

Results Presentation

For the year ended 31 March 2020
19 May 2020



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Agenda

- **Introduction and highlights**
- **Business and financial review**
- **Current trading and Covid-19**
- **Summary and Q&A**

Introduction and highlights

- **Strong performance for the year**
 - Operating profit growth across each division
 - Excellent cash flow performance
 - Strong return on capital employed
 - Balance sheet in excellent shape, particularly strong and liquid
- **Another good period of development activity**
 - c.£170 million of capital committed to new acquisitions
 - Substantial expansion of US nutritional business in DCC Healthcare with acquisitions of Ion Labs and Amerilab
 - Continued bolt-on activity across each division, including recent of bolt-on in gas & power in Ireland
- **Group responding well to challenges of Covid-19**
 - Health and safety our key priority – operations, products and services deemed ‘essential’
 - DCC businesses and people quickly adapted to new ways of working
 - Group trading robustly since beginning of new financial year

Business and financial review

Fergal O'Dwyer
Chief Financial Officer



Financial summary

For the year ended 31 March 2020

£'m	2020	2019	% change
Revenue	14,755	15,277	-3.1%
Group adjusted operating profit^{1,2}	494.3	460.5	+7.3%
Finance costs net and other ¹	(54.3)	(45.9)	
Profit before net exceptionals, amortisation of intangible assets and tax	440.0	414.6	+6.1%
Adjusted EPS^{1,2}	362.6 pence	358.2 pence	+1.3%
Dividend per share	145.27 pence	138.35 pence	+5.0%
Free cash flow	£492.3m	£434.0m	
Net debt – excluding lease creditors	60.2	18.3	
Lease creditors	306.9	0.1	
Net debt – including lease creditors	367.1	18.4	
ROCE	16.5%	17.0%	

¹ The current financial year includes the impact of the adoption of IFRS 16 *Leases*; the comparatives have not been restated in accordance with transitional guidelines. As anticipated, the Group adjusted operating profit reflects a benefit of £5.0 million, while finance costs reflect an incremental charge of £8.6 million from the adoption of IFRS 16, resulting in a net negative impact on earnings of approximately £3.6 million, or 3.7 pence per share

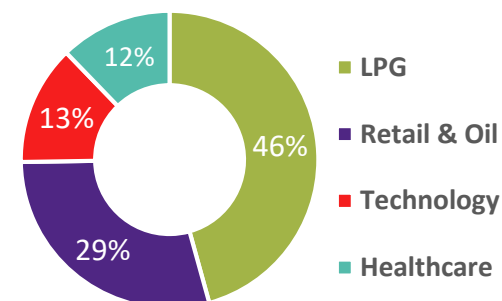
² Excluding net exceptionals and amortisation of intangible assets

Divisional results

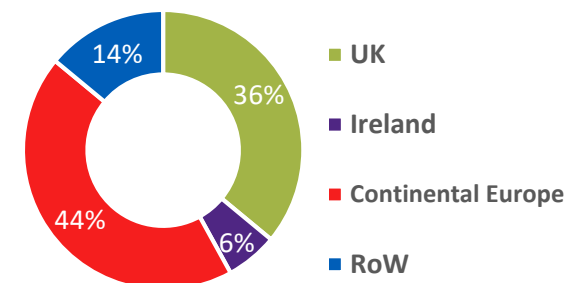
For the year ended 31 March 2020

£'m	2020	2019	% change
Adjusted operating profit^{1,2}			
DCC LPG	228.2	201.8	+13.1%
DCC Retail & Oil	140.3	133.7	+4.9%
DCC Technology	65.3	64.7	+1.0%
DCC Healthcare ³	60.5	60.3	+0.3%
Group adjusted operating profit	494.3	460.5	+7.3%

By Division



By Geography



¹ The current financial year includes the impact of the adoption of IFRS 16 *Leases*; the comparatives have not been restated in accordance with transitional guidelines

² Excluding net exceptionals and amortisation of intangible assets

³ The reported growth in operating profit in DCC Healthcare is impacted by the disposal of its UK generic pharmaceutical activities and related manufacturing facility in Ireland (Kent Pharma and Athlone Laboratories) in September 2019. Operating profit growth on a continuing basis is 8.6%

Divisional highlights

For the year ended 31 March 2020

DCC LPG



- Very strong profit growth +13.1% - c. 75% organic
- Good organic volume growth, continuing oil to LPG conversions, customer wins in B2B natural gas and strong procurement and cost control
- Very strong performances in Britain, Ireland and the US

DCC Retail & Oil



- Good profit growth +4.9% (+6.0% ccy) - c. 50% ccy growth organic
- Increased penetration of value-added products and services and strong cost control
- Good performances in Britain, Ireland, Denmark and France
- Continued expansion of retail and HGV networks

DCC Technology



- Modest profit growth +1.0% - contribution from acquisitions in current and prior year
- Very difficult market in the UK due to Brexit uncertainty and impact of Covid-19 - organic revenue and profit decline
- Good growth in North America and Continental Europe

DCC Healthcare



- Strong profit growth on continuing activities +8.6% - c.30% organic
- Strong organic growth in DCC Vital and contribution of small bolt-on acquisitions. DCC H&BS had good growth in nutrition, investments in beauty to on-board new business
- US acquisitions of Ion Labs in November 2019 and Amerilab in March 2020 performing well

Strong cash flow generation continues

	2020	26 Years
	£m	£m
Cash Flow		
Operating profit	494.3	4,198.6
Decrease in working capital	49.2	408.7
Depreciation and other	122.3	1,070.5
Operating cash flow	665.8	5,677.8
Net capex	(167.8)	(1,438.6)
Lease payments net ROU depreciation	(5.7)	(5.7)
Free cash flow	492.3	4,233.5
Interest and tax	(116.2)	(918.0)
Free cash flow after interest and tax	376.1	3,315.5
Acquisitions	(227.5)	(3,253.5)
Disposals / exceptional items	5.8	319.8
Dividends	(139.2)	(1,120.7)
Share issues / buybacks	0.3	767.6
Net cash inflow	15.5	28.7
Opening net debt	(18.4)	(1.6)
Translation and other	(70.1)	(100.1)
IFRS 16 opening transition adjustment	(294.1)	(294.1)
Closing net debt	(367.1)	(367.1)
Closing net debt excl. lease creditors	(60.2)	(60.2)
Total cash	1,685	1,685

**Excellent
FCF conversion**

**Free cash
conversion of 100%
in 2020, 26 year
average of 101%**

**Strong & liquid
balance sheet**

**Closing net debt
(excl. lease
creditors) of £60.2m
Net Debt/EBITDA
of 0.1x**

Current trading and Covid-19

Donal Murphy
Chief Executive



Covid-19 – Impact and actions

Swift and decisive action taken to ensure the safety of our people and that customers continue to receive DCC's essential products and services



Impact

- Lockdown and related restrictions triggering business continuity plans
- Changed demand patterns experienced in each division and geography
- Increased demand for essential heating and healthcare products
- Demand negatively impacted for retail transport fuels and certain consumer and B2B technology products



Actions

- All businesses operational, with appropriate changes to operations - safety of our people our first priority
- Active management of cost base and resources
- All discretionary and non-essential expenditure curtailed. Essential maintenance and health and safety expenditure continues
- Group continues to be active from a development perspective

Current trading

DCC operating effectively and trading robustly, albeit behind the prior year, in seasonally less significant period

DCC LPG



- Good domestic/cylinder demand across France, Britain and US despite warmer weather conditions
- Strong cost control somewhat mitigating impact of lower industrial/commercial demand with operating profit behind prior year, reflecting lower commercial volumes

DCC Retail & Oil



- Strong demand from domestic and agri customers
- Transport fuel demand declined significantly during second half of March and into April - volumes increasing in May as restrictions ease
- Operating profit modestly behind prior year due to strong domestic and agri demand

DCC Technology



- Strong consumer and etail demand, particularly in working-from-home products
- Pro AV and some other B2B categories impacted as installations difficult through lockdown
- Relative performance to prior year improved in second half of April and into May, although operating profit behind prior year

DCC Healthcare



- Strong performance in first six weeks of new year, well ahead of prior year
- Good demand for nutritional products and recent acquisitions, Ion Labs and Amerilab, performing well
- Strong demand in DCC Vital for Covid-19-related products more than offsetting reduced demand for elective surgery and primary care products

Covid-19 – Playing our part



Summary and Q&A

Donal Murphy
Chief Executive



Summary

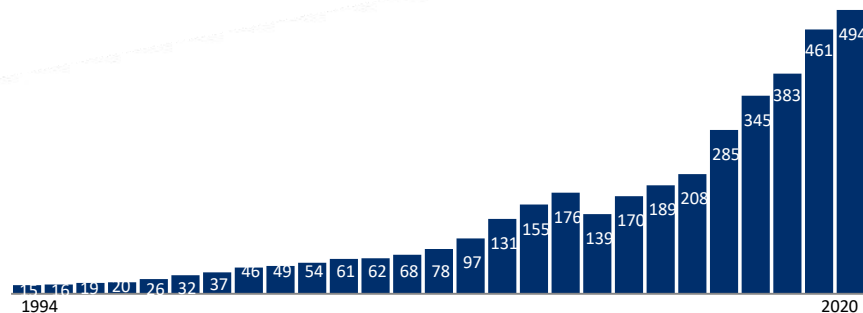
- **Strong growth in FY20 operating profit, excellent cash flow generation and continued development activity**
- **DCC people and operations have responded very well to Covid-19 challenges and Group is trading robustly**
- **Continue to have the platforms, opportunities and capability for further development across each of our divisions**

DCC has a diverse and resilient business model, leading market positions and an extremely strong balance sheet and is well positioned to continue its growth and development into the future

Strategy continues to deliver

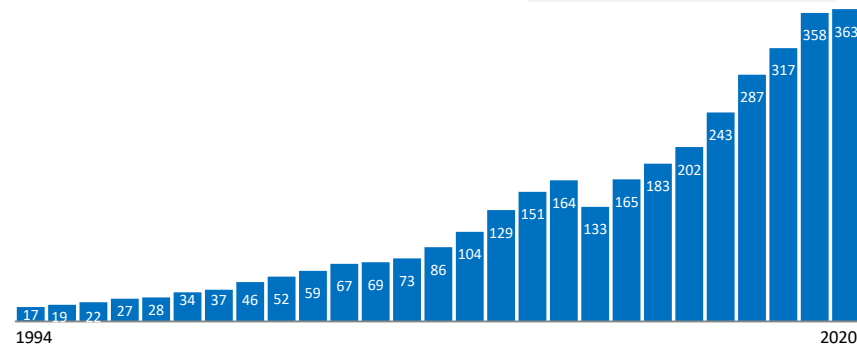
Operating profit (£m)¹

26 year CAGR¹
14.5%



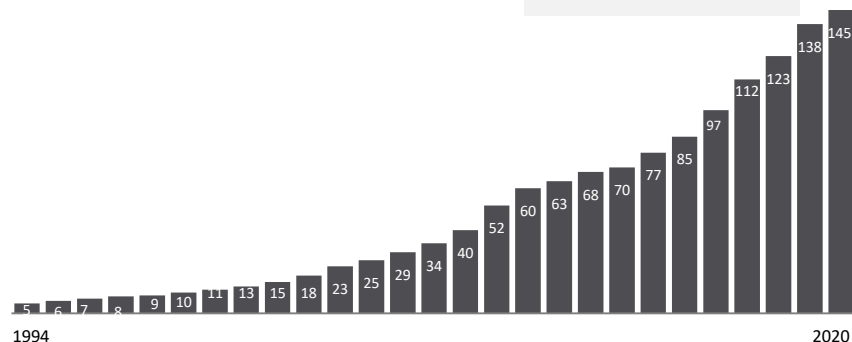
EPS (pence)

26 year CAGR
12.1%



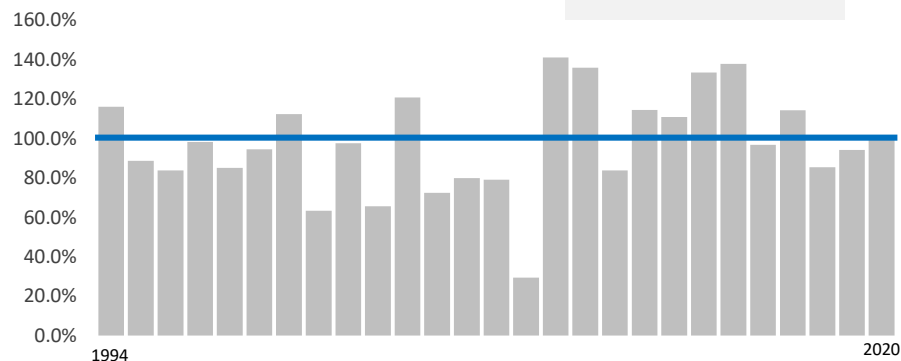
Dividend (pence)

26 year CAGR
14.0%



Free cash flow conversion (%)

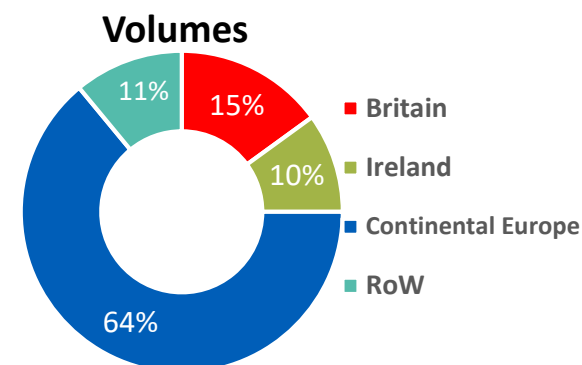
26 year conversion
101.0%



¹ On a continuing basis

Appendix

	2020	2019	% change
Volume ('000 tonnes)	2,176.3	2,078.3	+4.7%
Operating profit (£'m)	228.2	201.8	+13.1%
Operating profit / tonne	£104.87	£97.11	
ROCE	18.4%	17.1%	



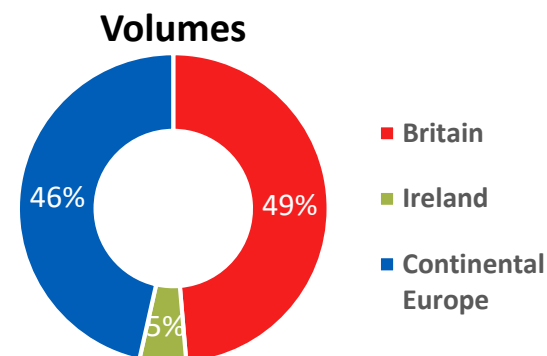
- **Very strong performance with operating profits up 13.1%**

- Organic operating profit growth was driven by good volume growth and strong procurement and cost control
- Volume growth of 4.7%, driven by continued success in oil to gas conversions in Britain and market share gains
- France delivered good operating profit growth with new business development driving growth in B2B natural gas & power, with good procurement and cost control contributing to strong performance in LPG
- In Britain & Ireland, the businesses continued to grow sales to industrial and commercial customers and also delivered operational improvements, including in supply chain and procurement
- The US business performed strongly, with good organic profit growth and also benefited from the successful integration of Pacific Coast Energy, acquired in April 2019



DCC Retail & Oil

	2020	2019	% change
Volume (bn litres)	11.632	12.151	-4.3%
Operating profit (£'m)	140.3	133.7	+4.9%
Operating profit / litre	1.21ppl	1.10ppl	
ROCE	18.5%	18.6%	

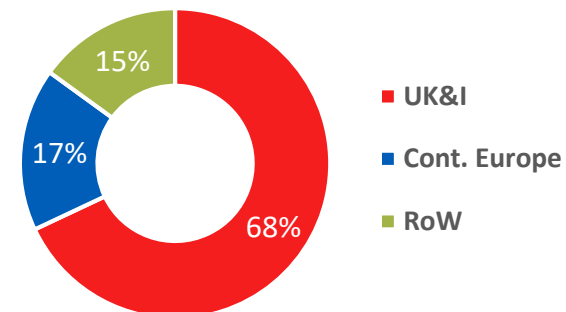


- **Strong growth with operating profits up 4.9%**

- Volumes behind prior year due to decision to exit some lower margin marine, aviation and commercial relationships in Britain
- In Britain and Ireland, very strong organic profit growth driven by increased penetration of premium fuels and good cost performance
- Good performance in Scandinavia driven by strong organic profit growth in Denmark where business continued to increase product offering and further improved performance in its retail and commercial segments. The businesses in Norway and Sweden performed in line with expectations
- Strong organic profit growth in France reflecting a continued focus on business development and customer engagement
- Development continued with further expansion of the retail network, including a partnership with Tesco to operate their forecourts in Ireland and further expansion of lubricants business

	2020	2019	% change
Revenue (£'m)	3,913	3,631	+7.8%
Operating profit (£'m)	65.3	64.7	+1.0%
Operating margin	1.7%	1.8%	
ROCE	11.0%	14.3%	

Revenue by geography



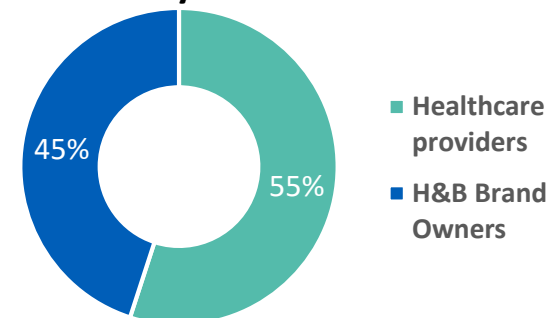
- **Operating profit growth of 1.0%**

- Difficult year with challenges of Brexit-related uncertainty in the UK and emergence of Covid 19, offsetting benefit of acquisitions completed in current and prior year and good growth in North America and Continental Europe
- UK market difficult across all channels, throughout the year in B2B and enterprise, and increasingly in the consumer channel into Christmas. Business market shares remain robust with growth in key product categories including smarthome, computing, security and wireless. The Irish business performed in line with expectations
- In Continental Europe, operating profit growth was primarily driven by the previously announced acquisitions of Amacom and Comm-Tec. Amacom in particular performing very strongly, leveraging integration capability with key customers and suppliers
- The North American business performed very well across all key categories, benefiting from good market conditions and new vendor additions

	2020	2019	% change
Revenue (£'m)*	549.5	519.0	+5.9%
Operating profit (£'m)*	56.0	51.6	+8.6%
Operating margin	10.2%	9.9%	
ROCE	14.7%	16.6%	

*On a continuing basis (adjusted to reflect disposal of Kent Pharma)

Revenue by business



- **Excellent strategic progress and very strong operating profit:**
- **DCC Vital:**
 - Strong organic operating profit growth and benefit of bolt-on acquisitions completed in first half of the year, business responded very well to increased demand related to Covid-19 at end of year
 - Strong growth in pharma in Ireland, particularly in sales of blood plasma products and exempt medicinal products, and a robust performance in Britain – market impacted by Brexit for much of year
- **DCC Health & Beauty Solutions:**
 - Significant expansion in the US, through acquisitions of Ion Labs and Amerilab, adding important new customer relationships and enhanced product format capability
 - Good growth in nutritional products, although growth in Europe was held back due to destocking by small number of customers. In Beauty, benefit of enhanced customer mix with increased weighting of premium products apparent through second half of year

Financial summary

	Volumes / revenue	Gross margin	Operating costs	Operating profit	pt/ppl/% of sales change
DCC LPG (tonnes)	2,176kT +4.7%	£307pt vs £297pt; +3.3%	£440m £202pt; +1.0%	£228m +13.1%	£105pt vs £97pt; +8.1%
DCC Retail & Oil (litres)	11.632bn -4.3%	4.87ppl vs 4.61pt; +5.6%	£426m 3.66ppl; +4.3%	£140m +4.9%	1.21ppl vs 1.10; +10%
DCC Technology & DCC Healthcare	£4,491m +6.7%	11.3% vs 10.9%	£380m 8.5% vs 7.9%	£126m +0.6%	2.8% ¹ vs 3.0%
Group	£14,755m -3.1%	£1,740m +10.6%	£1,246m +5.9%	£494m +7.3%	

- Revenue ex-DCC LPG and DCC Retail & Oil up 6.7%, primarily due to acquisitions in DCC Technology
- DCC LPG gross margin increased modestly by £10 (+3.3%) to £307 per tonne, driven by product mix
- DCC Retail & Oil gross margin increased to 4.87ppl, a 0.26ppl (+5.6%) – increase again reflecting mix
- Gross margin excluding DCC LPG and DCC Retail & Oil of 11.3% (2019: 10.9 %) – higher service element and product mix
- Operating costs +£69m (+5.9%) (acqs +£52m, organic +£27m, currency -£10m); organic +2.2%

¹ Ex the disposal of DCC Healthcare's pharma business operating profit growth on a continuing basis is 4.4%.