

13 November 2018

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 2018.

Highlights	2018	2017	% change
DCC LPG volumes (thousand tonnes)	741.6kT	645.6kT	+14.9%
DCC Retail & Oil volumes (billion litres)	6.157bn	6.011bn	+2.4%
Revenue - continuing ¹ (ex DCC LPG and DCC Retail & Oil)	£1.864bn	£1.616bn	+15.4%
Adjusted operating profit ² - continuing ¹	£141.9m	£122.5m	+15.9%
Adjusted earnings per share ² - continuing ¹	107.1p	95.5p	+12.1%
Interim dividend	44.98p	40.89p	+10.0%
Operating cash flow	£173.2m	£84.0m	

- Strong first half performance with Group adjusted operating profit on continuing activities increasing by 15.9% (up 16.5% on a constant currency basis) to £141.9 million, with all divisions performing in line with expectations.
- Adjusted earnings per share on continuing activities up 12.1% (13.0% ahead on a constant currency basis) to 107.1 pence.
- Interim dividend increased by 10.0% to 44.98 pence per share.
- The Group continues to be active from a development perspective and committed approximately £270 million to new acquisitions since the preliminary results in May 2018.
- Continued expansion of the Group's presence in North America with DCC Technology entering the market for the first time through the acquisitions of Stampede and Jam. These complementary acquisitions provide DCC Technology with a strong platform for further development in the growing and fragmented North American market.
- On 27 September 2018, DCC raised approximately £600 million from an equity placing which completed on 2 October 2018. The proceeds of the placing will enable the continued implementation of DCC's targeted acquisition strategy, by enhancing the balance sheet and liquidity of the Group, ensuring DCC remains a credible and capable acquirer and can efficiently execute acquisition opportunities as they arise.
- The Group reiterates its belief that the year ending 31 March 2019 will be another year of profit growth and development.

¹ Continuing operations exclude DCC Environmental which was disposed of in May 2017

² 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 active and successful period for DCC. The business has performed strongly, with Group operating profit well ahead of the prior year and trading across each division in line with expectations.

DCC continues to be active from a development perspective. The recently completed acquisitions of Stampede and Jam further demonstrate DCC's increased opportunity set for development resulting from the Group's increased geographic presence. The successful completion of the equity placing leaves DCC very well positioned to continue its development and enhances the balance sheet strength and liquidity of the Group, ensuring DCC remains a credible and capable acquirer.

The Group's significant development in recent years has resulted in DCC having the platforms, opportunities and capability to build the Group into a global leader in its chosen sectors.

The Group reiterates its belief that the year ending 31 March 2019 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: +353 (0)1 246 5638
UK / International: +44 (0)330 336 9127
Passcode: 2678240
Webcast Link: <https://edge.media-server.com/m6/p/wxvcbswh>

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

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Group Results

A summary of the Group's results for the six months ended 30 September 2018 is as follows:

	2018 £'m	2017 £'m	% change
Revenue ¹ - continuing operations ²	<u>7,418</u>	<u>5,947</u>	+24.7%
Adjusted operating profit ³ - continuing operations ²			
DCC LPG	40.9	44.1	-7.2 %
DCC Retail & Oil	56.3	42.2	+33.5%
DCC Healthcare	26.9	22.0	+22.2%
DCC Technology	<u>17.8</u>	<u>14.2</u>	+25.0%
Group adjusted operating profit ³ - continuing operations ²	141.9	122.5	+15.9%
Finance costs (net) and other	<u>(22.1)</u>	<u>(15.6)</u>	
Profit before net exceptionals, amortisation of intangible assets and tax	119.8	106.9	+12.0%
Net exceptional items before tax and non-controlling interests ⁴	(6.3)	(13.1)	
Amortisation of intangible assets	<u>(27.6)</u>	<u>(20.5)</u>	
Profit before tax	85.9	73.3	+17.2%
Taxation	<u>(14.0)</u>	<u>(13.2)</u>	
Profit after tax	71.9	60.1	+19.6%
Profit after tax - discontinued operations ⁴	-	30.5	
Non-controlling interests	<u>(3.9)</u>	<u>(1.9)</u>	
Attributable profit	<u>68.0</u>	<u>88.7</u>	
Adjusted earnings per share ³ - continuing ²	107.1 pence	95.5 pence	+12.1%
Adjusted earnings per share ³ – total	107.1 pence	96.4 pence	
Dividend per share	44.98 pence	40.89 pence	+10.0%
Operating cash flow	173.2	84.0	
Net debt at 30 September	832.4	112.3	
Net debt at 30 September adjusted for equity placing	237.4	112.3	

¹ Prior year revenue restated to reflect the adoption of IFRS 15 *Revenue from Contracts with Customers*

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

³ Excluding net exceptionals and amortisation of intangible assets

⁴ Gain on disposal of DCC Environmental in the prior year is included under Profit after tax – discontinued operations

Revenue – continuing operations

Overall, Group revenue increased by 24.7% (25.1% ahead on a constant currency basis) to £7.4 billion. Prior year revenue has been restated to reflect the adoption of IFRS 15 *Revenue from Contracts with Customers*, as set out in note 3 to the financial statements.

Volumes in DCC LPG increased by 14.9% to 741,566 tonnes, driven by DCC LPG's prior year acquisitions of Shell Hong Kong & Macau, Retail West and TEGA. On a like-for-like basis, volumes were modestly behind the prior year, reflecting the warmer than average temperatures across Europe.

DCC Retail & Oil volumes increased by 2.4% to 6.2 billion litres, benefiting from acquisitions completed in the prior year. Organic volumes were modestly behind the prior year, primarily reflecting the warmer weather in Europe.

Revenue excluding DCC LPG and DCC Retail & Oil increased by 15.4% (up 15.9% on a constant currency basis) to £1.9 billion.

Group adjusted operating profit – continuing operations

Group adjusted operating profit from continuing operations increased by 15.9% to £141.9 million (16.5% ahead on a constant currency basis), in the seasonally less significant first half of the year. The impact of currency translation versus the prior period was negligible with sterling marginally strengthening against the euro and marginally weakening against other relevant currencies.

Operating profit in DCC LPG was in line with expectations and, as anticipated, behind the prior year in the seasonally less significant first half of the year, principally due to the material increase in the cost of product and the investment in its natural gas and power offering in France. Following a significant period of development in the second half of the prior year, each of DCC LPG's recent acquisitions, Shell Hong Kong & Macau, Retail West and TEGA, traded in line with expectations.

DCC Retail & Oil delivered very strong operating profit growth of 33.5% (34.5% ahead on a constant currency basis), in line with expectations, driven by the contribution from acquisitions completed in the prior year and strong organic profit growth from the businesses in Britain, France and Denmark.

DCC Healthcare traded in line with expectations and achieved strong growth in operating profit of 22.2% (22.5% ahead on a constant currency basis). DCC Vital achieved strong organic profit growth, particularly in GP supplies and medical devices. DCC Health & Beauty Solutions generated excellent organic growth and also benefited from the first-time contribution from Elite One Source, which was acquired in February 2018.

Operating profit in DCC Technology was strongly ahead of the prior year and in line with expectations. The business benefited from the first-time contribution from the acquisitions of Stampede and Kondor and also from good organic growth in the UK and Ireland, DCC Technology's largest business.

Finance costs (net)

Net finance and other costs increased to £22.1 million (2017: £15.6 million). The increase was driven by the drawdown of a £450 million private placement debt issuance in September 2017 and also reflects the higher average net debt during the year of £914 million, compared to £313 million during the prior year. The average net debt increased due to the record level of acquisition spend over the past twelve months of over £900 million.

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

Profit before net exceptional items, amortisation of intangible assets and tax increased by 12.0% (12.8% ahead on a constant currency basis) to £119.8 million.

Net exceptional items before tax and non-controlling interests and amortisation of intangible assets

The Group recorded a net exceptional charge before tax and non-controlling interests of £6.3 million in the first six months of the year as follows:

	£'m
Acquisition and related costs	(5.1)
Restructuring and integration costs	(5.1)
IAS 39 mark-to-market gain	<u>3.9</u>
Net exceptional charge	<u>(6.3)</u>

Acquisition and related costs include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities and amounted to £5.1 million.

Restructuring and integration costs of £5.1 million principally relate to the ongoing dual running costs relating to the optimisation of DCC Technology's logistics and related infrastructure, as well as integration costs arising from recent acquisition activity. The upgraded warehousing and logistics in France, Scandinavia and the UK are all now operational. The related UK SAP implementation is now live in an element of the UK business, with the remaining components of the business scheduled to go-live during the next financial year.

Most of the Group's debt has been raised in the US private placement market and swapped, using long term interest and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt is charged or credited as an exceptional item. In the six months ended 30 September 2018, this amounted to an exceptional non-cash gain of £3.9 million. Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US private placement debt and related hedging instruments is £1.7 million. This, and any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

The charge for the amortisation of acquisition related intangible assets increased to £27.6 million from £20.5 million in the prior year, with the increase reflecting acquisitions completed in the prior year.

Profit before tax

Profit before tax increased by 17.2% to £85.9 million.

Taxation

The effective tax rate for the Group in the first half of the year of 17.0% is based on the anticipated mix of profits for the full year and compares to a full year effective tax rate in the prior year of 17.0%.

Adjusted earnings per share

Adjusted earnings per share on a continuing basis increased by 12.1% (13.0% ahead on a constant currency basis) to 107.1 pence.

Total adjusted earnings per share increased by 11.1% to 107.1 pence.

Dividend

The Board has decided to pay an interim dividend of 44.98 pence per share, which represents a 10% increase on the prior year interim dividend of 40.89 pence per share. This dividend will be paid on 12 December 2018 to shareholders on the register at the close of business on 23 November 2018.

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 2018 can be summarised as follows:

Six months ended 30 September	2018 £'m	2017 £'m
Adjusted operating profit	141.9	123.5
Increase in working capital	(25.7)	(79.8)
Depreciation and other	<u>57.0</u>	<u>40.3</u>
Operating cash flow	173.2	84.0
Capital expenditure (net)	<u>(82.1)</u>	<u>(69.1)</u>
Free cash flow	91.1	14.9
Net interest, tax paid and other	<u>(34.2)</u>	<u>(48.0)</u>
Free cash flow after interest and tax	56.9	(33.1)
Acquisitions	(270.3)	(56.3)
Dividends	(73.2)	(66.4)
Exceptional items (net) and disposals	(11.1)	144.8
Share issues	<u>1.1</u>	<u>3.3</u>
Net outflow	(296.6)	(7.7)
Opening net debt	(542.7)	(121.9)
Translation and other	<u>6.9</u>	<u>17.3</u>
Closing net debt	(832.4)	<u>(112.3)</u>
Net debt adjusted for equity placing	(237.4)	<u>(112.3)</u>

Operating cash flow in the six months ended 30 September 2018 of £173.2 million compares to £84.0 million in the prior year. Working capital increased by £25.7 million over the six-month period from 31 March 2018, reflecting seasonal requirements. The value of working capital at 30 September 2018 was a positive £60 million versus a negative £70 million at 30 September 2017, as each of the recently completed acquisitions of TEGA, Stampede, Kondor and Jam have a positive working capital profile. Overall working capital days at 30 September 2018 increased to positive 1.3 days sales from negative 1.7 days sales in the prior year, reflecting the aforementioned acquisitions. Working capital days were broadly in line with the prior year on a like for like basis. DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 30 September 2018 was broadly in line with the prior year at £211.1 million and supply chain financing had a positive impact on Group working capital days of 4.4 days (31 March 2018: 4 days).

Net capital expenditure for the six months amounted to £82.1 million (2017: £69.1 million), as anticipated. The increase in capital expenditure over the prior year is due to the increased scale of the Group and a number of investments being undertaken to support its continued growth and development. In the current year, these investments include ongoing investment in new retail sites and site upgrades in the Retail & Oil division, investment to support the ongoing conversion of oil customers to LPG being achieved in the LPG division, and DCC Health & Beauty Solutions investment in its manufacturing footprint in Britain, including investment in the soft gel facility in South Wales and at the Elite facility in the US. The net capital expenditure exceeded the depreciation charge in the six months by £27.7 million.

Committed acquisitions and capital expenditure

Committed acquisition and capital expenditure in the period amounted to £354.0 million as follows:

	Acquisitions	Capex	Total
	£'m	£'m	£'m
DCC LPG	7.3	32.2	39.5
DCC Retail & Oil	10.2	34.1	44.3
DCC Healthcare	-	8.2	8.2
DCC Technology	<u>254.4</u>	<u>7.6</u>	<u>262.0</u>
Total	<u>271.9</u>	<u>82.1</u>	<u>354.0</u>

Acquisition activity

Committed acquisition expenditure amounted to £271.9 million and included:

DCC Technology

In July 2018, DCC Technology announced the acquisitions of Stampede and Kondor.

Stampede

Stampede Global Holdings Inc. ('Stampede'), is a specialist distributor of professional audio-visual ('Pro AV') products and solutions in North America.

Headquartered in Buffalo, New York, Stampede, one of the leading specialist Pro AV distributors in the US, supplies Pro AV products including large format display, projectors, lamps, drones and accessories to system integrators, value-added resellers, retailers and e-tailers in the US, Canada and the UK. Stampede also provides Pro AV solutions to the hospitality, government, corporate and education sectors. Stampede partners with, and supplies products from, leading Pro AV brands such as Christie, Epson, LG, NEC, Samsung and Sharp. Stampede recorded revenue of US\$280 million in the year ended 31 December 2017 and employs approximately 210 people.

The acquisition of Stampede represented DCC Technology's first acquisition in North America and is consistent with DCC Technology's strategy to extend the geographic footprint and product range of its successful and growing Pro AV business, strengthening its partnership with existing suppliers, while also broadening its base of customers and suppliers.

Kondor

Kondor, based in the South of England, distributes audio and mobile accessory products to e-tailers, retailers and mobile operators in the UK and Continental Europe. It partners with mobile and accessory brand owners and has an extensive portfolio of own-brand products, complementing its third-party brands. Kondor also provides outsourced category management services, including category/brand management, marketing support, promotional display, brand support and advanced stock solutions, to the retail channel.

Jam

In September 2018, DCC Technology acquired the Jam Group of Companies ('Jam', comprising Jam Industries Ltd. and Jam International Ltd.). Jam is a market-leading North American specialist sales, marketing and services business serving the professional audio, musical instruments and consumer electronics product sectors.

Headquartered in Montreal, Canada, Jam is a world-leader in the professional audio and musical instruments sectors, providing a range of industry-leading, value adding services and solutions to both its vendor and customer partners. This product sector and channel specialisation includes marketing and sales support, in-house technicians providing technical support, after-sales, repair and warranty repair services, in-house graphics and print services and the provision of white-label e-commerce platforms for smaller retailers and resellers. The business recorded revenue of US\$323 million in the year ended 30 April 2018 and employs approximately 570 people.

The acquisition of Jam significantly strengthens DCC Technology's position in the North American market following the acquisition of Stampede in July 2018. Importantly, the very strong service capability of Jam is consistent with DCC Technology's increasing focus on positioning itself as a specialist service partner for customers and suppliers, providing extensive brand reach, market access and simplifying the complex supply chain of its chosen sectors.

Total cash spend on acquisitions in the six months ended 30 September 2018

The total cash spend on acquisitions in the six months ended 30 September 2018 was £270.3 million. This included the payment of deferred and contingent acquisition consideration previously provided of £21.0 million, completion of the acquisitions of Jam, Stampede and Kondor by DCC Technology and the completion of small bolt-on acquisitions in DCC LPG and DCC Retail & Oil.

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 2018, the Group had net debt of £832.4 million, total equity of £1.7 billion, cash resources, net of overdrafts, of £869.1 million and approximately £200.0 million of undrawn committed debt facilities. The Group's outstanding term debt at 30 September 2018 had an average maturity of 5.8 years, which has been raised in the US private placement market with an average credit margin of 1.6% over floating Euribor/Libor. In October 2018, DCC successfully refinanced private placement debt maturing in the next 18 months with a private placement issuance equivalent to £360 million to be drawn down in April 2019.

On 27 September 2018, DCC raised approximately £600 million from an equity placing which completed on 2 October 2018. On a pro-forma basis, net debt at 30 September 2018 adjusted for the proceeds of the equity placing would be approximately £237.4 million.

Outlook

The Group reiterates its belief that the year ending 31 March 2019 will be another year of profit growth and development.

Performance Review – Divisional Analysis

DCC LPG	2018	2017	% change
Volumes (thousand tonnes)	741.6kT	645.6kT	+14.9%
Operating profit	£40.9m	£44.1m	-7.2%
Operating profit per tonne	£55.16	£68.30	

Operating profit in DCC LPG was in line with expectations and, as anticipated, behind the prior year in the seasonally less significant first half of the year due to the material increase in the cost of product and the investment in its natural gas and power offering in France. DCC LPG made excellent progress in increasing the scale and breadth of its business by successfully integrating the acquisitions completed in the second half of the prior year, each of which performed in line with expectations.

DCC LPG sold 741,600 tonnes of product, an increase of 14.9% over the prior year, principally driven by the prior year acquisitions of Shell Hong Kong & Macau, Retail West and TEGA. On a like-for-like basis, volumes were modestly behind the prior year reflecting the warmer than average temperatures across Europe during the first six months of the financial year.

As anticipated, operating profit per tonne declined versus the prior year due to the significantly higher cost of product in both LPG and natural gas, the investment in natural gas and power in France and the increased seasonality following the acquisition of the US business.

In France, the business performed in line with expectations during the first half of the year benefiting from good procurement and operational cost control. The focus on expanding the service offering and capability of the French business continued, with the rollout out of the 'Click & Collect' cylinder offering and continued organic investment in the development of the consumer natural gas and power business in what is a competitive marketplace. The French business continues to leverage the strength of the 'Butagaz' brand and has achieved good traction in expanding its range of products and services in the French energy market.

In Britain & Ireland, the business delivered good volume growth versus the prior year, despite the warmer than average weather, as it continued its focus on converting industrial and commercial users of oil to LPG. Good progress was made in integrating the Countrywide business acquired in the prior year and this integration will be completed during the second half of the year.

Shell Hong Kong & Macau (acquired in January 2018), Retail West in the US and TEGA in Germany (both acquired on 31 March 2018) have been successfully integrated into DCC LPG's existing operations. Each business performed in line with expectations since acquisition and provide a platform for future growth and development in their respective markets.

DCC Retail & Oil	2018	2017	% change
Volumes (billion litres)	6.157bn	6.011bn	+2.4%
Operating profit	£56.3m	£42.2m	+33.5%
Operating profit per litre	0.91 ppl	0.70 ppl	

DCC Retail & Oil recorded a strong performance in the first half of the financial year, with operating profit growth of 33.5%, in line with expectations. This strong performance reflects both organic profit growth and the contribution from acquisitions completed in the prior year.

DCC Retail & Oil volumes increased by 2.4% to 6.2 billion litres, driven by acquisitions in the prior year. Organic volumes were modestly behind the prior year, reflecting the warm weather in Northern Europe which particularly affected agricultural demand in the summer months.

In Britain and Ireland, the business performed very well during the first half of the year delivering strong organic profit growth. Lower agricultural volume demand was offset by good growth in commercial volumes. The business continues to make good progress in expanding its activities into adjacent areas such as lubricants and aviation. During the period, the business successfully acquired and integrated SNAP, an end-to-end transaction processing and payment system for HGV fleets, and continued to invest in expanding its truck stop and retail networks. SNAP facilitates cashless payments through licence plate recognition for services to HGV fleets at truck stops. The Fuel Card business continued to perform strongly during the first half of the year.

In Scandinavia, the Danish business delivered very strong profit growth. A combination of a successful business improvement plan following the acquisition and integration of Dansk Fuels and a strong performance in driving differentiated fuels in the commercial fuels business more than offset lower agricultural volumes. In Norway, Esso's retail network (acquired in October 2017) has been integrated into DCC Retail & Oil's retail operating infrastructure, enabling management to drive improvements in what remains a difficult market environment. The Swedish business performed in line with expectations, delivering strong organic volume growth.

In France, the business delivered strong organic profit growth, primarily driven by the continued focus on business development and customer engagement through the roll-out of the Esso Synergy fuel brand, the Club Certas loyalty program, expansion of its non-fuel offering in carwash and the rollout of both Amazon and Butagaz 'Click and Collect' offerings. The business also recently completed a small bolt-on acquisition of a network of approximately 80 Esso dealers.

DCC Healthcare	2018	2017	% change
Revenue	£275.9m	£245.0m	+12.6%
Operating profit	£26.9m	£22.0m	+22.2%
Operating margin	9.8%	9.0%	

DCC Healthcare traded in line with expectations and generated strong profit growth of 22.2% in the first half of the year. Both DCC Vital and DCC Health & Beauty Solutions generated strong organic profit growth, while DCC Health & Beauty Solutions also benefited from the acquisition of Elite One Source in February 2018.

DCC Vital, which is focused on the sales and marketing of medical devices and pharmaceuticals to healthcare providers in Britain and Ireland, performed strongly, driven in particular by very strong organic profit growth in the supply of medical products and services to GP surgeries. DCC Vital strengthened its position as the market leader in the GP channel, successfully integrating two small complementary bolt-on acquisitions completed in the prior year. In medical devices, DCC Vital generated very good growth in the Irish market driven by growth in the scientific and community care segments and performed satisfactorily in Britain against a challenging market backdrop. DCC Vital's pharma activities performed satisfactorily, with strong profit growth in Britain driven by the strength of its supply chain, which offset a slightly weaker performance in the Irish market.

DCC Health & Beauty Solutions, which provides outsourced solutions to international nutrition and beauty brand owners, generated excellent organic profit growth and benefited from the first-time contribution from Elite One Source. In the nutrition sector, DCC generated good organic growth across a number of key customers, as the business continues to support their international sales growth through innovation, manufacturing flexibility and technical support. In the beauty sector, DCC generated excellent organic growth from a range of existing customers and the successful development of new customer relationships.

With the background of continuing global market growth and a strong order book, DCC Health & Beauty Solutions is progressing a number of investment projects across its manufacturing footprint in Britain and in the US, which will add significant new capacity and capability. The most material project is at DCC Health & Beauty Solutions' soft gel facility in South Wales where the business has grown its European market share in soft gels on the back of its market leading capability in complex formulation and vegetarian soft gel products. The expansion project will almost double the business' existing soft gel capacity, as well as providing new manufacturing capability in growth areas such as organic vegetarian soft gels.

DCC Technology	2018	2017	% change
Revenue	£1.588bn	£1.371bn	+15.8%
Operating profit	£17.8m	£14.2m	+25.0%
Operating margin	1.1%	1.0%	

DCC Technology achieved strong operating profit growth of 25.0% in the seasonally less significant first half of the year, in what was a very active development period for the business. This performance was driven by a strong organic performance in the UK & Ireland, as well as the contribution from acquisitions completed in the current year.

The UK & Ireland business benefited from good revenue growth in key product areas and from recent acquisitions, including the bolt-on acquisition of Kondor in the current year, which strengthened DCC Technology's position in the mobile and category management services area. Audio-visual, smart-home and repair/refurbishment services generated strong revenue growth, while the Enterprise business continued to achieve very strong growth in the datacentre market. Following completion of the new UK national distribution centre in Lancashire in the prior year, a component of the UK business has now fully upgraded its SAP enterprise management system and is operating effectively. The remainder of the UK business will transition to the new system on a phased basis during the next financial year.

In Europe, the business in the Nordics has consolidated its warehousing infrastructure and invested in automation which will facilitate the further expansion of the business across the region. In France, operational improvements continue in the French consumer products business to reduce costs, drive efficiencies and win new vendors. The French reseller and electrician business continues to perform well and is continuing to invest in its audio-visual proposition.

The business in the Middle East continues to generate organic revenue and operating profit growth, while the Supply Chain Services business performed in line with expectations.

The acquisitions of Stampede in July 2018 and Jam in September 2018 represented DCC Technology's first acquisitions in the large, growing and fragmented North American market. Both businesses have traded in line with expectations since acquisition. The acquisition of Stampede, a specialist distributor of professional audio-visual products and solutions, has extended the geographic footprint and product range of the division's successful and growing Pro AV business, strengthening its partnership with existing suppliers, while also broadening the base of customers and suppliers. Jam is a market-leading North American specialist sales, marketing and services business, serving the professional audio, musical instruments and consumer electronics product sectors. The acquisition of Jam provides DCC Technology with a strong and complementary consumer products capability, whilst also adding a leading-market presence in the growing musical instrument market. Jam's service-led approach is consistent with DCC Technology's increased focus on services and DCC Technology now has a platform of scale in the North American market from which to expand organically and by acquisition.

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 19 to 22 of the 2018 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

		Unaudited 6 months ended 30 September 2018			Unaudited 6 months ended 30 September 2017 (restated*)			Audited year ended 31 March 2018 (restated*)		
		Pre exceptionals £'000	Exceptionals (note 7) £'000	Total £'000	Pre exceptionals £'000	Exceptionals (note 7) £'000	Total £'000	Pre exceptionals £'000	Exceptionals (note 7) £'000	Total £'000
Continuing operations	Notes									
Revenue	6	7,418,009	-	7,418,009	5,947,422	-	5,947,422	13,225,467	-	13,225,467
Cost of sales		(6,704,752)	-	(6,704,752)	(5,334,434)	-	(5,334,434)	(11,818,642)	-	(11,818,642)
Gross profit		713,257	-	713,257	612,988	-	612,988	1,406,825	-	1,406,825
Administration expenses		(217,752)	-	(217,752)	(190,756)	-	(190,756)	(384,701)	-	(384,701)
Selling and distribution expenses		(354,174)	-	(354,174)	(297,685)	-	(297,685)	(652,636)	-	(652,636)
Other operating income		13,985	112	14,097	10,669	308	10,977	28,652	1,156	29,808
Other operating expenses		(13,398)	(10,403)	(23,801)	(12,718)	(13,434)	(26,152)	(14,740)	(46,269)	(61,009)
Adjusted operating profit		141,918	(10,291)	131,627	122,498	(13,126)	109,372	383,400	(45,113)	338,287
Amortisation of intangible assets		(27,569)	-	(27,569)	(20,527)	-	(20,527)	(43,059)	-	(43,059)
Operating profit	6	114,349	(10,291)	104,058	101,971	(13,126)	88,845	340,341	(45,113)	295,228
Finance costs		(40,122)	-	(40,122)	(34,508)	(2)	(34,510)	(73,156)	-	(73,156)
Finance income		17,720	3,974	21,694	18,832	-	18,832	37,421	299	37,720
Equity accounted investments' profit after tax		248	-	248	92	-	92	368	-	368
Profit before tax		92,195	(6,317)	85,878	86,387	(13,128)	73,259	304,974	(44,814)	260,160
Income tax expense	8	(13,396)	(628)	(14,024)	(13,353)	157	(13,196)	(49,289)	25,407	(23,882)
Profit for the period (continuing operations)		78,799	(6,945)	71,854	73,034	(12,971)	60,063	255,685	(19,407)	236,278
Profit for the period from discontinued operations	9	-	-	-	790	29,742	30,532	801	29,842	30,643
Profit after tax for the financial period		78,799	(6,945)	71,854	73,824	16,771	90,595	256,486	10,435	266,921
Profit attributable to:										
Owners of the Parent Company		74,947	(6,945)	68,002	71,114	17,587	88,701	250,420	11,404	261,824
Non-controlling interests		3,852	-	3,852	2,710	(816)	1,894	6,066	(969)	5,097
		78,799	(6,945)	71,854	73,824	16,771	90,595	256,486	10,435	266,921
Earnings per ordinary share										
Basic earnings per share	10			76.15p			99.66p			293.83p
Diluted earnings per share	10			76.02p			99.21p			292.79p
Basic adjusted earnings per share	10			107.05p			96.36p			318.35p
Diluted adjusted earnings per share	10			106.87p			95.93p			317.21p
Earnings per ordinary share – continuing operations										
Basic earnings per share	10			76.15p			65.36p			259.44p
Diluted earnings per share	10			76.02p			65.06p			258.52p
Basic adjusted earnings per share	10			107.05p			95.47p			317.45p
Diluted adjusted earnings per share	10			106.87p			95.04p			316.31p

*See note 3

Group Statement of Comprehensive Income

	Unaudited 6 months ended 30 Sept. 2018 £'000	Unaudited 6 months ended 30 Sept. 2017 £'000	Audited year ended 31 March 2018 £'000
Group profit for the period	71,854	90,595	266,921
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation:			
- arising in the period	38,005	17,714	682
- recycled to the Income Statement on disposal	-	(4,548)	(4,548)
Movements relating to cash flow hedges	26,532	20,292	(3,030)
Movement in deferred tax liability on cash flow hedges	(4,510)	(3,570)	433
	<u>60,027</u>	<u>29,888</u>	<u>(6,463)</u>
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
- remeasurements	2,928	1,702	5,215
- movement in deferred tax asset	(489)	(268)	(665)
	<u>2,439</u>	<u>1,434</u>	<u>4,550</u>
Other comprehensive income for the period, net of tax	<u>62,466</u>	<u>31,322</u>	<u>(1,913)</u>
Total comprehensive income for the period	<u>134,320</u>	<u>121,917</u>	<u>265,008</u>
Attributable to:			
Owners of the Parent Company	129,975	119,122	259,336
Non-controlling interests	4,345	2,795	5,672
	<u>134,320</u>	<u>121,917</u>	<u>265,008</u>
Attributable to:			
Continuing operations	134,320	95,933	234,365
Discontinued operations	-	25,984	30,643
	<u>134,320</u>	<u>121,917</u>	<u>265,008</u>

Group Balance Sheet

		Unaudited 30 Sept. 2018 £'000	Unaudited 30 Sept. 2017 £'000	Restated* Audited 31 March 2018 £'000
	Notes			
ASSETS				
Non-current assets				
Property, plant and equipment		980,731	789,947	933,038
Intangible assets		2,136,655	1,478,296	1,972,236
Equity accounted investments		24,933	24,632	24,461
Deferred income tax assets		26,872	23,128	26,154
Derivative financial instruments		119,661	180,109	103,085
		3,288,852	2,496,112	3,058,974
Current assets				
Inventories		728,648	548,903	530,473
Trade and other receivables		1,459,337	1,204,122	1,426,217
Derivative financial instruments		78,232	18,479	8,050
Cash and cash equivalents		977,571	1,497,061	1,038,827
		3,243,788	3,268,565	3,003,567
Total assets		6,532,640	5,764,677	6,062,541
EQUITY				
Capital and reserves attributable to owners of the Parent Company				
Share capital		15,455	15,455	15,455
Share premium		281,587	277,211	280,533
Share based payment reserve	12	25,315	20,077	22,883
Cash flow hedge reserve	12	5,844	3,141	(16,178)
Foreign currency translation reserve	12	138,608	117,802	101,096
Other reserves	12	932	932	932
Retained earnings		1,231,736	1,101,502	1,237,937
Equity attributable to owners of the Parent Company		1,699,477	1,536,120	1,642,658
Non-controlling interests		39,604	32,382	35,259
Total equity		1,739,081	1,568,502	1,677,917
LIABILITIES				
Non-current liabilities				
Borrowings		1,548,474	1,680,507	1,598,521
Derivative financial instruments		7,489	5,610	10,732
Deferred income tax liabilities		196,434	157,222	187,826
Post employment benefit obligations	14	(4,515)	(4,862)	(286)
Provisions for liabilities		283,025	258,909	278,890
Acquisition related liabilities		86,118	71,644	71,454
Government grants		348	257	237
		2,117,373	2,169,287	2,147,374
Current liabilities				
Trade and other payables		2,134,197	1,831,926	2,063,260
Current income tax liabilities		23,107	11,915	19,769
Borrowings		439,131	118,359	74,897
Derivative financial instruments		12,726	3,511	8,474
Provisions for liabilities		40,809	32,389	44,451
Acquisition related liabilities		26,216	28,788	26,399
		2,676,186	2,026,888	2,237,250
Total liabilities		4,793,559	4,196,175	4,384,624
Total equity and liabilities		6,532,640	5,764,677	6,062,541
Net debt included above	13	(832,356)	(112,338)	(542,662)

*See note 3

Group Statement of Changes in Equity

For the six months ended 30 September 2018

	Attributable to owners of the Parent Company					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 12) £'000	Total £'000		
At 1 April 2018	15,455	280,533	1,237,937	108,733	1,642,658	35,259	1,677,917
IFRS 9 transition adjustment (note 3)	-	-	(3,450)	-	(3,450)	-	(3,450)
At 1 April 2018 (restated)	15,455	280,533	1,234,487	108,733	1,639,208	35,259	1,674,467
Profit for the period	-	-	68,002	-	68,002	3,852	71,854
Currency translation	-	-	-	37,512	37,512	493	38,005
Group defined benefit pension obligations:							
- remeasurements	-	-	2,928	-	2,928	-	2,928
- movement in deferred tax asset	-	-	(489)	-	(489)	-	(489)
Movements relating to cash flow hedges	-	-	-	26,532	26,532	-	26,532
Movement in deferred tax liability on cash flow hedges	-	-	-	(4,510)	(4,510)	-	(4,510)
Total comprehensive income	-	-	70,441	59,534	129,975	4,345	134,320
Re-issue of treasury shares	-	1,054	-	-	1,054	-	1,054
Share based payment	-	-	-	2,432	2,432	-	2,432
Dividends	-	-	(73,192)	-	(73,192)	-	(73,192)
At 30 September 2018	15,455	281,587	1,231,736	170,699	1,699,477	39,604	1,739,081

For the six months ended 30 September 2017

	Attributable to owners of the Parent Company					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 12) £'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 year ended 31 March 2018

	Attributable to owners of the Parent Company					Non-controlling interests £'000	Total equity £'000
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 12) £'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	-	-	261,824	-	261,824	5,097	266,921
Currency translation:							
- arising in the period	-	-	-	107	107	575	682
- recycled to the Income Statement on disposal	-	-	-	(4,548)	(4,548)	-	(4,548)
Group defined benefit pension obligations:							
- remeasurements	-	-	5,215	-	5,215	-	5,215
- movement in deferred tax asset	-	-	(665)	-	(665)	-	(665)
Movements relating to cash flow hedges	-	-	-	(3,030)	(3,030)	-	(3,030)
Movement in deferred tax liability on cash flow hedges	-	-	-	433	433	-	433
Total comprehensive income	-	-	266,374	(7,038)	259,336	5,672	265,008
Re-issue of treasury shares	-	3,322	-	-	3,322	-	3,322
Share based payment	-	-	-	4,737	4,737	-	4,737
Dividends	-	-	(102,871)	-	(102,871)	-	(102,871)
At 31 March 2018	15,455	280,533	1,237,937	108,733	1,642,658	35,259	1,677,917

Group Cash Flow Statement

	Unaudited 6 months ended 30 Sept. 2018 £'000	Unaudited 6 months ended 30 Sept. 2017 £'000	Audited year ended 31 March 2018 £'000
Cash flows from operating activities			
Profit for the period	71,854	90,595	266,921
Add back non-operating expenses/(income)			
- tax	14,024	13,370	24,046
- share of equity accounted investments' profit	(248)	(92)	(368)
- net operating exceptionals	10,291	(16,616)	15,271
- net finance costs	18,428	15,694	35,452
Group operating profit before exceptionals	114,349	102,951	341,322
Share-based payments expense	2,432	1,931	4,737
Depreciation	54,434	44,263	93,722
Amortisation of intangible assets	27,569	20,527	43,059
Profit on disposal of property, plant and equipment	(863)	(312)	(167)
Amortisation of government grants	(34)	(16)	(36)
Other	1,049	(5,552)	4,555
Increase in working capital	(25,717)	(79,817)	(13,758)
Cash generated from operations before exceptionals	173,219	83,975	473,434
Exceptionals	(19,626)	(15,197)	(12,602)
Cash generated from operations	153,593	68,778	460,832
Interest paid	(39,142)	(32,457)	(69,900)
Income tax paid	(12,780)	(35,905)	(65,437)
Net cash flows from operating activities	101,671	416	325,495
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment	4,252	2,525	7,617
Dividends received from equity accounted investments	-	1,317	1,980
Disposal of subsidiaries and equity accounted investments	8,573	160,054	160,063
Interest received	17,715	19,001	37,399
	30,540	182,897	207,059
Outflows:			
Purchase of property, plant and equipment	(86,341)	(71,592)	(152,997)
Acquisition of subsidiaries	(249,259)	(44,313)	(664,109)
Payment of accrued acquisition related liabilities	(21,048)	(12,014)	(26,910)
	(356,648)	(127,919)	(844,016)
Net cash flows from investing activities	(326,108)	54,978	(636,957)
Financing activities			
Inflows:			
Proceeds from issue of shares	1,054	3,309	3,322
Net cash inflow on derivative financial instruments	-	13,914	11,275
Increase in interest-bearing loans and borrowings	201,357	458,593	458,593
Increase in finance lease liabilities	989	-	766
	203,400	475,816	473,956
Outflows:			
Repayment of interest-bearing loans and borrowings	-	(58,132)	(58,130)
Repayment of finance lease liabilities	(53)	(6)	(4)
Dividends paid to owners of the Parent Company	(73,192)	(66,376)	(102,871)
	(73,245)	(124,514)	(161,005)
Net cash flows from financing activities	130,155	351,302	312,951
Change in cash and cash equivalents	(94,282)	406,696	1,489
Translation adjustment	(900)	(650)	(10,018)
Cash and cash equivalents at beginning of period	964,293	972,822	972,822
Cash and cash equivalents at end of period	869,111	1,378,868	964,293
Cash and cash equivalents consists of:			
Cash and short-term bank deposits	977,571	1,497,061	1,038,827
Overdrafts	(108,460)	(118,193)	(74,534)
	869,111	1,378,868	964,293

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

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 2018 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 IAS 34 *Interim Financial Reporting* 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 2018 and the comparative figures for the six months ended 30 September 2017 are unaudited and have not been reviewed by the Auditors. The summary financial statements for the year ended 31 March 2018 represent a restated, 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 2018 Annual Report and are described in those financial statements on pages 190 to 198, except for those noted below.

The following new standards have been adopted in the current year:

IFRS 9 Financial Instruments:

This standard replaces IAS 39 *Financial Instruments: Recognition and Measurement*. 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 standard also introduced expanded disclosure requirements and changes in presentation.

Impairment of Financial Assets:

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as was the case under IAS 39. Trade receivables represent one of the Group's most significant financial assets and are subject to IFRS 9's new expected credit losses model. The Group's impairment methodology has been revised in line with the new requirements of IFRS 9 and the simplified approach to providing for expected credit losses has been applied which uses a lifetime expected loss allowance for all trade receivables. Details of the impact on the Group's financial statements is provided in note 3.

Hedge Accounting:

The Group has made the accounting policy choice allowed under IFRS 9 to continue to apply the hedge accounting requirements of IAS 39 until the amended standard resulting from an IASB project on macro hedge accounting becomes effective. Accordingly, there has been no impact on the accounting for hedging relationships.

IFRS 15 Revenue from Contracts with Customers:

This standard replaced IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. This 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. Details of the impact on the Group's financial statements is provided in note 3.

There were other changes to IFRS which became effective for the Group during the period but did not result in material changes to the Group's consolidated financial statements.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

2. Accounting Policies (continued)

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:

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

This standard will replace IAS 17 *Leases*. 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 2018 Annual Report, the Group's future minimum rentals payable under non-cancellable operating leases at 31 March 2018 amounted to £345.0 million and the charge recognised in the Income Statement for the year ended 31 March 2018 amounted to £84.8 million. These amounts provide an indication of the scale of leases held at 31 March 2018 but exclude the impact of discounting, assessment of the expected term of leases (including renewal options) and exemptions for short-term leases and low-value leases.

The Group continues to perform a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition in addition to determining which optional accounting simplifications to apply and assessing the additional disclosures that will be required. The new standard offers options on transition; either full retrospective application or modified retrospective application (which means comparatives do not need to be restated). The Group expects to adopt the modified retrospective approach. In order to assist with meeting the requirements of the new standard, the Group has selected a lease accounting software solution which is in the process of being implemented across the Group.

Based on the work performed to date, the Group expects to recognise a lease liability and corresponding right of use asset of approximately £300 million on transition. The actual impact on transition could differ to this estimate due to a number of factors such as changes in foreign exchange translation rates, changes in discount rates, changes in the composition of the Group's lease portfolio and other underlying assumptions up until the date of transition. The Group will apply IFRS 16 from its effective date.

IFRIC 23 Uncertainty over Income Tax Treatments (effective date: DCC financial year beginning 1 April 2019):

This IFRIC clarifies the accounting for uncertainties in income taxes and is to be applied to the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. The Group does not expect the adoption of this IFRIC to have a material impact on the consolidated financial statements.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the Group.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

3. Restatement

Measurement period adjustments:

The Group Balance Sheet for the year ended 31 March 2018 has been restated due to the finalisation of the valuation of the separately identifiable intangible assets acquired on the Retail West and TEGA business combinations. In the year ended 31 March 2018 we reported that the acquisitions of Retail West and TEGA both completed on 31 March 2018 and, as such, it had not been feasible to perform a preliminary assignment of fair values to identifiable net assets. IFRS 3 *Business Combinations* allows for the recognition of provisional fair values where the initial accounting for the business combination is incomplete. The Group has now completed this assignment of fair values to identifiable net assets and the most significant amendment has been the recognition of customer and supplier related intangible assets. The net impact of the prior year restatement on the previously reported Group Balance Sheet is summarised as follows:

	As at 31 March 2018		
	Previously reported £'000	Adjustment £'000	Restated £'000
Intangible assets	500,396	122,936	623,332
Goodwill	1,436,566	(87,662)	1,348,904
Intangible assets and goodwill	1,936,962	35,274	1,972,236
Other non-current assets	1,086,738	-	1,086,738
Non-current assets	3,023,700	35,274	3,058,974
Deferred income tax liabilities	(152,552)	(35,274)	(187,826)
Other non-current liabilities	(1,959,548)	-	(1,959,548)
Non-current liabilities	(2,112,100)	(35,274)	(2,147,374)

The Group Income Statement was not impacted by the adjustments detailed above.

Revenue recognition:

As disclosed in the 31 March 2018 Annual Report, the Group performed a detailed analysis of the impact of IFRS 15 *Revenue from Contracts with Customers*, which became effective during the current period. This analysis included a focus on whether certain revenue streams might be more appropriately recorded on an agency ('net') basis rather than on a principal ('gross') basis. In particular, the Group deemed that under the new standard, a portion of its fuel card activities constituted acting in the role of an agent rather than that of a principal. Consequently, revenue from these activities is now recorded on a 'net' basis i.e. the Group recognises the gross profit contribution on the revenue line with no overall net impact on gross profit.

In accordance with transition options available under IFRS 15, the Group has restated the Group Income Statement comparatives for the year ended 31 March 2018 and the six months ended 30 September 2017 as follows:

	Previously reported £'000	Adjustment £'000	Restated £'000
For the six months ended 30 September 2017:			
Revenue	6,449,472	(502,050)	5,947,422
Cost of sales	(5,836,484)	502,050	(5,334,434)
Gross profit	612,988	-	612,988
For the year ended 31 March 2018:			
Revenue	14,264,639	(1,039,172)	13,225,467
Cost of sales	(12,857,814)	1,039,172	(11,818,642)
Gross profit	1,406,825	-	1,406,825

Impairment of financial assets:

The Group adopted IFRS 9 *Financial Instruments* from 1 April 2018. In accordance with the transitional provisions of IFRS 9, comparative figures have not been restated. The impact of adopting IFRS 9 was not material to the Group's consolidated financial statements and the adjustment on application at 1 April 2018 was £3.5 million.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

4. Going Concern

Having reassessed the principal risks facing the Group (as detailed on pages 19 to 22 of the 2018 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.

5. 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. 2018 Stg£1=	6 months ended 30 Sept. 2017 Stg£1=	Year ended 31 March 2018 Stg£1=	6 months ended 30 Sept. 2018 Stg£1=	6 months ended 30 Sept. 2017 Stg£1=	Year ended 31 March 2018 Stg£1=
Euro	1.1306	1.1391	1.1366	1.1270	1.1340	1.1430
Danish Krone	8.4245	8.4795	8.4603	8.4035	8.4399	8.5187
Swedish Krona	11.7550	10.9425	11.0482	11.6184	10.9424	11.7548
Norwegian Krone	10.8614	10.6565	10.7901	10.6689	10.6742	11.0607
US Dollar	1.3409	1.2872	1.3236	1.3046	1.3389	1.4083
Hong Kong Dollar	10.5233	10.0355	10.3312	10.2084	10.4575	11.0522

6. 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. 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 with presences in Europe, North America and Asia and a developing business in the retailing of natural gas and electricity in Europe.

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 2018 amounted to £6.533 billion. This figure was not materially different from the equivalent figure at 31 March 2018 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 2018

6. Segmental Reporting (continued)

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

(a) By operating segment

By operating segment	Unaudited six months ended 30 September 2018				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>721,410</u>	<u>4,832,561</u>	<u>275,885</u>	<u>1,588,153</u>	<u>7,418,009</u>
Adjusted operating profit	40,915	56,288	26,948	17,767	141,918
Amortisation of intangible assets	(16,176)	(5,258)	(3,156)	(2,979)	(27,569)
Net operating exceptionals (note 7)	<u>(2,236)</u>	<u>(1,467)</u>	<u>(554)</u>	<u>(6,034)</u>	<u>(10,291)</u>
Operating profit	<u>22,503</u>	<u>49,563</u>	<u>23,238</u>	<u>8,754</u>	<u>104,058</u>

	Unaudited six months ended 30 September 2017 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>491,161</u>	<u>3,840,336</u>	<u>244,995</u>	<u>1,370,930</u>	<u>5,947,422</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 7)	<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>

	Audited year ended 31 March 2018 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	<u>1,362,796</u>	<u>8,264,647</u>	<u>514,564</u>	<u>3,083,460</u>	<u>13,225,467</u>
Adjusted operating profit	167,485	113,757	54,318	47,840	383,400
Amortisation of intangible assets	(21,312)	(8,983)	(7,198)	(5,566)	(43,059)
Net operating exceptionals (note 7)	<u>(8,127)</u>	<u>(21,788)</u>	<u>(3,034)</u>	<u>(12,164)</u>	<u>(45,113)</u>
Operating profit	138,046	82,986	44,086	30,110	295,228

(b) By geography

The Group has a presence in 18 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. 2018 £'000	Restated Unaudited 6 months ended 30 Sept. 2017 £'000	Restated Audited year ended 31 March 2018 £'000
Republic of Ireland	420,661	423,224	920,232
United Kingdom	3,559,461	3,102,828	6,749,855
France	1,401,882	1,224,569	2,671,257
Other	<u>2,036,005</u>	<u>1,196,801</u>	<u>2,884,123</u>
	<u>7,418,009</u>	<u>5,947,422</u>	<u>13,225,467</u>

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

7. Exceptionals

	Unaudited 6 months ended 30 Sept. 2018 £'000	Unaudited 6 months ended 30 Sept. 2017 £'000	Audited year ended 31 March 2018 £'000
Restructuring costs	(5,124)	(9,742)	(29,419)
Acquisition and related costs	(5,123)	(3,512)	(12,789)
Adjustments to contingent acquisition consideration	49	140	477
Impairment of property, plant and equipment	-	-	(3,735)
Other operating exceptional items	(93)	(12)	353
Net operating exceptional items	<u>(10,291)</u>	<u>(13,126)</u>	<u>(45,113)</u>
Mark to market of swaps and related debt	3,974	(2)	299
Net exceptional items before taxation	<u>(6,317)</u>	<u>(13,128)</u>	<u>(44,814)</u>
Deferred tax	(628)	157	25,407
Net exceptional items after taxation (continuing operations)	<u>(6,945)</u>	<u>(12,971)</u>	<u>(19,407)</u>
Net profit on disposal of discontinued operations	-	29,742	29,842
	<u>(6,945)</u>	<u>16,771</u>	<u>10,435</u>
Non-controlling interest share of net exceptional items after taxation	-	816	969
Net exceptional items attributable to owners of the Parent Company	<u>(6,945)</u>	<u>17,587</u>	<u>11,404</u>

Restructuring costs of £5.124 million principally relate to the ongoing dual running costs relating to the optimisation of DCC Technology's logistics and related infrastructure, as well as integration costs arising from recent acquisition activity. The upgraded warehousing and logistics in each of France, Scandinavia and the UK are all operational. The related UK SAP implementation is now live in an element of the UK business, with the remaining components of the business scheduled to go-live over the coming twelve months.

Acquisition and related costs amounted to £5.123 million and include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long term interest and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt is charged or credited as an exceptional item. In the six months ended 30 September 2018, this amounted to an exceptional non-cash gain of £3.974 million. Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £1.7 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

8. 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 17% (six months ended 30 September 2017: 18% and year ended 31 March 2018: 17%).

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

9. Discontinued Operations

The Group's discontinued operations for the year ended 31 March 2018 and the six months ended 30 September 2017 comprise the results of the Group's former DCC Environmental segment. There were no discontinued operations in the six months ended 30 September 2018.

The following table summarises the results of discontinued operations included in the prior year comparatives of the Group Income Statement:

	Unaudited 6 months ended 30 Sept. 2017 £'000	Audited year ended 31 March 2018 £'000
Revenue	29,602	29,614
Cost of sales	(20,285)	(20,292)
Gross profit	9,317	9,322
Operating expenses	(8,337)	(8,341)
Operating profit	980	981
Net finance costs	(16)	(16)
	964	965
Profit on disposal of discontinued operations	29,742	29,842
	30,706	30,807
Income tax expense	(174)	(164)
Profit from discontinued operations after tax	30,532	30,643

The following table details the cash flow from discontinued operations included in the prior year comparatives of the Group Cash Flow Statement:

	Unaudited 6 months ended 30 Sept. 2017 £'000	Audited year ended 31 March 2018 £'000
Net cash flow from operating activities	(5,599)	(5,602)
Net cash flow from investing activities	(1,331)	(1,332)
Net cash flow from discontinued operations	(6,930)	(6,934)

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

10. Earnings per Ordinary Share

	6 months ended 30 September 2018			6 months ended 30 September 2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Profit attributable to owners of the Parent	68,002	-	68,002	58,169	30,532	88,701
Amortisation of intangible assets after tax	20,647	-	20,647	14,653	-	14,653
Exceptionals after tax	6,945	-	6,945	12,155	(29,742)	(17,587)
Adjusted profit after taxation and non-controlling interests	95,594	-	95,594	84,977	790	85,767

Basic earnings per ordinary share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent Company 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 2018			6 months ended 30 September 2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	pence	pence	pence	pence	pence	pence
Basic earnings per ordinary share	76.15p	-	76.15p	65.36p	34.30p	99.66p
Amortisation of intangible assets after tax	23.12p	-	23.12p	16.46p	-	16.46p
Exceptionals after tax	7.78p	-	7.78p	13.65p	(33.41p)	(19.76p)
Adjusted basic earnings per ordinary share	107.05p	-	107.05p	95.47p	0.89p	96.36p
Weighted average number of ordinary shares in issue (thousands)			89,297			89,007

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 2018			6 months ended 30 September 2017		
	Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
	pence	pence	pence	pence	pence	pence
Diluted earnings per ordinary share	76.02p	-	76.02p	65.06p	34.15p	99.21p
Amortisation of intangible assets after tax	23.08p	-	23.08p	16.39p	-	16.39p
Exceptionals after tax	7.77p	-	7.77p	13.59p	(33.26p)	(19.67p)
Adjusted diluted earnings per ordinary share	106.87p	-	106.87p	95.04p	0.89p	95.93p
Weighted average number of ordinary shares in issue (dilutive, thousands)			89,451			89,410

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

10. Earnings per Ordinary Share (continued)

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £68.002 million (six months ended 30 September 2017: £58.169 million) and £95.594 million (six months ended 30 September 2017: £84.977 million) for the purposes of the continuing 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 2018 was 89.451 million (six months ended 30 September 2017: 89.410 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. 2018 '000	Unaudited 6 months ended 30 Sept. 2017 '000
Weighted average number of ordinary shares in issue	89,297	89,007
Dilutive effect of options and awards	154	403
Weighted average number of ordinary shares for diluted earnings per share	<u>89,451</u>	<u>89,410</u>

11. Dividends

	Unaudited 6 months ended 30 Sept. 2018 £'000	Unaudited 6 months ended 30 Sept. 2017 £'000	Audited year ended 31 March 2018 £'000
Interim - paid 40.89 pence per share on 11 December 2017	-	-	36,351
Final - paid 82.09 pence per share on 19 July 2018 (paid 74.63 pence per share on 20 July 2017)	<u>73,192</u>	<u>66,376</u>	<u>66,520</u>
	<u>73,192</u>	<u>66,376</u>	<u>102,871</u>

On 12 November 2018, the Board approved an interim dividend of 44.98 pence per share (£44.188 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 2018

12. Other Reserves

For the six months ended 30 September 2018

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2018	22,883	(16,178)	101,096	932	108,733
Currency translation	-	-	37,512	-	37,512
Movements relating to cash flow hedges	-	26,532	-	-	26,532
Movement in deferred tax liability on cash flow hedges	-	(4,510)	-	-	(4,510)
Share based payment	2,432	-	-	-	2,432
At 30 September 2018	25,315	5,844	138,608	932	170,699

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 year ended 31 March 2018

	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	-	-	107	-	107
- recycled to the Income Statement on disposal	-	-	(4,548)	-	(4,548)
Movements relating to cash flow hedges	-	(3,030)	-	-	(3,030)
Movement in deferred tax liability on cash flow hedges	-	433	-	-	433
Share based payment	4,737	-	-	-	4,737
At 31 March 2018	22,883	(16,178)	101,096	932	108,733

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

13. Analysis of Net Debt

	Unaudited 30 Sept. 2018 £'000	Unaudited 30 Sept. 2017 £'000	Audited 31 March 2018 £'000
Non-current assets:			
Derivative financial instruments	119,661	180,109	103,085
Current assets:			
Derivative financial instruments	78,232	18,479	8,050
Cash and cash equivalents	977,571	1,497,061	1,038,827
	1,055,803	1,515,540	1,046,877
Non-current liabilities:			
Finance leases	(1,462)	(190)	(692)
Derivative financial instruments	(7,489)	(5,610)	(10,732)
Unsecured Notes	(1,547,012)	(1,680,317)	(1,597,829)
	(1,555,963)	(1,686,117)	(1,609,253)
Current liabilities:			
Finance leases	(547)	(166)	(363)
Derivative financial instruments	(12,726)	(3,511)	(8,474)
Bank overdrafts	(108,460)	(118,193)	(74,534)
Bank borrowings	(206,960)	-	-
Unsecured Notes	(123,164)	-	-
	(451,857)	(121,870)	(83,371)
Net debt	(832,356)	(112,338)	(542,662)

14. Post Employment Benefit Obligations

The Group's defined benefit pension schemes' assets were measured at fair value at 30 September 2018. The defined benefit pension schemes' liabilities at 30 September 2018 were updated to reflect material movements in underlying assumptions.

The Group's post employment benefit obligations moved from a net asset of £0.286 million at 31 March 2018 to a net asset of £4.515 million at 30 September 2018. 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 2018:

	Unaudited 6 months ended 30 Sept. 2018	Unaudited 6 months ended 30 Sept. 2017	Audited year ended 31 March 2018
Discount rate			
- Republic of Ireland	2.20%	2.10%	2.10%
- United Kingdom	2.80%	2.70%	2.65%
- Germany	2.20%	n/a*	2.10%

* Data for the German schemes relates to TEGA, which was acquired in March 2018.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

15. 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, the principal acquisitions completed by the Group during the period, together with percentages acquired, were as follows:

- The acquisition by DCC Technology in July 2018 of 100% of Stampede Global Holdings Inc. ('Stampede'). Stampede is a specialist distributor of professional audio-visual products and solutions to customers based in the US, Canada and the UK;
- The acquisition by DCC Technology in July 2018 of 100% of Kondor Limited ('Kondor'). Kondor distributes mobile and accessory products and provides outsourced category management solutions to the retail channel in the UK and Continental Europe; and
- The acquisition by DCC Technology in September 2018 of 91% of the Jam Group of Companies ('Jam'). Jam is a market-leading North American specialist sales, marketing and services business serving the professional audio, musical instruments and consumer electronics product sectors.

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 2018.

	6 months ended 30 Sept. 2018 £'000	6 months ended 30 Sept. 2017 £'000
Assets		
Non-current assets		
Property, plant and equipment	13,894	6,695
Equity accounted investments	-	157
Total non-current assets	13,894	6,852
Current assets		
Inventories	105,207	2,880
Trade and other receivables	139,044	2,307
Total current assets	244,251	5,187
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	(447)	(45)
Provisions for liabilities and charges	(2,128)	-
Total non-current liabilities	(2,575)	(45)
Current liabilities		
Trade and other payables	(119,376)	(2,826)
Current income tax asset/(liability)	233	(599)
Government grants	(147)	-
Total current liabilities	(119,290)	(3,425)
Identifiable net assets acquired	136,280	8,569
Intangible assets - goodwill	146,318	18,918
Total consideration	282,598	27,487
Satisfied by:		
Cash	256,796	13,111
Cash and cash equivalents acquired	(7,537)	(108)
Net cash outflow	249,259	13,003
Acquisition related liabilities	33,339	14,484
Total consideration	282,598	27,487
Reconciliation to Group Cash Flow Statement:		
Net cash outflow on acquisitions completed during the period	249,259	13,003
Pre-completion deposits paid	-	31,310
Total outflow as reported in the Group Cash Flow Statement	249,259	44,313

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

15. 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 2019 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 and related costs included in other operating expenses in the Group Income Statement amounted to £5.123 million (six months ended 30 September 2017: £3.512 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 £141.851 million. The fair value of these receivables is £139.044 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 nil to £145.6 million.

The acquisitions during the period contributed £200.0 million to revenues and £0.6 million to profit after tax. Had all the business combinations effected during the period occurred at the beginning of the period, total Group revenue for the six months ended 30 September 2018 would have been £7,642.8 million and total Group profit after tax would have been £72.9 million.

16. 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.

17. 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 2018 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 2018.

18. Events after the Balance Sheet Date

The Group completed an equity placing on 2 October 2018 which raised approximately £600 million. The proceeds of the placing will enable the continued implementation of DCC's targeted acquisition strategy, by enhancing the balance sheet and liquidity of the Group, ensuring DCC can efficiently execute acquisition opportunities and remains a credible and capable acquirer.

In October 2018, the Group successfully refinanced private placement debt maturing in the next 18 months with a private placement issuance equivalent to £360 million to be drawn down in April 2019.

Notes to the Condensed Financial Statements

for the six months ended 30 September 2018

19. Board Approval

This report was approved by the Board of Directors of DCC plc on 12 November 2018.

20. 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 2018 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

12 November 2018

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 targets.

	6 months ended 30 Sept. 2018 £'000	6 months ended 30 Sept. 2017 £'000	Year ended 31 March 2018 £'000
Operating profit	104,058	88,845	295,228
Net operating exceptional items	10,291	13,126	45,113
Amortisation of intangible assets	27,569	20,527	43,059
Adjusted operating profit - continuing	141,918	122,498	383,400
Adjusted operating profit - discontinued	-	980	981
Adjusted operating profit ('EBITA')	141,918	123,478	384,381

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. 2018 £'000	6 months ended 30 Sept. 2017 £'000	Year ended 31 March 2018 £'000
Finance costs before exceptional items	(40,122)	(34,508)	(73,156)
Finance income before exceptional items	17,720	18,832	37,421
Net interest - continuing	(22,402)	(15,676)	(35,735)
Net interest - discontinued	-	(16)	(16)
Net interest	(22,402)	(15,692)	(35,751)

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. 2018 £'000	Restated 6 months ended 30 Sept. 2017 £'000
Calculation: Revenue - continuing, constant currency		
Revenue - continuing	7,418,009	5,947,422
Currency impact	20,309	-
Revenue - continuing, constant currency	7,438,318	5,947,422

	6 months ended 30 Sept. 2018 £'000	6 months ended 30 Sept. 2017 £'000
Calculation: Adjusted operating profit - continuing, constant currency		
Adjusted operating profit - continuing	141,918	122,498
Currency impact	733	-
Adjusted operating profit - continuing, constant currency	142,651	122,498

	6 months ended 30 Sept. 2018 £'000	6 months ended 30 Sept. 2017 £'000
Calculation: Adjusted earnings per share - continuing, constant currency		
Adjusted earnings - continuing	95,594	84,977
Currency impact	708	-
Adjusted earnings - continuing, constant currency	96,302	84,977
Weighted average number of ordinary shares ('000)	89,297	89,007
Adjusted earnings per share - continuing, constant currency	107.84p	95.47p

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 EBITA less net interest.

	6 months ended 30 Sept. 2018 £'000	6 months ended 30 Sept. 2017 £'000	Year ended 31 March 2018 £'000
Adjusted operating profit	141,918	123,478	384,381
Net interest	(22,402)	(15,692)	(35,751)
Earnings before taxation	119,516	107,786	348,630
Income tax expense	14,024	13,196	23,882
Exceptional deferred tax	(628)	157	25,407
Deferred tax attaching to amortisation of intangible assets	6,922	5,874	9,814
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - continuing	20,318	19,227	59,103
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets - discontinued	-	174	164
Total income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets	20,318	19,401	59,267
Effective tax rate (%)	17.0%	18.0%	17.0%

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. 2018 £'000	6 months ended 30 Sept. 2017 £'000	Year ended 31 March 2018 £'000
Purchase of property, plant and equipment	86,341	71,592	152,997
Proceeds from disposal of property, plant and equipment	(4,252)	(2,525)	(7,617)
Net capital expenditure	82,089	69,067	145,380

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. 2018 £'000	6 months ended 30 Sept. 2017 £'000	Year ended 31 March 2018 £'000
Cash generated from operations before exceptionals	173,219	83,975	473,434
Net capital expenditure	(82,089)	(69,067)	(145,380)
Free cash flow	91,130	14,908	328,054

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. 2018 £'000	6 months ended 30 Sept. 2017 £'000	Year ended 31 March 2018 £'000
Free cash flow	91,130	14,908	328,054
Interest paid	(39,142)	(32,457)	(69,900)
Income tax paid	(12,780)	(35,905)	(65,437)
Dividends received from equity accounted investments	-	1,317	1,980
Interest received	17,715	19,001	37,399
Free cash flow (after interest and tax payments)	56,923	(33,136)	232,096

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. 2018 £'000	6 months ended 30 Sept. 2017 £'000	Year ended 31 March 2018 £'000
Net cash outflow on acquisitions during the period	249,259	44,313	664,109
Net cash outflow on acquisitions which were committed to in the previous period	(10,488)	(31,310)	(341,253)
Acquisition related liabilities arising on acquisitions during the period	33,339	14,484	27,840
Acquisition related liabilities which were committed to in the previous period	(7,171)	-	(13,404)
Amounts committed in the current period	7,000	152,672	18,000
Committed acquisition expenditure	271,939	180,159	355,292

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. 2018 £'000	As at 30 Sept. 2017 £'000	As at 31 March 2018 £'000
Inventories	728,648	548,903	530,473
Trade and other receivables	1,459,337	1,204,122	1,426,217
Less: interest receivable	(134)	(59)	(126)
Trade and other payables	(2,134,197)	(1,831,926)	(2,063,260)
Less: interest payable	4,403	5,268	4,775
Less: amounts due in respect of property, plant and equipment	1,912	4,093	10,671
Less: government grants	11	9	9
Net working capital	59,980	(69,590)	(91,241)

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. 2018 £'000	As at 30 Sept. 2017 £'000	As at 31 March 2018 £'000
Net working capital	59,980	(69,590)	(91,241)
September/March revenue	1,438,866	1,219,059	1,418,988
Working capital (days)	1.3 days	(1.7 days)	(2.0 days)