



DCC Energy Insights Day

Wednesday, 6th September 2023

Introduction

Donal Murphy

CEO, DCC plc

Welcome

Welcome, everyone. Welcome to beautiful Château de Pontarmé. I think it is a wonderful location. And I think it is a really wonderful location for the event that we are going to have today. Today is all about giving you a deeper insight into our energy business. So the location was specifically chosen to have plenty of time for interaction with our team. I am going to talk a little bit about our team in a couple of minutes. But please use the facilities and do interact with everyone that we have here on the day.

Today is very important day for us. Today is an opportunity for us to really bring to life how DCC Energy is going to win through energy transition. So you are going to hear a lot from us that you have not heard before. There is going to be a lot of detail in terms of the mechanics of how we are going to get to 2030. Lots of things that we think our investors are asking us, our investors are asking you or asking the analysts that we want to we want to bring to life today during the presentation. So you will see a lot of that.

I would just like to, firstly, start by thanking you all for coming here. I think everyone that came in, that I talked to this morning when they walked in, said, "Wow, thank you for bringing us here". But thank you for taking the time out of your busy schedules to be with us. We really, really do appreciate that. And our side of the bargain is that we will work really hard today to make this a very valuable session for each and every one of you.

Disclaimer

Our standard disclaimer. So you can all read that at your leisure. So I and Kevin, we have a very small part really to play in this today. Really what we wanted to do was, firstly, welcome everyone. And secondly, to briefly position why we believe that energy transition, and bringing cleaner energy products to our customers is probably one of the most significant, if not the most significant opportunity that DCC has in its 29 years as a public company.

So we will do very little of the session today. But we wanted to position it from that perspective.

Safety First

As everything we do in DCC, safety comes first. It is our number one core value. And just start by, and I am going to feel like I am on an airplane now. But just the dynamics from a health and safety perspective. There is no fire alarm planned for today. So if there is a fire alarm going, we all have to get out of here. There is doors either side of the room here, three of them. There is one around the corner there.

We leave through the bridge that we came over, and we meet in the car park outside. So any health and safety events, we will head out and follow any of the DCC people that are here today, because they will probably be first out the door.

A couple of other things just from a safety perspective. So this is an old chateau. And when you walk around, there is little steps in different places, and there is no handrails. So normally, we would expect people to be holding the handrails as they went up steps but there is not any. So just take care of when you are walking around the facility.

It is extremely hot, and it is going to be extremely hot today. So I think the projections are that it is going to be 36 degrees. So two things for everyone. Lots of water. So we have water around the room with lots of water outside. So keep yourselves hydrated. And secondly, which we thought on the plane on the way over, we have some sun cream. And again, we will be outside. And again, I think we want to use the best of the space for interaction.

So if you are outside, and I was looking at a few people, and you could see the little beads of sweat from the heat, and that is why I moved in here. So again, precautions, let us do this event very safely.

We will be going to a customer site later on in the day. We will have a very detailed health and safety briefing when we get there. We will be going on to the roof to see a solar installation. So again, when we get to the site, just pay attention to the safety briefing and follow all the instructions. So that is it from a safety perspective.

DCC Team Today

Just to talk about the team here today, so the presenters. Apart from myself and Kevin, we have Fabian, who will do the vast bulk of the presentation today and he will be joined by Conor, who is going to take us through all the financial implications. And as I say, there is a lot of new information that we are going to deliver to you today.

We have deep dive into two specific areas: our Energy Management Services, which we have, and you will see later on products that we sell and how they work. But we will be bringing to life, the Energy Management Services part of our business. Because I think, again, from questions that we get from investors, everyone understands the solar panel and maybe how a solar panel works, but how will the commercial dynamics of building an energy management business work. And again, we are going to bring that to life for you today.

And similarly on Biofuels, which is a very important part of the energy transition. So we have Emmanuel and Adrian. Adrian is new to the family. One of the acquisitions we announced today was Centreco. And Adrian built the Centreco business and will talk to you later on about his business and about the opportunity within Energy Management Services.

And Biofuels – and you will have seen us talk about biofuels a lot over the last number of months. Biofuels is a very important part of energy transition. And again, we have Steve and Orla, who are going to take you through a deep dive later on in the session.

We are very honoured to have John MacArthur, who is a senior advisor to us and an expert in all things: carbon, ESG, regulation. So over lunch, John will talk to us on those areas. And he will introduce himself because he has a slide that has lots of details about what he has been involved in. But I think it would be very valuable conversation for all the investors and analysts in the room today.

And finally, our IR team. In fact, our entire IR team are here today. So Rossa, Hollie and Sarah. And I would just like to thank all three of them for organising. So everything you see here today is nothing to do with us. It has all been delivered by the IR team. And again, through the day, if there is any questions, if there is any support you need, just go to any member of the team. And if there is follow-up questions afterwards, please go to any member of the team.

Agenda & orientation of our session today

So our agenda for today, and I would not talk through the first part of it, because I have covered it already. So the first two hours is going to be a presentation. We will have lunch at 13.00 and lunch, John will talk, as I say, over lunch. But it is an opportunity and a real opportunity for you to interact with our team.

And not only do we have the people that are presenting here, and Fabian will talk through the energy team now in a couple of minutes. But we have other members of our energy team here today, please talk to them and ask any questions that you have on any area, and they will be happy to help.

And then later on in the day, we will go and see the customer sites. So that is what we have planned for you.

A strategy fit for the future

I would just like to start and I would say two very brief slides, because some of this is well known to you. But DCC has had a very consistent strategy ever since we went public over 29 years ago. And that strategy has delivered a 14% on average year-on-year growth in our earnings. So the strategy has worked really well. But we believe that that strategy is very much fit for the future.

And why do we believe that? Well, because we make future-focused decisions. So every time we are looking at investing in a business, we are looking at that investment not just in the short-term, but the short, medium and longer term. And the sectors that we are in and the businesses that we are in are all in areas that have long-term growth opportunities and are long term. So the macro trends in those sectors are all very positive for the long term.

And we get sometimes that energy. That is a mature business. Is it going to go into decline? And it is quite the opposite. And you will see through the day, how we make that happen.

Our businesses, we grow our businesses. Very much we operate those businesses. We add value to the businesses. We drive strong organic growth. And as Kevin will talk to you now in a minute, we put capital to work then in those sectors to build bigger scale within the market

that we are in. And we are in a really interesting space now, where we have so many opportunities within the broader energy transition space that to put capital to work and to be standing here today, to be announcing five new acquisitions, £160 million have spent so far this year on acquisitions in this area to have pro forma profitability of almost £50 million from an area that we have only started to invest in within the last 18 months. That is pretty good progress in a short period of time. So, again, we will come back and talk about that in much more detail.

And finally, we are really focused on creating future value and delivering high returns for everyone. And that is driven by our purpose of enabling people and businesses to grow and progress. So each of our sectors, we have really strong growth opportunities within them. And you are going to hear from Fabian and the team, how over the periods of 2030, in energy, we are going to double our profitability and we are going to significantly reduce our carbon emissions, and dramatically actually improve our carbon intensity of our profitability. So you are going to hear all that.

DCC: Invest in what the world needs

Finally, from me, DCC, what do we do? We invest in what the world needs in each of our sectors. So if I look at the healthcare sector, people are living longer, but they want to live longer and healthier lives. And what do we do? We bring the products and services to those customers to help them live longer and healthier lives.

In our technology sector, again, we are all using lots of technology, lots of devices. We are marketing and selling the technology products to make that progressive world. And we are bringing those products and services for all the world's leading brands to our customer base.

But today is all about energy. And what are we doing in energy? We believe there is a fundamental need to accelerate the pace of bringing cleaner energy products and services to our customers. And that is what we are going to do.

And through the presentation, Fabian and the team are going to demonstrate and showcase how we will bring and accelerate energy transition. I think it is the most phenomenal opportunity that DCC has. I think, and we think that maybe the market does not really appreciate it, or underestimates the benefit that is within it. And hopefully by the end of today, that you will believe what I believe that this is one of the, if not the biggest opportunities for DCC to create value for you, our shareholders into the future.

So I will now hand over to Kevin, who will do another brief.

Cleaner Energy in Your Power

Kevin Lucey

CFO, DCC plc

Welcome

Thanks, Donal. And it is great to see you all here today. I have not spoken to you yet, I look forward to connecting over the course of the day, as Donal mentioned. Just one very quick thing to mention. The slides that you are going to see in a minute have been or are in

cyberspace presently on the way into your inboxes. So everyone will have those available to them, toot sweet as they say.

You would be glad to hear I won't keep you long. And so again, like Donal, I suppose I just wanted to set a little bit of Group context around really one of the growth opportunity that we see in DCC Energy. And then secondly, maybe a bit of an overlay or a context on some of the financial perspectives that Conor is going to go through in detail with you a little bit later in the presentation.

We have an ambition to double Group profits by 2030

Okay. So, you will know that last year, obviously, we set out our belief that we believe the Group can be at least twice as large in profit terms by 2030. And that we will be significantly less capital-intensive or carbon-intensive, I should say. Everything you will hear from the energy team today is consistent with that ambition, and should reinforce that for you.

So we will see, over the course of today, how DCC Energy will deliver substantial growth out to 2030 and reduce its carbon. So the DCC energy growth agenda very much aligns with that of the Group as a whole.

So as you can see on the screen our Group financial model, if you like, has really three important pillars. We aim to deliver organic profit growth on average each year of about 3% to 4%, building on our leading market positions, really strong operational platforms we have within our markets, and obviously then our empowered management teams and many of whom you will hear from later during the course of today. And we do believe that that provides really solid pillar for the organic growth of the Group.

We believe again, that we can add approximately 6-8% profit growth each year through M&A. And the focus on return on capital employed in DCC is deeply embedded. And again, as you network today, you might pick up some of that from some of my colleagues. And that deep focus on return on capital employed being deeply embedded, that drives the cash flow of the Group. And obviously, in turn, that gives us the capital to reinvest in our businesses and invest in new businesses.

So that means that this growth can be delivered. And what you are going to see from DCC Energy in a while can be delivered on a self-funded basis.

If I think about these three pillars in the context of DCC energy, I suppose what you are going to hear later today, and what you are going to see is that we have really strong operating platforms in our markets, that we have leading market positions within those markets. And that those businesses and platforms that we have operate in growth segments.

So that gives us the opportunity to grow organically. And we believe that the organic growth opportunity in DCC Energy is substantial.

You are going to see how we are investing both organically and through M&A behind the growth trends in the energy sector, and how we are building sustainable long-term positions to support our customers through transition. I think the Group's programmatic approach to M&A is a real differentiator for DCC. And that programmatic approach to M&A, I guess, is evidenced or has been evidenced even this morning in the announcements we have made, but it is very much part and core of what DCC Energy is doing. So consolidating in fragmented markets.

We are acquiring great capability, and Adrian will talk about some of that later on. And expanding our offerings then into our new regions and new markets. So those markets are fragmented. And that gives us great consolidation opportunities. And as we consolidate, we build strong scale positions. And the competitive advantage in those markets, that underpins the return on capital that we generate, which in turn underpins the cash flow that we generate. So that strength, that scale, that competitive advantage, all goes to underpin the returns that we generate. And Conor is going to talk through that in detail later.

So say, just setting the scene a little bit. And with that, I am going to hand over to my colleague, Fabian, who is going to get into the detail of why we are really here in France today.

Carbon Leadership for a Changing Energy System

Fabian Ziegler

CEO, DCC Energy

Introduction

Good morning, ladies and gentlemen. As you can see, I follow my boss's advice. But let me say it is phenomenal to see you all here today. I am so excited, as you can imagine, to talk about "Cleaner Energy in Your Power". For me, it is 10 months in after 26 years of Shell. I really enjoy the DCC world. I really like the people in this business. I like the customers. I like the challenge. And when I say one thing, which is quite personal upfront, I am deeply convinced this business can perform and transform. And that is exactly what we will have to do.

So we share today an exciting journey towards a fully renewable business while we have to accept that there will be a little bit of fossil still along this journey. But we aim to be as low carbon as possible, and to eventually become a completely carbon-free business.

So my objectives for today would be that you can take away a detailed understanding of the mechanics of our strategy that you hopefully come away confident that DCC can deliver on this change. And I also selfishly hope that we, as a leadership team, to the energy division, we leave a really good impression on you.

DCC Energy Leadership Team

Talking team, I want to just say very briefly, this is the team I work with every day. And I have seen many people in this industry. I deeply believe this is one of the best teams in the industry. And it is a team with which I would go on to pretty much any mission. So I deeply, deeply like my team.

Most of them are here today. And again, the request is to the team but also to you to really engage listening to people, ask all the questions. It is a really great bunch of people.

Let me also say that all you will hear from here, we deeply co-created. This is not one person cooking up a strategy. It was deeply co-created with lots of our staff, with stakeholders, with the DCC environment, and there is a high collective buy into this strategy. There is deep belief, and there is real passion to execute it really, really well.

The world needs cleaner energy for everyone

But let me take us back to what we said at the full year 2023 results announcement in May. I just mentioned very briefly, we said we are going to double our profits. We spoke about active carbon management, and we will have some prominent news on carbon today. We talked about embracing our customer strengths, and leverage their strengths for two changes.

Firstly, we would green or de-fossilise our existing liquids business by going really big on bio. So, if you like, a change from the inside of the system. And secondly, we said we accelerate the creation of a complimentary electron-based energy management business, so, if you like, more a change from the outside in.

And both of this, we will do in service of the decarbonisation needs of our existing customers. And of course, along the journey, we would gain many, many new ones. That is what we shared with you in May.

Energy transition is a once in a generation opportunity for DCC

Now we think of cleaner Energy in Your Power to really be a once in a generation opportunity for DCC. So let me discuss what the energy transition backdrop means for DCC. For DCC's ability to grow faster, make more money, to really high returns. We are convinced we are uniquely placed to benefit from energy transition.

What you will hear today

In the next hour or so, you will hear from me and Conor how we think about three things. The first thing is customers, and how we leverage our unique customer orientation in this change. The second one is carbon, and how we reduce our carbon through an accelerated ambition. And then, of course, we talk about cash, and how we will double our profits by keeping the returns really high.

We talk about these things. And also we will keep referring to this EBIT bridge. And we use it as the guiding light through our presentation. And I mark out here, three of the big moves we will talk through in a lot of detail, such that you can connect all you here to our doubling profit bridge.

We are doing energy differently

Now, I am really proud to announce our sharpened strategic direction. We call it Cleaner Energy in your Power. So that you never forget, please get yourself one of these nice pens, which is a memento of this strategy slogan. And our ambition to double profits with half the carbon.

There is a strong case for change in the energy system. Customers need and want something different. Cleaner energy, more transparency. They want back control over energy. They want independence. We believe in a way more decentralised energy system. And this is very much aligned with who we are as DCC Energy.

Cleaner energy in your power is our strategic ambition. It speaks to as little fossil as necessary, but it calls for a maximum of renewable all in a decentral customer oriented way. We will detail today how we will at least double our profits. And we will announce a commitment to cut our carbon footprint by 50% by 2030 to eventually become net-zero emission much earlier than previously announced.

We believe energy transition is a once in a generation transformation...

Now, any strategy in the energy sector needs to be considered in the context of a radically changing energy landscape. There is geopolitical shifts disrupting global energy supply. Climate change calls for renewables, and the economics of renewables are getting fundamentally more competitive. Decentralisation is key with bottlenecks in big production, in transmission grids, in pipelines and other energy infrastructure.

Customers viewing energy very differently. Energy is a major and annoying problem for many of them. They look for something different. And then policymakers struggle, but they keep learning and they show determination in their green agenda.

This is a really tough context if you are a one-sided capital-intense producer, but it is a huge opportunity in a generation for a nimble and agile DCC. We position ourselves as a true decarbonisation champion, attracting the best customers, the best energy transition partners and the brightest talents.

A once in a generation global transformation

We are convinced DCC is uniquely placed for the following reasons. Firstly, let us look at the market developments and let us look at the market size behind renewables. You see some data there, and we see simply enormous emerging markets in renewable energy.

Then secondly, let us look at the growth trajectory. All these markets are really growing fast, often double-digit, and for a long time to come. And many new markets are still on the forecast in their development.

Thirdly, what do we have as DCC Energy today? You see a lot listed. And in short, we have lots of capability and we are expanding it to be a multi-energy provider. And then most importantly, what is our right to win? We will win, because we have the customers and those relationships, they last for decades or even longer. Then our customers want multi-energy solutions. We provide them already. And we are building this out further day by day.

So we are uniquely positioned with our off-grid decentralised customer base. Our balance sheet is not burdened with billions of sunk capital in production capability. We are quite product-agnostic and very nimble. So we are not competing against the utilities or the oil majors. And startups, they do not scale quickly enough.

So all together, we see quite some competitive advantage in this space for us. And I personally deeply believe in us being a unique energy transition pearl.

We are guided by a core set of beliefs, deeply routed in the idea that energy transition starts with the customer

Now, while we did our strategy work, we consolidated our energy beliefs into what we call a manifesto. We use this manifesto to differentiate ourselves, to engage with our customers and to motivate our workforce. The manifesto, of course, starts with our customer first credo. It then goes into a deep conviction that the world needs more distributed energy. It then embraces a bias for action now, taking on available abatement routes quickly, and in particular, the buyer route.

And then it is about recognising energy transition as a team sport. And it is about working in ecosystems and keeping our eyes open to new technology developments. In my mind, a quite profound story if you really think about it.

Customer case study video – French Solar

Now as we go, we plant in quite a few customer voices and we now would like to hear from our customer, Zoomalia, for whom we executed a major solar project and I hope you can recognise quite a bit of our customer manifesto in what we hear from Zoomalia.

[Video]

A really great story, ladies and gentleman. My own energy autarky is 73% this year. So the 50%, I mean, we have ways to go. But I hope you recognised a few of our energy beliefs in this story.

Building a different kind of energy business by 2030

Now, I am really excited to reveal our full 2030 ambition. And as you expected, we think backwards from the customer, and we embrace this desire for different energy. Customer, carbon and cash are the key dimensions in our strategic thinking. The three are pretty hard to balance together. But for someone like DCC, it is absolutely possible.

Now, our customer ambition is clear. Here, we focus on the energy solutions customers, so our installed customer base, and the key principle is do not lose one customer. Gain new ones, namely organically but also through acquisitions. So together around about 30% more customers. And then it is about selling more products to all of them, high grading our product portfolio and grow the typical contribution per customer, again, some 30%. And we think both of these are eminently doable.

Then secondly, we make carbon a key currency in our business. And we will be leading. There is strong progress on our Scope 1 and 2 emissions. We are well on long track to a 50% reduction versus 2019. And today, we commit to a 50% Scope 3 CO2 reduction versus 2019. And this, of course, by 2030. This constitutes a truly leading ambition setting up us well for net-zero emissions much sooner than 2050. And it is in line with the 1.5 degree scenario.

Cash-wise, this will make us at least double our EBIT by 2030 to £830 million. And very importantly, our returns will be as high as ever. Key is that we will become more profitable not despite energy transition, but through it and by being a recognised leader in it.

We are already executing on this strategy

Now, let us connect this strategy with our recent past. Yes, we announced a highly ambitious and progressive strategy and ambition. But it is both consistent with our past and we are executing this strategy already. In May 2022, we announced Leading with Energy, putting our customers first, therefore merging our energy activities into one less product defined division, embracing energy transition for the first time.

Since 2020, we have aggressively build-up leading bio capabilities with rollouts in Ireland, the UK, Austria and Denmark. And a bit later, we also organically established our first in-house energy management capabilities. Me coming in is merely accelerating and making us a renewable leader a bit more consequently.

Our proven M&A engine has enabled further acceleration of our strategy

If you look at the M&A side of the house, you basically see the same picture with capability built in solar. You see a number of examples listed out in broader energy management and then also in lower gases. So you see consistent themes, just a heightened level of activity versus the previously relatively quiet period.

As shared with you in May, we have strong conviction based on our recent success

And these activities enabled our compelling SRO story. You have seen this slide in May. And as a reminder, SRO stands for services, renewable and other income. In other words, it measures the sustainable part of our profits. You see here SRO of 28%. And this makes us a leader already considering world energy at 20% sustainable, and the oil and gas majors at 5%.

We are accelerating the execution of this strategy

And then also, you see the very promising perspective on the recent acquisitions, with their current returns above the divisional average. And therefore, I am really super proud to announce today five additional acquisitions. These happened over the last five months. We deployed £160 million of capital in the Energy Division. And 92% of this sits in the SRO category.

There are three further solar acquisitions, cementing our B2B lead here in this wonderful country, making us the B2B solar leader in the UK with Centreco, we welcomed Adrian earlier. And with Solcellekraft in Norway, the Norwegian solar leader is joining us.

In Holland, the acquirer is Isolatie Specialist, which is Holland's biggest insulation company. And the trick in this is this company accesses 10,000 energy transition-oriented customers every year. And of course, this constitutes a very nice pipeline for other offerings. And then, of course, I am super proud of our US team, strengthening their promising LPG business base in a market where we merely have 2% share.

Cleaner Energy in Your Power

So let me summarise what I have shared so far. I hope I lend credibility to our double profits with half the carbon ambition. I explained what differentiates us as a clear winner in the energy transition. We highlighted our unique customer disposition, and how this connects with their changing needs, and the more decentralised energy system. And this makes for ambitious and differentiated strategy, and one that is totally consistent with our past and one that is totally true to who we are.

Before I take you through carbon and customer, I invite my friend, Conor Murphy, our CFO, to talk us through the cash dimension of Cleaner Energy in Your Power.

Financial Perspective

Conor Murphy

CFO, DCC Energy

Introduction

Thank you, Fabian. Good morning, everybody. I know many of you here today. But for those of you that I do not, my name is Conor Murphy. I am the CFO of DCC Energy. That role includes finance, obviously supply, compliance, a few other areas, so reasonably broad role.

I have been 25 years in DCC. I have worked across all of the divisions, worked in a corporate finance role, worked in investor relations a long, long time ago. I was FD of Energy from 2010 to 2017, working very closely with Donal at the time. I then moved into Group Finance role for five years, most recently as Director of Group Finance working very closely with Kevin. They are probably the two most relevant roles for the perspective that I now bring to DCC Energy as I step back into the finance role into the broader CFO role in July of last year.

It has been an absolute pleasure to work with Fabian for almost ten months now. He has brought a wealth of experience and knowledge to the division and 26 years of experience balances nicely with my 25 years of experience, his in Shell mine and mine in DCC. So we complement each other well. I think we both think.

DCC Energy – Track record of growth, cash flow and carbon intensity reduction

This whole day has its eyes very firmly on the future and what we are going to do, what we plan to do and what we plan to execute out to 2030. But I thought it is worthwhile just to take one slide and look back at the track record of DCC Energy over the last five years.

The bottom blue bars are our operating profit performance. We have grown our operating profits from £336 million to £458 million, compound annual growth of 8%. The light blue line is return on capital, which is a metric that, as you all know, is very dear to our hearts. We have improved our return on capital growing up from 17.7% to 19%. Not on the chart, but our free cash flow conversion, we have converted our operating profits into cash at an average of 95% over those five years.

The top line, Fabian has mentioned it, and Donal mentioned it earlier, is our carbon intensity metric. What that is, is that is the Scope 3 carbon from all of our products delivered to all of our customers in kilograms of carbon, divided by the operating profits that we have generated from that energy distributed.

In 2019, that was 41.5 million tonnes of carbon divided by £336 million of profit, gave us carbon intensity of 124. In 2023, the carbon reduced to 39.1 million tonnes. The operating profits obviously increased 458 million tonnes. So that reduced by 26% over those five years, down to 91 kilos per pound of profit. That is obviously a reasonably new metric for all of you. It is one we have been working on for the last 18, 24 months. It is a metric that we are going to track as we go through our journey to 2030.

We just wanted to take those two minutes to talk about that slide because it is a track record that we are really proud of, and that we want to make sure we maintain.

Key messages FY22 – FY30

To highlight the key messages from a financial perspective that I want to set out as we go through our ambitions out to 2030. Just take a moment on this slide.

- Firstly, doubling our EBIT from £407 million to £830 million through organic profit growth and M&A profit growth;
- Secondly, we will do this while significantly reducing the intensity of the carbon intensity of our operating profit;
- Thirdly, we will maintain our financial discipline with strong free cash flow, and maintaining our return on capital focus; And
- Finally, that financial discipline allows us to continue to self-fund the acquisitions that some of which we have announced today and that we plan to make over the period to 2030, which we have talked about a bit already, and we are going to talk about over the next number of slides.

DCC Energy's 2030 vision sees EBIT double by 2030 compared to FY22

So the bridge, you have seen a snapshot of the bridge already. And I am going to take you through two slides that bridge from 2022 to 2030, and the doubling of our profits in £407 million to £830 million. I see this bridge really in three main blocks with a number of sub blocks in each.

The first reduces the carbon intensity of the profitability of our traditional and lower carbon business, while adding £160 million of profit growth. That is actually the second block. First block is FY23, which is our growth from the £51 million of profit that we added in 2023. And that was 75% in the SRO area. If you recall, Fabian touched on the 28% SRO last year. It was 22% in FY22. So that growth, 75% of that £51 million in the SRO area. And when you are looking to double your profits, growth of £51 million in one year, or 12% is a really good start.

Second block is that reduced carbon intensity of the profitability of our traditional and lower carbon business, while adding £160 million profit growth. A couple of sub segments in that, the first of which is £120 million profit growth in our LPG business. And really important to highlight that we anticipate 20% of the profitability of the LPG business in 2030 will be renewable. And that is 20% of the overall business, not just the growth that we are talking about to 2030.

The second two boxes within this area, highlighted with the dotted line around them is the reduction in our traditional business, the oil business, which we will do while managing our margin, our volumes and our overheads very carefully. And that is a £30 million reduction in our profits, but offset by a £40 million increase in HVO or Biofuels, where we anticipate very strong growth in our volumes, and very good margin through that business.

Lastly, in this area, our mobility business, where we anticipate strong fleet services growth, while we are also managing the volume and the margin and the overheads very carefully in that business.

The third block is the Energy Management Services business. In total, £210 million. And we have split that between installation profitability and recurring profitability. And we see the installation really as a pipeline that brings more customers and allows us to add more services to the recurring revenue area.

Within recurring I think about energy management. I think about maintenance, services, potential for financing, but also corporate power purchase agreements, energy efficiency and carbon management. So a whole big area there. And that is being fed by the installation business.

That brings us up to our £830 million, three big blocks, FY2023, reducing the carbon in our existing traditional lower carbon business, and then the Energy Management Services business.

DCC Energy's 2030 vision sees EBIT double by 2030 compared to FY22

Another view of the same bridge is really splitting it between organic and M&A. Again, three main blocks in this excluding FY2023 this time. The first are LPG acquisitions. And we see this both in North America and in Europe. And we have got a continuous pipeline of opportunities that we see in our LPG and our propane business. And obviously, we announced small acquisition in Colorado today, a really nice bolt-on to our existing business.

Second block is acquisitions in our Energy Management business. And we are hugely ambitious to acquire £110 million of profits in this area. We announced £150 million of spend today. And that has given us a really good step-up into that business, adding on to pretty good profitability that we had already before those acquisitions across the four different geographies.

The third block is organic growth. And to me that is the most important, and I should have talked about that first because it is the most important, most shareholder enhancing. I did not, because the organic growth is driven partly by the businesses that we have today, but also by the acquisitions that we intend to make out to 2030. So we have got to make the acquisitions. And then we will have the organic growth.

And the important thing about that organic growth is it is leveraging the acquisitions that we have planned to do, some of which we announced today, and it is exposing the business to higher organic growth areas to help us achieve that 5% organic growth, on average, over the period to 2030.

Continued focus on financial discipline and re-investment throughout our transition journey

Financial discipline will be really important to us. Fabian used the phrase at the beginning of the presentation, perform and transform. It is imperative and incumbent on us to make sure that we perform. It gives us the licence to then transform our business as we intend to.

Maintaining our free cash flow. We have had historic very strong free cash flow, and we intend to maintain that over the period out to 2030. That will allow us, as Kevin said, at the outset, we look to self-fund our acquisitions, and the acquisition spend of about £1.5 billion to £1.8 billion will be spent on those acquisition blocks that I talked about on the previous slide.

And then maintaining our strong return on capital is something that we focus on every day. Every acquisition, every investment that we make, we look at the return on capital, and we drive that return on capital through our businesses. So our view of that journey out to 2030 is that we will be able to maintain our historic return on capital range.

The strategy reduces the carbon intensity of our profits by more than 70% through 2030 as we execute our strategy

At the start of this section, I introduced that green line, the carbon intensity, and we had reduced that by down to 91 from 124, which was a 26% reduction. By doubling our profits halving our carbon, in total, we will reduce that by about 75%, down to around 25% by 2030. And it is really important that it is not just increasing our profits. We are not just trying to make it a much bigger profit business. Having the carbon is as important as increasing our profits in that journey to introducing that carbon intensity. And that is a metric that Fabian talked about.

We will live with some carbon, but we will definitely look to reduce the carbon intensity of the business. It is going to be a key metric for us as we go forward.

DCC Energy

Last slide in this section is how we track our own progress. We are committed to continuously improving the transparency of our reporting to the markets to all of you as we go through this journey. Today, we split DCC Energy. We report a divisional level, obviously. We talk about our revenues, our volumes, our EBIT, our customers, the absolute CO2 and the intensity of our CO2, the biogenic content and the ROCE and our cash flow.

We then split energy between solutions and mobility. So giving you more detail again on solutions and mobility. And then we very much view the carbon intensity of the profit that we generate through that pie at the bottom. And we believe that the intensity, as we have mentioned, will decrease over time.

Fabian will show you in a subsequent slide, how we think that pie is going to evolve as we reduce the proportion of our traditional profits versus the overall piece of pie. And the lower carbon and SRO growth will grow further.

So that is it from a financial perspective. I am going to hand you back to Fabian, who is going to take you through most of the rest of the presentation.

Carbon Leadership for a Changing Energy System

Fabian Ziegler

CEO, DCC Energy

The world is reducing and changing the energy it consumes

Now in the following section, ladies and gentlemen, let us take the carbon perspective and look at the few big trends in the energy world and discuss together how this constitutes a massive opportunity for DCC.

The International Energy Association, I believe, is the most trusted source for long-term energy outlook. And if you look here, at the left-hand side of the slide, you see the growth in electrons. And within the electron world, you see the growth in solar and wind. And in a way you can say that solar is the more straightforward story than wind. And so it shows this pervasiveness of solar.

On the right-hand side, you see, in a way, the decline in the molecule in the liquids world, and you also see a relatively strong decline in conventional oil. And what you also see is that bio and biofuels is a real winner in this space. So that is kind of the macro logic for our strategy orientation. And it also tells you that we seek totally different exposure to growing segments of the energy markets with this strategy change.

This trend is visible in the end uses most important to our customers

Now the next slide, in a way, it looks at exactly the same data. It just overlays it with a lens of the sectors, and you see our three main segments: industry, transport and buildings. And in a way, again, you see how electrons, and in particular, solar, and how bio is driving the change. And essentially, you see the same picture.

DCC markets benefit from transatlantic/global “Clean Tech Race”

Let us have a look at the regulatory world. Over lunch, our brilliant carbon advisor, John, will give a short speech and is, of course, available for questions. And I want to say that as we did our strategy work, we looked a lot at Europe and its Green Deal. We saw the long-term commitment in Europe with subsidies, with subsidies going into electrification. We saw also some more favourable regulation around bio.

But what really was a game-changer in analysing this space was the IRA, the Inflation Reduction Act, and it became indeed a real game-changer. What we see and what we also tried to articulate with the slides that you almost see a race between these two blocks to create more favourable conditions in the clean tech space. And we deem this race to be a bit of a continuous feature.

And this race will do three fundamental things for us. We believe subsidies will continue to give renewable production tailwinds. It will support demand for solar, but equally for Energy Management Solutions. Secondly, we also see regulatory interventions to become more pragmatic. We have seen recently more favourable conditions around bio. And we will hear later about Ireland, where we see some real game-changing interventions.

And then thirdly, it is evident that there is no clear cuts global carbon pricing scheme in place. But all the data we see points to continuous pressure on carbon prices. And this happened through the visceral of emission allowances. We see that more sectors are being pulled into carbon trading schemes. And we also see governments daring, if you like, more appropriate carbon taxes. So all together a really favourable environment that, again, supports our strategy.

We are making significant progress in reducing our Scope 1 and 2 emissions

Now, let us have a quick look at our own Scope 1 and 2 emissions. We make really good progress. And I keep this short. We procure nowadays a lot of renewable electricity for our buildings. You will hear from Orla later a really great story how we put HVO into our own truck fleet in Ireland. And the plan is to eventually take this to all our markets. So we are really putting our money where our mouth is. And this also sparked quite a bit of followership by our customers.

And of course, the same story is true for our friends in the Technology and in the Health Division of DCC.

And having a credible plan to halve our Scope 3 emissions by 2030

But here is the really big news on the CO2 front. As you heard, we are committing to an ambition to reduce our Scope 3 carbon by 50%, and we measure this from 2019 to 2030. This is a way more ambitious plan than the previous 15%. And the difference to the past is really the greater consequence in our strategy and the way more energetic drive to balance renewables.

This ambition is based on this detailed carbon abatement staircase and behind this, there is defined plans. And that just briefly highlights the key components in it. LPG is 45% of our profits, but only 15% of our carbon. And that is one of the reasons why we keep growing in LPG. And you see the additional carbon from this is relatively modest. And you also hear later that we are giving our LPG business a green supply chain.

Then in our three core segments, you see major reductions in line with market forecasts. But the key thing is that we will retain the underlying customers through our energy management offerings.

And then the third component, you see the impact of our major bio drive, replacing £30 million of fossil profits with £40 million clean profits from bio. And then, ultimately, we will high grade our product portfolio from a high-carbon low-yield perspective, and products like heavy fuel oil, eventually jet fuel and natural gas will have to be phased out, but again, mostly replaced by cleaner alternatives.

This takes us down to 21 million tonnes of CO2 by 2030, which is one of the biggest carbon reduction ambitions in the market. And of course, we will not stop there and think beyond how we obtain net-zero emissions.

Positioning DCC as a recognised carbon leader with investors, customers, value chain partners, regulators, civil society and our employees

Last slide around our carbon thinking. The oil and gas majors of this world, they show us that you cannot be half a carbon leader. The difference between them and us is that we decarbonise with the commercial customer logic. We are pretty clear about our carbon journey to 2030. And it is also evident that we have not cracked all the nuts and we have some ways to go.

And in this slide, we talked a lot about our customers. You saw we enhanced systemically our carbon ambition and we keep this going. You hear that we engage externally and we become more extrovert. Internally, we build carbon capability. We embed CO2 in our executive remuneration, we deploy clear carbon budgets, and we undertake carbon yield management.

We feel in our day to day engagements with the external world that a progressive carbon story comes with tangible benefits. We are a desired partner for the leading bio producers. Energy management entrepreneurs want to join us. I hope Adrian can confirm this, this afternoon. Regulators will listen more to you. We build strong customer credibility. And last but not least, we release internally deeper motivation in our workforce and we attract bright, purposeful talent to DCC.

How we create value for, and from, our customers

And in this section, we look at our customer orientation. And again, we linked the different EBIT blocks. You have by now seen a few times to how we perform for our customers. In the

afternoon, the booth sessions run by Steve and Orla will go deeper into the bio piece. And then Emmanuel and Adrian will deep dive into the energy management. So bear that in mind, as I share my thoughts.

Decentralised energy addresses the energy trilemma

The energy issue is clearly bigger than CO2. We talk of the energy trilemma. And in street language, I would say many people say that energy really sucks. And this is true for the most of us. It is true for our customers, our B2C customers, B2B customers, and it is even true for all countries. Energy is too dirty. It is unreliable, not really trustworthy, and it is too expensive.

And we talk a lot about this energy trilemma because we aim to reverse that bit by bit. And we know it is a big job. And that is why we have a really strong goal to be simply the best customer company in energy. As you all experience, I suspect, most energy companies are not exactly famous for their customer excellence. We are different. And we will enhance this lead we think of customer for life, and we do not lose one customer.

Create recognition as “The Best Customer Company”

Digital channels and propositions will be a key element. But then also simple things like simply outstanding customer service. You reach someone you know, and this person knows you. And you deliver a best-in-class end-to-end customer experience. And then it is really about things like excellence in account management, systematic cross-selling, and all of this grounded in honesty and transparency.

And this customer excellence programme, we embed deeply in our operations. And we run a staff network to really embed this very deeply.

Our future portfolio mix will include significant numbers of biofuel and energy management customers

Now, behind our carbon and cash metrics, we have granular customer plans. And here is the high level. For Energy Solutions, we aim to grow to at least two million customers. This is about new customers, both from organic growth and acquisitions. But it is equally about transitioning customers between products, i.e., high grading. And then we grow the typical income per customer through building our superior customer value propositions, systematic cross-selling, and high grading the products we sell to our customers.

This is not a supply push like many other players pursue it. This is true customer orientation, responding to clear existing needs.

We are on a journey toward a bundle of energy solutions comprised of specific renewable products

Now here you see our multi-energy solutions portfolio, again, build through organic moves, but also acquisitions. And as the slide shows, this spans molecules, increasingly green ones, and then it is also a lot about electron-based solutions. And this combination is what is needed to decarbonise. And this is exactly what our customers want from us.

What we currently evolve is our capability to act as one company vis-à-vis our customers. Simply spoken, in each market, we move towards one integrated customer front-end, with strong cross-sell capability, integrated customer management, clear digital solutions, and integrated marketing campaigns.

So clearly, some evolution to our classic evolve model. However, we will continue to be highly localised. We do not believe in one size fits all and also see that energy transition evolves different market by market.

LPG plays a critical role as an immediate, scaled, clean burning hydrocarbon for customers who do not have the option of natural gas

Now, let us review again with the EBIT staircase lens, the key moves in our profit growth. And let me start by talking about LPG growth. As said before, LPG 45% of our profits, 15% of our carbon. And indeed, LPG is a lower carbon fossil product, and quite some oil customers are keen to switch across.

LPG is serving key customers in the hard-to-abate off-grid sector, a fact that also quite some regulators start to see and they become more open to support green LPG solutions. Therefore, we keep believing strongly in LPG and we set a strong volume ambition from 1 million tonnes to 1.5 million tonnes by 2030. And we get there by defending our hard lens and drive unit value growth, in this country, in the Benelux, in Ireland, in Hong Kong. We pursue organic growth by being the best LPG operator. And we see organic growth in the UK and Scandinavia, in the US. And then we also look at inorganic growth, namely in the US, but also selectively in one or two European countries.

We are committed to building credible transition pathways for LPG customers

What is a key prerequisite in all of this is that we create a green supply chain for our LPG business. We have set an ambition to have 30% of our portfolio on a green solution by 2030. And as the slide shows, there are several routes for this. There is renewable LPG out of HVO refineries, and we use this product already successfully. The issue is just that volumes simply do not suffice.

Therefore, we operate a fleet of renewable DME projects and renewable DME, I spare you the technical detail, it can be blended into LPG, and therefore requires very little adjustment to infrastructure. Our announced partnership with Oberon is an example and more of these collaborations will follow.

Longer term, we will also look at hydrogen and ammonia type of solutions. We have a Green Gas Task Force on the go to deliver against this ambition.

Transform our fuels through bio

Next step, let us have a look at the leading bio marketer story. And we are laying here the foundation for our molecules future to 2030, but also way beyond it. Key will be to maintain a strong premium product orientation, such that we can benefit from the better unit margin profile of bio. We are recognised in the market as making local bio markets already.

We have accelerated our bio rollout

We are leading HVO in Ireland, the UK, Austria and Denmark. And as you can see, we have a portfolio of really leading customers who we work with. So we keep generating this demand. And there is positive dynamics around this.

This in turn is recognised by the leading producers. And this, combined with our non-compete setup as a marketer, makes us the perfect and natural partner to the likes of Neste and Preem, who are the biggest manufacturers.

So deeper partnerships are really being worked. First, I do believe we can be confident to become the clear leader in bio.

Customer case study video: Irish HVO

And here comes a wonderful customer testimonial right from Dublin Airport, where a few of you may have departed from this morning.

[Video]

That is a brilliant story, is not it? I absolutely love it. So ladies and gents, two more pieces to go before I wrap it up and we move to Q&A.

Shift our mobility focus

We do not make sure on our mobility business today, but for completeness sake, let us talk about it. And as you may know, our mobility business delivers around about £100 million profit. And it has two main components. We talk of the bricks and mortar mobility business. And this piece is to act as a cash engine.

Refocusing our mobility business on growth in fleet services

We segment our network into three categories, which you see spelled out on the slide. And we do this to deploy our capital in a extremely disciplined and targeted way, but equally to enable monetisation approaches to parts of our network. We then run the business to maximise unit margins. We price centrally, and cost management is very tight. And this results in some controlled volume shrinkage, but equally less carbon and we compensate that as much as possible on the unit margin side.

And then on the other side, our fleet solutions business will, in contrary, act as a growth engine. The fleet services market is forecast to grow rapidly. We can leverage our existing low carbon payment and service formats such as fuel card services and SNAP. And then we leverage our customer access, our people capability and enhance namely through digital solutions. The resulting growth will ensure that our total mobility business will grow in profit by £30 million.

Build a comprehensive Energy Management Business

And now, last but not least, let me highlight our Energy Management Business, which accounts for £210 million in our EBIT bridge.

We are building and investing in an energy management services business that will be a highly profitable market leader in 5-7 years

Energy Management really stands for a number of decentralised energy elements. The most pervasive focus is clearly solar. But it goes also into heat pumps, combined heat and power solutions and increasingly digital optimisation capabilities.

We have seen the customer demand for this, the size of the emerging markets, but also the sustained long-term growth in this. Therefore, we aim to occupy space quickly and installation is merely the starting point and oftentimes the biggest bottleneck.

From there, we have concrete plans to build out into the adjacencies such as financing, operating for customers, marketing excess production, maintenance and optimisation, thus enhancing the share of recurring revenue. We also defined a target configuration of this business, where certain aspects will be handled more centrally. We think of procurement,

design, brand financing solutions, whilst the customer interfacing and the execution will be done locally.

By 2030, we aim to be a true leader in this space. For solar, we target a leading market share across Europe and the US. And this business will be at least £210 million EBIT, will have higher returns, and will face significant growth outlook. So we are highly excited by this positive momentum.

We play across a significant portion of the solar and energy management value chain providing us with insight and competitive advantage

Now, just to underpin the returns and margin opportunity, just a quick look at the solar value chain. And across the industry, this chain is currently quite disorganised. It is fragmented, and most players are not good at basic things like safety, working capital management or customer care.

So this is just calling for an experienced consolidator and a strong operator like DCC. Per this chart, we aim to go for a very organised value chain approach. We understand the installation core really well. Through our Dutch company, PVO, we understand procurement supply chain and technology trends. And from there, we build out the additional services and eventually highly digitised optimisation formats. And that is why we are highly positive about margin and return opportunities in this space.

And let us listen to a last customer example, which I would kindly start – to be started. It takes us back to Ireland.

Customer case study video: Irish Solar

[Video]

We are excited for the future of DCC Energy as we continue to execute on our 2030 vision

Let me sum it up and look at this piece that describes the makeup of DCC Energy by 2030. And let me say this really energises and excites me. We have line of sight into a truly high graded energy business by 2030. It makes £800 million EBIT. It maintains historic high returns. It is a recognised carbon leader, attracting customers, partners and talent.

We have a high graded and streamlined portfolio. And we have become a key player in rapidly growing segments of the energy market. And that is the energy business I would like to be a part of.