

Interim Results Presentation

For the six months ended 30 September 2019
12 November 2019



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Agenda

- **Results highlights**
- **Business review**
- **Development update**
- **Summary and Q&A**

Results highlights

For the six months ended 30 September 2019

- **Strong first half performance – group operating profit up 14.5% to £162.6 million – all divisions recording good profit growth**
- **Adj. EPS up 3.0% to 110.2p, reflecting strong earnings growth and equity placing in prior year**
- **Interim dividend increased by 10.0% to 49.5 pence per share**
- **Development activity continues – new acquisition in US nutritional market announced today**
- **Group balance sheet remains very strong and liquid – will facilitate further development activity**

Financial summary

For the six months ended 30 September 2019

£'m	2019	2018	% change
Revenue	7,312	7,418	-1.4%
Group adjusted operating profit^{1,2}	162.6	141.9	+14.5%
Finance costs ¹	(26.7)	(22.1)	
Profit before net exceptionals, amortisation of intangible assets and tax	135.9	119.8	+13.5%
Adjusted EPS^{1,2}	110.2 pence	107.1 pence	+3.0%
Interim dividend per share	49.48 pence	44.98 pence	+10.0%
Operating cash flow	149.9	173.2	
Net debt – excluding lease creditors	245.3	830.4	
Lease creditors at 30 September	286.4	2.0	
Net debt – including lease creditors	531.7	832.4	

¹The current financial period includes the impact of the adoption of IFRS 16 Leases; the comparatives have not been restated in accordance with transitional guidelines. As anticipated, Group adjusted operating profit reflects a benefit of £2.7 million, while finance costs reflect an incremental charge of £4.2 million from the adoption of IFRS 16, resulting in a net after-tax negative impact on earnings of approximately £1.2 million, or 1.3 pence per share

²Excluding net exceptionals and amortisation of intangible assets

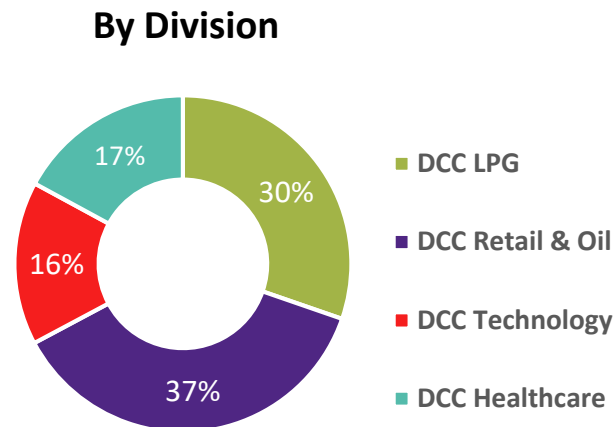
Business review

Divisional results

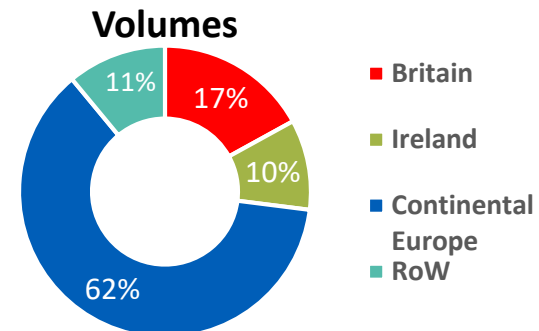
For the six months ended 30 September 2019

£'m	2019	2018	% change	% ccy change
Adjusted operating profit¹				
DCC LPG	49.0	40.9	+19.8%	+18.6%
DCC Retail & Oil	59.7	56.3	+6.0%	+6.2%
DCC Technology	25.4	17.8	+42.6%	+38.1%
DCC Healthcare	28.5	26.9	+5.8%	+5.6%
Group adjusted operating profit¹	162.6	141.9	+14.5%	+13.7%

¹ Excluding net exceptionals and amortisation of intangible assets



	2019	2018	% change
Volume ('000 tonnes)	798.5	741.6	+7.7%
Operating profit (£'m)	49.0	40.9	+19.8%
Operating profit / tonne	£61.4	£55.2	

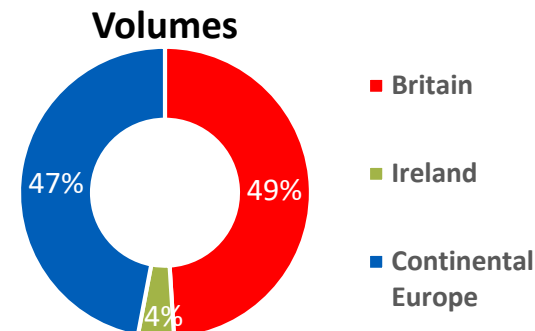


- **Strong operating profit growth, in the seasonally less significant first half of the year**
 - Volume growth of 7.7%, up 7.1% organically, albeit set against weaker prior year comparatives
 - Increase in operating profit per tonne, reflecting a more benign cost of product environment and strong cost control
 - France performed in line with expectations – continues to make progress in developing offering in adjacent product areas, broadening position in French energy market
 - Strong performance in Britain and Ireland, achieving organic volume growth and benefiting from good procurement and cost control
 - Good volume growth in Germany, Hong Kong & Macau also performing in line with expectations
 - US business performed well and fully integrated Pacific Coast Energy, significantly strengthening footprint in the north west of the US



DCC Retail & Oil

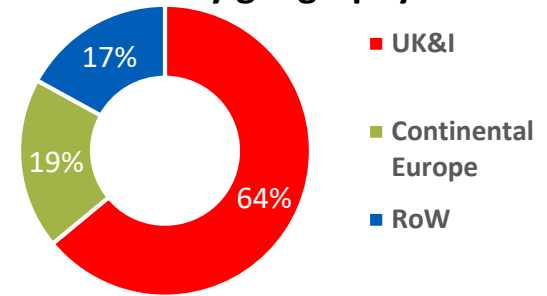
	2019	2018	% change
Volume (bn litres)	5.930	6.157	-3.8%
Operating profit (£'m)	59.7	56.3	+6.0%
Operating profit / litre	1.01ppl	0.91ppl	



- **Good performance in the first half of the year, in line with expectations**
 - Volume back 3.8%, 4.9% organically – driven by Britain where exited some high volume, low margin business. Also reflects lower commercial activity generally, given more difficult UK economic backdrop
 - Britain and Ireland delivered organic profit growth – increased penetration of premium fuels and good cost performance. Good progress expanding in adjacent areas (e.g. lubricants), developing retail network and expansion of HGV truck stop network and related services
 - In Scandinavia, the Danish business delivered strong organic profit growth, driven by retail. Completed new aviation branded marketing and distribution agreement with Shell during the period
 - Strong organic profit growth in France – reflecting a continued focus on business development and customer engagement

	2019	2018	% change
Revenue (£'m)	1,795	1,588	+13.1%
Operating profit (£'m)	25.4	17.8	+42.6%
Operating margin	1.4%	1.1%	

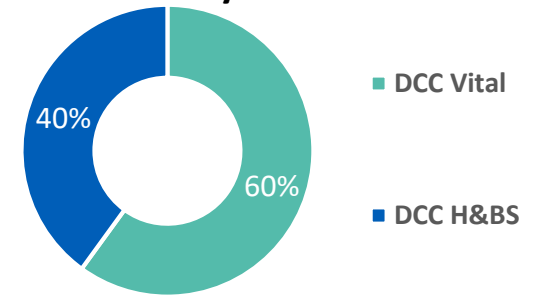
Revenue by geography



- **Very strong operating profit growth in the seasonally less significant first half**
 - Operating profit significantly ahead of the prior year, driven by acquisitions
 - Operating profit declined organically – UK business increasingly impacted by general weakness in UK technology market – particularly impacting consumer and enterprise channels
 - In Continental Europe, the business in the Nordics generated strong revenue growth, especially in AV and IT products. In Western Europe, Amacom has performed well since acquisition. Also provides additional capability and supports DCC Technology's consumer proposition in Western Europe
 - B2B in Western Europe performed in line with expectations, further supported by the recent acquisition of Comm-Tec
 - Business in North America performed well, delivering good growth in Pro AV, particularly in hospitality and government sectors, and in Pro Audio and Lighting

	2019	2018	% change
Revenue (£'m)	287.3	275.9	+4.1%
Operating profit (£'m)	28.5	26.9	+5.8%
Operating margin	9.9%	9.8%	

Revenue by business



- **Good performance in the first half of the year**
- **DCC Vital:**
 - Performed well in the first half, generating good growth in pharma sector in Ireland. In Britain, the business performed robustly in a market impacted by some destocking, as well as continued public healthcare funding constraints
 - Disposal of UK generic pharma business sharpens strategic focus. Completion of two bolt-on acquisitions in UK primary care and medical device sectors
- **DCC Health & Beauty Solutions:**
 - Good sales growth in first half – strong growth in premium skincare products and good growth across nutritional product formats, particularly liquids and soft gels
 - Profit growth held back by short-term investment in onboarding new customers and product wins in the beauty sector and investment to enhance operational capability
 - Acquisition of Ion Laboratories, a Florida-based contract manufacturer and service provider – significantly strengthens offering in US market

Development update

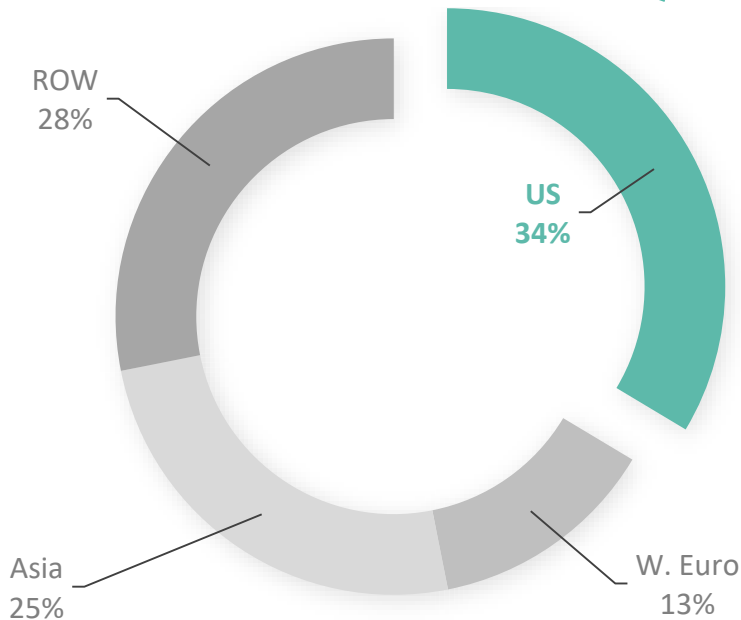
Development update

- **Total cash spend on acquisitions in the first half of £118 million including:**
 - Completion and integration of acquisitions of Amacom and Comm-Tec in DCC Technology, enhancing our capability in Western Europe
 - DCC LPG's acquisition of Pacific Coast Energy, now fully integrated into our footprint in North West US, substantially increasing our presence in the region
- **Post period-end, DCC Health & Beauty Solutions completed acquisition of Ion Laboratories, for an enterprise value of approximately \$60 million**
 - Significant step in strategy to build a material presence in the attractive US market for health supplements and nutritional products
 - Broad product format capability – across variety of product categories
 - Well-invested facilities, launching new 'gummy' capability
 - Innovative, growing and fragmented market – further acquisitive and organic growth potential

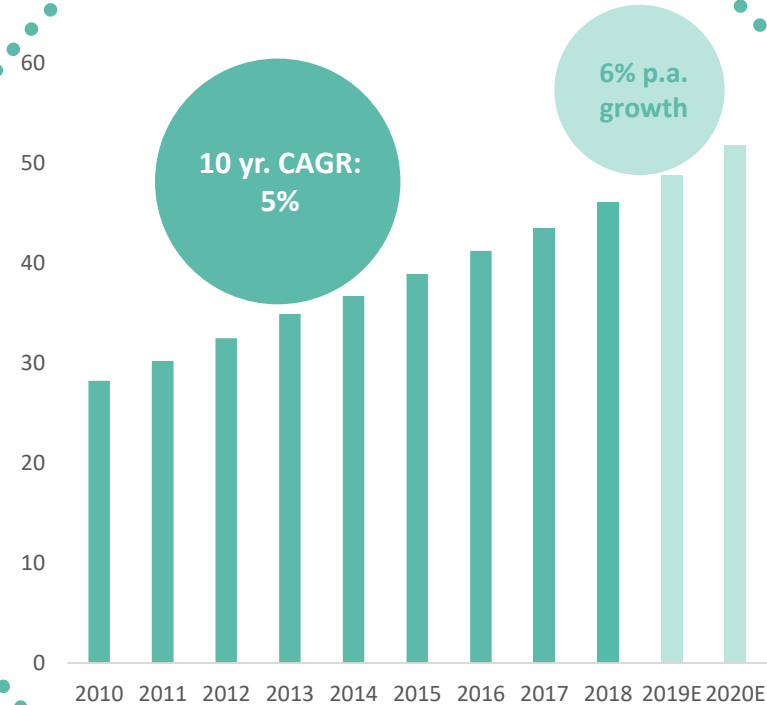
DCC Health & Beauty Opportunity

US – largest global supplement market

Global market split \$136bn



US market \$46bn



Consumer sales in USD billions

Source: Nutrition Business Journal

DCC Health & Beauty Opportunity

Substantial business servicing the global Health & Beauty market



Summary and Q&A

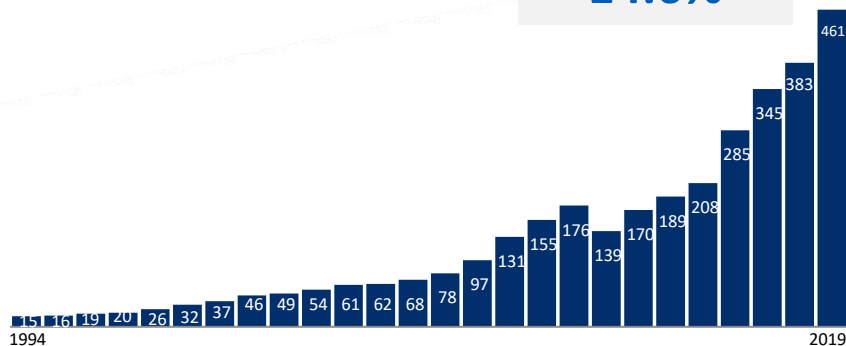
Summary and Q&A

- Strong first half performance with good growth in each division
- Continued development activity
- DCC continues to have the balance sheet to facilitate its targeted acquisition strategy
- DCC has the platforms, opportunities and capability to build the Group into a global leader in its chosen sectors
- Notwithstanding the continuing uncertain macroeconomic outlook impacting the UK economy, and the Technology business in particular, the Group believes that the year ending 31 March 2020 will be another year of good operating profit growth and further development and will be broadly in line with current market consensus expectations

Strategy continues to deliver

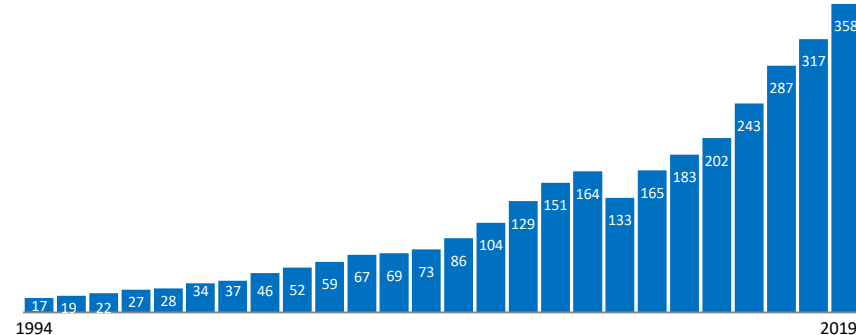
Operating profit (£'m)¹

25 year CAGR¹
14.6%



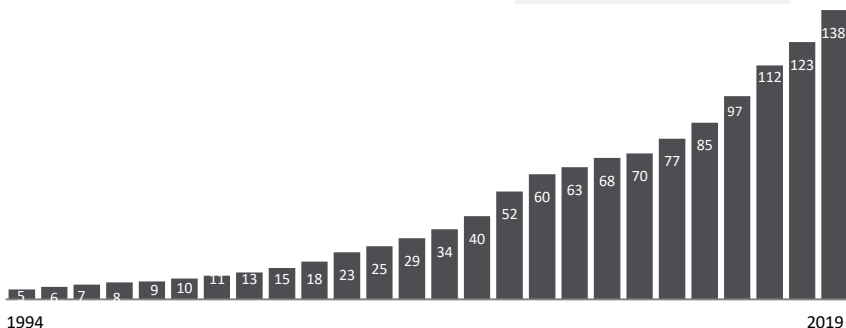
EPS (pence)¹

25 year CAGR
13.0%

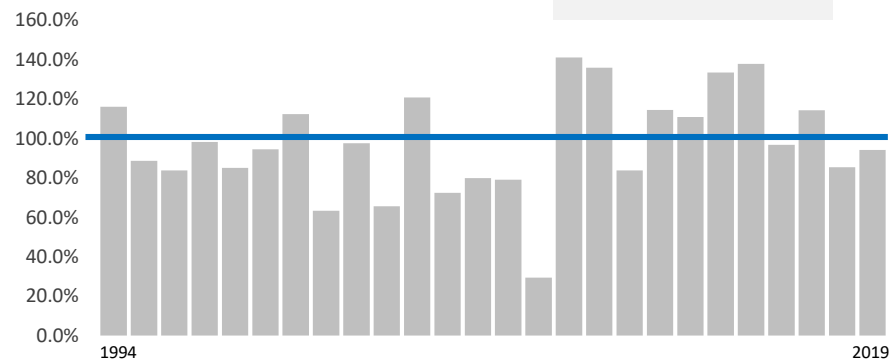


Dividend (pence)

25 year CAGR
14.4%



Free cash flow conversion (%) 25 year conversion
101.0%



¹ On a continuing basis

Appendix I – IFRS 16 Transition

IFRS 16 Leases

Impact of IFRS 16 at		30 Sep 2019 £'m
Right-of-Use leased asset	↑	286.0
Lease creditor	↑	286.4
Adjusted operating profit	↑	2.7
Net finance cost	↑	4.2
Attributable profit (net of tax)	↓	1.2
Adjusted EPS	↓	1.3 pence

- DCC transitioned to IFRS 16 on 1 April 2019
- No change to underlying cashflows, business or operating model
- Resulted in a number of leases, primarily property, previously accounted for as operating leases being capitalised
- DCC has capitalised c. 2,000 leases with c. 700 lessors
- Half-year net earnings impact of £1.2 million