constant currency basis), despite the headwind of an increasing cost of product and colder weather conditions in the early part of the prior year, with strong profit growth in France and good performances in Britain, Ireland and Scandinavia.

Operating profit in DCC Retail & Oil was 8.0% ahead of the prior year (2.9% ahead on a constant currency basis), reflecting good organic profit growth from the oil distribution businesses in Denmark and Austria, and the retail and fuel card businesses also performing in line with expectations.

Operating profit in DCC Healthcare was 11.6% ahead of the prior year (10.9% ahead on a constant currency basis) and approximately one third of the constant currency growth was organic. DCC Vital benefited from a good performance in medical devices and also from the acquisition of Medisource, which completed in January 2017. DCC Health & Beauty Solutions again recorded very strong growth in nutritional products.

Operating profit in DCC Technology increased by 25.8% (24.9% ahead on a constant currency basis) in the seasonally less significant first half. The UK and Ireland business performed in line with expectations and benefited from the acquisition of Hammer, which completed in December 2016, and also benefited modestly from the acquisition of MTR in July 2017.

Finance costs (net)

Net finance costs decreased to £15.6 million (2016: £16.3 million), benefiting modestly from positive currency translation. The underlying finance costs of the Group are largely driven by the level of the Group's gross private placement debt, which was broadly in line with the prior year during the first half. In September 2017, the Group successfully completed the drawdown of a new £450 million private placement debt issuance which will result in an increase in the Group's gross debt for the second half of the year. Average net debt during the first half was £313 million compared to £262 million during the six months ended 30 September 2016.

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

Profit before net exceptional items, amortisation of intangible assets and tax increased by 17.8% (13.0% ahead on a constant currency basis) to £106.9 million.

Net exceptional items and amortisation of intangible assets

The Group recorded a net exceptional gain before tax and non-controlling interests of £16.6 million in the first six months of the year.

The net gain principally reflects the exceptional gain of approximately £30 million recorded on the sale of DCC's environmental division which completed on 31 May 2017, offset by acquisition and restructuring costs.

Acquisition costs include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities and amounted to £3.5 million. Restructuring costs amounted to £9.7 million and were principally incurred in the restructuring and integration work following the acquisition of Dansk Fuels and also the commissioning of the new national distribution centre in DCC Technology's UK business.

The charge for the amortisation of acquisition related intangible assets increased to £20.5 million from £18.2 million in the prior year, with the increase principally reflecting acquisitions completed in the prior year.

Profit before tax

Profit before tax increased by 46.9% to £103.0 million.

Taxation

The effective tax rate for the Group in the first half of the year of 18.0% is based on the anticipated mix of profits for the full year. This rate compares to a full year effective tax rate in the prior year of 17.5%. The increase is primarily due to an increase in the proportion of profits generated in Continental Europe.

Discontinued operations

The Group's discontinued operations represent the activities of DCC Environmental which was disposed of in May 2017.

Adjusted earnings per share

Adjusted earnings per share on a continuing basis increased by 16.1% (11.5% ahead on a constant currency basis) to 95.5 pence.

Total adjusted earnings per share increased by 4.6% (0.6% ahead on a constant currency basis) to 96.4 pence.

Dividend

The Board has decided to pay an interim dividend of 40.89 pence per share, which represents a 10% increase on the prior year interim dividend of 37.17 pence per share. This dividend will be paid on 11 December 2017 to shareholders on the register at the close of business on 24 November 2017.

Cash flow

As with its operating profit, the Group's operating cash flow is significantly weighted towards the second half of the year. The cash flow of the Group for the six months ended 30 September 2017 can be summarised as follows:

Six months ended 30 September	2017 £'m	2016 £'m
Adjusted operating profit	123.5	117.8
Increase in working capital	(79.8)	(17.0)
Depreciation and other	<u>40.3</u>	<u>40.2</u>
Operating cash flow	84.0	141.0
Capital expenditure (net)	<u>(69.1)</u>	<u>(59.8)</u>
Free cash flow	14.9	81.2
Net interest, tax paid and other	<u>(48.0)</u>	<u>(42.1)</u>
Free cash flow after interest and tax	(33.1)	39.1
Acquisitions	(56.3)	(32.8)
Disposals	160.0	-
Dividends	(66.4)	(55.7)
Dividends paid to non-controlling interests	-	(5.1)
Exceptional items (net)	(15.2)	(8.8)
Share issues	<u>3.3</u>	<u>2.1</u>
Net outflow	(7.7)	(61.2)
Opening net debt	(121.9)	(54.5)
Translation and other	<u>17.3</u>	<u>3.5</u>
Closing net debt	<u>(112.3)</u>	<u>(112.2)</u>

Operating cash flow in the six months ended 30 September 2017 of £84.0 million compares to £141.0 million in the prior year. Working capital increased by £79.8 million over the six month period from 31 March 2017, reflecting seasonal requirements, although on a like-for-like basis the value of working capital at 30 September 2017 at negative £70 million was broadly similar to that at 30 September 2016. Overall working capital days at 30 September 2017 increased to negative 1.7 days sales from negative 2.9 days sales in the prior year, reflecting the acquisitions completed in the second half of the prior year of Gaz Européen, Dansk Fuels and Hammer, each of which have a positive working capital days profile.

Committed acquisitions, disposal and capital expenditure

Committed acquisition and continuing capital expenditure in the current period amounted to £248.0 million as follows:

	Acquisitions £'m	Capex £'m	Total £'m
DCC LPG	152.6	27.9	180.5
DCC Retail & Oil	7.7	25.5	33.2
DCC Healthcare	-	2.6	2.6
DCC Technology	<u>19.9</u>	<u>11.8</u>	<u>31.7</u>
Total	<u>180.2</u>	<u>67.8</u>	<u>248.0</u>

Acquisition activity

Committed acquisition expenditure amounted to £180.2 million and included:

DCC LPG

Retail West

On 7 November 2017, DCC LPG announced that it had reached agreement with NGL Energy Partners LP (“NGL”) to acquire its Retail West LPG division, Hicksgas LLC (“Retail West” or “the business”), based on an enterprise value of US\$200 million (c. £152 million).

The acquisition represents DCC LPG’s entry into the US market and is a further significant step in DCC’s strategy to build a global LPG business over time. The US is one of the world’s largest LPG markets and is an attractive and growing market. It is also highly fragmented, with over 4,000 LPG distribution businesses operating in the market. The acquisition of Retail West will provide DCC with a substantial, high-quality presence in the US with leading market positions in a number of states. The business has an excellent customer base, a strong and well-invested operational infrastructure and an experienced management team.

The transaction is expected to complete on 31 March 2018, following receipt of customary regulatory consents and separation from NGL.

Headquartered in Illinois, Retail West has been in business for over 70 years and currently employs 390 people. It sells approximately 130,000 tonnes⁴ of LPG annually from 43 customer service locations and 58 satellite facilities. The business trades under three prominent regional brands, Hicksgas, Pacer Propane and Propane Central, and a number of smaller, local brands. Retail West has leading market positions in Illinois, Indiana and Kansas and also operates in seven other states across the Mid-West and North-West regions.

The business has a long-established and loyal base of 65,000 customers. Approximately two thirds of annual volume is sold to residential customers, predominantly for heating purposes, with the balance sold to commercial and agricultural customers in both small and large bulk format.

Retail West has a well-invested asset base of approximately 100 bulk storage facilities and a company-owned distribution fleet of over 150 vehicles. Retail West also owns the majority of tanks on customer premises.

The business has an experienced and long-serving management team who have a strong track record of delivering both organic and acquisition growth. It has operated as a standalone division within NGL and

⁴ Assuming normal winter weather conditions

will continue to operate and develop under the leadership of its existing management team, post completion of the acquisition.

Retail West is expected to initially deliver an annual EBITDA of approximately \$28⁵ million (£21 million) and EBITA of \$20⁵ million (£15 million). The acquisition will be earnings accretive from completion and the after tax cash payback will be approximately 10 years. The business is very well placed to continue its track record of profitable organic growth and also provides a base for synergistic acquisition activity, both of which would further enhance returns.

DCC Technology

MTR

In July 2017, DCC Technology acquired MTR Group Ltd (“MTR”), a fast growing UK based provider of second lifecycle solutions for mobile and tablet devices.

Based in Harlow, Essex and employing 60 people, MTR provides a broad range of services to retailers, mobile handset manufacturers and insurance companies to source and refurbish mobile phones and tablets for resale to customers in the UK and abroad. In the year ended 30 November 2016, MTR generated service revenues of £11m. The acquisition of MTR advances the DCC Technology strategy of expanding its service proposition to vendors and customers and provides access to the high growth second lifecycle solutions market.

The following acquisition, announced in the prior year, was completed after the balance sheet date:

DCC Retail & Oil

Esso Retail Norway

On 25 October 2017, DCC Retail & Oil completed the acquisition of Esso Retail Norway. The acquisition is another significant step for DCC in building its retail petrol station business in Europe. The national network sells c. 600 million litres of fuel annually and is the third largest in Norway with approximately 20% of retail volumes. It comprises 142 company-operated sites (127 retail service stations and 15 unmanned stations) and has contracts to supply 108 Esso-branded dealer owned stations. The total consideration was approximately NOK 2.43 billion (c. £235 million), plus the value of stock in tank at the date of acquisition, and was paid in cash on completion. The acquired business, which is substantially asset backed, is expected to generate a return on invested capital employed of approximately 15% in the first full year of ownership.

Full details of the acquisition were set out in DCC’s Stock Exchange announcement of 7 February 2017.

Total cash spend on acquisitions in the six months ended 30 September 2017

The total cash spend on acquisitions in the six months ended 30 September 2017 was £56.3 million. This included the payment of deferred and contingent acquisition consideration previously provided of £12.0 million, pre-completion deposits in respect of both Esso Norway and Shell Hong Kong & Macau, the acquisition of MTR and the completion of a number of small acquisitions.

Disposal

DCC Environmental

On 31 May 2017, DCC completed the disposal of its Environmental division for an enterprise value of £219 million, on a debt-free, cash-free basis. The Environmental division, which is active in the treatment and recycling of non-hazardous and hazardous waste in Britain and Ireland, comprises the British businesses, William Tracey Group, Oakwood Fuels and Wastecycle, and Enva in Ireland.

Full details of the disposal were set out in DCC’s Stock Exchange announcement of 5 April 2017.

⁵ Assuming normal winter weather conditions

Capital expenditure

Net capital expenditure for the six months of £69.1 million (2016: £59.8 million) compares to a depreciation charge of £44.3 million (2016: £42.9 million). Net capital expenditure on a continuing basis was £67.8 million.

The increase in net capital expenditure over the prior year principally reflects the increased scale of the Group and also increased investment by DCC Retail & Oil in the organic development of its retail site footprint and upgrading of its existing network.

The construction of DCC Technology's new, purpose built, 450,000 sq.ft. UK national distribution centre in the north of England is now complete. The facility has been commissioned and the relocation from the existing warehouses, which is taking place on a staged basis, has begun, with a number of the existing facilities now closed. The relocation will be completed during the next financial year. The related upgrade of the business' technology platform is ongoing and is being completed on a phased basis.

Financial strength

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet to enable it to take advantage of development opportunities as they arise. At 30 September 2017, the Group had net debt of £112 million, total equity of £1.6 billion, cash resources, net of overdrafts, of £1.4 billion and a further £400 million of undrawn committed debt facilities. The Group's outstanding term debt at 30 September 2017 had an average maturity of 6.8 years. Substantially all of the Group's debt has been raised in the US private placement market with an average credit margin of 1.61% over floating Euribor/Libor.

Management and organisational changes

As set out in DCC's Stock Exchange announcement of 5 April 2017, Donal Murphy was appointed as Chief Executive of the Group on 14 July 2017.

DCC is now reporting its LPG and Retail & Oil businesses as separate divisions, consistent with the revised management and organisational structure of the Group. Henry Cubbon, who previously led DCC's LPG business, continues to lead the business as Divisional Managing Director. Eddie O'Brien, previously Managing Director of DCC's Retail and Fuelcard activities, has assumed responsibility for all Retail & Oil activities. The four divisional Managing Directors, of LPG, Retail & Oil, Healthcare and Technology, report to the Chief Executive.

Outlook

The Group reiterates its belief that the year ending 31 March 2018 will be another year of profit growth and development.

Performance Review – Divisional Analysis

DCC LPG	2017	2016	% change
Volumes (tonnes) ⁶	645.6kT	555.4kT	+16.2%
Revenue	£502.0m	£367.9m	+36.5%
Operating profit	£44.1m	£37.0m	+19.2%
Operating profit per tonne	£68.30	£66.61	

DCC LPG delivered strong organic growth in the first half of the year with operating profit increasing by 19.2% to £44.1 million (11.5% ahead on a constant currency basis), modestly ahead of expectations.

DCC LPG sold 645,600 tonnes of product, an increase of 16.2% over the prior year, largely driven by the acquisition of Gaz Européen in the second half of the prior year. On a like-for-like basis, volumes were modestly ahead of the prior year. During the first half of the year, DCC LPG grew its operations in the natural gas sector, as evidenced by the recent launch of a consumer natural gas offering in France, and continues to invest in oil to LPG conversions across industrial and commercial customer sectors.

The business in France performed strongly during the first half of the year, delivering modest organic volume growth. Despite the headwind of a rising cost of product and the anticipated seasonal impact of natural gas storage and transmission costs, the business generated strong operating profit growth due to good procurement and operational cost control. Gaz Européen, which provides natural gas to energy management companies, collective housing and public and service sector customers, and was acquired in January 2017, performed in line with expectations. The French business has also recently launched a consumer natural gas and electricity business, utilising Gaz Européen's operating platform and leveraging the strength of Butagaz's leading gas brand position.

Both the British and Irish businesses performed in line with expectations during the first half and delivered good organic volume growth. In Ireland, the business has continued to develop its natural gas and electricity offering. In Britain, the business benefited from its continuing focus on the conversion of industrial and commercial users of oil to LPG. Although more modest, the business in Scandinavia also achieved good operating profit growth.

Since the announcement of the agreement to acquire Shell's LPG business in Hong Kong & Macau in April 2017, the carve-out, integration planning and completion process has been progressing to plan. The acquisition is expected to complete by the end of the current financial year.

On 7 November 2017, DCC LPG announced its agreement to acquire Retail West, a substantial LPG business operating in the Mid-West and North-West states of the US. The business has an excellent customer base and operational infrastructure and will provide DCC LPG with a material footprint in the very large US energy market. The acquisition is expected to complete on 31 March 2018.

Following the completion of the acquisitions of Shell Hong Kong & Macau and Retail West, DCC LPG will operate in nine countries and is well positioned to continue its expansion in both current and new geographies.

⁶ 1 tonne of LPG equivalent to 1,969 litres of oil

DCC Retail & Oil	2017	2016	% change
Volumes (litres)	6.011bn	5.581bn	+7.7%
Revenue	£4,331.6m	£3,750.9m	+15.5%
Operating profit	£42.2m	£39.0m	+8.0%
Operating profit per litre	0.70 ppl	0.70 ppl	

DCC Retail & Oil recorded a good performance in the first half of the financial year, generating profit growth of 8.0% (2.9% ahead on a constant currency basis), in what was a very active development period for the business. DCC Retail & Oil completed both the acquisition and integration of Esso Retail Norway and also completed the restructuring and full integration of Dansk Fuels into its existing operations.

The volume growth of 7.7% was driven by the acquisition of Dansk Fuels, which completed in November 2016. Organically, volumes were in line with the prior year, notwithstanding the relatively colder weather conditions that prevailed in the prior year.

In Britain, the business performed well, with good growth in commercial volumes offsetting lower heating volume demand. In the oil distribution market, the business continues to make good progress in expanding its activities into adjacent areas, such as lubricants and aviation. The business has ambitions to develop a substantial unmanned retail network and continues this investment, opening eight new sites during the first half of the year, with a pipeline of further sites under consideration. The Fuel Card business continued to perform strongly and grow its market share.

In Continental Europe, the Danish business delivered strong profit growth. Following the acquisition of Dansk Fuels in November 2016, the business has now been fully integrated into DCC Retail & Oil's existing operations in Denmark and Drogheda, Ireland. The Danish business now has leading market positions across the domestic, agricultural, commercial and aviation markets, in addition to operating 148 retail sites under the Shell brand. In France, where DCC operates approximately 320 retail sites under the Esso brand, the business continued to invest in upgrading its sites and customer proposition and performed well in a more competitive market. Although more modest, both the Swedish and Austrian businesses performed strongly during the first half, delivering volume and profit growth.

In February 2017, DCC announced its agreement to acquire Esso's retail petrol station network in Norway. The national network sells c. 600 million litres of fuel annually and is the third largest in Norway with approximately 20% of retail volumes. It comprises 142 company-operated sites (127 retail service stations and 15 unmanned stations) and has contracts to supply 108 Esso-branded dealer owned stations. With the completion of the integration required to carve the network out of Exxon's global retail infrastructure, the transaction completed, ahead of schedule, in October 2017.

Following the acquisition of Esso Retail Norway, DCC Retail & Oil now has substantial market positions across eight countries in Europe. In addition to its oil distribution and fuel card activities, DCC Retail & Oil has grown its retail footprint substantially in recent years and now operates a network of approximately 1,000 retail sites and supplies an additional 2,000 dealer-owned stations.

DCC Healthcare	2017	2016	% change
Revenue	£245.0m	£244.3m	+0.3%
Operating profit	£22.0m	£19.8m	+11.6%
Operating margin	9.0%	8.1%	

DCC Healthcare recorded a strong performance in the first half of the year generating operating profit growth of 11.6% (10.9% ahead on a constant currency basis), with approximately one third of the constant currency operating profit growth being organic. The business benefited from the acquisition of Medisource in the prior year and continued its track record of strong organic profit growth in the medical device and nutrition sectors.

DCC Vital, which is focused on the sales and marketing of medical devices and pharmaceuticals to healthcare providers in Britain and Ireland, achieved strong growth in operating profit. In Ireland, the business generated strong growth in the supply of medical devices to the Irish hospital and community care sectors and also benefited from the acquisition of Medisource in January 2017, which has further expanded DCC Vital's product and service offering in Ireland. In Britain, the business generated good growth in the sales of medical consumables to the primary care sector although the trading environment for DCC Vital's pharma activities in Britain remains competitive, exacerbated by the fall in the value of sterling in the prior year.

DCC Health & Beauty Solutions, which provides outsourced solutions to international nutrition and beauty brand owners, again recorded excellent organic growth in the nutrition sector. The business delivered strong growth in sales to nutritional customers, particularly soft gels, as it continued to benefit from its focus on more complex product formulations and from increasing end-user demand in Britain, Continental Europe and Asia. In the beauty sector, the overall performance was held back somewhat by an unfavourable sales mix and some destocking by customers, although the business generated excellent growth in sachet filling, including into the US market.

DCC Health & Beauty Solutions is progressing a number of investment projects across its manufacturing activities which will add new capacity and product capability over the second half of this financial year and into next year, enhancing its ability to meet the growing market demand for its services.

DCC Technology	2017	2016	% change
Revenue	£1.371bn	£1.144bn	+19.8%
Operating profit	£14.2m	£11.3m	+25.8%
Operating margin	1.0%	1.0%	

DCC Technology achieved very strong operating profit growth of 25.8% (24.9% ahead on a constant currency basis), in the seasonally less significant first half of the year. The very strong performance was primarily driven by acquisitions completed in both the current and prior years.

The UK and Ireland business performed very strongly and benefited from good growth in key product areas, such as smart home, enterprise and components, and from recent acquisitions. Hammer, acquired in December 2016, has performed well since acquisition and has significantly strengthened DCC Technology's presence in the server, storage and related services markets. The UK business has also enhanced its position in the audio visual market through both the acquisition of Medium, completed in December 2016, and the organic development of its vendor and product portfolio, particularly in the education sector. The business in Ireland achieved strong organic growth, driven by good business development in the mobile and retail sectors and growth in the sales of networking and security products.

DCC Technology continues to expand its service offering to customers and vendors and the acquisition of MTR Group, completed in July 2017, has significantly expanded the UK business' mobile device refurbishment and managed services capability and the business has performed well since acquisition. The new UK national distribution centre in Lancashire, a further enabler of the expansion in service offering, is now operational. The related upgrade of the business' technology platform is ongoing and is being completed on a phased basis.

In Continental Europe, the business in the Nordics generated good organic growth, driven by continued growth in IT, audio visual and entertainment products. In France, the French consumer products business remains challenging, but the business addressing the reseller and electrician markets performed well and is investing in its audio visual proposition.

The Supply Chain Services business continues to invest in its global service offering and achieved good organic profit growth as it benefited from new contract wins and effective cost control.

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.

Principal risks and uncertainties

The Board of DCC is responsible for the Group's risk management and internal control systems, which are designed to identify, manage and mitigate potential material risks to the achievement of the Group's strategic and business objectives. The Board has approved a Risk Management Policy which sets out delegated responsibilities and procedures for the management of risk across the Group.

The principal risks and uncertainties facing the Group in the short to medium term, as set out on pages 15 to 17 of the 2017 Annual Report (together with the principal mitigation measures), continue to be the principal risks and uncertainties facing the Group for the remaining six months of the financial year.

This is not an exhaustive statement of all relevant risks and uncertainties. Matters which are not currently known to the Board or events which the Board considers to be of low likelihood could emerge and give rise to material consequences. The mitigation measures that are maintained in relation to these risks are designed to provide a reasonable and not an absolute level of protection against the impact of the events in question.

Group Income Statement

	Notes	Unaudited 6 months ended 30 September 2017			Unaudited 6 months ended 30 September 2016 (restated*)			Audited year ended 31 March 2017		
		Pre exceptionals	Exceptionals (note 6)	Total	Pre exceptionals	Exceptionals (note 6)	Total	Pre exceptionals	Exceptionals (note 6)	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Revenue	5	6,449,472	-	6,449,472	5,507,286	-	5,507,286	12,269,802	-	12,269,802
Cost of sales		(5,836,484)	-	(5,836,484)	(4,963,253)	-	(4,963,253)	(11,006,805)	-	(11,006,805)
Gross profit		612,988	-	612,988	544,033	-	544,033	1,262,997	-	1,262,997
Administration expenses		(190,756)	-	(190,756)	(162,375)	-	(162,375)	(323,320)	-	(323,320)
Selling and distribution expenses		(297,685)	-	(297,685)	(278,593)	-	(278,593)	(605,182)	-	(605,182)
Other operating income		10,669	308	10,977	7,879	408	8,287	28,297	1,879	30,176
Other operating expenses		(12,718)	(13,434)	(26,152)	(3,849)	(4,824)	(8,673)	(17,787)	(38,176)	(55,963)
Operating profit before amortisation of intangible assets		122,498	(13,126)	109,372	107,095	(4,416)	102,679	345,005	(36,297)	308,708
Amortisation of intangible assets		(20,527)	-	(20,527)	(18,178)	-	(18,178)	(39,130)	-	(39,130)
Operating profit	5	101,971	(13,126)	88,845	88,917	(4,416)	84,501	305,875	(36,297)	269,578
Finance costs		(34,508)	(2)	(34,510)	(35,676)	-	(35,676)	(72,910)	-	(72,910)
Finance income		18,832	-	18,832	19,163	1,901	21,064	40,973	10,101	51,074
Equity accounted investments' profit after tax		92	-	92	182	-	182	712	-	712
Profit before tax		86,387	(13,128)	73,259	72,586	(2,515)	70,071	274,650	(26,196)	248,454
Income tax expense	7	(13,353)	157	(13,196)	(10,837)	(386)	(11,223)	(44,113)	(1,756)	(45,869)
Profit for the period (continuing operations)		73,034	(12,971)	60,063	61,749	(2,901)	58,848	230,537	(27,952)	202,585
Profit for the period from discontinued operations	8	790	29,742	30,532	8,719	-	8,719	15,160	-	15,160
Profit after tax for the financial period		73,824	16,771	90,595	70,468	(2,901)	67,567	245,697	(27,952)	217,745
Profit attributable to:										
Owners of the Parent				88,701			65,588			216,197
Non-controlling interests				1,894			1,979			1,548
				90,595			67,567			217,745
Earnings per ordinary share										
Basic earnings per share	9			99.66p			73.95p			243.64p
Diluted earnings per share	9			99.21p			73.42p			242.00p
Basic adjusted earnings per share	9			96.36p			92.14p			303.68p
Diluted adjusted earnings per share	9			95.93p			91.48p			301.63p
Earnings per ordinary share – continuing operations										
Basic earnings per share	9			65.36p			64.12p			226.56p
Diluted earnings per share	9			65.06p			63.66p			255.04p
Basic adjusted earnings per share	9			95.47p			82.23p			286.59p
Diluted adjusted earnings per share	9			95.04p			81.64p			284.66p

*See note 8

Group Statement of Comprehensive Income

	Unaudited 6 months ended 30 Sept. 2017 £'000	Unaudited 6 months ended 30 Sept. 2016 £'000	Audited year ended 31 March 2017 £'000
Group profit for the period	90,595	67,567	217,745
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation:			
- arising in the period	17,714	38,453	37,084
- recycled to the Income Statement on disposal	(4,548)	-	-
Movements relating to cash flow hedges	20,292	9,409	(6,803)
Movement in deferred tax liability on cash flow hedges	(3,570)	(1,504)	1,334
	<u>29,888</u>	<u>46,358</u>	<u>31,615</u>
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
- remeasurements	1,702	(8,014)	(3,056)
- movement in deferred tax asset	(268)	1,227	413
	<u>1,434</u>	<u>(6,787)</u>	<u>(2,643)</u>
Other comprehensive income for the period, net of tax	<u>31,322</u>	<u>39,571</u>	<u>28,972</u>
Total comprehensive income for the period	<u>121,917</u>	<u>107,138</u>	<u>246,717</u>
Attributable to:			
Owners of the Parent	119,122	102,678	242,735
Non-controlling interests	2,795	4,460	3,982
	<u>121,917</u>	<u>107,138</u>	<u>246,717</u>
Attributable to:			
Continuing operations	95,933	97,165	230,199
Discontinued operations	25,984	9,973	16,518
	<u>121,917</u>	<u>107,138</u>	<u>246,717</u>

Group Balance Sheet

	Notes	Unaudited 30 Sept. 2017 £'000	Unaudited 30 Sept. 2016 £'000	Audited 31 March 2017 £'000
ASSETS				
Non-current assets				
Property, plant and equipment		789,947	778,618	750,020
Intangible assets		1,478,296	1,345,082	1,422,572
Equity accounted investments		24,632	26,019	24,938
Deferred income tax assets		23,128	22,802	22,619
Derivative financial instruments		180,109	271,609	273,767
		<u>2,496,112</u>	<u>2,444,130</u>	<u>2,493,916</u>
Current assets				
Inventories		548,903	435,716	456,395
Trade and other receivables		1,204,122	997,017	1,222,597
Derivative financial instruments		18,479	37,132	18,233
Cash and cash equivalents		1,497,061	1,138,953	1,048,064
		<u>3,268,565</u>	<u>2,608,818</u>	<u>2,745,289</u>
Assets classified as held for sale		-	-	193,170
		<u>3,268,565</u>	<u>2,608,818</u>	<u>2,938,459</u>
Total assets		<u>5,764,677</u>	<u>5,052,948</u>	<u>5,432,375</u>
EQUITY				
Capital and reserves attributable to owners of the Parent				
Share capital		15,455	15,455	15,455
Share premium		277,211	277,211	277,211
Share based payment reserve	11	20,077	16,369	18,146
Cash flow hedge reserve	11	3,141	(207)	(13,581)
Foreign currency translation reserve	11	117,802	106,859	105,537
Other reserves	11	932	932	932
Retained earnings		1,101,502	953,462	1,074,434
Equity attributable to owners of the Parent		<u>1,536,120</u>	<u>1,370,081</u>	<u>1,478,134</u>
Non-controlling interests		32,382	30,238	29,587
Total equity		<u>1,568,502</u>	<u>1,400,319</u>	<u>1,507,721</u>
LIABILITIES				
Non-current liabilities				
Borrowings		1,680,507	1,385,011	1,319,967
Derivative financial instruments		5,610	-	506
Deferred income tax liabilities		157,222	140,811	155,297
Post employment benefit obligations	13	(4,862)	7,045	29
Provisions for liabilities		258,909	233,079	255,650
Acquisition related liabilities		71,644	80,548	66,617
Government grants		257	752	261
		<u>2,169,287</u>	<u>1,847,246</u>	<u>1,798,327</u>
Current liabilities				
Trade and other payables		1,831,926	1,536,255	1,820,517
Current income tax liabilities		11,915	26,187	25,051
Borrowings		118,359	172,274	148,445
Derivative financial instruments		3,511	2,574	5,894
Provisions for liabilities		32,389	33,860	31,022
Acquisition related liabilities		28,788	34,233	28,300
		<u>2,026,888</u>	<u>1,805,383</u>	<u>2,059,229</u>
Liabilities associated with assets classified as held for sale		-	-	67,098
		<u>2,026,888</u>	<u>1,805,383</u>	<u>2,126,327</u>
Total liabilities		<u>4,196,175</u>	<u>3,652,629</u>	<u>3,924,654</u>
Total equity and liabilities		<u>5,764,677</u>	<u>5,052,948</u>	<u>5,432,375</u>
Net debt included above (including cash attributable to assets held for sale)				
	12	<u>(112,338)</u>	<u>(112,165)</u>	<u>(121,949)</u>

Group Statement of Changes in Equity

For the six months ended 30 September 2017

	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 11) £'000	Total £'000		
At 1 April 2017	15,455	277,211	1,074,434	111,034	1,478,134	29,587	1,507,721
Profit for the period	-	-	88,701	-	88,701	1,894	90,595
Currency translation:							
- arising in the period	-	-	-	16,813	16,813	901	17,714
- recycled to the Income Statement on disposal	-	-	-	(4,548)	(4,548)	-	(4,548)
Group defined benefit pension obligations:							
- remeasurements	-	-	1,702	-	1,702	-	1,702
- movement in deferred tax asset	-	-	(268)	-	(268)	-	(268)
Movements relating to cash flow hedges	-	-	-	20,292	20,292	-	20,292
Movement in deferred tax liability on cash flow hedges	-	-	-	(3,570)	(3,570)	-	(3,570)
Total comprehensive income	-	-	90,135	28,987	119,122	2,795	121,917
Re-issue of treasury shares	-	-	3,309	-	3,309	-	3,309
Share based payment	-	-	-	1,931	1,931	-	1,931
Dividends	-	-	(66,376)	-	(66,376)	-	(66,376)
At 30 September 2017	15,455	277,211	1,101,502	141,952	1,536,120	32,382	1,568,502

For the six months ended 30 September 2016

	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 11) £'000	Total £'000		
At 1 April 2016	15,455	277,211	948,316	78,661	1,319,643	30,833	1,350,476
Profit for the period	-	-	65,588	-	65,588	1,979	67,567
Currency translation	-	-	-	35,972	35,972	2,481	38,453
Group defined benefit pension obligations:							
- remeasurements	-	-	(8,014)	-	(8,014)	-	(8,014)
- movement in deferred tax asset	-	-	1,227	-	1,227	-	1,227
Movements relating to cash flow hedges	-	-	-	9,409	9,409	-	9,409
Movement in deferred tax liability on cash flow hedges	-	-	-	(1,504)	(1,504)	-	(1,504)
Total comprehensive income	-	-	58,801	43,877	102,678	4,460	107,138
Re-issue of treasury shares	-	-	2,065	-	2,065	-	2,065
Share based payment	-	-	-	1,415	1,415	-	1,415
Dividends	-	-	(55,720)	-	(55,720)	(5,055)	(60,775)
At 30 September 2016	15,455	277,211	953,462	123,953	1,370,081	30,238	1,400,319

For the year ended 31 March 2017

	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 11) £'000	Total £'000		
At 1 April 2016	15,455	277,211	948,316	78,661	1,319,643	30,833	1,350,476
Profit for the financial year	-	-	216,197	-	216,197	1,548	217,745
Currency translation	-	-	-	34,650	34,650	2,434	37,084
Group defined benefit pension obligations:							
- remeasurements	-	-	(3,056)	-	(3,056)	-	(3,056)
- movement in deferred tax asset	-	-	413	-	413	-	413
Movements relating to cash flow hedges	-	-	-	(6,803)	(6,803)	-	(6,803)
Movement in deferred tax liability on cash flow hedges	-	-	-	1,334	1,334	-	1,334
Total comprehensive income	-	-	213,554	29,181	242,735	3,982	246,717
Re-issue of treasury shares	-	-	2,600	-	2,600	-	2,600
Share based payment	-	-	-	3,192	3,192	-	3,192
Dividends	-	-	(90,036)	-	(90,036)	(5,228)	(95,264)
At 31 March 2017	15,455	277,211	1,074,434	111,034	1,478,134	29,587	1,507,721

Group Cash Flow Statement

		Unaudited 6 months ended 30 Sept. 2017 £'000	Unaudited 6 months ended 30 Sept. 2016 £'000	Audited year ended 31 March 2017 £'000
	Note			
Cash flows from operating activities				
Profit for the period		90,595	67,567	217,745
Add back non-operating expenses/(income)				
- tax		13,370	13,071	49,054
- share of equity accounted investments' profit		(92)	(182)	(712)
- net operating exceptionals		(16,616)	4,416	36,297
- net finance costs		15,694	14,685	21,999
Group operating profit before exceptionals		102,951	99,557	324,383
Share-based payments expense		1,931	1,415	3,192
Depreciation		44,263	42,913	92,015
Amortisation of intangible assets		20,527	18,266	39,168
(Profit)/loss on disposal of property, plant and equipment		(312)	369	(173)
Amortisation of government grants		(16)	(101)	(235)
Other		(5,552)	(4,334)	4,571
(Increase)/decrease in working capital		(79,817)	(17,046)	83,949
Cash generated from operations before exceptionals		83,975	141,039	546,870
Exceptionals		(15,197)	(8,752)	(31,269)
Cash generated from operations		68,778	132,287	515,601
Interest paid		(32,457)	(33,313)	(70,108)
Income tax paid		(35,905)	(28,122)	(62,180)
Net cash flows from operating activities		416	70,852	383,313
Investing activities				
Inflows:				
Proceeds from disposal of property, plant and equipment		2,525	6,076	12,315
Dividends received from equity accounted investments		1,317	121	125
Disposal of subsidiaries and equity accounted investments	8	160,054	-	-
Interest received		19,001	19,191	40,966
		182,897	25,388	53,406
Outflows:				
Purchase of property, plant and equipment		(71,592)	(65,878)	(143,698)
Acquisition of subsidiaries	14	(44,313)	(6,609)	(203,327)
Payment of accrued acquisition related liabilities		(12,014)	(26,200)	(59,069)
		(127,919)	(98,687)	(406,094)
Net cash flows from investing activities		54,978	(73,299)	(352,688)
Financing activities				
Inflows:				
Proceeds from issue of shares		3,309	2,065	2,600
Net cash inflow on derivative financial instruments		13,914	1,002	14,212
Increase in interest-bearing loans and borrowings		458,593	-	-
		475,816	3,067	16,812
Outflows:				
Repayment of interest-bearing loans and borrowings		(58,132)	(29,895)	(108,140)
Repayment of finance lease liabilities		(6)	(79)	(177)
Dividends paid to owners of the Parent	10	(66,376)	(55,720)	(90,036)
Dividends paid to non-controlling interests		-	(5,055)	(5,228)
		(124,514)	(90,749)	(203,581)
Net cash flows from financing activities		351,302	(87,682)	(186,769)
Change in cash and cash equivalents		406,696	(90,129)	(156,144)
Translation adjustment		(650)	43,894	38,929
Cash and cash equivalents at beginning of period		972,822	1,090,037	1,090,037
Cash and cash equivalents at end of period		1,378,868	1,043,802	972,822
Cash and cash equivalents consists of:				
Cash and short-term bank deposits		1,497,061	1,138,953	1,048,064
Overdrafts		(118,193)	(95,151)	(88,041)
Cash and short-term deposits attributable to assets held for sale		-	-	12,799
		1,378,868	1,043,802	972,822

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

1. Basis of Preparation

The Group condensed interim financial statements which should be read in conjunction with the annual financial statements for the year ended 31 March 2017 have been prepared in accordance with the Transparency (Directive 2004/109/EC) Regulations 2007, the related Transparency rules of the Irish Financial Services Regulatory Authority and in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34) as adopted by the European Union.

The preparation of the interim financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of certain assets, liabilities, revenues and expenses together with disclosure of contingent assets and liabilities. Estimates and underlying assumptions are reviewed on an ongoing basis.

These condensed interim financial statements for the six months ended 30 September 2017 and the comparative figures for the six months ended 30 September 2016 are unaudited and have not been reviewed by the Auditors. The summary financial statements for the year ended 31 March 2017 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.

2. Accounting Policies

The accounting policies and methods of computation adopted in the preparation of the Group condensed interim financial statements are consistent with those applied in the 2017 Annual Report and are described in those financial statements on pages 179 to 187. There were no new standards effective for the Group during the period ended 30 September 2017.

The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective, the most significant of which are as follows:

Amendments to IAS 7 *Statement of Cash Flows - Disclosure Initiative* (not yet EU endorsed):

These amendments are intended to improve the information provided to users of financial statements regarding the entity's financing activities.

Amendments to IAS 12 *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses* (not yet EU endorsed):

These amendments clarify, inter alia, that unrealised losses on debt instruments measured at fair value (and measured at cost for tax purposes) give rise to a deductible temporary difference regardless of whether the instrument is recovered through sale or by holding it to maturity or whether it is probable that the issuer will pay all contractual cash flows. Entities are therefore required to recognise deferred taxes for temporary differences from unrealised losses of debt instruments measured at fair value if all other recognition criteria for deferred taxes are met.

IFRS 9 *Financial Instruments* (effective date: DCC financial year beginning 1 April 2018):

This standard is designed to replace IAS 39 *Financial Instruments: Recognition and Measurement* and has been completed in a number of phases with the final version issued by the IASB in July 2014 and endorsed by the EU in November 2016. The Standard includes requirements for recognition and measurement, classification, and de-recognition of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new rules for hedge accounting.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. While the Group has not yet completed a detailed assessment of how its impairment provisions would be affected by the new model, it may result in an earlier recognition of credit losses.

The new hedge accounting rules will align the accounting for hedging instruments more closely with the Group's risk management practises. As a general rule, more hedge relationships may be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has performed an initial assessment on the impact of IFRS 9, and it would appear that the Group's current hedge relationships would continue to qualify as hedges upon the adoption of IFRS 9. Accordingly, the Group does not expect a significant impact on the accounting for its hedging relationships.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Group's disclosures about its financial instruments particularly in the first year of adoption of the new standard. The Group will apply IFRS 9 from its effective date.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

2. Accounting Policies (continued)

IFRS 15 Revenue from Contracts with Customers (effective date: DCC financial year beginning 1 April 2018):

This standard will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. IFRS 15 was endorsed by the EU in September 2016. The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. It specifies how and when revenue should be recognised as well as requiring enhanced disclosures. Revenue is recognised when an identified performance obligation has been met and the customer can direct the use of, and obtain substantially all the remaining benefits from, a good or service as a result of obtaining control of that good or service.

The Group is continuing to assess the potential impact resulting from the application of IFRS 15. The Group will apply IFRS 15 from its effective date.

IFRS 16 Leases (effective date: DCC financial year beginning 1 April 2019):

This standard will replace IAS 17 *Leases*. IFRS 16 is not yet endorsed by the EU. The changes under IFRS 16 are significant and will predominantly affect lessees, the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17, will remain largely unchanged. The main impact on lessees is that almost all leases will be recognised on the balance sheet as the distinction between operating and finance leases is removed for lessees. Under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions. More extensive disclosures, both qualitative and quantitative, are also required.

At transition date, the Group will calculate the lease commitments outstanding at that date and apply appropriate discount rates to calculate the present value of the lease commitment which will be recognised as a liability and a right of use asset on the Group's Balance Sheet. In the Income Statement, the Group currently recognises operating lease rentals in operating expenses. Under the new standard, a right of use asset will be capitalised and depreciated over the term of the lease with an associated finance cost applied annually to the lease liability.

As detailed in note 5.4 of the 2017 Annual Report, the Group's future minimum rentals payable under non-cancellable operating leases at 31 March 2017 amounted to £236.7 million and the charge recognised in the Income Statement for the year ended 31 March 2017 amounted to £51.7 million. These amounts provide an indication of the scale of leases held at 31 March 2017 but should not be used as a proxy for the impact of IFRS 16 on the Consolidated Balance Sheet as a number of factors impact the calculation such as the discount rate, the expected term of leases including renewal options and exemptions for short-term leases and low-value leases.

The Group is continuing to assess its portfolio of leases to calculate the impact of the new standard. The Group will apply IFRS 16 from its effective date, subject to EU endorsement.

3. Going Concern

Having reassessed the principal risks facing the Group (as detailed on pages 15 to 17 of the 2017 Annual Report), the Directors believe that the Group is well placed to manage these risks successfully.

The Directors have a reasonable expectation that DCC plc, and the Group as a whole, has adequate resources to continue in operational existence for the foreseeable future, a period of not less than twelve months from the date of this report. For this reason, the Directors continue to adopt the going concern basis of accounting in preparing the condensed interim financial statements.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

4. Reporting Currency

The Group's financial statements are presented in sterling, denoted by the symbol '£'. Results and cash flows of operations based in non-sterling countries have been translated into sterling at average rates for the period, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. The principal exchange rates used for translation of results and balance sheets into sterling were as follows:

	Average rate			Closing rate		
	6 months ended 30 Sept. 2017 Stg£1=	6 months ended 30 Sept. 2016 Stg£1=	Year ended 31 March 2017 Stg£1=	6 months ended 30 Sept. 2017 Stg£1=	6 months ended 30 Sept. 2016 Stg£1=	Year ended 31 March 2017 Stg£1=
Euro	1.1391	1.2364	1.1956	1.1340	1.1614	1.1689
Swedish Krona	10.9425	11.5928	11.3729	10.9424	11.1742	11.1423
Danish Krone	8.4795	9.2173	8.9150	8.4399	8.6542	8.6942
Norwegian Krone	10.6565	11.5655	10.9811	10.6742	10.4373	10.7169

5. Segmental Reporting

DCC is an international sales, marketing and 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. Donal Murphy, Chief Executive and his executive management team.

As announced on 31 May 2017, the Group completed the disposal of its Environmental division. In addition, and as noted in the Group's results for the year ended 31 March 2017, DCC is presenting DCC LPG and DCC Retail & Oil as separate reportable segments from 1 April 2017, in line with the revised management and organisational structures of the businesses. Previously, these two segments comprised the Group's former DCC Energy segment. Following these changes in the composition of operating segments, segmental reporting has been revised and the comparative disclosures have been restated as required under IFRS 8.

The Group is organised into four operating segments: DCC LPG, DCC Retail & Oil, DCC Healthcare and DCC Technology.

DCC LPG is a leading liquefied petroleum gas ('LPG') sales and marketing business in Europe, with a developing business in the retailing of natural gas.

DCC Retail & Oil is a leader in the sales, marketing and retailing of transport fuels and commercial fuels, heating oils and related products and services in Europe.

DCC Healthcare is a leading healthcare business, providing products and services to healthcare providers and health and beauty brand owners.

DCC Technology is a leading route-to-market and supply chain partner for global technology brands.

The chief operating decision maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before amortisation of intangible assets and net operating exceptional items. 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.

The consolidated total assets of the Group as at 30 September 2017 amounted to £5.765 billion. This figure was not materially different from the equivalent figure at 31 March 2017 (apart from cash and derivative financial instruments which are managed centrally) and therefore the related segmental disclosure note has been omitted in accordance with IAS 34 *Interim Financial Reporting*.

Intersegment revenue is not material and thus not subject to separate disclosure.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

5. Segmental Reporting (continued)

An analysis of the Group's performance by segment and geographic location is as follows:

(a) By operating segment

	Unaudited six months ended 30 September 2017				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>501,951</u>	<u>4,331,596</u>	<u>244,995</u>	<u>1,370,930</u>	<u>6,449,472</u>
Adjusted operating profit*	44,077	42,159	22,047	14,215	122,498
Amortisation of intangible assets	(10,562)	(3,944)	(3,676)	(2,345)	(20,527)
Net operating exceptionals (note 6)	<u>(602)</u>	<u>(4,376)</u>	<u>(1,324)</u>	<u>(6,824)</u>	<u>(13,126)</u>
Operating profit	<u>32,913</u>	<u>33,839</u>	<u>17,047</u>	<u>5,046</u>	<u>88,845</u>
	Unaudited six months ended 30 September 2016 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>367,859</u>	<u>3,750,915</u>	<u>244,283</u>	<u>1,144,229</u>	<u>5,507,286</u>
Adjusted operating profit*	36,987	39,046	19,760	11,302	107,095
Amortisation of intangible assets	(8,562)	(4,828)	(3,307)	(1,481)	(18,178)
Net operating exceptionals (note 6)	<u>(205)</u>	<u>(1,614)</u>	<u>(1,361)</u>	<u>(1,236)</u>	<u>(4,416)</u>
Operating profit	<u>28,220</u>	<u>32,604</u>	<u>15,092</u>	<u>8,585</u>	<u>84,501</u>
	Audited year ended 31 March 2017 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>1,073,212</u>	<u>8,000,923</u>	<u>506,562</u>	<u>2,689,105</u>	<u>12,269,802</u>
Adjusted operating profit*	160,462	94,479	48,944	41,120	345,005
Amortisation of intangible assets	(18,277)	(9,962)	(7,258)	(3,633)	(39,130)
Net operating exceptionals (note 6)	<u>(6,854)</u>	<u>(13,633)</u>	<u>(2,695)</u>	<u>(13,115)</u>	<u>(36,297)</u>
Operating profit	<u>135,331</u>	<u>70,884</u>	<u>38,991</u>	<u>24,372</u>	<u>269,578</u>

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

(b) By geography

The Group has a presence in 15 countries worldwide. The following represents a geographical revenue analysis about the country of domicile (Republic of Ireland) and countries with material revenue.

	Unaudited 6 months ended 30 Sept. 2017 £'000	Restated Unaudited 6 months ended 30 Sept. 2016 £'000	Audited year ended 31 March 2017 £'000
Republic of Ireland	426,442	322,824	759,439
United Kingdom	3,590,870	3,349,051	7,239,193
France	1,235,359	1,038,271	2,402,290
Other	<u>1,196,801</u>	<u>797,140</u>	<u>1,868,880</u>
	<u>6,449,472</u>	<u>5,507,286</u>	<u>12,269,802</u>

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

6. Exceptionals

	Unaudited 6 months ended 30 Sept. 2017 £'000	Unaudited 6 months ended 30 Sept. 2016 £'000	Audited year ended 31 March 2017 £'000
Restructuring costs	(9,742)	(2,280)	(19,345)
Acquisition and related costs	(3,512)	(1,374)	(10,308)
Adjustments to contingent acquisition consideration	140	73	(5,114)
Impairment of property, plant and equipment	-	(684)	(1,164)
Legal and other operating exceptional items	(12)	(151)	(366)
Net operating exceptional items	(13,126)	(4,416)	(36,297)
Mark to market of swaps and related debt	(2)	1,901	10,101
Net exceptional items before taxation	(13,128)	(2,515)	(26,196)
Tax attributable to net exceptional items	157	(386)	(1,756)
Net exceptional items after taxation (continuing operations)	(12,971)	(2,901)	(27,952)
Net profit on disposal of Environmental division (note 8)	29,742	-	-
	16,771	(2,901)	(27,952)
Non-controlling interest share of net exceptional items after taxation	816	-	3,138
Net exceptional items attributable to owners of the Parent	17,587	(2,901)	(24,814)

The Group has focused on the efficiency of its operating infrastructures and sales platforms, particularly in areas where it has been acquisitive in recent years. Restructuring costs amounted to £9.742 million and were principally incurred in the restructuring and integration work resulting from the acquisition of Dansk Fuels and also the implementation of the new national distribution centre in the Technology division's UK business.

Acquisition related costs amounted to £3.512 million and include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities.

The Group recorded a net profit on disposal of the Environmental division of £29.742 million, the sale of which was completed in May 2017.

There was a net tax credit of £0.157 million and a non-controlling interest credit of £0.816 million in relation to the above net exceptional items.

7. Taxation

The taxation expense for the interim period is based on management's best estimate of the weighted average tax rate that is expected to be applicable for the full year. The Group's effective tax rate for the period was 18% (six months ended 30 September 2016: 17.5% and year ended 31 March 2017: 17.5%).

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

8. Discontinued Operations

As announced on 31 May 2017, the Group completed the disposal of the Environmental division. The proceeds on disposal will be used to fund the continued development of DCC's continuing operations. The conditions for the segment to be classified as a discontinued operation were satisfied during the year ended 31 March 2017 and the results of the Environmental segment were presented separately in the 2017 Annual Report as discontinued operations in the Group Income Statement and the assets and liabilities of this segment were classified as an asset held for sale at the balance sheet date. Accordingly, the results for the six months ended 30 September 2016 have been restated.

The following table summarises the consideration received, the profit on disposal of discontinued operations and the net cash flow arising on the disposal of this segment:

	Unaudited 6 months ended 30 Sept. 2017 £'000
Profit on disposal of discontinued operations	
Net consideration:	
Net proceeds received	164,517
Costs of disposal	(4,463)
Total net consideration	<u>160,054</u>
Assets and liabilities disposed of:	
Non-current assets	145,761
Current assets	34,261
Non-current liabilities	(4,357)
Current liabilities	(40,805)
Net identifiable assets and liabilities disposed of	<u>134,860</u>
Recycling of foreign exchange gain previously recognised in foreign currency translation reserve	(4,548)
	<u>130,312</u>
 Profit on disposal of discontinued operations	 <u>29,742</u>
 Net cash flow on disposal of discontinued operations:	
Total proceeds received	174,321
Cash and cash equivalents disposed of	(9,804)
Net cash inflow from disposal of discontinued operations	<u>164,517</u>
Disposal costs paid	(4,463)
Net cash flow on disposal of discontinued operations:	<u>160,054</u>

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

8. Discontinued Operations (continued)

The following table details the results of discontinued operations included in the Group Income Statement for the six months ended 30 September 2017, together with comparative figures:

	Unaudited 6 months ended 30 Sept. 2017 £'000	Unaudited 6 months ended 30 Sept. 2016 £'000	Audited year ended 31 March 2017 £'000
Revenue	29,602	89,258	175,232
Cost of sales	(20,285)	(61,238)	(119,654)
Gross profit	9,317	28,020	55,578
Operating expenses	(8,337)	(17,292)	(37,032)
Operating profit before amortisation of intangible assets	980	10,728	18,546
Amortisation of intangible assets	-	(88)	(38)
Operating profit	980	10,640	18,508
Net finance costs	(16)	(73)	(163)
	964	10,567	18,345
Profit on disposal of discontinued operations	29,742	-	-
	30,706	10,567	18,345
Income tax expense	(174)	(1,848)	(3,185)
Profit from discontinued operations after tax	30,532	8,719	15,160

The following table details the cash flow from discontinued operations included in the Group Cash Flow Statement for the six months ended 30 September 2017, together with comparative figures:

	Unaudited 6 months ended 30 Sept. 2017 £'000	Unaudited 6 months ended 30 Sept. 2016 £'000	Audited year ended 31 March 2017 £'000
Net cash flow from operating activities	(5,599)	12,022	22,461
Net cash flow from investing activities	(1,331)	(2,916)	(6,661)
Net cash flow from discontinued operations	(6,930)	9,106	15,800

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

9. Earnings per Ordinary Share

	6 months ended 30 September 2017			6 months ended 30 September 2016		
	Continuing operations £'000	Discontinued operations £'000	Total £'000	Continuing operations £'000	Discontinued operations £'000	Total £'000
Profit attributable to owners of the Parent	58,169	30,532	88,701	56,869	8,719	65,588
Amortisation of intangible assets after tax	14,653	-	14,653	13,164	71	13,235
Exceptionals after tax	12,155	(29,742)	(17,587)	2,901	-	2,901
Adjusted profit after taxation and non-controlling interests	84,977	790	85,767	72,934	8,790	81,724

Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent by the weighted average number of ordinary shares in issue during the period, excluding ordinary shares purchased by the Company and held as treasury shares. The adjusted figures for basic earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

	6 months ended 30 September 2017			6 months ended 30 September 2016		
	Continuing operations pence	Discontinued operations pence	Total pence	Continuing operations pence	Discontinued operations pence	Total pence
Basic earnings per ordinary share	65.36p	34.30p	99.66p	64.12p	9.83p	73.95p
Amortisation of intangible assets after tax	16.46p	-	16.46p	14.84p	0.08p	14.92p
Exceptionals after tax	13.65p	(33.41p)	(19.76p)	3.27p	-	3.27p
Adjusted basic earnings per ordinary share	95.47p	0.89p	96.36p	82.23p	9.91p	92.14p
Weighted average number of ordinary shares in issue (thousands)	89,007			88,691		

Diluted earnings per ordinary share

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares. Employee share options and awards, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability would not have been satisfied as at the end of the reporting period if that were the end of the vesting period.

The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

	6 months ended 30 September 2017			6 months ended 30 September 2016		
	Continuing operations pence	Discontinued operations pence	Total pence	Continuing operations pence	Discontinued operations pence	Total pence
Diluted earnings per ordinary share	65.06p	34.15p	99.21p	63.66p	9.76p	73.42p
Amortisation of intangible assets after tax	16.39p	-	16.39p	14.73p	0.08p	14.81p
Exceptionals after tax	13.59p	(33.26p)	(19.67p)	3.25p	-	3.25p
Adjusted diluted earnings per ordinary share	95.04p	0.89p	95.93p	81.64p	9.84p	91.48p
Weighted average number of ordinary shares in issue (dilutive, thousands)	89,410			89,332		

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

9. Earnings per Ordinary Share (continued)

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £58.169 million (six months ended 30 September 2016: £56.869 million) and £84.977 million (six months ended 30 September 2016: £72.934 million) for the purposes of the continuing adjusted diluted earnings per ordinary share calculations.

The earnings used for the purposes of the discontinued diluted earnings per ordinary share calculations were £30.532 million (six months ended 30 September 2016: £8.719 million) and £0.790 million (six months ended 30 September 2016: £8.790 million) for the purposes of the discontinued adjusted diluted earnings per ordinary share calculations.

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the six months ended 30 September 2017 was 89.410 million (six months ended 30 September 2016: 89.332 million). A reconciliation of the weighted average number of ordinary shares used for the purposes of calculating the diluted earnings per ordinary share amounts is as follows:

	Unaudited 6 months ended 30 Sept. 2017 '000	Unaudited 6 months ended 30 Sept. 2016 '000
Weighted average number of ordinary shares in issue	89,007	88,691
Dilutive effect of options and awards	403	641
Weighted average number of ordinary shares for diluted earnings per share	<u>89,410</u>	<u>89,332</u>

10. Dividends

	Unaudited 6 months ended 30 Sept. 2017 £'000	Unaudited 6 months ended 30 Sept. 2016 £'000	Audited year ended 31 March 2017 £'000
Interim - paid 37.17 pence per share on 12 December 2016	-	-	32,415
Final - paid 74.63 pence per share on 20 July 2017 (paid 64.18 pence per share on 21 July 2016)	<u>66,376</u>	<u>55,720</u>	<u>57,621</u>
	<u>66,376</u>	<u>55,720</u>	<u>90,036</u>

On 13 November 2017, the Board approved an interim dividend of 40.89 pence per share (£36.473 million). These condensed interim financial statements do not reflect this dividend payable.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

11. Other Reserves

For the six months ended 30 September 2017

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2017	18,146	(13,581)	105,537	932	111,034
Currency translation:					
- arising in the period	-	-	16,813	-	16,813
- recycled to the Income Statement on disposal	-	-	(4,548)	-	(4,548)
Movements relating to cash flow hedges	-	20,292	-	-	20,292
Movement in deferred tax liability on cash flow hedges	-	(3,570)	-	-	(3,570)
Share based payment	1,931	-	-	-	1,931
At 30 September 2017	20,077	3,141	117,802	932	141,952

For the six months ended 30 September 2016

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2016	14,954	(8,112)	70,887	932	78,661
Currency translation	-	-	35,972	-	35,972
Movements relating to cash flow hedges	-	9,409	-	-	9,409
Movement in deferred tax liability on cash flow hedges	-	(1,504)	-	-	(1,504)
Share based payment	1,415	-	-	-	1,415
At 30 September 2016	16,369	(207)	106,859	932	123,953

For the year ended 31 March 2017

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2016	14,954	(8,112)	70,887	932	78,661
Currency translation	-	-	34,650	-	34,650
Movements relating to cash flow hedges	-	(6,803)	-	-	(6,803)
Movement in deferred tax liability on cash flow hedges	-	1,334	-	-	1,334
Share based payment	3,192	-	-	-	3,192
At 31 March 2017	18,146	(13,581)	105,537	932	111,034

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

12. Analysis of Net Debt

	Unaudited 30 Sept. 2017 £'000	Unaudited 30 Sept. 2016 £'000	Audited 31 March 2017 £'000
Non-current assets:			
Derivative financial instruments	180,109	271,609	273,767
Current assets:			
Derivative financial instruments	18,479	37,132	18,233
Cash and cash equivalents	1,497,061	1,138,953	1,048,064
	<u>1,515,540</u>	<u>1,176,085</u>	<u>1,066,297</u>
Non-current liabilities:			
Finance leases	(190)	(131)	(165)
Derivative financial instruments	(5,610)	-	(506)
Unsecured Notes	(1,680,317)	(1,384,880)	(1,319,802)
	<u>(1,686,117)</u>	<u>(1,385,011)</u>	<u>(1,320,473)</u>
Current liabilities:			
Bank borrowings	(118,193)	(95,151)	(88,041)
Finance leases	(166)	(322)	(190)
Derivative financial instruments	(3,511)	(2,574)	(5,894)
Unsecured Notes	-	(76,801)	(60,214)
	<u>(121,870)</u>	<u>(174,848)</u>	<u>(154,339)</u>
Net debt excluding cash attributable to assets held for sale	(112,338)	(112,165)	(134,748)
Cash and short-term deposits attributable to assets held for sale	-	-	12,799
Net debt including cash attributable to assets held for sale	<u>(112,338)</u>	<u>(112,165)</u>	<u>(121,949)</u>

In September 2017, the Group successfully completed the drawdown of a new c.£450 million private placement debt issuance.

13. Post Employment Benefit Obligations

The Group's defined benefit pension schemes' assets were measured at fair value at 30 September 2017. The defined benefit pension schemes' liabilities at 30 September 2017 were updated to reflect material movements in underlying assumptions.

The Group's post employment benefit obligations moved from a net deficit of £0.029 million at 31 March 2017 to a net asset of £4.862 million at 30 September 2017. This movement was primarily driven by an actuarial gain on liabilities arising from an increase in the discount rate used to value these liabilities and by contributions in excess of the current service cost.

The following actuarial assumptions have been made in determining the Group's retirement benefit obligation for the six months ended 30 September 2017:

	Unaudited 6 months ended 30 Sept. 2017	Unaudited 6 months ended 30 Sept. 2016	Audited year ended 31 March 2017
Discount rate			
- Republic of Ireland	2.10%	1.50%	2.00%
- United Kingdom	<u>2.70%</u>	<u>2.45%</u>	<u>2.55%</u>

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

14. Business Combinations

A key strategy of the Group is to create and sustain market leadership positions through acquisitions in markets it currently operates in, together with extending the Group's footprint into new geographic markets. In line with this strategy, there were a number of relatively small acquisitions completed by the Group during the period, the largest of which was the acquisition by DCC Technology of 100% of MTR Group Ltd, a UK based provider of second lifecycle solutions for mobile and tablet devices.

The acquisition data presented below reflects the fair value of the identifiable net assets acquired (excluding net cash/debt acquired) in respect of acquisitions completed during the six months ended 30 September 2017.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000
Assets		
Non-current assets		
Property, plant and equipment	6,695	(2,100)
Equity accounted investments	157	1,762
Total non-current assets	6,852	(338)
Current assets		
Inventories	2,880	1,324
Trade and other receivables	2,307	3,724
Total current assets	5,187	5,048
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	(45)	(13)
Total non-current liabilities	(45)	(13)
Current liabilities		
Trade and other payables	(2,826)	2,445
Provisions for liabilities and charges	-	(5,043)
Current income tax liability	(599)	8,479
Acquisition related liabilities	-	(9,717)
Total current liabilities	(3,425)	(3,836)
Identifiable net assets acquired	8,569	861
Intangible assets - goodwill	18,918	6,798
Total consideration	27,487	7,659
Satisfied by:		
Cash	13,111	8,813
Cash and cash equivalents acquired	(108)	(2,204)
Net cash outflow	13,003	6,609
Acquisition related liabilities	14,484	1,050
Total consideration	27,487	7,659
Reconciliation to Group Cash Flow Statement:		
Net cash outflow on acquisitions completed during the period	13,003	6,609
Pre-completion deposits paid (Esso Norway and Shell Hong Kong & Macau)	31,310	-
Total outflow as reported in the Group Cash Flow Statement	44,313	6,609

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

14. Business Combinations (continued)

None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations.

There were no adjustments made to the carrying amounts of assets and liabilities acquired in arriving at their fair values. 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 Group's condensed interim financial statements for the six months ending 30 September 2018 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.

Acquisition related costs included in other operating expenses in the Group Income Statement amounted to £3.512 million (six months ended 30 September 2016: £1.374 million).

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

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £2.315 million. The fair value of these receivables is £2.307 million (all of which is expected to be recoverable).

None of the goodwill recognised in respect of acquisitions completed during the period is expected to be deductible for tax purposes.

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 completed during the period range from £8.0 million to £37.5 million.

The post-acquisition impact of sales and profit after tax of acquisitions completed during the period was not material. The revenue and profit of the Group determined in accordance with IFRS for the period ended 30 September 2017 would not have been materially different from that reported in the Income Statement, had the acquisition date for all business combinations been the beginning of the period.

15. Seasonality of Operations

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

16. Related Party Transactions

There have been no related party transactions or changes in the nature and scale of the related party transactions described in the 2017 Annual Report that could have had a material impact on the financial position or performance of the Group in the six months ended 30 September 2017.

17. Events after the Balance Sheet Date

Esso Retail Norway

On 25 October 2017, DCC announced it had completed the acquisition of Esso's retail petrol station network in Norway. Details of the acquisition were set out in DCC's Stock Exchange Announcement on 7 February 2017. The total consideration was approximately NOK 2.43 billion (c. £235 million), plus the value of stock in tank at the date of acquisition, and was paid in cash on completion. An initial assignment of fair values to identifiable net assets acquired has not been completed given the timing of the closure of the transaction.

Retail West

On 7 November 2017, DCC LPG announced that it had reached agreement with NGL Energy Partners LP ('NGL') to acquire its Retail West LPG division, Hicksgas LLC ('Retail West'), based on an enterprise value of US\$200 million (c. £152 million). The transaction is expected to complete on 31 March 2018, following receipt of customary regulatory consents and separation from NGL.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2017

18. Board Approval

This report was approved by the Board of Directors of DCC plc on 13 November 2017.

19. Distribution of Interim Report

This report and further information on DCC is available at the Company's website www.dcc.ie. A printed copy is available to the public at the Company's registered office at DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Statement of Directors' Responsibilities

We confirm that to the best of our knowledge:

- the condensed set of interim financial statements for the six months ended 30 September 2017 have been prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the EU; and
- the interim management report includes a fair review of the information required by:
 - Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board

John Moloney
Chairman

Donal Murphy
Chief Executive

13 November 2017

Supplementary Financial Information

Alternative Performance Measures

The Group reports certain alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions.

These APMs are primarily used for the following purposes:

- to evaluate the historical and planned underlying results of our operations;
- to set director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The principal APMs used by the Group, together with reconciliations where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Adjusted operating profit ('EBITA')

Definition

This comprises operating profit as reported in the Group Income Statement before net operating exceptional items and amortisation of intangible assets. Net operating exceptional items and amortisation of intangible assets are excluded in order to assess the underlying performance of our operations. In addition, neither metric forms part of Director or management remuneration.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000	Year ended 31 March 2017 £'000
Operating profit	88,845	84,501	269,578
Net operating exceptional items	13,126	4,416	36,297
Amortisation of intangible assets	20,527	18,178	39,130
Adjusted operating profit ('EBITA') - continuing	122,498	107,095	345,005
Adjusted operating profit ('EBITA') - discontinued	980	10,728	18,546
Adjusted operating profit ('EBITA')	123,478	117,823	363,551

Net interest

Definition

The Group defines net interest as the net total of finance costs and finance income before interest related exceptional items as presented in the Group Income Statement.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000	Year ended 31 March 2017 £'000
Finance costs before exceptional items	(34,508)	(35,676)	(72,910)
Finance income before exceptional items	18,832	19,163	40,973
Net interest - continuing	(15,676)	(16,513)	(31,937)
Net interest - discontinued	(16)	(73)	(163)
Net interest	(15,692)	(16,586)	(32,100)

Supplementary Financial Information

Alternative Performance Measures (continued)

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus sterling, the Group's presentation currency. In order to present a better reflection of underlying performance in the period, the Group retranslates foreign denominated current year earnings at prior year exchange rates.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000
Calculation: Revenue - continuing, constant currency		
Revenue - continuing	6,449,472	5,507,286
Currency impact	(215,145)	-
Revenue - continuing, constant currency	6,234,327	5,507,286

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000
Calculation: Adjusted operating profit - continuing, constant currency		
Adjusted operating profit - continuing	122,498	107,095
Currency impact	(5,066)	-
Adjusted operating profit - continuing, constant currency	117,432	107,095

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000
Calculation: Adjusted earnings per share (pence) - continuing, constant currency		
Adjusted earnings - continuing	84,977	72,934
Currency impact	(3,385)	-
Adjusted earnings - continuing, constant currency	81,592	72,934
Weighted average number of ordinary shares ('000)	89,007	88,691
Adjusted earnings per share (pence) - continuing, constant currency	91.67p	82.23p

Supplementary Financial Information

Alternative Performance Measures (continued)

Effective tax rate

Definition

The Group's effective tax rate expresses the income tax expense before exceptionals and deferred tax attaching to the amortisation of intangible assets as a percentage of adjusted operating profit less net interest.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000	Year ended 31 March 2017 £'000
Adjusted operating profit	123,478	117,823	363,551
Net interest	(15,692)	(16,586)	(32,100)
Earnings before taxation	107,786	101,237	331,451
Income tax expense	13,196	11,223	45,869
Income tax relating to exceptional items	157	(386)	(1,756)
Deferred tax attaching to amortisation of intangible assets	5,874	5,014	10,674
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - continuing	19,227	15,851	54,787
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - discontinued	174	1,865	3,217
Total income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets	19,401	17,716	58,004
Effective tax rate (%)	18.0%	17.5%	17.5%

Net capital expenditure

Definition

Net capital expenditure comprises purchases of property, plant and equipment, proceeds from the disposal of property, plant and equipment and government grants received in relation to property, plant and equipment.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000	Year ended 31 March 2017 £'000
Purchase of property, plant and equipment	71,592	65,878	143,698
Proceeds from disposal of property, plant and equipment	(2,525)	(6,076)	(12,315)
Net capital expenditure	69,067	59,802	131,383

Free cash flow

Definition

Free cash flow is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after net capital expenditure.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000	Year ended 31 March 2017 £'000
Cash generated from operations before exceptionals	83,975	141,039	546,870
Net capital expenditure	(69,067)	(59,802)	(131,383)
Free cash flow	14,908	81,237	415,487

Supplementary Financial Information

Alternative Performance Measures (continued)

Free cash flow (after interest and tax payments)

Definition

Free cash flow (after interest and tax payments) is defined by the Group as free cash flow after interest paid, income tax paid, dividends received from equity accounted investments and interest received.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000	Year ended 31 March 2017 £'000
Free cash flow	14,908	81,237	415,487
Interest paid	(32,457)	(33,313)	(70,108)
Income tax paid	(35,905)	(28,122)	(62,180)
Dividends received from equity accounted investments	1,317	121	125
Interest received	19,001	19,191	40,966
Free cash flow (after interest and tax payments)	(33,136)	39,114	324,290

Committed acquisition expenditure

Definition

The Group defines committed acquisition expenditure as the total acquisition cost of subsidiaries as presented in the Group Cash Flow Statement (excluding amounts related to acquisitions which were committed to in previous years) and future acquisition related liabilities for acquisitions committed to during the period.

	6 months ended 30 Sept. 2017 £'000	6 months ended 30 Sept. 2016 £'000	Year ended 31 March 2017 £'000
Net cash outflow on acquisitions during the period	44,313	6,609	203,327
Net cash outflow on acquisitions which were committed to in the previous period	(31,310)	(6,609)	(34,372)
Acquisition related liabilities arising on acquisitions during the period	14,484	1,050	41,041
Acquisition related liabilities which were committed to in the previous period	-	(1,050)	(14,082)
Amounts committed in the current period	152,672	180,515	358,000
Committed acquisition expenditure	180,159	180,515	553,914

Net working capital

Definition

Net working capital represents the net total of inventories, trade and other receivables (excluding interest receivable), and trade and other payables (excluding interest payable, amounts due in respect of property, plant and equipment and current government grants).

	As at 30 Sept. 2017 £'000	As at 30 Sept. 2016 £'000	As at 31 March 2017 £'000
Inventories	548,903	435,716	456,395
Inventories (asset classified as held for sale)	-	-	1,922
Trade and other receivables	1,204,122	997,017	1,222,597
Trade and other receivables (asset classified as held for sale)	-	-	33,264
Interest receivable (included in trade and other receivables)	(59)	(151)	(223)
Trade and other payables	(1,831,926)	(1,536,255)	(1,820,517)
Trade and other payables (asset classified as held for sale)	-	-	(35,741)
Interest payable (included in trade and other payables)	5,268	5,342	4,534
Amounts due in respect of property, plant and equipment (included in trade and other payables)	4,093	228	6,349
Government grants (included in trade and other payables)	9	83	9
Net working capital	(69,590)	(98,020)	(131,411)

Supplementary Financial Information

Alternative Performance Measures (continued)

Working capital (days)

Definition

Working capital days measures how long it takes in days for the Group to convert working capital into revenue.

	As at 30 Sept. 2017 £'000	As at 30 Sept. 2016 £'000	As at 31 March 2017 £'000
Net working capital	(69,590)	(98,020)	(131,411)
September/March revenue	1,219,059	1,014,498	1,223,575
Working capital (days)	(1.7 days)	(2.9 days)	(3.3 days)