



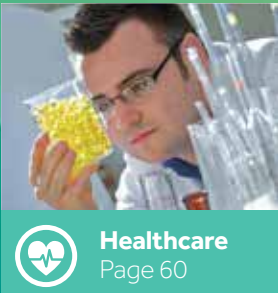
DCC plc Annual Report and Accounts 2019



DCC is a leading international sales, marketing and support services group with a clear focus on performance and growth, which operates across four divisions: LPG, Retail & Oil, Technology and Healthcare.

DCC is an ambitious and entrepreneurial business operating in 17 countries, supplying products and services used by millions of people every day. Building strong routes to market, driving for results, focusing on cash conversion and generating superior sustainable returns on capital employed enable the Group to reinvest in its business, creating value for its stakeholders.

DCC plc is listed on the London Stock Exchange and is a constituent of the FTSE 100.



Strategic Report

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DCC at a Glance

Our Strategy

Our objective is to continue to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital.



Market leading positions

Creating and sustaining leading positions in each of the markets in which we operate.



Operational excellence

Continuously benchmarking and improving the efficiency of our operating model in each of our businesses.



Innovation

Creating a culture of innovation to succeed in a rapidly changing, digitally enabled environment.



Extend our geographic footprint

Developing our business to enter new geographic markets on a selective basis in the coming years.



Development of our people

Developing and investing in our employees has long been recognised as fundamental to DCC's success.



Financial discipline

Maintaining financial strength through a disciplined approach to balance sheet management and maintaining relatively low levels of financial risk.

Read more: [Strategy on page 2](#) 

Our Divisions

The Group is organised and managed across four divisions and employs over 12,500 people in 17 countries.

LPG

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

Share of Group adjusted operating profit44%


Volume (tonnes)10.8% ↑

Operating profit20.5% ↑


2.1m

£201.8m









Customers

Trucks

Employees

Owned facilities

730k

1,400

2,800


170

Principal operating locations

France, Britain, Ireland, USA, Germany, Hong Kong & Macau, the Netherlands, Belgium, Sweden and Norway.

Read more: on page 42



Retail & Oil

A leader in the sales, marketing and retailing of transport and commercial fuels, heating oils and related products and services.


Share of Group adjusted operating profit29%


Volume (litres)1.3% ↓

Operating profit17.6% ↑


12.2bn

£133.7m









Customers

Trucks

Employees

Locations

900k

1,300

3,600

1,400

Principal operating locations

Britain, Denmark, Norway, France, Sweden, Ireland, Austria and Germany.

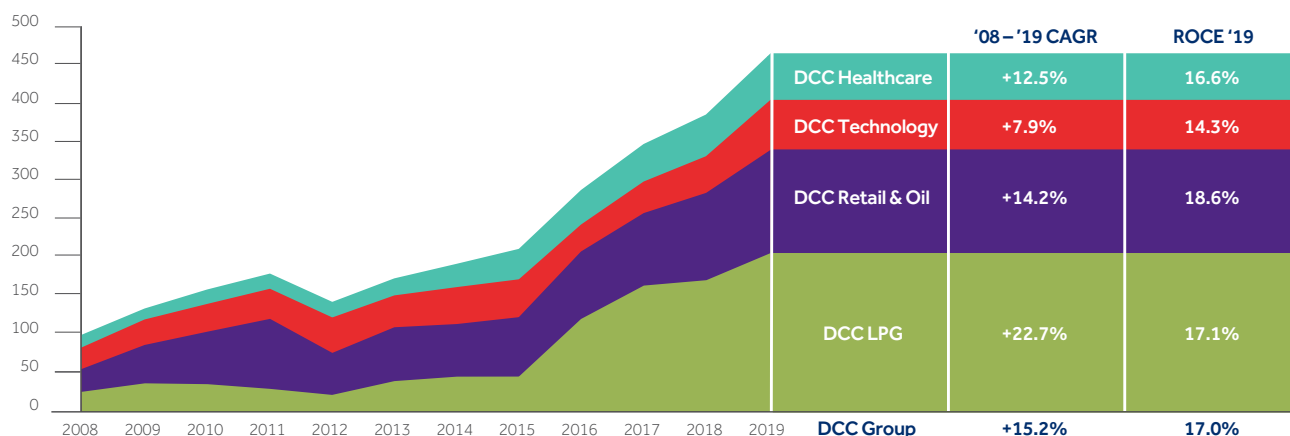
Read more: on page 48



Why diversity works for DCC

Significant operating profit growth across all divisions since 2008.

Operating profit FY08 – FY19 (£'m) CAGR: 15.2%



Organic and acquisitive growth

Optionality in capital allocation

Maintaining returns discipline

Facilitates geographic expansion across the Group

Growing our opportunity set in attractive markets

Read more: on [page 12](#)



Technology



A leading route-to-market and supply chain partner for global technology brands.

Share of Group adjusted operating profit **14%**

Revenue **20.8%** ↑ Operating profit **35.1%** ↑

£3.6bn

£64.7m



Customers



Brands



Employees



Capacity (m²)

50k

1,400

3,800

200k

Principal operating locations

Britain, Ireland, France, Sweden, Germany, the Netherlands, Belgium, Poland, Spain, Norway, UAE, China, USA and Canada.

Read more: on [page 54](#)



Healthcare



A leading healthcare business, providing products and services to healthcare providers and health and beauty brand owners.

Share of Group adjusted operating profit **13%**

Revenue **12.0%** ↑ Operating profit **11.1%** ↑

£576.4m

£60.3m



Customers



SKUs



Employees



CMO facilities

19k

42k

2,300

6

Principal operating locations

Britain, Ireland, USA and Sweden.

Read more: on [page 60](#)



Highlights of the Year

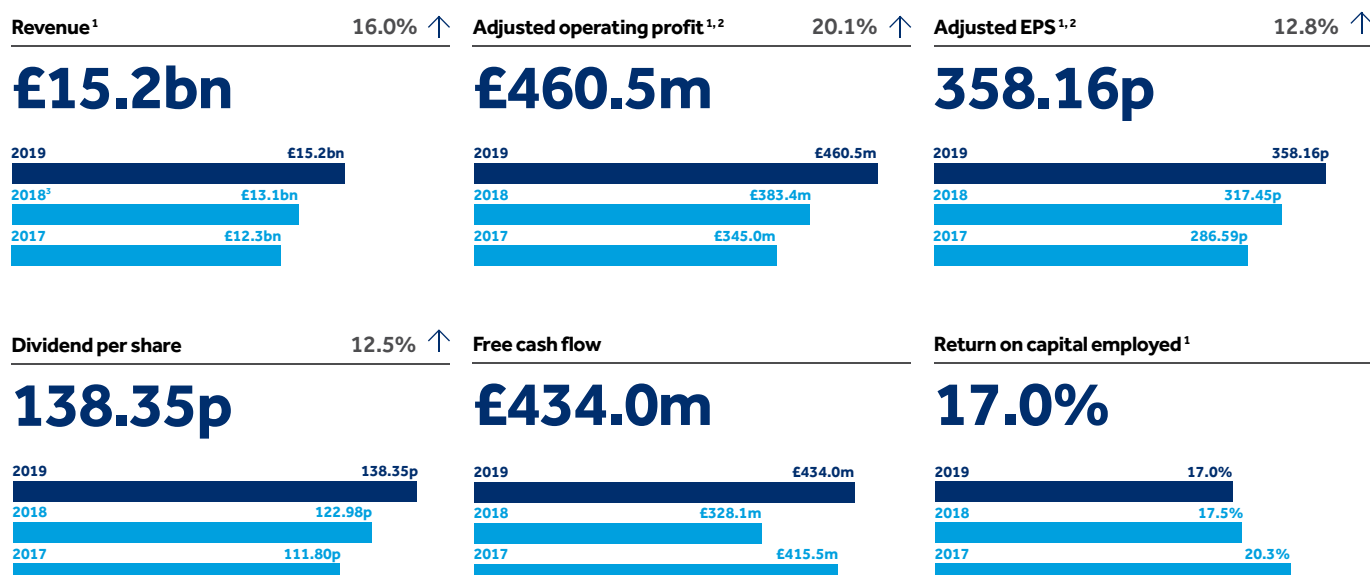
Excellent performance and new acquisitions

The year ended 31 March 2019 has been another year of significant progress for the Group. An excellent trading performance, very strong cash generation and continued acquisition activity across the Group exemplifies the DCC business model. Each division recorded very strong growth in operating profit and traded in line with expectations. The results reflect the continued successful execution of our strategy, and in particular:

- All divisions recorded good profit growth with Group adjusted operating profit^{1,2} 20.1% ahead of the prior year at £460.5 million.
- Adjusted earnings per share^{1,2} up 12.8% to 358.2 pence.
- Excellent cash flow performance, with conversion of adjusted operating profit^{1,2} to free cash flow of 94%.
- Return on capital employed¹ of 17.0%.
- Another active period of development with approximately £370 million of capital committed to acquisitions.
- A proposed 13.7% increase in the final dividend will see the total dividend for the year increase by 12.5%. This represents the 25th consecutive year of dividend growth since DCC listed in 1994.

Outlook

The Group expects that the year ending 31 March 2020 will be another year of profit growth and development.



1. Continuing operations (i.e. excluding DCC Environmental).

2. All references to 'adjusted operating profit' and 'adjusted earnings per share' included in the Strategic Report are stated excluding net exceptionals and amortisation of intangible assets. Other 'Alternative Performance Measures' ('APMs') are detailed on pages 218 to 222.

3. Prior year revenue restated for IFRS 15 (see note 1.5 of the financial statements).

Strategy

Sustainable Growth

Our objective is to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital. We will achieve this by focusing on six strategic priorities as illustrated.

Strategic Priorities		Strategy in action
Market leading positions 	<p>DCC aims to be the number one or two operator in each of its chosen markets. This is achieved through a consistent focus on increasing market share organically and via value enhancing acquisitions. We have a long and successful track record of acquisitions which have strengthened our market positions and generated attractive returns on capital invested.</p>	 <p>Certas Energy on page 32 →</p>
Operational excellence 	<p>DCC strives to be the most efficient business in each of the sectors in which it operates. We continuously benchmark our businesses against those specific KPIs we judge are important indicators in our drive for superior returns on capital in the short, medium and longer term.</p>	 <p>Investing in growth capacity on page 36 →</p>
Innovation 	<p>Fostering and supporting a culture of innovation within the Group's businesses is fundamental to winning in our chosen markets in a rapidly changing, digitally enabled environment. We challenge each Group business to be innovative in continuously evolving our offering to existing and new customers, enhancing the value of our partnerships with key suppliers and advancing the efficiency, responsiveness and excellence of operations.</p>	 <p>Smart automatic gas cylinders on page 31 →</p>
Extend our geographic footprint 	<p>In recent years we have been expanding certain of the Group's businesses into new geographic markets we believe provide good opportunity for future growth. We will look to further develop our businesses in these markets and to enter new geographic markets on a selective basis in the coming years.</p>	 <p>Acquisitions in North America on page 34 →</p>
Development of our people 	<p>Developing and investing in our employees has long been recognised as fundamental to DCC's success. The devolved nature of our management structure requires unique leadership capability and skills and we believe our people are a key differentiator for us. We commit significant resources to ensure we attract, develop and retain our people ensuring a pipeline of talent to deliver the Group's strategy over the longer term.</p>	 <p>People development on page 38 →</p>
Financial discipline 	<p>In pursuing our strategic objectives, we will only do so in the context of maintaining relatively low levels of financial risk in the Group. We believe that this not only provides the greatest likelihood of generating value for shareholders in the long-term but also leaves the Group best placed to react quickly to commercial opportunities as they arise.</p>	 <p>Financial discipline on page 40 →</p>

Read more: **Responsible Business Report** on **page 68** 

Examples of Progress in 2019

The Group maintained or increased market share in the primary markets in which it operates. This was achieved through organic growth, contributions from acquisitions in the current year, the most significant of which were Jam and Stampede in DCC Technology, and the successful integration of acquisitions completed in the prior year. In May 2019, the Group announced the acquisition of Pacific Coast Energy (DCC LPG) and the agreement to acquire Comm-Tec and Amacon (DCC Technology), both leading distributors in their chosen markets.

DCC LPG secured planning permission to develop a 17,000 tonnes LPG storage terminal at the recently acquired National Grid LNG facility in Avonmouth which, once completed, will provide enhanced security of supply to Flogas Britain's commercial and residential customers. DCC Retail & Oil began implementing its depot optimisation programme in Britain and completed the restructuring and consolidation of its businesses in Sweden. DCC Technology's new warehouses in Sweden and France are now fully operational and warehouse efficiency is being improved. DCC Healthcare delivered strong organic growth in its health & beauty contract manufacturing business through a continued focus on, and investment in, its capabilities, capacity and people.

DCC LPG's recently launched Innovation Forum provides an exchange of innovative ideas across the Division, drawing on the experience of the Zagatub innovation hub in Butagaz. DCC Retail & Oil has increased its customer offering in lower emission fuels, premium fuels and a carbon off-setting programme on premium home heat fuels in Austria, resulting in increased efficiencies and lower carbon footprint for our customers. In conjunction with one of its partners, DCC Technology has expanded its commercial infrastructure to serve customers outside our core markets in Europe, North America and the Middle East. DCC Healthcare continues to develop innovative softgel formats providing our customers with a unique value-add and a point of differentiation for their proposition.

The acquisitions of Jam and Stampede during the year represented DCC Technology's first acquisitions in North America. In addition, the agreement to acquire Comm-Tec and Amacom significantly enhances DCC Technology's business in Continental Europe. The acquisition of Pacific Coast Energy represents DCC LPG's first material bolt-on in the US LPG market and strengthens our position in the north-west of the US.

We continue to develop organisation capability to deliver on the Group's strategic priorities. During the year we implemented several new leadership and management development initiatives, including:

- a customised DCC business leadership programme for emerging business leaders across the Group, in partnership with the leading Ashridge Hult Business School;
- a series of leadership coaching and finance courses to deepen these core DCC skills in our leadership population; and
- an assessment of management development needs across the Group, in order to understand development priorities.

DCC's financial position remains very strong. At 31 March 2019, the Group had net debt of £18 million, total equity of £2.4 billion, cash resources, net of overdrafts, of £1.5 billion and a further £400 million of undrawn committed debt facilities. The Group raised approximately £600 million in an equity placing during the year and successfully drew down a private placement issuance equivalent to £353 million in April 2019, which will refinance private placement debt that is maturing within the next 12 months.

Priorities for 2020

The Group will continue to pursue growth organically and through value enhancing acquisitions.

DCC LPG will progress the development of the Avonmouth facility and invest in IT systems to further digitise our connectivity with LPG and utility customers. DCC Retail & Oil will focus on improving operational efficiencies, further streamlining its portfolio and operations. In DCC Technology, further investment will be made in warehouse automation and layout optimisation to drive efficiencies. DCC Healthcare continues to progress a number of investment projects across its manufacturing facilities in Britain and the US, including a doubling of its softgel manufacturing capacity in EuroCaps.

DCC LPG's focus will be on increasing 'internet of things' enabled customer connectivity in order to enhance customer loyalty and improve supply chain efficiency. Retail & Oil will focus on improving the customer experience through automation and digitalisation. Initiatives include using technology for customer engagement through loyalty programmes and value-adding services. DCC Technology will leverage the investments made in business intelligence resources to drive improved reporting including ease and speed of digital connectivity for our internal stakeholders, customers, and suppliers. DCC Healthcare will capitalise on increased investment in new product development within medical devices, bringing new product ideas to market.

The acquisitions completed during the year in new geographies will provide further opportunities for both organic and acquisitive growth for the Group. The Group remains disciplined in its ambition to enter new geographic markets and the development strategy remains unchanged.

We will continue to support the businesses for the next cycle of growth through the provision of value-added leadership development supports which will leverage the strength of DCC's diversity and encourage and support talent development throughout the organisation.

The maintenance of a strong and liquid balance sheet to take advantage of opportunities as they arise will remain an integral part of the Group's strategy.

Business Model

How we create, sustain and share value

Our Business Model is guided by our strategic framework and underpinned by our core values.

Strategic framework



Market leading positions



Operational excellence



Innovation



Extend our geographic footprint



Development of our people



Financial discipline

Read more: [Strategy on page 2](#) ➔

Our core values



Safety

For us, safety comes first



Integrity

Our business is built on trust



Partnership

We are stronger together



Excellence

We are driven to excel in everything we do

Read more: [Chairman's Statement on page 6](#) ➔

Inputs

People

We employ over 12,500 highly talented and committed people across 17 countries.

Capital

Our strong and liquid balance sheet enables us to react quickly to commercial opportunities.

Partnerships

We value strong stakeholder relationships including long-term strategic partnerships with suppliers and customers.

Facilities

Our physical infrastructure provides a strong platform for the products we sell.

Intellectual

The quality of our own brands, third party brands, licences and processes provides significant competitive advantage.

Our business model is highly cash generative and offers significant growth potential and shareholder returns on capital employed significantly ahead of our cost of capital.

Creating value



We leverage our key differentiators to create sustainable value

Strategic

- Consistent strategic direction
- Identifying and executing acquisitions
- Devolved management structure
- Experienced leadership team
- Talent development and retention

Financial

- Disciplined capital allocation
- Focus on cash generation and ROCE
- Culture of financial discipline
- Robust risk management
- Best practice in governance and compliance

Operational

- Sales, marketing and distribution expertise
- Similar business model
- Strong supplier and customer relationships
- Integrating acquisitions and synergy generation

Outputs

Returns for stakeholders and capital for reinvestment

Shareholders

Our business model adds long-term value for shareholders through our progressive dividend policy.

Dividend to shareholders **£136m** (2018: £110m)

Employees

We invest in our people throughout their careers to ensure they are engaged and fully equipped to perform their roles. We provide competitive rewards and benefits that are clearly linked to performance and offer opportunities for further career development.

Employee costs **£573m** (2018: £461m)

Business partners

We adopt a collaborative approach with our suppliers and customers, thus facilitating the provision of a best-in-class service and the achievement of mutually beneficial goals.

Goods, services and interest **£14.3bn** (2018: £13.6bn)

Governments

The taxes and levies paid by the Group in the jurisdictions in which we operate enable local governments to develop and maintain public works, services and institutions.

Corporate taxes **£56m** (2018: £49m)

Local communities

We partner with a number of charities and encourage our people to engage in volunteer work, thereby benefiting local communities. Our operations also create business opportunities for local suppliers.

Capital for reinvestment

Disciplined and selective capital redeployment allows us to sustain our growth model. The highly cash generative nature of our business model enables ongoing investment in our people and existing businesses together with further acquisitions, driving efficiencies and further sustainable growth.

Retained for reinvestment **£223m** (2018: £190m)

Read more: **Responsible Business Report** on page 68 →

Chairman's Statement

A year of excellent performance and continuing development activity

John Moloney
Chairman

Dear Shareholder,

Performance

I am pleased to report to you that DCC achieved an excellent trading performance in 2019, with adjusted operating profit up 20.1% and adjusted earnings per share up by 12.8%, both on a continuing basis.

Return on capital employed, a key metric for the Group, was 17.0%. The strong conversion of adjusted operating profits to free cash flow continued, at 94%.

Following the successful share placing completed in October 2018, the Group has a strong and liquid balance sheet, with net debt at the year end of £18.4 million and total equity of £2.4 billion.

Shareholder Returns

The Board is recommending a final dividend of 93.37 pence per share. This brings the total dividend per share for the year ended 31 March 2019 to 138.35 pence per share, up 12.5% on the previous year.

It is worth noting that, taking account of growth in our share price and dividends paid, the total return to shareholders in the last ten years has been 715%.

In the 25 years since DCC became a publicly listed company in 1994, adjusted earnings per share has increased at a compound annual growth rate ('CAGR') of 13.0%¹, total return to shareholders is 6,698% and we have established a record of 25 years of uninterrupted dividend growth.

Continued Strategy

Our core strategy continues to be to build an international business of scale that is sustainable and cash generative and which provides our shareholders with returns on capital employed substantially ahead of our cost of capital.

Our enhanced balance sheet strength and financial resources will allow for a continuation of our targeted acquisition strategy and, following on from a record year of development in 2018, we committed a further c.£370 million of acquisition capital across our four divisions in 2019.

The Strategy in Action section on pages 30 to 41 illustrates how the elements of our strategy were executed during the year.

Board Composition and Renewal

Board composition and renewal continues to be a key area of focus.

In November 2018, we were delighted to welcome Mark Breuer as a non-executive Director and a member of the Audit Committee. Mark brings extensive corporate finance and M&A experience to the Board, having operated at senior levels in investment banking in the UK and abroad for 30 years, the last 20 with J.P. Morgan.

In May 2019, we also welcomed Caroline Dowling to the Board. Caroline brings considerable expertise in the technology industry across the supply chain, in particular in the electronic, technical and logistics sectors, which are particularly relevant to DCC.

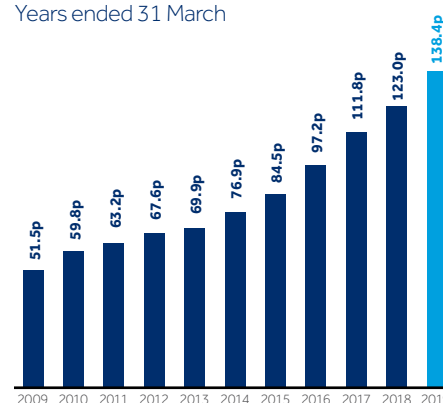
Emma FitzGerald resigned from the Board in October 2018, on taking up the CEO role at Puma Energy, a privately owned integrated global energy business. I would like to acknowledge Emma's excellent contribution during her period on the Board.

I have been a Director of the Company since February 2009 and have been Chairman since September 2014. In February 2018, the Board approved a further term of up to three years to ensure continuity at a time when Donal Murphy was in his first year as Chief Executive.

Taking account of the provisions in respect of Board tenure in the new 2018 UK Corporate Governance Code, which applies to DCC from 1 April 2019, the Nomination and Governance Committee, led in this case by Leslie Van de Walle as Senior Independent Director, are advancing a comprehensive Chairman succession process.

Dividend (pence)

Years ended 31 March



Total Shareholder Return ('TSR')

TSR over 10 years: 715%



The chart above shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2009.

¹ On a continuing basis

"Over the past 25 years, DCC has forged a strategy and business model that has delivered for shareholders."



Governance and Culture

The Board, with assistance from the Nomination and Governance Committee and the Remuneration Committee, has devoted considerable time during the year to corporate governance, in particular the new 2018 UK Corporate Governance Code. The enhancements made to our governance policies and practices are detailed in the Governance Section of this Annual Report.

I would highlight the theme in the Code in respect of culture as an area on which the Board will place particular emphasis in the coming year, supported by a programme of non-executive Director visits to sites and operations across the Group.

Values

DCC's values of safety, integrity, partnership and excellence are part of the Group's DNA and they define how DCC's businesses operate. These values have been communicated Group-wide and will continue to be promoted by the Group's management teams to guide our employees in the way we do business, particularly as we expand into new geographies and absorb new cultures.

We believe these values strongly support our effectiveness as a business and underpin our wider societal responsibilities.

Our People

I recognise that DCC's success is primarily due to the dedication and hard work of the people throughout the Group, led by Donal Murphy, Chief Executive and his executive team, and I would like to thank them all for their contribution.

Looking Ahead

Over the past 25 years, DCC has forged a strategy and business model that has delivered for shareholders. We believe that the model and its diversity is flexible and adaptable over time and can continue to deliver satisfactory returns in our chosen sectors. We have internationalised the Group further in 2019, particularly into the US. These initiatives extend our growth options for the future.

From a Board perspective, we will continue to strive for the highest standards in effective governance and to implement appropriate changes in line with new best practice as it emerges.

Finally, on behalf of the Board, I would like to thank you, our shareholders, for your continued support.

John Moloney
Chairman
13 May 2019

Our values

SAFETY



For us, safety comes first

Our first priority is the safety of our employees, contractors, customers and other persons who may be affected by our business activities. Safety is a key focus for Board and management across all of our operations and in particular with regard to our 12,500 employees.

INTEGRITY



Our business is built on trust

Being honest, open, accountable and fair is in our nature. These traits are the pillars on which our business has been built. Integrity is at the heart of our interaction with stakeholders.

PARTNERSHIP



We are stronger together

Our business is all about creating sustainable partnerships with customers and suppliers.

EXCELLENCE



We are driven to excel in everything we do

We believe great performance comes from preparation, focus on the detail, relentless determination, a sense of urgency and a genuine hunger for success. Excellence is what drives focus on continuous improvement in all that we do.

Chief Executive's Review

25 years of excellence in shareholder value creation

Donal Murphy
Chief Executive

Against the backdrop of international economic uncertainty and mild weather conditions, the year ended 31 March 2019 has been an excellent year of growth and development for DCC.

Performance Highlights

- Group adjusted operating profit on continuing operations increased by 20.1% to £460.5 million.
- All four divisions recorded very strong profit growth.
- Adjusted earnings per share on continuing activities up 12.8% to 358.2 pence, reflecting the equity placing completed during the year.
- Excellent cash flow performance, with free cash flow conversion of 94%.
- Return on capital employed of 17.0%.
- A proposed 13.7% increase in the final dividend which will see the total dividend for the year increase by 12.5% to 138.35 pence.
- Another very active period of development for DCC with approximately £370 million of capital committed to acquisitions across each of our four divisions.

The results reflect a continued successful execution of our strategy in significantly growing our operating profits, converting those profits into cash and redeploying capital into each of our four divisions. Given the conditions encountered during the year, the performance demonstrates that diversity really works for DCC.

Consistent and Successful Strategy

DCC's strategy has been very consistent over its 25 years as a public company. Our objective is to build a growing, sustainable and cash generative business, which consistently provides return on capital well in excess of our cost of capital. We execute this strategy by:

- Creating market leading positions in the segments of the markets we operate within; typically we aim to be the number 1 or number 2 player in those segments.
- Driving operational excellence across the Group with a focus on continual improvement in everything we do.
- Creating a culture of innovation across the Group, constantly looking for better ways to use technology to improve our processes and drive competitive advantage.
- Building leadership positions, we then seek to extend our business into new geographies.
- Accelerating growth by attracting and empowering entrepreneurial leadership teams and incentivising those teams on the performance of their business.
- Maintaining a strong financial position, driving organic growth, turning our profits into cash and generating high returns on capital.

This strategy over our 25 years as a public company has delivered a consistent track record of growth with:

- Operating profit growing at 14.6% CAGR.
- Dividends increasing at 14.4% CAGR.
- Free cash flow conversion of 101%.
- Total shareholder return of 6,698%.
- Consistently high returns on capital employed, significantly ahead of our cost of capital.

Development Highlights

While our number one objective is to grow our business organically, we also have very clear development strategies for each of our four divisions and during the year DCC committed £370 million to acquisitions. The highlights of this activity during the year have been:

DCC LPG

In line with our strategy to consolidate the highly fragmented US LPG market, DCC LPG acquired Pacific Coast Energy, an LPG distribution business operating in the north-west of the US for an enterprise value of approximately £30 million. The business trades under a number of brand names, supplying both residential and commercial customers in Washington and Oregon from five well located facilities. The acquisition, completed in April 2019, builds on DCC's existing modest presence in the north-west region. This is DCC's first material bolt-on acquisition in the US market and provides DCC with an enlarged presence in this attractive regional market.

DCC Retail & Oil

In March 2019, DCC Retail & Oil's Danish business agreed to create a brand new marketing and distribution aviation business with Shell Aviation. The business will supply national and international airlines with aviation fuel from seven Danish airports. The business is the largest supplier of aviation fuel in the country, serving Denmark's busiest airports. The relationship, which involved Shell Aviation taking a stake in DCC's existing Danish aviation operations, combines DCC's local presence and supply infrastructure with Shell's global expertise in aviation. This is DCC's first equity partnership with Shell.

"The Group continues to have the platforms, the opportunities and the capabilities for further development across each of our four divisions."



DCC Technology

It has been a record year for capital deployment in DCC Technology, significantly enhancing the scale of its business in Europe and expanding its business into North America.

In July 2018, DCC Technology announced the acquisition of Stampede, one of the leading specialist Pro AV distributors in the US, supplying pro AV products and services to systems integrators, value added resellers, retailers and e-tailers in the US, Canada and the UK. Stampede recorded revenue of US\$280 million in the year ended 31 December 2017 and employs approximately 210 people.

In September 2018, DCC Technology announced the acquisition of Jam, a market leading North American specialist sales, marketing and services business serving the professional audio, musical instruments and consumer electronics products sector. Jam is a world leader in the professional audio and musical instruments sector providing a range of industry leading value added services and solutions to both its vendor and customer partners. The business recorded revenue of US\$323 million in the year ended 30 April 2018 and employs approximately 570 people.

In July 2018, DCC announced the acquisition of Kondor, based in the south of England. Kondor distributes audio and mobile accessory products to e-tailers, retailers and mobile operators in Europe and is highly complementary to DCC Technology's existing business in the UK, Exertis.

In May 2019, DCC Technology announced it had agreed to acquire Comm-Tec and Amacom, significantly strengthening its business in Continental Europe. Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and retailers across Germany, Austria, Switzerland, Italy and Spain. The business had approximately €90 million of revenue in its last financial year and employs 150 people. Amacom is a leading

distributor of consumer electronics, AV and IT products to the retail and e-tail sectors in the Netherlands and the business had approximately €160 million of revenue in its last financial year, employing 80 people.

People and Values

For every business, people are key to success, but this is particularly pertinent to DCC where we principally buy and sell commodities or third-party products. Our key differentiator is our people. We employ over 12,500 people across the Group and manage the Group through a devolved, entrepreneurial management structure which has been key to our success.

DCC's core values of safety, integrity, partnership and excellence have helped to create a growth focused and entrepreneurial culture which encourages and enables our people to develop and grow their businesses. Living these values has been key to DCC's success over its 25 years as a public company.

Our success during this year is a credit to all 12,500 people who work across the 17 countries and the three continents that we operate in. I would like to thank all our people for their hard work and dedication, for living our values every day and for having the ambition, the passion and the energy that creates real long-term shareholder value growth.

Outlook

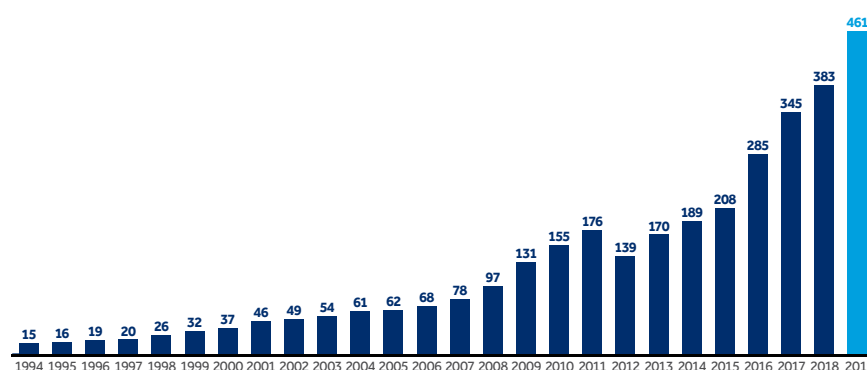
The Group continues to have the platforms, the opportunities and the capabilities for further development across each of our four divisions, supported by a strong and liquid balance sheet.

We expect that the year ending 31 March 2020 will be another year of profit growth and development for the Group.

Donal Murphy
Chief Executive
13 May 2019

Adjusted operating profit (£'m)¹

25 year CAGR¹ 14.6%



¹ On a continuing basis

Key Performance Indicators

Financial

The Group employs financial key performance indicators ('KPIs') which signify progress towards the achievement of our strategy. Each division has its own KPIs which are in direct alignment with those of the Group and are included in the divisional operating reviews on pages 42 to 67.

Strategic Linkages



Market leading positions



Operational excellence



Innovation



Extend our geographic footprint



Development of our people



Financial discipline



Linked to Directors' Remuneration

Financial KPIs	Description	Strategic Linkage
Return on capital employed ('ROCE')	ROCE is defined as adjusted operating profit expressed as a percentage of the average capital employed. ROCE is presented on a continuing basis.	ROCE is the key financial benchmark we use when evaluating both the performance of existing businesses and potential investments and is a key component of DCC's executive bonus plans and Long Term Incentive Plan. 
Growth in adjusted operating profit	The change in adjusted operating profit achieved in the current year compared to the prior year. Growth in adjusted operating profit is presented on a continuing basis.	Adjusted operating profit measures the underlying operating performance of the Group's businesses and is an indicator of our revenue generation, margin management, cost control and performance efficiency. 
Growth in adjusted earnings per share ('EPS')	The change in adjusted EPS achieved in the current year compared to the prior year. Growth in EPS is presented on a continuing basis.	Adjusted EPS is a widely accepted metric used in determining corporate profitability. It also represents an important metric in determining the generation of superior shareholder returns and is a key component of DCC's executive bonus plans and Long Term Incentive Plan. 
Free cash flow	Cash generated from operations before exceptional items and after net capital expenditure.	Free cash flow represents the funds available for reinvestment, acquisitions and dividends, so maintaining a high level of free cash flow is key to maintaining a strong, liquid balance sheet. 
Committed acquisition expenditure	Cash spent and acquisition related consideration for acquisitions committed to during the year.	The Group constantly seeks to add value-enhancing acquisitions in order to provide shareholders with returns on capital in excess of our cost of capital. 

Read more: **Financial Review** on page 21 →

FY19 Performance	FY19 Comment	FY20 Outlook and Aims
<p>2019 17.0%</p> <p>2018 17.5%</p> <p>2017 20.3%</p>	<p>ROCE of 17.0% is significantly in excess of our cost of capital. The modest decrease in the Group ROCE versus the prior year principally reflects the impact of the substantial acquisition spend during the current and prior year as the Group entered new geographies and the recent organic investments made in the warehousing and operating infrastructure in the UK, Nordics and France.</p>	<p>The achievement of returns on capital employed in excess of the Group's cost of capital will continue to be a key focus in order to ensure the efficient generation of cash to fund organic growth, acquisitions and dividend growth.</p>
<p>2019 £460.5m</p> <p>2018 £383.4m</p> <p>2017 £345.0m</p> <p>2019 v 2018: +20.1%</p>	<p>All four divisions recorded profit growth versus the prior year reflecting the contribution from acquisitions and organic growth, notwithstanding the mild weather conditions experienced during the year.</p> <p>DCC LPG delivered very strong operating profit growth of 20.5%, primarily driven by acquisitions completed in the final quarter of the prior year. As anticipated, organic operating profit was modestly behind the prior year reflecting the investment in the natural gas and electricity offering in France and the impact of mild weather conditions.</p> <p>Operating profit in DCC Retail & Oil was 17.6% ahead of the prior year; organic growth accounted for approximately one third of the overall growth. The excellent performance reflects strong organic profit growth in the business in Britain, France and Denmark and the contribution from acquisitions completed during the prior year.</p> <p>DCC Technology achieved very strong operating profit growth of 35.1% reflecting the contribution from acquisitions completed in the current year and also good organic growth.</p> <p>DCC Healthcare's operating profit was 11.1% ahead of the prior year, reflecting good growth in both pillars and approximately half of the growth was organic. The division also benefited from the contribution from acquisitions completed in the prior year.</p>	<p>The Group anticipates that the year ending 31 March 2020 will be another year of profit growth and development.</p>
<p>2019 358.2p</p> <p>2018 317.5p</p> <p>2017 286.6p</p> <p>2019 v 2018: +12.8%</p>	<p>The increase in adjusted EPS of 12.8% comprises an 18.7% increase in adjusted earnings, driven by the factors mentioned under the adjusted operating profit KPI, offset by a 5.2% increase in the average number of shares in issue during the year, primarily as a result of the equity placing completed in October 2018.</p>	<p>The Group expects that the year ending 31 March 2020 will be another year of growth in adjusted earnings per share.</p>
<p>2019 £434.0m</p> <p>2018 £328.1m</p> <p>2017 £415.5m</p>	<p>The Group generated strong free cash flow of £434.0m during the year, driven by the adjusted operating profit of £460.5m. Working capital management remained strong, primarily reflecting a reduction in working capital levels at businesses acquired during the last 18 months. Net capital expenditure amounted to £173.5 million for the year reflecting the increased scale of the Group and a number of investments being undertaken to support continued organic growth and development.</p>	<p>Cash generation and working capital management will remain a key focus of the Group.</p>
<p>2019 £368.3m</p> <p>2018 £355.3m</p> <p>2017 £553.9m</p>	<p>The Group committed to acquisition expenditure of £368.3m during the period which principally comprised Jam, Stampede, Pacific Coast Energy, Kondor, Comm-Tec and Amacom.</p>	<p>The Group will continue to pursue attractive opportunities in our traditional markets as well as looking to extend our business into selected new geographic markets. We continue to pursue a strong pipeline of opportunities but acquisition targets must meet our demanding criteria and we will remain disciplined in our approach to acquisition spend.</p>

Key Performance Indicators (continued)

Non-financial

The Group employs non-financial key performance indicators ('KPIs') to assess the activities that we see as important in conducting our operations responsibly and achieving our strategic objective of building a sustainable business which delivers long-term value to shareholders.

Strategic Linkages



Market leading positions



Operational excellence



Innovation



Extend our geographic footprint



Development of our people



Financial discipline

Non-Financial KPIs	Description	Strategic Linkage
Health and Safety 	<p>Lost Time Injury Frequency Rate ('LTIFR') measures the number of lost time injuries per 200,000 hours worked.</p> <p>Lost Time Injury Severity Rate ('LTISR') measures the number of calendar days lost per 200,000 hours worked.</p>	<p>The safety of our employees and the wider community is central to everything we do. A continually improving occupational and process safety culture is a key element in delivering on our strategic objectives.</p>
Gender diversity 	<p>The percentage split of the overall workforce between female and male employees.</p>	<p>The Group benefits from attracting and developing a workforce with diverse skills, qualities and experiences.</p>
Greenhouse gas emissions 	<p>Total Scope 1 and 2 greenhouse gas emissions expressed in kilotonnes (kts) of CO₂e.</p>	<p>The Group relies on the availability of raw materials and natural resources and is committed to running our businesses in an environmentally responsible manner.</p>

Read more: **Responsible Business Report** on **page 68** 

FY19 Performance

LTIFR



LTISR



FY19 Comment

The increase in the LTIFR should be viewed in conjunction with the positive downward trend over the past number of years. We are committed to improving our performance through heightened risk awareness, proactive reporting and learning from events.

The LTISR decreased compared to the prior year reflecting a reduction in the number of days lost from LTIs.

FY20 Outlook and Aims

The Group will continue to focus on promoting a strong safety culture across our businesses and ensure appropriate risk control measures are in place and operating effectively. LTI rates are targeted to improve as a result.

2019	Male: 65%	Female: 35%
2018	Male: 66%	Female: 34%
2017	Male: 68%	Female: 32%

At 31 March 2019, female employees accounted for 35% of the overall workforce, 17% of senior management and 20% of Board members.

We have aligned our reporting practices for senior management gender diversity with the requirements of the 2018 UK Corporate Governance Code. In a like for like comparison, female employees accounted for 16% of senior management in 2018 and 13% in 2017.

The Group will continue to focus on actions which will improve the gender diversity of our workforce. We are committed to better gender balance at all levels of the organisation and actively support the development of our high potential female talent.



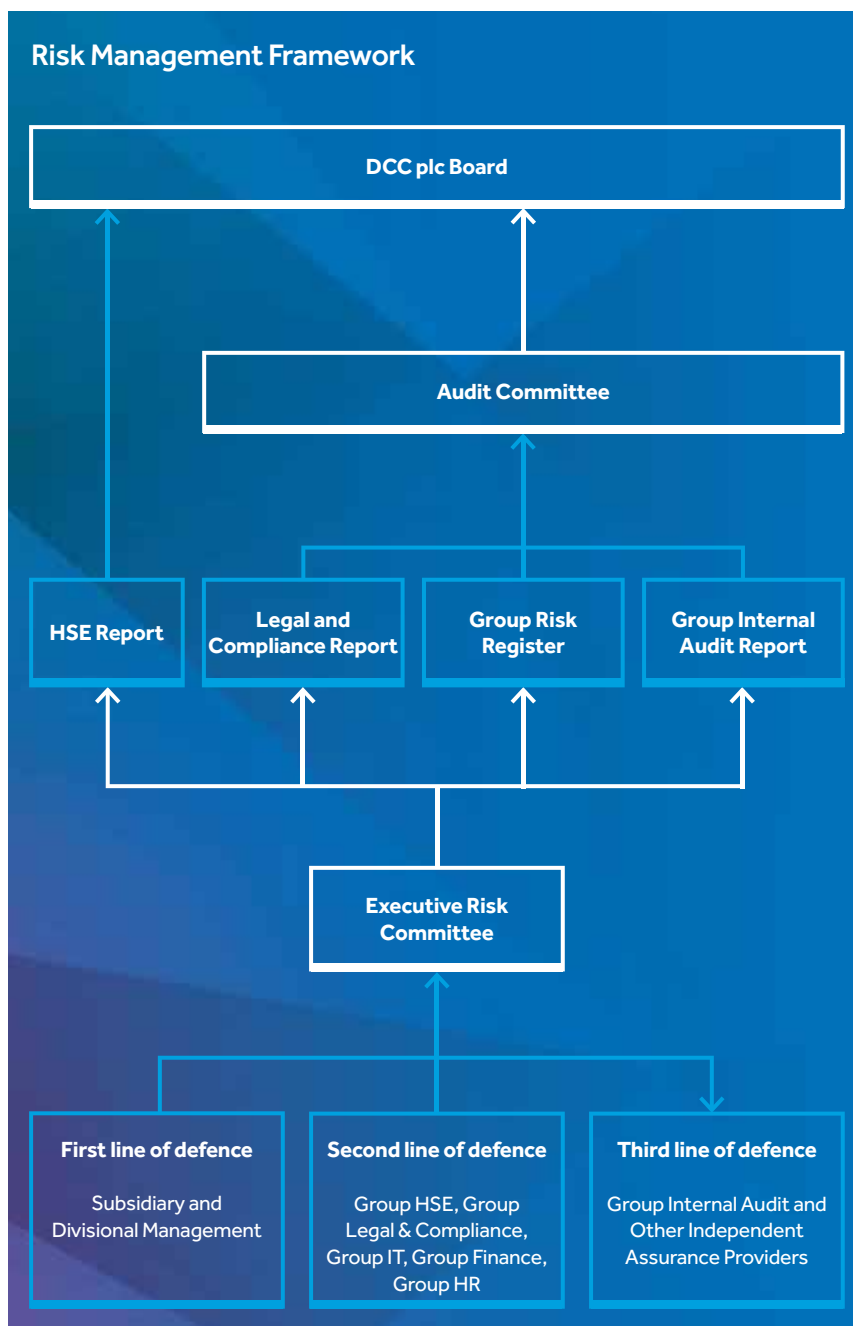
Recent acquisitions contributed to the 7% increase in total emissions compared to the prior year. This increase was offset by emissions reductions from ongoing investments in energy efficiency, consolidation of warehousing, a milder winter reducing building heating demand in some areas and ongoing decarbonisation of national electricity grids.

The Group will continue to identify energy saving opportunities and monitor greenhouse gas emissions from its operations.

Risk Report

Effective management of risk

The Board recognises that the effective management of risk requires the involvement of people at every level of the organisation and seeks to encourage this through a culture of open communication, in addition to the operation of formal risk management processes.



Risk Management

The Board of DCC is responsible for setting the Group's risk appetite and ensuring that appropriate risk management and internal control systems, designed to identify, manage and mitigate potential material risks to the achievement of the Group's strategic and business objectives, are in place.

The Board has approved a Risk Appetite Statement specifying the levels of risk that the Group is prepared to accept in key areas of activity in achieving its strategic objectives. This Statement informs the risk management and internal control systems that are maintained in those areas.

The Board has also approved a Risk Management Policy which sets out delegated responsibilities and procedures for the management of risk across the Group.

Risk Management Framework

The risk management framework has been designed using a 'three lines of defence' model, as shown in the diagram opposite.

The detailed roles and responsibilities assigned under the risk management framework, which is embedded within the Group's organisational structure, are summarised opposite, along with the reporting structures.

Roles, responsibilities and reporting under the risk management framework

Oversight

Board

- Approves the Group's Risk Appetite Statement and the Risk Management Policy.
- Monitors the Group's risk management and internal control activities through the receipt, at each Board meeting, of a risk report which focuses on the principal risks, as set out in the Group Risk Register, on emerging risks, on current risk mitigation activities and on developments in risk management practice.
- Receives a briefing from the Chairman of the Audit Committee at each Board meeting on its activities, both in regard to audit matters and risk management.
- Recognising that health and safety is a very significant risk area for the Group, particularly in the LPG and Retail & Oil divisions, the Board takes particular responsibility for this area through direct quarterly reporting to it by the Head of Group Sustainability, who is responsible for the Group HSE function.

Audit Committee

- Assists the Board by taking delegated responsibility for risk identification and assessment and for reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.
- Oversees the Group Risk Register, including principal risks, emerging risks and risk mitigation activities.
- Reviews regular reports from Group Internal Audit and from second line providers, including Group Legal & Compliance.
- Oversees the annual review of the effectiveness of the Group's risk management and internal control systems, which is undertaken jointly by Enterprise Risk Management and Group Internal Audit, and reports on this to the Board. Further detail on the activities of the Audit Committee is set out in its Report on page 90.

Executive Risk Committee

- The Executive Risk Committee is chaired by the Chief Executive and comprises senior Group and divisional management.
- Maintains the Group Risk Register and the Integrated Assurance Report.
- Analyses on a continuous basis the principal risks facing the Group, including emerging risks, the controls in place to manage those risks and the related monitoring procedures.
- Evaluates all audit reports prepared by the second and third line assurance providers and ensures prompt action is taken to address control weaknesses.

First line Subsidiary and Divisional Management

- Responsible for day-to-day risk management activity including maintaining risk registers and designing, implementing and maintaining effective internal controls to address the risks on those registers.
- Subsidiary risk registers are reviewed and updated at monthly meetings attended by both subsidiary and divisional management.
- Divisional management consider the subsidiary risk registers in preparing and updating divisional risk registers.

Second line Group HSE

- Operates a risk-based HSE audit programme which provides independent assurance on key HSE management processes and controls.
- Facilitates the exchange of best practice and supports the HSE working groups (organised around key areas, including transport safety and process safety) in setting objectives and developing appropriate HSE standards.

Group Legal & Compliance

- Maintains a structured compliance programme which is designed to provide reasonable assurance that all of the Group's operations comply with applicable legal and ethical standards.
- The directors of each Group subsidiary are primarily responsible for ensuring that their business complies with applicable legal and ethical standards. The Group Legal & Compliance function assists them through the identification of relevant requirements and the development and implementation of suitable controls, such as policies, training and audits to mitigate those risks. More detail on the compliance programme is contained in the Corporate Governance Statement on page 82 and in the Responsible Business Report on page 71.
- Carries out compliance audits in Group subsidiaries and reports on these to the Audit Committee.

Group IT

- Responsible for setting the Group's IT strategy for major IT projects and for managing IT security risks.
- The Group's IT Security Manager provides ongoing technical support, including managing cybersecurity and Payment Card Industry Data Security Standards ('PCI DSS') requirements, and is also responsible for user security training and network penetration testing.
- The Group Infrastructure & Technical Manager supports the Group's strategic agenda and the deployment of relevant cross-business platforms.
- The Group's Project Management Office provides support to key projects and change management programmes.

Group Finance

- Group Finance incorporates the Group accounting, corporate finance, treasury, taxation and commodity risk management functions who are responsible for implementing appropriate risk management practices and having oversight of subsidiary activities in their areas of operation.

Group HR

- Responsible for the Group Talent Strategy and Roadmap.
- Reports to the Board on leadership development and succession planning.

Third line Group Internal Audit

- Reviews the risk management and internal control processes and identifies areas for improvement and provides independent and objective assurance on risk matters to senior management and the Audit Committee.
- Develops an annual, risk-based internal audit programme, which is approved by the Audit Committee.
- Group Internal Audit incorporates a dedicated IT Assurance function which is focused on ensuring the Group Information Security Policy and related IT Standards are consistently applied and key risks with respect to IT, cybersecurity and business continuity are regularly reviewed. It also plays a role in IT project assessment.

Risk Report (continued)

Risk Management Process

Risk Registers

The Group's risk register process is based on a Group-wide approach to the identification and assessment of risks and the manner in which they are managed and monitored.

Risk registers, covering strategic, operational, financial and compliance risks, are completed with the impact and likelihood of occurrence for each risk determined. New or emerging risks are added to the risk registers as they are identified.

The risk register process, as set out below, is embedded into the Group's businesses and forms part of ongoing management processes. This facilitates frequent review and updating of the divisional and Group risk registers and the related assurance reports. This process is overseen by a dedicated risk management executive within the Group Internal Audit function.

The principal risks to the attainment of the Group's strategic priorities, which were confirmed by the risk register process, are set out on pages 17 to 20.

Subsidiary risk registers	Risk survey	Divisional risk registers	Group Risk Register
Each subsidiary is required to maintain a risk register, including details of key controls and mitigation activities. The registers are reviewed and updated to reflect changing circumstances at monthly meetings attended by both subsidiary and divisional management.	Each subsidiary completes a half-yearly online risk survey as an additional review of current and emerging risk trends.	Divisional management is responsible for regularly reviewing the subsidiary risk registers and risk survey results and updating the divisional risk registers, which are submitted to the Executive Risk Committee.	Maintained by the Executive Risk Committee and updated regularly to reflect any significant changes in the divisional risk registers or in Group level risks.

Emerging risks

Emerging risks are identified, analysed and managed as part of the same process as the Group's other principal risks, and they are reported on and reviewed as part of the risk register process.

Integrated Assurance

An Integrated Assurance Report ('IAR') is maintained to identify the assurance activities, both current and planned, across the three lines of defence, which are intended to address the key and emerging risks identified by the risk register process. The IAR is updated and discussed by the Executive Risk Committee at each meeting.

The Group Risk Register and the IAR are then reviewed by the Audit Committee and the Board.

Going Concern and the Viability Statement

Going Concern and the Viability Statement

In accordance with the relevant provisions set out in the UK Corporate Governance Code, the Board has taken account of the principal risks and uncertainties, as set out in the table on pages 17 to 20, in considering the statements to be made in regard to the going concern basis of accounting and the viability statement. These statements are set out below:

Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position, are set out in the Strategic Report.

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 21. In addition, note 5.1 to the Financial Statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company has considerable financial resources and a broad spread of businesses with a large number of customers and suppliers across different geographic areas and industries. Having assessed the relevant business risks, the Directors believe that the Company is well placed to manage its business risks successfully.

The Directors have a reasonable expectation that the Company, and the Group as a whole, have adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the Financial Statements.

Viability Statement

The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years to 31 March 2022. The Directors' assessment has been made with reference to the resilience of the Group and its strong financial position, the Group's current strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as described in the Strategic Report.

The Group has a broad spread of customers and suppliers across different geographic areas and independent market sectors. The Group is supported by a well-funded and liquid balance sheet and strong operational cash flows. The assessment period of three years has been chosen as it is consistent with the Board's annual review of the Group's strategy at which the development plans for each business are discussed.

A robust financial model of the Group is built on a business by business basis. This model is subjected to sensitivity analysis.

This review and analysis also considers the principal risks facing the Group, as described on pages 17 to 20 and the potential impacts these risks would have on the Group's business model, future performance, solvency or liquidity over the assessment period.

The Board considers that the diverse nature of the sectors and geographies in which the Group operates acts significantly to mitigate the impact any of these risks might have on the Group.

Principal Risks and Uncertainties

The principal risks and uncertainties, including emerging risks, which have the potential, in the short to medium term, to have a significant impact upon the Group's strategic objectives are set out below, together with an indication of the particular strategic priorities to which they relate, the principal mitigation measures, developments in 2019 and areas of focus for 2020.

These represent the Board's view of the principal risks at this point in time. There may be other matters that are not currently known to the Board or are currently considered of low likelihood which could emerge and give rise to material consequences.

The mitigation measures that are in place 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.

The Board has reviewed the principal risks and the risk environment, taking account of emerging risks and external and internal factors such as the continued growth in the scale of the Group, geographic expansion, the devolved

structure of the Group and market conditions. While there has not been a significant change in the principal risks in the past year, they do continue to evolve and the Group continues to develop the principal mitigation measures to address them.

Brexit and DCC

In line with the guidance issued by the Financial Reporting Council ('FRC'), the Board continues to assess, on an ongoing basis, the consequential risks and uncertainties in the political and economic environment arising from the referendum vote in favour of the UK leaving the EU ('Brexit') and the impacts of those risks and uncertainties on the DCC Group.

Regular updates from management on the potential impacts of Brexit on DCC have continued to be presented to the Board on a range of issues, including operational and supply chain issues, currency implications, taxation, capital markets and regulatory matters.

The Board, having considered these regular updates, has concurred with management's conclusion that the short and medium-term impact of Brexit remains uncertain and most likely issues will arise that have not been contemplated or foreseen. However, management and the Board continue to believe that DCC is not likely to be materially directly impacted by Brexit in the short or medium term and that appropriate plans are in place to manage any trading or other impacts.

Strategic Linkages



Market leading positions



Operational excellence



Innovation



Extend our geographic footprint



Development of our people



Financial discipline

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
<p>Major HSE or environmental incident</p> <p>The Group is subject to HSE laws, regulations and standards across multiple jurisdictions.</p> <p>The principal risks faced relate to fire, explosion or multiple vehicle accident, an incident resulting in significant environmental damage or compliance breach and a HSE or security event requiring the activation of our crisis management plan.</p> <p>Such risks may give rise to injuries or fatalities, legal liability, significant costs and damage to the Group's reputation.</p>	<p>HSE management systems are appropriate to the nature and scale of the risks. There is a strong focus on process safety and ongoing communication with the relevant safety authorities, particularly within the LPG and Retail & Oil divisions.</p> <p>Emergency response and business continuity plans are in place to minimise the impact of any significant incidents. Inspection and auditing processes in relation to HSE management systems are conducted by subsidiary management, by the Group HSE function and by external assurance providers, as appropriate.</p> <p>Insurance cover is maintained at Group level for all significant insurable risks.</p>	<p>While there have been no significant changes to the assessment of these risks, management continued to improve HSE practices during 2019, including agreement of a Group Environment Policy, further rollout of the Safety First initiative and process safety standards. HSE integration of recent acquisitions including DSG Energy, DCC Propane, TEGA, Elite One Source, Stampede and Jam continued during the year.</p> <p>Further development of HSE controls and management systems will continue in 2020, with particular focus on recent acquisitions.</p>

Risk Report (continued)

Principal Risks and Uncertainties (continued)

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
<p>Compliance with legal and ethical standards</p> <p>Product integrity</p> <p>A material failure to comply with applicable legal and ethical standards or to ensure that products sold by Group businesses are safe and compliant with relevant legal and regulatory standards could result in personal injury, property damage, penalties, costs, reputational harm and damage to relationships with suppliers or customers.</p> 	<p>The Group promotes a culture of compliance and 'Doing the Right Thing' in all activities.</p> <p>A Code of Conduct is in place and is supported by more detailed policies where needed, including a Supply Chain Integrity Policy and an Anti-Bribery and Corruption Policy.</p> <p>Training programmes are provided for employees on key compliance risks.</p> <p>All employees can raise concerns, using the Group's whistleblowing facilities.</p> <p>The Group Legal & Compliance function performs compliance audits and a range of compliance controls are reviewed by Group Internal Audit as part of their audits.</p> <p>Businesses in the Group operate quality management systems and quality assurance processes which are subject to regulatory review, and meet licensing requirements for all manufacturing and product processing facilities.</p>	<p>Group businesses ensured appropriate processes and controls were in place to comply with the General Data Protection Regulation ('GDPR') which came into force on 25 May 2018. Compliance requirements in new territories were taken into account as new acquisitions were onboarded by the Group Legal & Compliance function.</p> <p>There have been no other significant changes to legal and ethical standards/regulations impacting on the Group during the year.</p> <p>The Group Legal & Compliance function will ensure any new regulatory requirements are appropriately considered in 2020 and will continue its compliance audit programme.</p>
<p>Acquisitions and project/ change management</p> <p>A failure to identify, execute or properly integrate acquisitions or to effectively complete change management programmes or other significant projects could impact on profit targets and impede the strategic development of the Group.</p> 	<p>Group and divisional management teams engage in a continuous and active review of potential acquisitions.</p> <p>All potential acquisitions are subject to an assessment of their ability to generate a return on capital employed well in excess of the cost of capital and of their strategic fit within the Group.</p> <p>The Group conducts a stringent internal evaluation process and external due diligence prior to completing any acquisition.</p> <p>Performance against original acquisition proposals is formally reported to the Board on an annual basis and account is taken of learnings.</p> <p>Projects and change management programmes are resourced by dedicated and appropriately qualified internal personnel, supported by external expertise, and are subject to oversight by the Group Chief Information Officer and the central Project Management Office, by divisional and Group management and by the Audit Committee.</p>	<p>It has been an active period of corporate development, with c.£370 million committed to acquisitions, and the integration of the Group's first acquisitions in the USA and Canada.</p> <p>Acquisition activity in 2020 will continue to be subject to robust internal evaluation processes and external due diligence.</p> <p>A large-scale project in Exertis UK to enhance the core ERP system is in progress, will continue to be a key focus area and is subject to internal and external oversight and review.</p>
<p>Loss of significant customer or supplier</p> <p>Certain Group subsidiaries derive a significant part of their revenue from key suppliers and customers and the loss of any of those relationships could have a material financial impact on those businesses.</p> 	<p>The Group as a whole trades with a very broad supplier and customer base. Close commercial relationships exist with all our suppliers and customers and there is a constant focus on providing a value added service to them.</p>	<p>Supplier and customer concentrations are regularly reviewed and there have been no significant changes to the Group's exposures to individual customers or suppliers during the year and no significant change to the assessment of this risk.</p> <p>Management will continue to review the relationships with and exposure to key suppliers and customers.</p>

Strategic Linkages



Market leading positions



Operational excellence



Innovation



Extend our geographic footprint



Development of our people



Financial discipline

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
IT system failure/cybercrime <p>The risk that our IT systems and infrastructure may be affected by accidental exposure or deliberate theft of sensitive information, loss of service or system availability, significant system changes or upgrades or cybercrime, could result in financial or reputational damage or a regulatory breach.</p> 	<p>Dedicated IT personnel in Group subsidiaries implement IT standards, oversee IT security and are provided with technical expertise and support from Group IT.</p> <p>Cybersecurity reviews are performed by a dedicated internal IT Assurance team and external technical experts to provide independent assurance.</p> <p>The Group's businesses have appropriate business continuity, IT disaster recovery and crisis management plans in place. DCC maintains a level of cyber insurance cover at a Group level.</p>	<p>The potential impact of IT system failure or cybercrime is limited by the devolved structure of the Group.</p> <p>Mitigation measures continue to improve, including IT standards and policies which were updated to reflect recent changes in the underlying best practice frameworks and were rolled out to recent acquisitions.</p> <p>While global levels of cybercrime are increasing, the Group continues to strengthen its mitigation measures. Developments in mitigation measures during the year included the roll out of a cyber incident response plan.</p> <p>Group IT and Group IT Assurance will continue to focus on raising awareness of cyber threats in 2020 and on ensuring that the Group's IT standards and policies are consistently applied.</p>
Ability to attract/retain management resource <p>The Group's devolved management structure has been fundamental to the Group's success. There is a risk of failure to attract talent, particularly in new markets, or a failure to retain or develop high quality entrepreneurial management throughout the Group, particularly in recent acquisitions, which could impact on the attainment of strategic objectives.</p> 	<p>The Group maintains a constant focus on this area with structured succession planning, international mobility practices, management development and remuneration programmes, incorporating long and short-term incentives. A graduate recruitment programme is also in place.</p> <p>These programmes are reviewed regularly by Group Human Resources, divisional management, the Chief Executive and the Board.</p>	<p>Senior management changes were successfully completed during the year in a number of larger subsidiaries and talent requirements in recent acquisitions have been assessed.</p> <p>Separately talent has been deployed to a number of new acquisitions to support integration.</p> <p>The Group will continue to focus on developing and embedding its HR programmes in 2020, particularly in the more recently acquired businesses.</p>
Financial reporting <p>The Group is exposed to foreign exchange, commodity and interest rate risk. Failure to accurately report or forecast financial results through error or fraud could damage the Group's reputation.</p> 	<p>Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board.</p> <p>Standard reporting packs are prepared, including weekly forecasts and monthly submissions, and are subject to review by local, divisional and Group management as well as Group Internal Audit.</p>	<p>The Group continued its programme of replacing legacy systems with appropriate enhanced financial reporting systems in 2019.</p> <p>The Group adopted a number of new accounting standards during the year and continues to prepare for accounting standards which will become effective in the coming financial year, the most significant of which will be IFRS 16 <i>Leases</i>.</p>

Risk Report (continued)

Principal Risks and Uncertainties (continued)

Strategic Linkages



Market leading positions



Operational excellence



Innovation




Extend our geographic footprint



Development of our people



Financial discipline

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
<p>Changing market dynamics</p> <p>Extreme weather</p> <p>Relevant implications of climate change</p> <p>External factors outside of the direct influence of the Group, including economic cycles, technological changes and weather, can significantly impact on performance.</p> <p>Demand for some of the products sold by the Group, most notably heating products in the LPG and Retail & Oil divisions, is directly related to weather conditions. The inherent uncertainty of weather conditions therefore presents a risk to profits generated.</p> <p>Certain implications of climate change, such as changes in policy, regulation, technologies and consumer preference, are developing risks which have the potential to impact on demand for the Group's products.</p> <p></p>	<p>The impact of these external factors is mitigated through a focus on strong financial management, a broad spread of products and customers across the divisions and careful geographical expansion.</p> <p>The Group is focused on expanding its operations in the non-heating segments of the market.</p> <p>The Group maintains a close focus on policy, regulatory, technological and consumer preference developments in the sectors in which it operates.</p>	<p>While the likelihood of changing market dynamics has increased due to challenges in certain markets, continued diversification reduces exposure to individual markets.</p> <p>In 2019, the Group continued to expand its operations geographically and in the non-heating segments of the market.</p> <p>The Group continues to monitor the specific implications of climate change which may impact on its businesses, which are considered to be emerging risks.</p> <p>Management will continue to monitor changes in external factors in 2020 and consider their impact on the Group.</p>

Financial Review

After 25 years as a public company, our overall objective continues to be the building of a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of our cost of capital.

Fergal O'Dwyer
Chief Financial Officer



Highlights of 2019

Revenue ^{1,2}

+16.0% ↑

£15,227m

(2018: £13,122m)

Adjusted operating profit ^{2,3}

+20.1% ↑

£460.5m

(2018: £383.4m)

Adjusted EPS ^{2,3} (pence)

+12.8% ↑

358.16p

(2018: 317.45p)

1. Prior year revenue restated for IFRS 15.
2. Excluding DCC Environmental which was disposed of in May 2017.
3. Excluding net exceptionals and amortisation of intangible assets.

Since DCC became a public company 25 years ago in 1994, it has relentlessly pursued its strategic business model of organic profit growth with high cash conversion facilitating an unbroken dividend growth record and the deployment of capital on acquisitions which consolidates within existing geographic markets and expands into new geographies, achieving returns significantly ahead of its cost of capital.

This Financial Review is primarily about the year just ended but it is our 25th year as a public company during which time:

- Revenue has grown from £0.2 billion to £15.2 billion; a compound growth rate of 18.9%.
- Operating profit (continuing) has grown from £15.3m to £460.5m; a compound growth rate of 14.6%.
- Adjusted earnings per share has grown from 18.75p to 358.16p; a compound growth rate of 12.5%.
- Free cash flow has grown from £20.3m to £434.0m; a compound growth rate of 13.0% and a total cash conversion over the 25 years of 101%.
- An unbroken dividend growth record which has seen the dividend increase from 4.79p to 138.35p; a compound growth rate of 14.4%.
- A total spend of over £3.0 billion on c.270 acquisitions.
- A total shareholder return of 6,698% over that 25 year period.

So that is the first 25 years.

In the year just ended DCC has continued to deliver on its overall objective whilst maintaining a strong, liquid and conservatively financed balance sheet.

We remain ambitious to grow our business further in the coming year to 31 March 2020, both organically and by way of acquisition, and to grow our dividend to shareholders whilst maintaining our financial strength.

Financial Review (continued)

Reporting Currency

The Group's financial statements are presented in sterling. Results and cash flows of operations based in non-sterling jurisdictions have been translated into sterling at average rates for the year. The principal exchange rates used for the translation of results into sterling were as follows:

	Average rate	
	2019 Stg£1=	2018 Stg£1=
Euro	1.1319	1.1366
Danish Krone	8.4407	8.4603
Swedish Krona	11.7467	11.0482
Norwegian Krone	10.9172	10.7901
US Dollar	1.3184	1.3236
Hong Kong Dollar	10.3392	10.3312

Approximately 50% of the Group's revenue and approximately 60% of the Group's adjusted operating profits are generated outside of the UK. The impact of currency translation versus the prior period was very modest, with average sterling exchange rates marginally weakening against the euro and US Dollar and marginally strengthening against other relevant currencies.

Revenue/Volumes

Revenue from continuing operations increased by 16.0% to £15.2 billion. Prior year revenue has been restated to reflect the adoption of IFRS 15 *Revenue from Contracts with Customers* as set out in note 1.5 to the financial statements. Volumes in DCC LPG increased by 10.8% to 2.1 million tonnes, driven by DCC LPG's prior year acquisitions of the businesses in the US, Germany and Hong Kong & Macau. On a like-for-like basis, volumes were 2.8% behind the prior year, principally reflecting the warmer than average temperatures across Europe which impacted heating segments. DCC LPG's revenue increased by 30.5%.

DCC Retail & Oil volumes were 12.2 billion litres, modestly behind the prior year, reflecting the disposal of the oil distribution business in Northern Ireland. On a like-for-like basis, volumes declined by 3.8%, reflecting the mild weather conditions and also the impact of reduced volumes in France as a result of the regular nationwide protests. DCC Retail & Oil's revenue increased by 12.2%.

Revenue excluding DCC LPG and DCC Retail & Oil was £4.2 billion, an increase of 19.5%, approximately one third of which was organic.

Adjusted Operating Profit

Group adjusted operating profit from continuing operations increased by 20.1% to £460.5 million, reflecting the contribution from acquisitions and organic growth, notwithstanding the mild weather conditions experienced during the year.

DCC LPG delivered very strong operating profit growth of 20.5%, primarily driven by acquisitions completed in the final quarter of the prior year. As anticipated, organic operating profit was modestly behind the prior year, reflecting the investment in the natural gas and electricity offering in France and the impact of mild weather conditions. Each of the newly acquired businesses in the US, Germany and Hong Kong & Macau was integrated into the Group during the year and performed in line with, or modestly ahead of, expectations.

Operating profit in DCC Retail & Oil was significantly ahead of the prior year, increasing by 17.6%, approximately one third of which was organic. This excellent performance reflects strong organic profit growth in the businesses in Britain, France and Denmark and the contribution from acquisitions completed during the prior year.

Table 1: Trading Overview

	2019 £'m	2018 £'m	Change on prior year %
Revenue (continuing)	15,226.9	13,121.7	+16.0%
Adjusted operating profit			
DCC LPG	201.8	167.5	+20.5%
DCC Retail & Oil	133.7	113.8	+17.6%
DCC Technology	64.7	47.8	+35.1%
DCC Healthcare	60.3	54.3	+11.1%
Group adjusted operating profit (continuing)	460.5	383.4	+20.1%
Share of equity accounted investments' profit after tax	0.7	0.4	
Finance costs (net)	(46.6)	(35.8)	
Profit before net exceptionals, amortisation of intangible assets and tax (continuing)	414.6	348.0	+19.1%
Net exceptional items after tax and non-controlling interests	(24.6)	11.4	
Amortisation of intangible assets	(63.3)	(43.0)	
	326.7	316.4	
Taxation	(55.6)	(49.3)	
Profit after tax	271.1	267.1	+1.5%
Profit after tax from discontinued operations	–	0.8	
Non-controlling interests	(8.5)	(6.1)	
Net earnings	262.6	261.8	+0.3%
Adjusted earnings per share – total (pence)	358.16p	318.35p	+12.5%
Adjusted earnings per share – continuing (pence)	358.16p	317.45p	+12.8%

Table 2: Revenue (Continuing Operations)

	2019			2018			Growth		
	H1 £'m	H2 £'m	FY £'m	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC LPG	721.4	1,056.9	1,778.3	502.0	860.8	1,362.8	+43.7%	+22.8%	+30.5%
DCC Retail & Oil	4,832.6	4,408.7	9,241.3	3,829.5	4,408.6	8,238.1	+26.2%	+0.0%	+12.2%
DCC Technology	1,563.1	2,067.8	3,630.9	1,332.9	1,673.2	3,006.1	+17.3%	+23.6%	+20.8%
DCC Healthcare	275.9	300.5	576.4	245.0	269.7	514.7	+12.6%	+11.5%	+12.0%
Total	7,393.0	7,833.9	15,226.9	5,909.4	7,212.3	13,121.7	+25.1%	+8.6%	+16.0%
Weighting %	48.6%	51.4%	100.0%	45.0%	55.0%	100.0%			

Table 3: Adjusted Operating Profit (Continuing Operations)

	2019			2018			Growth		
	H1 £'m	H2 £'m	FY £'m	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC LPG	40.9	160.9	201.8	44.1	123.4	167.5	-7.2%	+30.4%	+20.5%
DCC Retail & Oil	56.3	77.4	133.7	42.2	71.6	113.8	+33.5%	+8.2%	+17.6%
DCC Technology	17.8	46.9	64.7	14.2	33.6	47.8	+25.0%	+39.4%	+35.1%
DCC Healthcare	26.9	33.4	60.3	22.0	32.3	54.3	+22.2%	+3.4%	+11.1%
Total	141.9	318.6	460.5	122.5	260.9	383.4	+15.9%	+22.1%	+20.1%
Weighting %	30.8%	69.2%	100.0%	32.0%	68.0%	100.0%			

DCC Technology achieved very strong operating profit growth of 35.1%, principally driven by the first-time contribution from acquisitions completed in the current year and also good organic growth. The UK and Ireland, DCC Technology's largest business, benefited from market share gains and the continued development of its value-added service proposition.

In DCC Healthcare, operating profit increased by 11.1% and approximately half of the growth was organic. DCC Vital delivered good organic profit growth in GP supplies and medical devices, while DCC Health & Beauty Solutions generated very strong organic growth in both the nutrition and beauty sector. DCC Healthcare also benefited from the contribution from acquisitions completed in the prior year.

An analysis of the revenue and adjusted operating profit performance for the first half, the second half and the full year ended 31 March 2019 is set out in Tables 2 and 3.

A detailed review of the operating performance of each of DCC's divisions is set out on pages 42 to 67.

The compound annual growth rate ('CAGR') in DCC's adjusted operating profits, from continuing operations, over the last 25 years (since the company became a public company) is 14.6%.

Finance Costs (net)

Net finance costs increased to £46.6 million (2018: £35.8 million) and reflects the full year impact of an increase in the Group's gross debt following a private placement debt issuance in the prior year. It also reflects an increase in the Group's average net debt during the year to approximately £670 million, from £467 million in the prior year and the impact of the increased level of acquisition activity in jurisdictions with relatively higher base interest rates.

Interest was covered 12.2 times by Group adjusted operating profit before depreciation and amortisation of intangible assets (2018: 13.4 times).

Profit Before Net Exceptional Items, Amortisation of Intangible Assets and Tax

Profit before net exceptional items, amortisation of intangible assets and tax increased by 19.1% to £414.6 million.

Net Exceptional Charge and Amortisation of Intangible Assets

The Group incurred a net exceptional charge after tax and non-controlling interests of £24.6 million (2018: net exceptional credit of £11.4m) as follows:

	£'m
Acquisition and related costs	(9.6)
Restructuring and integration costs and other	(18.6)
IAS 39 mark-to-market gain and related deferred tax	3.6
Net exceptional charge	(24.6)

Acquisition costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £9.6 million.

Restructuring and integration costs and other amounted to £18.6 million. The largest component of the charge relates to the ongoing dual running costs relating to the optimisation of DCC Technology's logistics and related infrastructure. The upgraded warehousing and logistics in the UK, Nordics and France 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. Given the level of acquisitions undertaken in the previous 12 months across the Group, a number of integration-related restructurings took place during the 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 year ended 31 March 2019, this amounted to an exceptional non-cash gain of £4.3 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 £1.2 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.

Financial Review (continued)

Highlights of 2019

Dividend per share (pence) +12.5% ↑

138.35p

(2018: 122.98p)

Return on total capital employed ¹

17.0%

(2018: 17.5%)

Free cash flow ²

£434.0m

(2018: £328.1m)

Free cash flow conversion

94%

(2018: 85%)

1. Excluding DCC Environmental which was disposed of in May 2017.
2. Cash generated from operations before net exceptionals and after net capital expenditure.

The charge for the amortisation of acquisition-related intangible assets increased to £63.3 million from £43.0 million in the prior year, with the increase principally reflecting acquisitions completed in the current and prior year.

Profit Before Tax

Profit before tax from continuing operations increased to £327.4 million.

Taxation

The effective tax rate for the Group was 17.0%, the same as in the prior year.

The Group's tax strategy is to:

- ensure compliance with all applicable tax laws and regulation in all countries in which the Group operates; and
- support the Group's business development strategy through the appropriate management of its tax affairs in line with the Group's commercial activities.

Non-Controlling Interest

The non-controlled element of the Group's consolidated profit after tax (and before exceptional items) amounted to £8.5 million (2018: £6.1 million) and primarily relates to the profit share of the Group's partners in its Danish Retail & Oil activities.

Adjusted Earnings Per Share

Adjusted earnings per share on a continuing basis increased by 12.8% to 358.16 pence. This reflects an 18.7% increase in adjusted earnings (as set out in Table 4) offset by a 5.2% increase in the average number of shares in issue during the year, primarily as a result of the equity placing which was successfully completed on 2 October 2018.

The CAGR in DCC's total adjusted earnings per share over the last 25 years is 12.5%.

Dividend

The Board is recommending an increase of 13.7% in the final dividend to 93.37 pence per share, which, when added to the interim dividend of 44.98 pence per share, gives a total dividend for the year of 138.35 pence per share. This represents a 12.5% increase over the total prior year dividend of 122.98 pence per share. The dividend is covered 2.6 times by adjusted earnings per share on a continuing basis (2018: 2.6 times). It is proposed to pay the final dividend on 18 July 2019 to shareholders on the register at the close of business on 24 May 2019.

Over its 25 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual rate of 14.4%.

Capital Allocation, Capital Employed and Return on Capital Employed

Capital Allocation
The creation of shareholder value through the delivery of consistent, long-term returns well in excess of its cost of capital is one of DCC's core strategic aims. Firstly, we achieve this through organic operating profit growth with a related high cash conversion which facilitates a growing dividend to shareholders and available capital to deploy on acquisitions generating returns significantly ahead of the Group's cost of capital. We have been fortunate that shareholders have also supported our equity issues in 2015 and 2018 to augment the capital available for deployment.

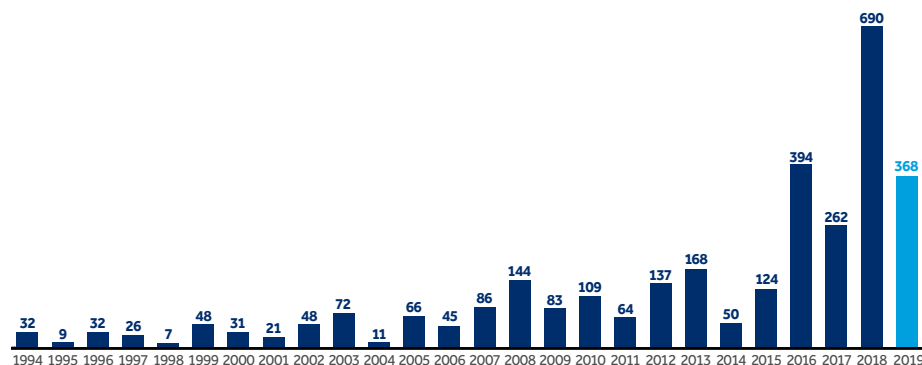
We believe we have significant M&A experience in the Group having deployed over £3 billion on c.270 acquisitions since we floated in 1994. Our four divisions are well positioned with opportunities to grow by acquisition, whilst maintaining financial and returns discipline. Our centre, divisional and operating unit management teams are well resourced so that the Group has a highly experienced team of M&A practitioners across all functions.

Table 4: Reconciliation of Adjusted Earnings from Continuing Operations to Profit Attributable to Shareholders

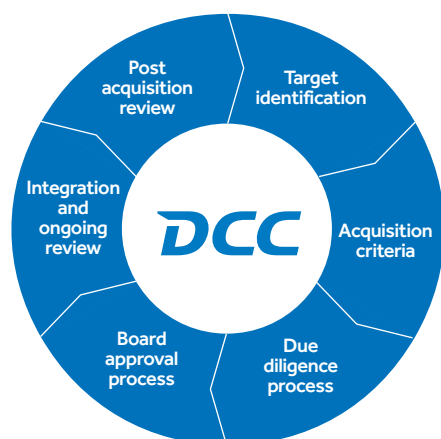
	2019 £'m	2018 £'m	Change on prior year %
Adjusted earnings (continuing)	335.8	282.9	+18.7%
Amortisation of intangible assets (net of tax)	(48.6)	(33.3)	
Adjusted earnings relating to activities disposed of	–	0.8	
Exceptional items (net of tax)	(24.6)	11.4	
Profit attributable to shareholders	262.6	261.8	+0.3%
Average number of shares in issue ('m)	93.7	89.1	+5.2%
	2019 pence	2018 pence	Change on prior year %
Adjusted EPS (continuing)	358.16	317.45	+12.8%
Amortisation of intangible assets (net of tax)	(51.81)	(37.31)	
Adjusted earnings relating to activities disposed of	–	0.90	
Exceptional items (net of tax)	(26.21)	12.79	
Basic EPS	280.14	293.83	-4.7%

Acquisitions 1994 – 2019 (£'m)

Years ended 31 March



When we are considering a new acquisition opportunity, we ask ourselves three basic questions. Firstly, is the acquisition in line with the Group's strategy. Secondly, can we make it a better business over time and lastly, can we buy it at a price that can ultimately deliver an acceptable return on our invested capital. We have robust processes around capital deployment from target identification, evaluation and negotiation, to Board approvals, integration and post-acquisition review.



Capital Employed

At 31 March 2019 the total capital invested by the Group was £2.9 billion (2018: £2.6 billion). Including the acquisitions announced in May 2019, the pro-forma split of the Group's capital employed by division and by geography is as follows:

Return on Capital Employed

The return on capital employed by division was as follows:

	2019 %	2018 %
DCC LPG	17.1%	17.4%
DCC Retail & Oil	18.6%	18.7%
DCC Technology	14.3%	16.1%
DCC Healthcare	16.6%	16.7%
Group	17.0%	17.5%

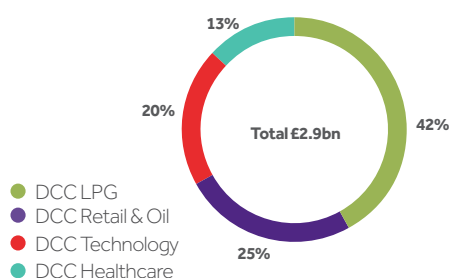
In 2019, the Group continued to generate very strong returns on capital employed with the modest decrease in the return on capital employed versus the prior year principally reflecting the impact of the substantial acquisition spend in both the current and prior year, as the Group entered new geographies and the recent organic investments made in the warehousing and operating infrastructure of the UK, Nordics and France.

As set out in note 1.5 to the financial statements, IFRS 16 *Leases* will replace IAS 17 *Leases* in the next financial year. The Group currently expects to recognise a lease liability and corresponding increase in property, plant and equipment of approximately £320 million on transition for the approximate 2,000 relevant leases the Group had at transition date with approximately 700 lessors. The increase in capital employed resulting from the new accounting standard would reduce the Group's 2019 return on capital employed to approximately 15.4%.

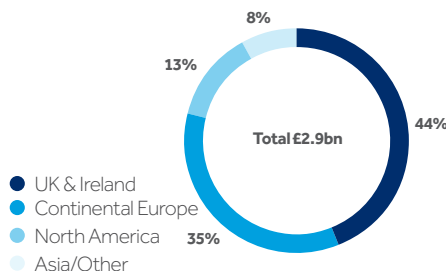
Cash Flow

Operating cash flow in 2019 was £607.5 million compared to £473.4 million in the prior year. Working capital decreased by £37.5 million, primarily as a result of a reduction in working capital at businesses acquired during the last 18 months. Overall working capital days were negative 0.4 days sales, compared to negative 2.0 days sales in the prior year, reflecting the acquisition during the year of businesses with positive working capital characteristics. On a like-for-like basis, working capital days were modestly improved on the previous year. 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 31 March 2019 increased modestly on the prior year and had a positive impact on Group working capital days of 4.9 days (31 March 2018: 4.4 days) or £211.4 million (2018: £202.2 million).

Group capital by division



Group capital by geography



Net capital expenditure amounted to £173.5 million for the year (2018: £145.3 million) and was net of disposal proceeds of £8.8 million (2018: £7.6 million). The increase in net capital expenditure over the prior year reflects the increasing scale of the Group and a number of investments being undertaken to support its continued organic growth and development. Capital expenditure in DCC LPG principally comprised development expenditure to support the ongoing conversion of oil customers to LPG and the initial investment in relation to the

Financial Review (continued)

Committed Acquisitions and Net Capital Expenditure

Committed acquisitions and net capital expenditure in the period amounted to approximately £541.8 million. An analysis by division is shown below:

	Acquisitions £'m	Capex £'m	Total £'m
DCC LPG	38.5	76.1	114.6
DCC Retail & Oil	17.0	64.0	81.0
DCC Technology	311.0	16.8	327.8
DCC Healthcare	1.8	16.6	18.4
Total	368.3	173.5	541.8

Avonmouth LPG storage facility in the UK. The ongoing investment in new retail sites and site upgrades in France and Norway were the principal items in the Retail & Oil division. As previously reported, DCC Technology has made significant investments in improving its logistics and warehousing infrastructure in the UK, Nordics and France. Within DCC Healthcare, DCC Health & Beauty Solutions is expanding its manufacturing footprint in the soft gel facility in south Wales which will significantly increase the scale and capability of the facility. Net capital expenditure for the Group exceeded the depreciation charge in the year by £63.9 million.

The Group's free cash flow amounted to £434.0 million, representing a 94% conversion of operating profit into free cash flow.

This performance continues a record of significant cash conversion in the Group. A summary of cash flows for the current year, the prior year and cumulatively for the 25 years since the Group's flotation in 1994 is presented in Table 5.

Acquisition Activity

Committed acquisitions amounted to £368.3 million inclusive of:

DCC LPG Pacific Coast Energy

In April 2019, DCC LPG acquired Pacific Coast Energy, an LPG distribution business operating in the north-west of the US for an enterprise value of approximately £30 million. The business trades under a number of brand names, supplying both residential and commercial customers in Washington and Oregon from five well-located facilities. DCC LPG has an existing modest presence in the north-west region and the acquisition of Pacific Coast Energy, DCC's first material bolt-on acquisition in the US market, will provide an enlarged presence in this attractive regional market.

DCC Retail & Oil

DCC Retail & Oil completed a number of small complementary bolt-on acquisitions during the period, primarily in the UK and France. These

acquisitions have been successfully integrated into the existing businesses.

DCC Technology

In May 2019 the Group announced that DCC Technology has reached agreement to acquire Comm-Tec GmbH ('Comm-Tec') in Germany and Amacom Holding BV ('Amacom') in the Netherlands.

Comm-Tec

Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain. The business recorded revenue of approximately €90 million in its latest financial year and employs approximately 150 people. The acquisition of Comm-Tec represents a material extension of DCC Technology's Pro AV offering in Europe.

Amacom

Amacom is a leading distributor of consumer electronics, AV and IT products, primarily to the

Table 5: Summary of Cash Flows

	2019 £'m	2018 £'m	25 years since flotation cumulatively £'m
Adjusted operating profit (including discontinued operations)	460.5	384.4	3,704.3
Decrease/(increase) in working capital	37.5	(13.8)	359.5
Depreciation and other	109.5	102.8	948.2
Operating cash flow	607.5	473.4	5,012.0
Capital expenditure (net)	(173.5)	(145.3)	(1,270.9)
Free cash flow	434.0	328.1	3,741.1
Interest and tax paid	(77.3)	(96.0)	(801.8)
Free cash flow (after interest and tax payments)	356.7	232.1	2,939.3
Acquisitions	(296.8)	(691.0)	(3,026.0)
Dividends	(117.0)	(102.9)	(981.5)
Disposals/exceptional items	(26.1)	147.5	314.1
Share issues (net of buy backs)	593.2	3.3	767.3
Net inflow/(outflow)	510.0	(411.0)	13.2
Opening net debt	(542.7)	(121.9)	(1.6)
Translation and other	14.3	(9.8)	(30.0)
Closing net debt	(18.4)	(542.7)	(18.4)
EBITDA	570.1	478.1	4,688.6
Free cash flow conversion (%)	94%	85%	101%

Highlights of 2019

Committed acquisition spend

£368.3m

(2018: £355.3m)

Cash balances

£1,466.0m

(2018: £964.3m)

EBITDA: net interest

12.2 times

(2018: 13.4 times)

retail and e-tail sectors in the Netherlands. The business recorded revenue of approximately €160 million in its latest financial year and employs approximately 80 people. Amacom will provide DCC Technology with an efficient distribution footprint in the Netherlands and an attractive portfolio of product categories and suppliers.

The combined initial enterprise value of Amacom and Comm-Tec is approximately £55 million and both acquisitions are subject to customary regulatory approvals.

Jam

In September 2018, DCC Technology announced the acquisition of Jam, 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 strengthened DCC Technology's position in the North American market building on 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.

Stampede

In July 2018, DCC Technology announced the acquisition of Stampede, a specialist distributor of 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

In July 2018, DCC announced the acquisition of Kondor, based in the South of England. Kondor distributes audio and mobile accessory products toetailers, 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.

Total Cash Spend on Acquisitions for the Year Ended 31 March 2019

The total cash spend on acquisitions completed in the year was £296.8 million and included the payment of deferred and contingent acquisition consideration previously provided of £30.3 million.

Partnership and disposals

DCC Retail & Oil

Denmark Aviation

In March 2019, DCC Retail & Oil's Danish business agreed to create a new branded marketing and distribution aviation business with Shell Aviation. The business will supply national and international airlines with aviation fuel from seven Danish airports. The business is the largest supplier of aviation fuel in the country, serving Denmark's busiest airports. The relationship, which involved Shell Aviation taking a stake in DCC's existing Danish aviation operations, combines DCC's local presence and supply infrastructure with Shell's global expertise in aviation and capabilities in jet fuel production and supply.

Oil Distribution Northern Ireland

In April 2018, DCC Retail & Oil completed the disposal of its fuel storage terminal in Belfast and its distribution business in Northern Ireland. The distribution business sold approximately 250 million litres of product in the year ended 31 March 2018.

The acquisition of Jam significantly strengthened DCC Technology's position in the North American market, building on the acquisition of Stampede in July 2018.

Financial Review (continued)

Balance Sheet and Group Financing

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet, which amongst other benefits, enables the Group to take advantage of development opportunities as they arise. On 2 October 2018, the Group completed an equity placing raising approximately £600 million, significantly strengthening the Group's balance sheet following a period of record development expenditure.

At 31 March 2019, the Group had net debt of £18.4 million, total equity of £2.4 billion, cash resources, net of overdrafts, of £1.5 billion and a further £400 million of undrawn, committed debt facilities. The Group's outstanding term debt had an average maturity of 5.3 years (6.4 years including commitments). Substantially all of the Group's debt has been raised in the US Private Placement market with an average credit margin of 1.61% over floating Euribor/Libor. In

April 2019, DCC successfully drew down a private placement issuance equivalent to £353 million, which will refinance private placement debt maturing within the next 12 months.

At 31 March 2019, the Group's net debt:EBITDA was less than 0.1 times and on a pro-forma basis, adjusting solely for the acquisition commitments announced in May 2019, net debt:EBITDA at 31 March 2019 would be approximately 0.2 times.

Further analysis of the Group's cash, debt and financial instrument balances at 31 March 2019 is set out in notes 3.8 to 3.11 in the financial statements.

Key financial ratios as at 31 March 2019, and the principal financial covenants included in the Group's various lending agreements, are as presented below:

Key financial ratios	2019 Actual	Lender covenants	2018 Actual
Net debt: EBITDA (times)	<0.1x	3.5x	1.1x
EBITDA: net interest (times)	12.2x	3.0x	13.4x
Total equity (£'m)	2,433.5	425.0	1,677.9

Financial Risk Management

Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors. These policies and guidelines primarily cover foreign exchange risk, commodity price risk, credit risk, liquidity risk and interest rate risk. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions. DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign exchange exposures within approved policies and guidelines.

Further detail in relation to the Group's financial risk management and its derivative financial instrument position is provided in note 5.7 to the financial statements.

Table 6: Performance Metrics

	2019	2018
Growth (continuing operations):		
Adjusted operating profit growth (%)	+20.1%	+11.1%
Volume growth DCC LPG (%)	+10.8%	+19.8%
Volume growth DCC Retail & Oil (%)	-1.3%	+6.4%
Revenue growth – excl. DCC LPG & DCC Retail & Oil (%)	+19.5%	+12.6%
Adjusted operating profit margin – excl. DCC LPG & DCC Retail & Oil (%)	3.0%	2.9%
Adjusted earnings per share growth (%)	+12.8%	+10.8%
Return:		
Return on capital employed – continuing (%)	17.0%	17.5%
Operating cash flow (£'m)	607.5	473.4
Free cash flow (£'m)	434.0	328.1
Conversion of adjusted operating profits to free cash flow (%)	94%	85%
Working capital days (days)	(0.4)	(2.0)
Debtor days (days)	35.5	31.2
Financial Strength/Liquidity/Financial Capacity for Development:		
EBITDA: net interest (times)	12.2x	13.4x
Cash balances (net of overdrafts and short-term debt) (£'m)	1,466.0	964.3
Net debt (£'m)	(18.4)	(542.7)
Net debt as a % of total equity (%)	0.8%	32.3%
Net debt: EBITDA (times)	<0.1x	1.1x

Foreign Exchange Risk Management

DCC's presentation currency is sterling. Exposures to other currencies, principally euro and the US dollar, arise in the course of ordinary trading.

A proportion of the Group's profits and net assets are non-sterling and are primarily euro denominated. Sterling strengthened against the euro by 1.9% from 1.1430 at 31 March 2018 to 1.1651 at 31 March 2019 whilst the average sterling exchange rate at which the Group translates its euro denominated operating profits weakened modestly by 0.4% from 1.1366 in FY2018 to 1.1319 in FY2019.

The proportion of the Group's profits denominated in currencies other than sterling is increasing mainly due to acquisitions. Approximately 60% (2018: 55%) of the Group's adjusted operating profit for the year ended 31 March 2019 was denominated in currencies other than sterling, primarily the euro, the US dollar and Scandinavian currencies. DCC does not hedge the translation exposure on the profits of non-sterling subsidiaries. The modest weakening of the average translation rate of sterling versus the euro and the US dollar was offset by a modest strengthening against the Scandinavian currencies resulting in a minimal impact on the Group's adjusted operating profit in the year ended 31 March 2019.

DCC has investments in non-sterling, primarily euro and US dollar denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in (or swapped utilising cross currency interest rate swaps into) the relevant currency or through currency swaps related to intercompany funding, although this hedge is offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The weakening in the value of sterling against the US Dollar was partly offset by a strengthening in the value of sterling against the euro and Scandinavian currencies resulting in a modest translation gain of £5.6 million on DCC's non-sterling denominated net asset position at 31 March 2019, as set out in the Group Statement of Comprehensive Income in the financial statements.

Where sales or purchases are invoiced in other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two months.

Commodity Price Risk Management

DCC, through its LPG and Retail & Oil divisions, procures, markets and sells LPG, natural gas, electricity and oil and, as such, is exposed to changes in commodity cost prices.

In general, market dynamics are such that commodity cost price movements are promptly reflected in sales prices.

In certain markets, and in particular in the LPG division, short-term or seasonal price stability is preferred by certain customer segments which requires hedging a proportion of forecasted transactions, with such transactions qualifying as 'highly probable' for IAS 39 hedge accounting purposes. DCC uses both forward purchase contracts and derivative commodity instruments to support its pricing strategy for a portion of expected future sales, typically for periods of less than 12 months.

Fixed price supply contracts are occasionally provided to certain customers for periods typically less than 12 months in duration. DCC fixes its cost of sales on contracted future volumes where the customer contract contains a take-or-pay arrangement that permits the customer to purchase a fixed amount of product for a fixed price during a specified period and requires payment even if the customer does not take delivery of the product.

Where a take-or-pay clause is not included in the customer contract, DCC hedges a portion of forecasted sales volume recognising that certain sales, such as natural gas and electricity in particular, are exposed to volumetric risk in the form of an uncertain consumption profile arising from a range of factors, including supply dynamics and the weather.

The LPG and Retail & Oil divisions do not hold significant amounts of commodity inventory relative to purchases and sales; however, for certain inventory, such as marine gasoil and natural gas, DCC may enter hedge contracts to manage price exposures.

The LPG and Retail & Oil divisions both enter into commodity hedges to fix a portion of own fuel costs.

Certain activities of individual businesses have been centralised under the supervision of the DCC Group Commodity Risk Management function. Divisional and subsidiary management, in conjunction with the Group's Commodity Risk Management function, manage commodity price exposures within approved policies and guidelines.

All commodity hedging counterparties are approved by the Chief Executive and the Chief Financial Officer and are reviewed by the Board.

Credit Risk Management

DCC transacts with a variety of high credit-rated financial institutions for the purpose of placing deposits and entering into derivative contracts. The Group actively monitors its credit exposure to each counterparty to ensure compliance with limits approved by the Board.

Interest Rate Risk and Debt/Liquidity Management

DCC maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three months. In addition, the Group maintains both committed and uncommitted credit lines with our relationship banks and borrows at both fixed and floating rates of interest. At 31 March 2019, 86% of the Group's drawn fixed rate borrowings were swapped to floating interest rates, using interest rate and cross currency interest rate swaps which qualify for fair value hedge accounting under IAS 39. The Group mitigates interest rate risk on its borrowings by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

Investor Relations

DCC's senior management team are committed to interacting with the international financial community to ensure a full understanding of DCC's strategic plans and performance against those plans. During the year, the executive management team presented at 10 capital market conferences, conducted 299 institutional investor one-on-one and group meetings, presented to 17 broking firms and hosted a capital markets day in France.

Share Price and Market Capitalisation

The Company's shares traded in the range £55.55 to £75.65 during the year. The share price at 31 March 2019 was £66.35 (31 March 2018: £65.60) giving a market capitalisation of £6.5 billion (31 March 2018: £5.9 billion).

Fergal O'Dwyer
Chief Financial Officer
13 May 2019

Strategy in Action

DCC LPG

Pacific Coast Energy Acquisition

What we did in 2019

In March 2018 DCC LPG made its entry into the very large, fragmented and growing US LPG market through the acquisition of Hicksgas LLC (the Retail West LPG division of NGL Energy Partners, LP) and thereby established a US base for the DCC LPG division.

The US business, now operating as DCC Propane, recently completed the acquisition of Pacific Coast Energy, a residential and commercial propane distribution business servicing over 7,500 customers. The business is headquartered in DuPont, Washington with 35 staff operating from five locations with 170,000 gallons of storage along the strategically important I-5 corridor in the high-growth Washington and Oregon markets. DCC Propane already has a strong presence in this region through four depots operating under the Pacer and Enviro brands.

Pacific Coast Energy will deliver a significant increase in market share in the important Washington/Oregon states and provide a platform for further growth whilst delivering synergies through combining with the current DCC Propane business.

Pacific Coast Energy along with other recent bolt-on acquisitions are expected to deliver over 10% growth in volumes to the DCC Propane business during the year.

Strategic Linkage

DCC LPG's vision is to be a global leader in the sales, marketing and distribution of LPG, natural gas and electricity and related products and services. We have added a new Director of Corporate Development and Senior Vice President of Finance to the experienced management team in DCC Propane to target further growth through bolt-on acquisitions

in the very large fragmented US LPG market. A strong pipeline of opportunities has already been identified.



Extend our geographic footprint

Read more: **Strategy** on pages 2 and 3



200th smart automatic gas cylinder distributor

What we did in 2019

Butagaz sells gas through the distribution of 10 million LPG cylinders across France every year and is continuously looking to provide more flexible and easier shopping solutions to its customers.

In January 2019, Butagaz completed the rollout of its 200th 24/24 smart automatic distribution system. These systems have typically been located in supermarket car parks but have increasingly been provided through DCC's Esso branded service stations.

Strategic Linkage

The 24/24 system uses the Click and Collect mobile application, designed through Butagaz's innovation hub Zagatub, and allows customers to purchase, locate, reserve and pick up their gas cylinders, providing a 'phygital' solution, combining the best in physical points of sale and digital services.



Innovation

Read more: **Strategy** on pages 2 and 3



Strategy in Action

DCC Retail & Oil

Certas Energy HGV bunker refuelling network and innovation through SNAP technology



What we did in 2019

Expanding the UK bunkering network

Certas Energy supports the British transport industry by keeping businesses moving. Drivers and businesses run more smoothly when they don't have to worry about fuel – Certas Energy provides hauliers access to the fuel and services where, when and how they need it. Certas has a growing portfolio of HGV bunker refuelling sites that are strategically located across Britain to serve the road transport industry. Each facility has been designed and developed specifically to enable convenient access, speed of filling and ease of movement for larger vehicles, with high-speed fuel pumps to significantly reduce the time spent refuelling.

High-speed refuelling systems dispense fuel at a speed of up to 120 litres per minute – enabling multiple HGVs to simultaneously refuel. This ensures that sites can deal with a high volume of customers – regardless of fluctuations in traffic volumes. Sites are in strategic locations, ensuring ease-of-use for the haulage community. As well as Certas Energy fuel cards, all sites accept a choice of fuel payment cards at more than 5,000 locations nationwide. Facilities are more than refuelling sites – bunker sites supply discounted fuel, AdBlue, gas oil and a range of additives, as well as many with amenities and services to support HGV drivers, including secure parking and truck washing, supported by our innovative SNAP technology.

Innovation through SNAP

Certas Energy is working to change the way the commercial road transport sector operates. As part of the bunker site expansion strategy, Certas has introduced the innovative SNAP Account to our transport offering. The technology-based smart payment system enhances the efficiency of hauliers – streamlining fleet operations by reducing costs, saving time and improving usage and cost visibility for fleet managers. The SNAP Account offering is a simple to use cashless payment system which hauliers can use to pay for a range of services including parking, washing and certain tolls.

Recognising vehicle registration numbers, SNAP removes the need for drivers to carry cash or keep track of receipts, as well as offering operators dynamic control over which vehicles are allowed to use various services as well as how often. Using only vehicle registration details, fleet operators receive a single consolidated invoice, itemising all services utilised each week. Using our SNAP Account depot parking system, an additional 220,000 secure spaces have been opened to truck drivers across Britain.

Strategic Linkage

Certas Energy's continuous investment in our network of infrastructure and services will ensure ongoing support to the haulage industry. We aim to continue to increase the number of bunker refuelling sites through strategic focus on Britain's busiest haulage routes.

Through leveraging technologies, Certas is providing innovative solutions to customers, saving both time and costs.



Market leading positions



Innovation

Read more: **Strategy** on pages 2 and 3



Strategy in Action

DCC Technology

DCC Technology's first acquisitions in North America

What we did in 2019

During the year, DCC Technology acquired two businesses in North America; Jam, a market-leading North American specialist sales, marketing and services business, serving the professional audio, musical instruments and consumer electronics product sectors and Stampede, which sells Pro AV products (including large format display, projectors, lamps, drones and accessories) and solutions primarily to customers in the hospitality, government, corporate and education sectors.

Headquartered in Montreal, Canada, and Buffalo, New York respectively, and with over 700 staff, the two businesses have an extensive combined sales and warehousing infrastructure throughout the USA and Canada, allowing for significant reach into resellers, integrators and retailers across North America. The two acquisitions provide attractive platforms for DCC Technology

to extend its geographic footprint and product range, strengthening its partnership with existing suppliers while also broadening its base of customers and suppliers. Importantly, the very strong service capability of both Jam and Stampede 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.

Strategic Linkage

The acquisitions of Jam and Stampede provide DCC with an entry into the North American distribution market, particularly in the attractive Pro AV space. Both businesses are specialists in the area and are led by strong management teams. This is the first stepping stone in building a larger DCC Technology business in North America.



**Extend our
geographic
footprint**

Read more: **Strategy** on **pages 2 and 3**





Strategy in Action

DCC Healthcare

Investing in growth capacity



What we did in 2019

DCC Health & Beauty Solutions ('DCC H&BS') has delivered strong organic growth by adhering to the principles of innovation, superlative customer service and a reputation for excellent quality. Over the last six years the business has more than tripled in size, driven by a combination of organic growth supported by capital investment in capability and bolt-on acquisitions. The pipeline of product development and success in winning and retaining new customers has resulted in the need for ongoing investment in our contract manufacturing businesses and facilities to ensure that they are equipped with the right mix of capability and capacity to continue to deliver further growth.

DCC H&BS' EuroCaps business operates a softgel contract manufacturing facility in South Wales, where it manufactures a range of complex softgel dietary supplements for a variety of customers that includes leading brand owners and retailers in the UK and Europe.

EuroCaps has a dedicated team of development scientists who, in addition to working with customers to develop new softgel formulations, also undertake 'blue sky' development work to bring new and innovative softgel formats to the marketplace. One output of this development work has been Algigel, a delayed release softgel which passes through the stomach intact to dissolve in the intestine. The advantage of Algigel is that it protects the active ingredients that are vulnerable to the highly acidic environment of the stomach and, in addition, it has been shown to significantly reduce or eliminate the reflux that some customers experience when taking certain fish oil based products.

Traditionally manufacturers would have coated the softgel with a material that resists the stomach acid (enteric coating), however the development of Algigel eliminates this additional manufacturing step as these delayed release properties are intrinsic to the softgel itself. A number of DCC H&BS' customers have found this innovation to be very attractive, providing them with a value add and a point of differentiation for their proposition.

Up until this year EuroCaps has operated from a state of the art, 50,000 sq. ft. facility but very strong organic growth over recent years, supported by innovation such as Algigel and the development of other more complex softgel products has resulted in the existing facility approaching maximum capacity.

To address this, divisional and local management teams worked to develop an expansion plan to deliver additional capacity which would allow the business to continue its growth trajectory into the future. This plan, which will see DCC invest £18 million over five years, will result in a doubling of its manufacturing footprint, including the addition of nine new high speed specialist production lines and associated drying capacity as well as an increase in onsite warehousing and office space. DCC's investment is underpinned by confidence in the opportunity in this category and leverages off a strong management team and skilled workforce in the existing EuroCaps business. This investment will generate an additional 150 jobs over the next few years and deliver the capacity to manufacture almost 5 billion softgels per annum. The first production is planned for summer 2019.

Strategic Linkage

This investment will assist EuroCaps in retaining its position as one of the leading contract manufacturers of nutritional dietary supplements in Europe. Further innovative products that are currently being developed at EuroCaps will ensure that it continues to be the contract manufacturer of choice for leading brand owners and retailers.



**Market
leading
positions**



**Operational
excellence**



Innovation

Read more: **Strategy** on pages 2 and 3



Strategy in Action

People Development

People are critical to DCC's ongoing success and we commit significant resources to ensuring we have current and future management talent in place to carry through the Group's strategic and growth plans.

Our approach to the development of senior leadership talent includes a common performance management framework, tailored personal development plans and development supports, including a partnership with a leading global business school. Further information on our approach is set out in the Responsible Business Report on page 68.

We place a particular emphasis on promoting from within existing management resources and the past year has seen significant success in this regard. We also value greater diversity, in particular female representation, in our senior management teams.

We have highlighted below two recent promotions of senior female executives in two of our larger subsidiaries.



Denise Frost, Managing Director, Fuel Card Services

"I had been a founding partner in a small fuel card business that became part of the DCC Group in 2006. At that time, Fuel Card Services had annual fuel card sales, through partnerships with major retail forecourts, amounting to c.200 million litres of road fuels to business customers of varying sizes.

The business has grown significantly since that time, with annual sales in excess of 1 billion litres. As a result of our strong organic growth and a series of acquisitions, we have expanded our existing teams and opened additional sales offices. The key to our success has been the establishment and management of strategic supplier relationships, the development, acquisition and retention of a high quality sales force and a best in class finance and support team.

I was promoted from Commercial Director to Managing Director of the business in April 2018. In this role I have full responsibility for all elements of the business across all of the markets we provide our services to. My role provides leadership for the strategic sales direction of the business and active oversight across all functions while ensuring that our investments deliver returns. The most enjoyable part of my role is when our people are recognised for their contributions to the business. Our people are the business's most important resource and their commitment and desire to help the business succeed makes me extremely proud to be part of such a great team.

Empowerment is a word that is often over used in business. During my time with DCC, I have come to realise that for real empowerment to occur the business has to trust the people it employs. In preparing me for this transition, the Group provided me with a number of development supports including Cranfield School of Management and external mentoring from the Mentoring Foundation, which supports female leaders transitioning to more senior roles. I am proud to be part of an inspirational business that is willing to invest and provide support, so that everyone has the opportunity to be the best they can be."



Natacha Cambriels, General Manager, Butagaz LPG

"To support the continued growth of the Butagaz business we announced a structural change centering around its core business units: LPG, Gas and Electricity, and I was promoted to the position of General Manager of Butagaz LPG earlier this year.

I joined Butagaz at the beginning of 2014 as Chief Operating Officer, after a career of almost 20 years in downstream oil and gas. In this role I led the LPG and metal supply chains and managed all our operating sites, giving me a deep understanding of the business.

As General Manager I have responsibility for the Butagaz LPG business, including more than four million customers and a team of c. 700 people, which is led by the Butagaz LPG senior management team, many of whom have been promoted from within the business. This wave of internal promotions has created a great energy and reflects DCC's overall talent strategy and how it develops its people by providing opportunities within the Group. The variety of the role is something I am relishing, particularly the commercial aspect and being closer to the customer.

Prior to my promotion I was fully supported by the Group to develop and be prepared for transitioning to the role through various leadership development support mechanisms tailored to me, meaning when this opportunity arose, I was very comfortable making the transition and more importantly, excited by it."



**Development
of our people**

Read more: **Strategy** on **pages 2 and 3**



Strategy in Action

Financial Discipline

Continuing our track record of excellent free cash flow generation



What we did in 2019

The year ended 31 March 2019 was another year of significant progress for DCC. A notable feature of the results for the year was the excellent cash generation, with a free cash flow conversion of 94%, contributing to a Group return on capital employed of 17%, a strong result in light of the substantial acquisition activity in recent years. DCC now has an annual average free cash flow conversion of 101% in the 25 years since we went public.

The excellent free cash flow generation was achieved against the background of significant investment in the operating capability of the Group during the year, which saw net capital expenditure exceed depreciation by approximately £64 million. Investing in our future is a consistent theme in DCC – during 2019 we undertook a number of material investments across each division which will significantly enhance our capability and ensure our businesses are well-equipped to meet the needs of customers into the future and provide additional growth opportunities for the Group. Over our 25 years as a public company, DCC has invested approximately 1.3 times depreciation in capital expenditure, demonstrating our commitment to ensuring our market-leading positions are both maintained and enhanced.

Ordinarily, organic growth in revenue and profit across the Group should lead to increased working capital investment. DCC has however consistently managed to reduce working capital in acquired businesses. This was again the case in the current year, with the working capital inflow in the year of £38 million being driven largely by reductions in working capital in recently-acquired businesses. These reductions are achieved through a more detailed focus on the commercial terms and

metrics that apply to each newly acquired business. With return on capital employed being such a focus, DCC will invest time, effort and resources in ensuring our businesses are as efficient as possible from a working capital perspective, balanced against the commercial needs of the business and market within which it operates. Despite our growth in revenue from £200 million to £15.2 billion in our 25 years as a public company, the post-acquisition performance of acquisitions has resulted in an overall working capital inflow of £360 million during this long period.

The continued excellent cash generation, coupled with the equity placing during the year following a record period of acquisitions, ensures that DCC's financial position today remains extremely strong and liquid. This position will enable DCC to continue to pursue its targeted acquisition strategy into the future.

Strategic Linkage

DCC's key financial metric is return on capital employed and financial discipline has always been a central tenet of DCC's strategy. Both of these ensure that cash flow generation from our operations is a consistent focus. Cash generation is a significant enabler of our business model, allowing us to invest in organic growth opportunities, to pursue value-creating consolidation acquisitions in our existing markets and enter new markets by acquiring platform businesses, whilst also allowing us to pay a progressive dividend to our shareholders.



Financial discipline

Read more: **Strategy** on pages 2 and 3



Operating Review

DCC LPG

What we do

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

Key brands

Benegas*, Butagaz*, Flogas*, Gaz de Paris*, TEGA*, Hicksgas*, Propane Central*, Pacer Propane* and Shell**.

* DCC owned brands.

** Operated under a long-term brand licence agreement.

How we do it

Our suppliers



Exploration, production and refinery



Importation terminals



Inbound supply

DCC LPG activities



Inbound logistics



Storage and filling



Sales and marketing



Services



Outbound logistics

Our customers



Domestic



Commercial/Industrial



Agriculture



Retailers/consumers



Where we do it

How we create value

DCC LPG's principal operating locations are highlighted in green below together with significant market positions.

**USA**

Leading player in the LPG market

HONG KONG AND MACAU**No.1**

No.1 in piped LPG to apartment blocks in Hong Kong

Leading player in the LPG market

**CHINA****SWEDEN****No.1**

No.1 in LPG

BRITAIN**No.2**

No.2 in LPG

THE NETHERLANDS**No.1**

Joint No.1 in LPG

NORWAY**No.1**

No.1 in LPG

IRELAND**No.2**

No.2 in LPG

FRANCE**No.2**

No.2 in LPG

GERMANY**No.3**

No.3 in refrigerants

- Strong health and safety ethos, delivering potentially hazardous products safely and reliably.
- Passionate, experienced and committed team of people.
- Customer focused.
- Quality of service at competitive prices.
- Scale provides security of supply and ability to tailor contracts to customers' requirements.

Operating Review (continued)

DCC LPG (continued)

Performance for the Year Ended 31 March 2019

DCC LPG delivered very strong growth, notwithstanding the mild weather conditions experienced in Europe, with operating profit increasing by 20.5% to £201.8 million, driven by acquisitions. The integration of each of the US, German and Hong Kong & Macau businesses was completed during the year and each business performed in line with, or modestly ahead of, expectations during the year.

Overall volumes increased by 10.8%, driven by the contribution from the aforementioned acquisitions. On a like-for-like basis volumes declined by 2.8%, reflecting the mild weather conditions across Europe which impacted heating segments. The operating profit per tonne increased versus the prior year, principally due to the positive effect on mix of the newly acquired businesses.

The business in France performed in line with expectations, with good procurement and cost control offsetting the impact of lower volumes due to the warmer than normal weather conditions. The business continues to focus on diversifying its offering to complement its very strong position in the retail and domestic LPG segments. The business made good progress during the year in increasing its presence in the commercial LPG market, rolled out approximately 200 'Click & Collect' automated cylinder dispensers and has also developed a nascent business in the retailing of wood pellets. Similarly, the B2C natural gas and electricity start-up initiative launched in the prior year continues to develop, albeit in a competitive marketplace. These initiatives are aimed at leveraging the strength of the 'Butagaz' brand and developing a broader position in the French energy market.

DCC LPG delivered good growth in volumes in Britain and Ireland, despite the warmer weather conditions, with particular success in growing its sales to industrial and commercial customers, with the commercial and environmental benefits of LPG continuing to attract new customers to the segment. In Britain, the Countrywide LPG business was successfully integrated during the second half of the financial year. The British business continues to invest in its operational infrastructure and was recently granted planning permission to convert an existing LNG facility in Avonmouth into a large LPG storage terminal which, when completed, will provide enhanced security of supply to the business.

The US business has performed well since acquisition and benefited from the colder than normal weather conditions experienced in its regional markets. The business recently completed the acquisition of Pacific Coast Energy, its first material bolt-on acquisition, as it continues to target further expansion in the highly fragmented US LPG market.

DCC LPG now has substantial operations in ten countries and is very well placed to continue its development both in existing and new territories, as well as continuing to develop its position in adjacencies, which broadens the service offering of the division.

Markets and Market Position LPG

DCC LPG supplies LPG (propane and butane) in both cylinder and bulk formats to commercial, domestic, agricultural and industrial customers across eight countries in Europe, in the USA, and in Hong Kong & Macau in Asia.

LPG is used where there is no natural gas grid for space heating, hot water and cooking and for agricultural and industrial processes. It is also used as road fuel (autogas) and for powering fork lift trucks. LPG markets across Europe are relatively consolidated and DCC LPG has a leading position in each European market in which it operates as well as a leading position in the Hong Kong and Macau market.

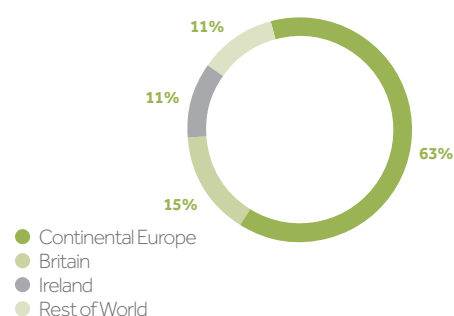
Natural Gas and Electricity

DCC LPG supplies natural gas to industrial, commercial, agricultural and domestic customers in France and Ireland and has developing electricity supply businesses in France and Ireland.

Industrial

DCC LPG supplies refrigerant gases throughout Europe through its TEGA business based in Germany. Benegas, based in the Netherlands, supplies LPG as an aerosol propellant to industrial businesses also throughout Europe, and Flogas Britain supplies medical gases throughout the UK.

LPG volumes by geography



Volume (tonnes)

10.8% ↑

Strategic objective:

Drive increase in sales volumes

2.1m



Adjusted operating profit

20.5% ↑

Strategic objective:

Drive for enhanced operational performance

£201.8m



Adjusted operating profit per tonne

Strategic objective:

Grow adjusted operating profit per tonne

£97.11

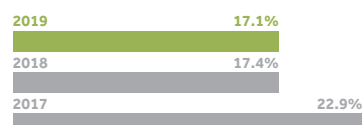


Return on capital employed

Strategic objective:

Deliver superior shareholder returns

17.1%



Operating cash flow

Strategic objective:

Generate cash flows to fund organic and acquisition growth and dividends

£242.7m



10 year adjusted operating profit CAGR

Strategic objective:

Deliver superior shareholder returns

19.8%



France

Butagaz is the second largest LPG distribution business in France where the market size is approximately 1.6 million tonnes. Butagaz has a market share of approximately 22% and operates from 43 depots nationally, distributing to 200,000 customers, 16,000 points of sale (cylinder resellers) and 10,000 B2B cylinder customers. We estimate that Butagaz cylinders are used by approximately 4 million end user customers annually. Butagaz has a strong supply base and sources LPG from several supply points across France and from Belgium, Spain and Germany. The business has an experienced management team and a high-quality sales, marketing and operating infrastructure.

Gaz Européen is a specialist retailer of natural gas, focused on supplying energy management companies, apartment blocks (with collective heating systems), public authorities and the service sector in France. In October 2017 the business launched 'Butagaz Natural Gas and Electricity', a natural gas and electricity offering for domestic consumers to leverage the strength of the Butagaz brand and the combined Gaz Européen and Butagaz experienced management teams. Gaz Européen supplies approximately 6.7 TWh of natural gas to c.10,000 sites across France.

Britain

Flogas Britain is the clear number two LPG distributor in Britain with a market share of c.32% of the addressable market of approximately 915,000 tonnes, served through a nationwide infrastructure of 57 operating locations. Flogas has successfully grown the LPG market by switching oil consumers in several industrial sectors to LPG, and by supplying LPG to support the generation of biomethane which is injected into the gas grid. In addition to LPG, the business has continued to develop its position as the leading distributor of liquefied natural gas ('LNG') as an energy solution primarily to large industrial businesses. Flogas Britain distributes medical gas to regional health authorities and also distributes a wide range of LPG fuel appliances such as mobile heaters and barbecues, as well as renewable products.

Ireland

Flogas Ireland, operating in both the Republic of Ireland and Northern Ireland, is the number two LPG distributor in Ireland and has continued to grow organically to an estimated 42% share of the addressable market of approximately 225,000 tonnes. The business operates from six depots throughout the country including three importation facilities. Similar to Flogas Britain, the business has successfully generated organic growth by moving industrial energy consumers across to LPG.

Flogas Ireland has organically developed a natural gas business for both domestic and

commercial customers with a dual fuel offering available to commercial customers through its electricity business. In the year to 31 March 2019 the business supplied 1.7 TWh of natural gas and electricity to approximately 36,000 customers across the island of Ireland. The business is a leading supplier of natural gas to SME customers as well as having a modest position in the domestic supply sector.

Flogas Ireland also markets a range of heaters and barbecues and has developed a renewables offering under the Clearpower brand.

Germany

TEGA, an LPG and refrigerant gas distribution business with five operating sites largely in southern Germany was acquired from Linde on 31 March 2018 and has performed ahead of expectations delivering c.38,000 tonnes of LPG and c.3,500 tonnes of refrigerants during its first year within DCC. The refrigerants business is focused on wholesalers and end-users for use in air-conditioning, commercial cooling systems and refrigerators, whereas the LPG business services c.15,000 domestic and commercial customers.



Case study

Flogas Britain – enrichment of biomethane

Biomethane is a biogas generated from the anaerobic digestion of organic material. However, biomethane needs to be enriched with a higher energy content gas to meet the calorific standards required for inclusion in the British national natural gas distribution network.

Flogas Britain's Liquid Propane Injection System delivers propane into biomethane in aerosol form, so this green energy source can attain the required technical standard. Flogas Britain provides a complete turnkey solution, from project design and installation through to reliable LPG deliveries for propane injection and has been at the forefront of the propane enrichment industry since the UK's first biogas plants launched in 2012.

Propane supply is served by Flogas' national LPG fleet and all installations are fitted with telemetry units as standard, allowing for remote monitoring for seamless LPG delivery whenever needed and full peace of mind. The anaerobic digestion plant pictured above is one of many where Flogas has installed a specialist propane enrichment system. It generates enough grid-ready biogas to heat 10,000 homes per year and reduce the amount of organic waste sent to landfill thanks to simple, reliable and cost-effective propane enrichment from Flogas.

Operating Review (continued)

DCC LPG (continued)

Sweden & Norway

In Sweden and Norway, Flogas operates from five locations which include three key importation facilities. Flogas is the market leader in both these markets, distributing LPG predominantly to large steel and industrial customers, and has 40% and 42% market shares in Sweden and Norway respectively. The addressable market is estimated to be approximately 370,000 tonnes in Sweden and 200,000 tonnes in Norway.

The Netherlands & Belgium

In the Netherlands, where DCC LPG's business trades under the Benegas brand, the business has an estimated overall market share of 27% of the addressable market of approximately 290,000 tonnes and is joint market leader. Operating from one central depot and several third-party locations, the business delivers to commercial, industrial, agricultural and domestic customers in the Netherlands and Belgium and is also a significant player in the sale of LPG for aerosol and autogas use.

USA

DCC Propane was acquired from NGL Energy Partners on 31 March 2018 and is headquartered in Illinois with annual sales of 140,000 tonnes of LPG to over 65,000 customers. The business has established market leading positions in three states and further operations in seven other states across the mid-west and north-west regions, and is actively looking to extend its footprint further in what is a relatively unconsolidated market.

The business trades under three key regional brands, Hicksgas, Pacer Propane and Propane Central and has a well-invested asset base supporting the business through a fleet of 160 company owned vehicles operating from 42 customer service locations and 55 satellite facilities.

DCC Propane recently completed the acquisition of Pacific Coast Energy a residential and commercial propane distribution business servicing over 7,500 commercial and residential customers based in the high growth Washington and Oregon markets where DCC Propane already has a strong presence with four depots operating under the Pacer and Enviro brands.

Hong Kong and Macau

DSG Energy Limited is the market leader in Hong Kong supplying piped LPG under long-term supply agreements to over 100,000 households based in very large apartment complexes and has a number three position in the cylinder market as well as supplying autogas through Shell's retail network. It also has a market leader position in the smaller Macau market.

The business is supplied via the Shell terminal and filling plant on Tsing Yi Island and distributes c.80,000 tonnes of Shell branded LPG annually under a long-term Shell brand licence agreement.

Strategy and Development

DCC LPG's vision is to be a global leader in the sales, marketing and distribution of LPG, natural gas and electricity and related products and services to energy consumers. DCC LPG's strategy is to:

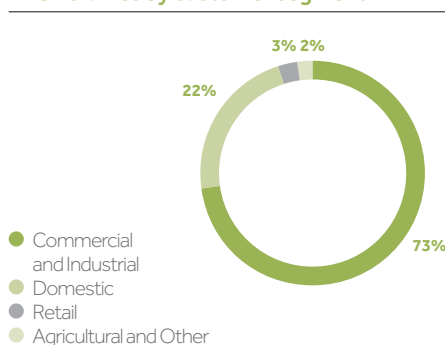
- demonstrate the benefits of LPG as a cleaner, efficient fuel, and thereby convert commercial and residential oil consumers to LPG;
- cross sell complementary green/renewable energy products and services;
- leverage our strong brands by selling related products e.g. natural gas and LNG;
- optimise the customer interface and supply chain across our business, supported by the use of digital technology; and
- build scale through bolt-on acquisitions and expand into new geographies.

DCC LPG will leverage our strong market positions in LPG by driving organic profit growth on a sector by sector basis. Building on recent success, we will continue to target growth by promoting LPG to commercial and residential energy consumers looking to switch to more environmentally friendly and competitively priced energy sources. We will continue to seek to expand through acquisition and consolidation in fragmented markets as demonstrated through our recent Pacific Coast Energy acquisition in the US. We will continue to look at opportunities to expand other related products such as refrigerants into new geographic markets. Operationally, the division will continue to look to develop innovative solutions to drive efficiencies and growth such as the 'Click & Collect' cylinder collection solution in Butagaz, the new B2C offering in Gaz Européen and further expansion into new adjacencies such as refrigerants in TEGA.

Customers

DCC LPG has a very broad customer base selling directly to approximately 0.7 million customers across the geographies in which the businesses operate, and also has access to a broad range of retail and cylinder consumers. Customers are primarily spread over the commercial, retail, industrial, domestic and agricultural markets. DCC LPG has no material customer dependencies.

LPG volumes by customer segment



Suppliers

As with its customer base, DCC LPG's supplier portfolio is broadly based. The top five suppliers represent less than 50% of total volumes supplied with no one individual supplier accounting for more than 20% of volumes supplied in the current year. The major suppliers to the division are BP, Equinor, Esso, Gunvor, Phillips66, Shell, Sinopec, Total and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have continued to strengthen these relationships during the year.

Our People

DCC LPG's Division operates through a devolved structure where our highly motivated local management teams are responsible for developing their respective businesses. Overall, these teams are focused on promoting processes and practices that support the well-being, development and engagement of our people and ensure we deliver the service levels expected by our customers in a safe way, every day. DCC LPG continues to invest in further developing our management resource, by providing exposure to other markets through a number of divisional best practice groups, and by creating increased career opportunities through our expanding geographic footprint.

DCC LPG currently employs 2,775 people.

Health & Safety

The continuous improvement of our safety performance is a key priority for all directors and line managers who are supported by experienced health and safety functions in each business. Occupational and process safety is managed through systems and processes which identify, control and monitor health and safety risks and which have been updated for the addition of refrigerants to the product portfolio. The health and safety performance of each business is reviewed regularly by the DCC LPG Divisional Board and by senior management across the division. The DCC LPG Board is focused on driving continuous improvement across all aspects of health and safety performance, including near miss reporting, process safety leadership and the promotion of a safety culture, and has linked performance in these areas to senior managers' remuneration.

The potential for unplanned gas releases is a risk that is managed daily. From large storage facilities to domestic deliveries, a range of controls are in place to minimise the potential of this becoming a reality. Controls include the design and maintenance of vehicles and depots, the implementation of effective operational procedures and, critically, the engagement of competent, trained employees who are handling product, both LPG and refrigerants, safely every day.

All DCC LPG businesses have adopted 'Safety F1rst', an internally developed safety initiative focused on improving attitudes and behaviour towards safety and which is led by the senior management teams.

Key Risks

DCC LPG sold 2.1 million tonnes of product during the year ended 31 March 2019 and the businesses operate with inherent risks to the environment and people. Ensuring that our businesses maintain rigorous health and safety standards is one of our core business principles. Our focus is on reinforcing the 'Safety F1rst' programme and driving improvement through robust training, audit and review processes, quarterly communications campaigns and enhanced reporting structures.

DCC LPG's expansion into new territories with a presence now in three continents and ten countries ensures a broad customer base and reduces the concentration on a single geographical location. The expanded geographical spread brings challenges from a cultural, governance and regulatory perspective but also mitigates the impact from localised economic cycles or changes to the market dynamics, including increased taxation of fossil fuels.

DCC Group management resources have been deployed to assist with the integration of acquired businesses particularly when expanding in to new geographical territories but also where there are key projects – for example the Avonmouth facility in the UK – that require enhanced support and expertise. Local management resources continue to be further developed and expanded and are augmented by external specialist expertise where appropriate.

Whilst localised weather events can result in disruption to supply as well as cost of product and volume volatility particularly for heating dependent products, the increased geographical spread mitigates the risk at a divisional level. The expansion of the non-heating product offering through TEGA's refrigerants provides management expertise for further industrial gas growth through additional non-heating product offerings.

Environment

DCC LPG recognises the reality of climate change and the challenges arising from changing weather patterns and the transition to low carbon economies. Government responses to climate change include levies and taxes on carbon emissions, incentives for renewables and energy efficiency technologies and setting long-term carbon reduction targets.

At the same time, economies rely on fossil fuel derived energy to function and grow. DCC LPG is committed to assisting our customers to

reduce their environmental impact. This is being achieved through offering our customers cleaner, more efficient fuels and innovative solutions, enabling customers to monitor their own energy use and quantify carbon emissions with LPG providing 20% lower CO₂ impact than heating oil and over 96% less NO_x than diesel.

TEGA continues to work with key refrigerant suppliers to deliver lower Global Warming Potential (GWP) refrigerants in line with the EU Fluorinated Gas (F-Gas) directive.

DCC LPG's businesses have a local footprint in all the markets in which we have a presence. It is therefore crucial to our long-term strategy that we have a high degree of trust within each local community. All our businesses operate to the highest standards, invest heavily in infrastructure and training and encourage our staff to participate actively in the communities within which they work.



Case study

Rory Best – Flogas Brand Ambassador

Flogas Ireland has recently teamed up with Ireland and Ulster Rugby team captain, Rory Best, as a brand ambassador.

The Irish rugby star has taken time out of his busy schedule preparing for the Rugby World Cup in Japan later in 2019 to convert his home in Co. Armagh from an oil central heating system to LPG, thereby reducing his heating bills and CO₂ emissions. Rory was also impressed by the other benefits that LPG offers, including cooking on gas and instant hot water.

Flogas LPG powers businesses all over Ireland across a wide range of industries – agriculture, horticulture, dairy, tourism, public service and brewing. Flogas is also in thousands of homes throughout Ireland, efficiently providing central heating, mobile heating, hot water, cooking and gas fires.

Flogas Ireland already works with other well-known personalities, most recently GAA legend Darragh O'Sé and TV personality chef Neven Maguire, and is delighted to add Rory Best to our growing team of Flogas Ireland brand ambassadors.

Operating Review

DCC Retail & Oil

What we do

DCC Retail & Oil is a leading operator of retail petrol stations in Europe and is the leading reseller of fuel cards in Britain. DCC Retail & Oil is also a leading oil distributor in Europe.

Key brands

Retail Brands

Esso, Gulf, Shell, Qstar*, Great Gas, Emo*.

Fuel Card Brands

BP, Diesel Direct, Esso, Fastfuels, Gulf, Shell, Qstar*.

Oil Brands

Bayford, Brogan*, Bronberger & Kessler*, Butler Fuels*, Carlton Fuels*, CPL Petroleum, DCC Energi*, Emo Oil*, Energie Direct*, Gulf, Pace Fuelcare, Qstar*, Scottish Fuels*, Shell, Swea*, Texaco, Top Oil* (in Austria).

* DCC owned brands.

How we do it

Our suppliers



Exploration, production and refinery



Importation terminals



Inbound supply

DCC Retail & Oil activities



Inbound logistics



Storage and filling



Petrol stations



Sales and marketing



Outbound logistics



Branded fuel cards



Services

Our customers



Domestic



Agriculture



Commercial/
Industrial



Retail
forecourts



Customers of
DCC retail
forecourts



Aviation



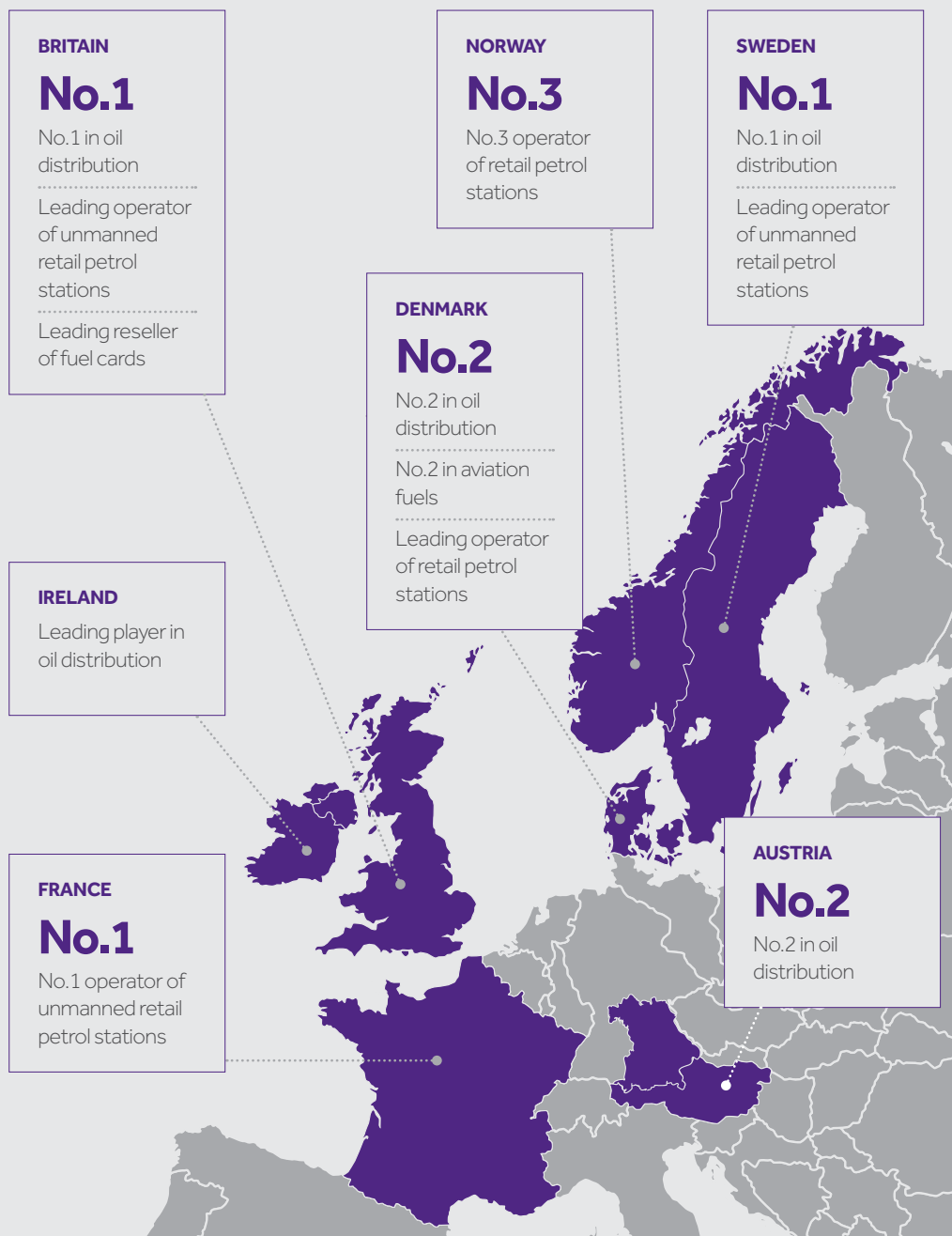
Marine



Where we do it

How we create value

DCC Retail & Oil's principal operating locations are highlighted in purple below together with significant market positions.



- Strong health and safety ethos, delivering potentially hazardous products safely and reliably.
- Passionate, experienced and committed team of people.
- Customer focused.
- Quality of service at competitive prices.
- Scale provides security of supply and ability to tailor contracts to customers' requirements.

Operating Review (continued)

DCC Retail & Oil (continued)

Performance for the Year Ended 31 March 2019

DCC Retail & Oil delivered very strong growth, with operating profit increasing to £133.7 million, 17.6% ahead of the prior year. This excellent performance reflects both the continuing focus of the business on increasing its penetration of value-added products and services, which drove very strong organic profit growth in the year, and the full year impact of acquisitions completed in the prior year.

DCC Retail & Oil sold 12.2 billion litres of product, a modest decline on the prior year. On a like-for-like basis (adjusting for acquired volumes and the disposal of the Northern Irish distribution business in April 2018), volumes declined by 3.8%. This reflected the mild weather conditions, which impacted both agricultural and heating-related volumes, and also the impact of reduced volumes in France where the business was affected by the regular nationwide protests.

In Britain and Ireland, the business delivered good organic profit growth. A strong performance in the commercial sector and the positive mix impact from the expansion into premium fuels and value-added services offset the impact of adverse weather conditions on both heating volumes in the last quarter and agricultural demand seen earlier in the year.

The business continued its recent growth in the lubricants sector, delivering good organic growth and also acquiring two modest lubricants blending businesses during the period. Following the complementary acquisition of SNAP in the prior year, the business continues to invest in the expansion of its activities in unmanned retail and in its HGV truck stop network, where the business is adding well-located sites across Britain. It now offers additional services to HGVs at these truck stops, such as secure parking and truck washes, which is enabled by SNAP's technology platform. The Fuel Card business performed very well, delivering strong organic profit growth in both fuel and non-fuel income streams, and placed an increased focus on customer engagement in a competitive market.

The Scandinavian businesses performed very well, primarily driven by strong organic operating profit growth and the full year contribution of Esso Norway. Notwithstanding the difficult weather conditions which impacted both agricultural and heating-related volumes, the Danish business recorded very strong operating profit growth as the business continued to both develop its offering in differentiated fuels and to improve the performance of the retail and commercial business acquired in 2017. In Norway, management continues to drive improvements in what remains a difficult retail market

environment. In March 2019, the Danish business agreed to create a branded marketing and distribution partnership with Shell Aviation, which involved Shell taking a stake in the existing Danish aviation operations, giving the business access to Shell's global network and settlements platform, further strengthening DCC Retail & Oil's presence in the aviation fuels market.

In France, the business delivered good organic profit growth, despite the impact of the regular nationwide protests. The growth in France has been supported by initiatives in customer engagement, loyalty programmes, fuel differentiation through Esso's 'Synergy' fuels, and the modest bolt-on acquisition of a network of Esso dealers that completed during the year. The other Continental European businesses also performed very well during the year.

DCC Retail & Oil now has substantial operations in eight countries and has developed a scalable platform to grow the business in existing and new territories across its distribution, retail and fuel card activities.

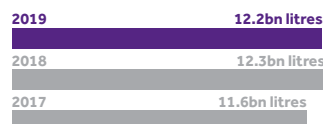
Volume (litres)

1.3% ↓

Strategic objective:

Drive increase in sales volumes

12.2bn litres



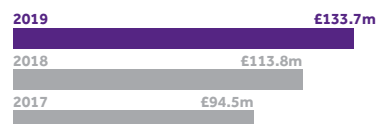
Adjusted operating profit

17.6% ↑

Strategic objective:

Drive for enhanced operational performance

£133.7m

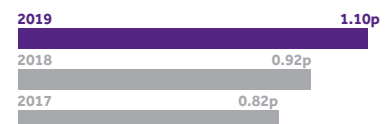


Adjusted operating profit per litre

Strategic objective:

Grow adjusted operating profit per litre

1.10 pence



Return on capital employed

Strategic objective:

Deliver superior shareholder returns

18.6%

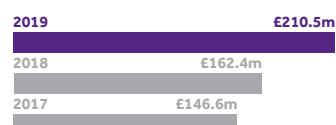


Operating cash flow

Strategic objective:

Generate cash flows to fund organic and acquisition growth and dividends

£210.5m

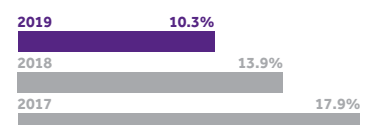


10 year adjusted operating profit CAGR

Strategic objective:

Deliver superior shareholder returns

10.3%



Markets and Market Position

Retail and Fuel Card

The Retail business operates 1,059 retail petrol stations in France, Sweden, Norway, Denmark, Austria, Ireland and Britain and is one of the leading resellers of branded fuel cards in Britain.

Retail – France

The Esso Retail France business comprises a growing Esso unmanned retail petrol station network (277 stations), the Esso motorway concessions network (46 stations) and, following a bolt-on acquisition of 82 dealers during the year, supply to a further 148 Esso branded dealer owned stations and sells approximately 1.66 billion litres of diesel and petrol to consumers across France. The business operates from its office in Paris with pricing, supply and back office support provided by, the retail hub based in Drogheda, north of Dublin, Ireland.

Hypermarkets have a strong presence in the French retail market with a combined market share of approximately 60% and Total is the largest individual network in the market with an estimated 23% market share. Esso Retail France's market share in terms of volumes is approximately 4%, however it is the market leader in France in terms of unmanned petrol stations.

Retail – Sweden

Trading under the Qstar brand, DCC Retail & Oil sells approximately 370 million litres of product per annum. Qstar provides national coverage through a network of 329 unmanned forecourts which is complemented by an additional 36 dealer-operated retail petrol stations trading under the Bilisten and Pump brands.

The Qstar network is the fifth largest petrol retailer in Sweden and holds approximately 14% of the total share of sites in the market. The four largest players (Circle K, Preem, St1 and OKQ8) hold a combined market share of approximately 61% in terms of site numbers.

Retail – Denmark

The Danish Shell-branded retail petrol network includes 59 unmanned sites operated under the Shell Express brand, 56 company-operated sites under the 7-Eleven brand, 31 company-owned sites operated by franchisees and contracts to supply 82 dealer owned sites. The business operates from its office in Naerum in Denmark, with pricing and back office support provided by the retail hub based in Ireland. The business sells approximately 460 million litres of diesel and petrol to consumers across Denmark.

Circle K is the largest player in the Danish retail market with a market share of c.30%. DCC Retail & Oil is the fifth largest player in the Danish retail petrol station market with a market share of 10%.



Case study

New Fuels – fuels innovation working for you

To lead the way within the fuel industry, we are continually scanning the landscape for new opportunities. DCC recognises that energy markets are changing and offers customers alternatives that reduce emissions and increase engine efficiencies.

Through our partnership with premium brands, we offer new products such as Shell's GTL Fuel (Gas-to-Liquids) with exclusivity in Britain and in Denmark. GTL is a cleaner burning alternative fuel to diesel that can help reduce local air pollution from particulates and nitrous oxides. The non-toxic and drop-in fuel in diesel engines is a great solution and can be used in many diesel engine types without modification.

Many of our businesses offer premium kerosene and premium road transport fuels that provide our customers with benefits over standard fuels, including improved combustion and reduced maintenance costs. At Energi Direct, headquartered in Austria, CO₂ emissions from the premium heating oil products are offset by purchasing carbon certificates.

Within our own distribution network, Qstar in Sweden operates tanker vehicles that have the latest technology and are at the forefront in terms of environment and sustainability. The vehicles run on Hydrotreated Vegetable Oil ('HVO') that has been produced from vegetable fats and oils, and the drivers are trained on fuel efficient driving. CO₂ emissions from road transport fuels in the Qstar fleet represent the majority of Qstar's operational carbon footprint and using HVO has contributed to significant reductions in emissions.

Operating Review (continued)

DCC Retail & Oil (continued)

Retail – Norway

The Esso network in Norway comprises 121 company-operated stations with convenience stores operated in partnership with Norgesgruppen, the largest grocery retailer and wholesaler in Norway, and a growing unmanned network of 30 stations. The business has contracts to supply a further 93 Esso branded dealer-owned stations.

The network is the third largest in the market selling approximately 510 million litres per annum, with 4 key players including Circle K, St1, Uno-X and Esso Retail Norway. DCC Retail & Oil has a market share of approximately 20% based on retail volume.

Fuel Card – Britain

DCC Retail & Oil is one of the leading resellers of branded fuel cards in Britain. The business facilitates the sale of approximately 1 billion litres of transport fuels annually and provides its customers with access to the breadth of the British retail petrol station and bunker networks through its portfolio of fuel cards under the BP, Esso, Shell, Texaco, Allstar and Diesel Direct brands. As well as selling fuel cards, which are an essential tool for commercial organisations to manage their transport fuel costs, DCC also offers customers an innovative range of value-added services that complement the fuel card portfolio.

Oil

DCC's oil distribution business sells transport fuels, heating oils and fuel oils to commercial, retail, domestic, agricultural, industrial, aviation and marine customers in Britain, Ireland, Denmark, Sweden, Austria and Germany. DCC Retail & Oil sells oil under a large portfolio of leading brands in Europe.

Oil – Britain

DCC Retail & Oil has been the consolidator of what was, and continues to be, a highly fragmented oil distribution market in Britain. DCC Retail & Oil first entered the market in September 2001 with the acquisition of BP's business in Scotland and since then has acquired and integrated 39 businesses including the oil distribution businesses of Shell (2004), Chevron Texaco (2008) and Total (2011). DCC Retail & Oil has grown to become, by far, the largest oil distributor in Britain. DCC's addressable market in Britain comprises transport fuels and heating oils to commercial, industrial, domestic, agricultural and dealer-owned petrol stations and is estimated to be approximately 32 billion litres. In the year ended 31 March 2019, DCC Retail & Oil's oil distribution business in Britain sold 5.1 billion litres of product, giving it a market share of approximately 16%.

The total retail petrol station market in Britain is approximately 36 billion litres with 44% of volumes sold through supermarket sites, 18% through company-owned and operated stations and 38% through independent dealer owned stations. DCC Retail & Oil operates in the independent dealer-owned segment of the retail market and now has approximately 430 Gulf branded retail sites to which DCC supplies in Britain. DCC Retail & Oil has a market share of c.3% of the total market and supplies to approximately 11% of the dealer network.

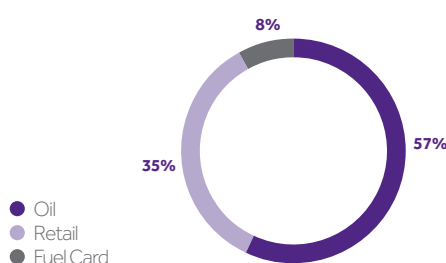
Oil – Continental Europe

DCC's Swedish oil distribution business, Swea, is the market leader in Sweden with a share of approximately 18% of the addressable market which is estimated at 2 billion litres. The addressable oil distribution market in Austria is estimated at 5 billion litres and DCC's subsidiary, Energie Direct, is number two in this market with a share of 17%. In Denmark, the addressable oil distribution market is estimated at 2 billion litres, of which DCC Energi Danmark has a market share of 24% making it the number two oil distributor. DCC Energi Danmark is also the second largest operator in the Danish aviation market, operating in 7 of the 8 largest Danish airports, with a market share of 19%. In March 2019, the Danish business announced a partnership with Shell Aviation, which involved Shell taking a stake in the existing Danish aviation operations, giving the business access to Shell's global network and settlements platform, further establishing DCC Retail & Oil's presence in the aviation fuels market.

Oil – Ireland

Emo Oil is one of the leading oil distributors in the Republic of Ireland with a market share of 8%. DCC's addressable oil market in Ireland is estimated to be 6.5 billion litres.

Retail & Oil total volumes by business type



Strategy and Development

DCC Retail & Oil's vision is to be a global leader in the sales, marketing and distribution of fuels and related products and provision of services to energy consumers:

- with strong local market shares;
- operating under multiple brands;
- consolidating fragmented markets;
- selling a broad range of related products and services;
- building a position in new geographies; and
- generating high levels of return on capital employed.

Retail and Fuel Card

DCC Retail & Oil's strategy for the Retail sector is to grow via:

- expanding business in the retail petrol station market
 - unmanned: key pillar for growth
 - retail company-owned: in partnership with retailer;
 - retail dealer-owned
- leveraging our pricing, supply and back office hub to generate synergies from integration of new networks; and
- building a pan-European fuel card business leveraging our investment in retail networks.

The Retail business has been significantly strengthened by acquisitions over the last four years including Esso's retail petrol station networks in Norway and France, and Shell's retail petrol station network in Denmark which are significant steps in DCC Retail & Oil's strategy of capturing a greater share of the consumer margin in the transport sector of the market.

Our experienced local management teams in France, Sweden, Norway and Denmark are focused on leveraging the business platforms in those countries, expanding the networks organically and increasing market share.

DCC Retail & Oil's pricing, supply and back office hub in Ireland provides a platform to integrate future acquisitions in new territories, further enhancing the ability to grow its business.

In Fuel Card, DCC Retail & Oil is continuing to target high levels of organic growth through our extensive telesales team and by cross selling fuel cards to our broad oil distribution customer base. The Fuel Card business has continued to expand its customer offering by providing innovative products to customers, increasing its focus on customer engagement and loyalty.

Oil

DCC Retail & Oil's strategy for oil distribution is to become the leading oil distribution business in Europe by:

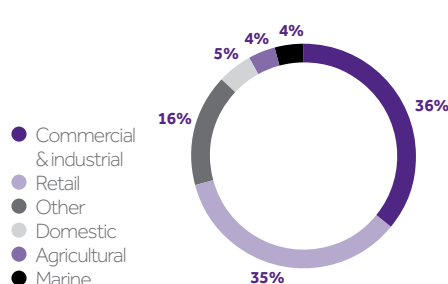
- continuing to consolidate existing oil markets to drive greater customer density and logistics efficiencies;
- focusing on the non-heating dependent segments of the market;
- expanding sales of differentiated products; cross sell add-on products and services e.g. lubricants, heating services;
- optimising and build greater flexibility into logistics operations; and
- expanding into new geographies, where strong returns can be achieved.

DCC Retail & Oil's strategy for oil distribution in Britain is to continue to grow its market share (currently 16%) to in excess of 20% of its addressable market. Key to achieving this target is growth in transport fuels with a particular focus on retail petrol stations (where the business has been actively rolling out the Gulf brand in both the dealer and unmanned networks and now has 430 Gulf branded sites supplied) and the marine and aviation sectors.

Customers

DCC Retail & Oil has a very broad customer base selling directly to approximately 0.9 million customers across the geographies in which the businesses operate and also has access to a broad range of retail consumers. Customers are primarily spread over the commercial, retail, industrial, domestic, agricultural and marine markets. DCC Retail & Oil has no material customer dependencies.

Retail & Oil total volumes by customer segment



Suppliers

As with its customer base, DCC Retail & Oil's supplier portfolio is broadly based. The top five suppliers represent approximately 60% of total volumes supplied with no one individual supplier accounting for more than 23% of volumes supplied in the current year. The major suppliers to the division are BP, Essar, Esso, Ineos, Greenergy, Mabanaft, OMV, Philips66, Shell, St1,

Prax, Total, Preem and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have continued to strengthen these relationships during the year.

Our People

DCC Retail & Oil's business is a people business at its core. Therefore we are very focused on developing processes and practices that ensure the well being, development and engagement of our people across all areas of the business and to ensure that we have the necessary resources, talent and skills to deliver the service levels expected by our customers in a safe way, every day.

DCC Retail & Oil has highly experienced and ambitious management teams with a deep knowledge of the markets in which the businesses operate. As our businesses have grown we have looked to augment the existing management teams with experienced personnel in senior roles and we will continue to develop the management teams as the businesses grow.

DCC Retail & Oil currently employs 3,582 people.

Health & Safety

Safety is the responsibility of all line managers and directors and remuneration is linked to safety performance. Occupational and process safety is managed through systems and processes which identify, control and monitor health and safety risks. Qualitative and quantitative reporting focuses on delivering continuous improvement to reduce accidents and develop a positive safety culture.

All Retail & Oil businesses use DCC's 'Safety F1rst' initiative to raise safety awareness and promote safe behaviours through regular health & safety interventions, campaigns and communications.

Key Risks

DCC Retail & Oil sold 12.2 billion litres of product during the year ended 31 March 2019 and the businesses operate with inherent risks to the environment and people. Ensuring that our businesses maintain rigorous health, safety and environmental standards is one of our core business principles.

DCC Retail & Oil has a broad customer base across a number of growing economies in Europe. A deterioration in these economies and its impact on consumer spending and confidence is a key risk faced by the business.

A significant proportion of DCC Retail & Oil's volumes and margins are generated through the sale of heating dependent products and, accordingly, the division can be impacted by significant movements in weather conditions and by regulatory developments. The strategic focus has been to reduce the heating dependence of the division through the development of the non-heating segments of the business. Over recent years, the acquisitions of retail businesses in Europe have been key building blocks in this strategy.

Demand for transport fuels is likely to be impacted by vehicle efficiencies, technological and regulatory developments over the medium to long-term. DCC Retail & Oil's businesses, which are characterised by:

- a low cost retail platform;
- investment in high quality retail assets;
- partnerships with world class brands;
- a well-balanced network comprising urban, rural and HGV/motorway sites; and
- a track record of margin management all leave the Group well positioned to deliver strong and sustainable returns on its invested capital despite the potential impact on demand.

DCC Retail & Oil has been highly acquisitive over the last number of years and ensuring the smooth integration of these acquisitions is critical to the success of the division. This is achieved through close monitoring of the acquired businesses and ongoing management development.

Environment

The potential for oil spills to impact on the environment is a risk that is managed on a daily basis. From domestic deliveries to large storage facilities in coastal locations, a range of controls are in place to minimise the likelihood of a loss of containment. Controls include the design and maintenance of vehicles and depots, the implementation of effective operational procedures and, critically, the engagement of competent, trained employees who are handling product safely every day.

All spills have the potential to cause harm to the environment so in the event of any spill, immediate action is taken to contain and recover the product to minimise the impact on the surroundings and to identify the root causes. No significant spills occurred in the year.

DCC Retail & Oil is committed to assisting our customers in reducing their environmental impact. This is being achieved through offering our customers cleaner, more efficient fuels and innovative solutions, enabling customers to monitor their own energy use and quantify carbon emissions.

Operating Review

DCC Technology

What we do

DCC Technology, which trades as Exertis, is a leading route-to-market and supply chain partner for global technology brands and customers. Exertis provides a broad range of consumer, business and enterprise technology products and services to retailers, resellers and integrators.

Key brands

Acer, Apple, Asus, Cisco, Dell, Epson, Huawei, Intel, Lenovo, LG, Logitech, Microsoft, NEC, Netgear, Nokia, Plantronics, Samsung, Seagate, Sonos, Toshiba.

How we do it

Our suppliers



1,400+ Global technology brands and manufacturers

exertis

DCC Technology activities and services



Proactive sales & marketing



Category, product & technical expertise



Product sourcing, website & category management



product lifecycle solutions



End-user fulfilment, white label services & in-store product positioning



Kitting, localisation & customisation of products



Demand & logistics management, including import/export



Stock hubbing, bundling & returns management

Our customers



Retail



E-tailers



Resellers



Value added resellers



Where we do it

How we create value

DCC Technology's principal operating locations are highlighted in red below together with significant market positions.



- Proactive sales and marketing approach to a very broad customer base across a number of countries.
- Excellent supplier portfolio providing market access and extended reach.
- Agile, responsive and service-focused specialist sales organisation.
- Cost-effective and tailored solutions for customers and suppliers.
- Technical, supply chain and value-added services expertise, simplifying the complex.

Operating Review (continued)

DCC Technology (continued)

Performance for the Year Ended 31 March 2019

DCC Technology recorded very strong growth with operating profit increasing by 35.1%, driven by acquisitions completed in the current year and strong organic profit growth in the UK & Ireland. It was also a very significant period of development activity, with DCC Technology entering the North American market and, in May 2019, announced the further strengthening of its European presence through the acquisitions of Comm-Tec in Germany and Amacom in the Netherlands. The improvement in operating margin reflects the increasing proportion of service-led revenue in the business, whilst the recent strategic investments made in the warehousing and operating infrastructure of the UK, Nordics and France held back the division's return on capital employed.

In the UK & Ireland, the business achieved very strong revenue and profit growth, driven by market share gains and growth in the mobile, datacentre and AV sectors. The business also benefited from the continued development of its service proposition, including device life cycle management. The upgrade of the enterprise management system in the UK business is continuing, with the system 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. The upgrade is expected to significantly enhance the capability of the business to service its customers and suppliers.

The acquisitions of Comm-Tec and Amacom will substantially strengthen DCC Technology's position in Continental Europe, while the significant investment made in the infrastructure in France and the Nordics has enhanced the service offering in the region, will drive efficiencies in the business and support future growth. Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain and Amacom is a leading distributor of consumer electronics, AV, and IT products, primarily to the retail and e-tail sectors in the Netherlands.

The business in the Middle East continued to generate very strong organic revenue and profit growth, reflecting further development of its relationships with key retailers in the region.

As previously reported, DCC Technology also acquired two businesses in North America during the year, Stampede and Jam, both of which are trading in line with expectations. Stampede and Jam provide platforms for DCC Technology to develop and expand its business in North America, in particular in the Pro AV, Pro Audio and consumer electronics market.

With its increasing scale and geographic reach and significant investments in operational infrastructure and service capability, DCC Technology is very well placed to continue its development and become a leading specialist technology and value-added services business, delivering an industry-leading services offering to technology manufacturers, resellers and retailers in both existing and new markets.

Stampede and Jam provide platforms for DCC Technology to develop and expand its business in North America, in particular in the Pro AV, Pro Audio and consumer electronics market.

Revenue

20.8% ↑

Strategic objective:

Drive for enhanced operational performance

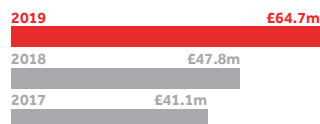
£3.6bn


Adjusted operating profit

35.1% ↑

Strategic objective:

Drive for enhanced operational performance

£64.7m


Operating margin

Strategic objective:

Grow operating margin

1.8%


Return on capital employed

Strategic objective:

Deliver superior shareholder returns

14.3%


Operating cash flow

Strategic objective:

Generate cash flows to fund organic and acquisition growth and dividends

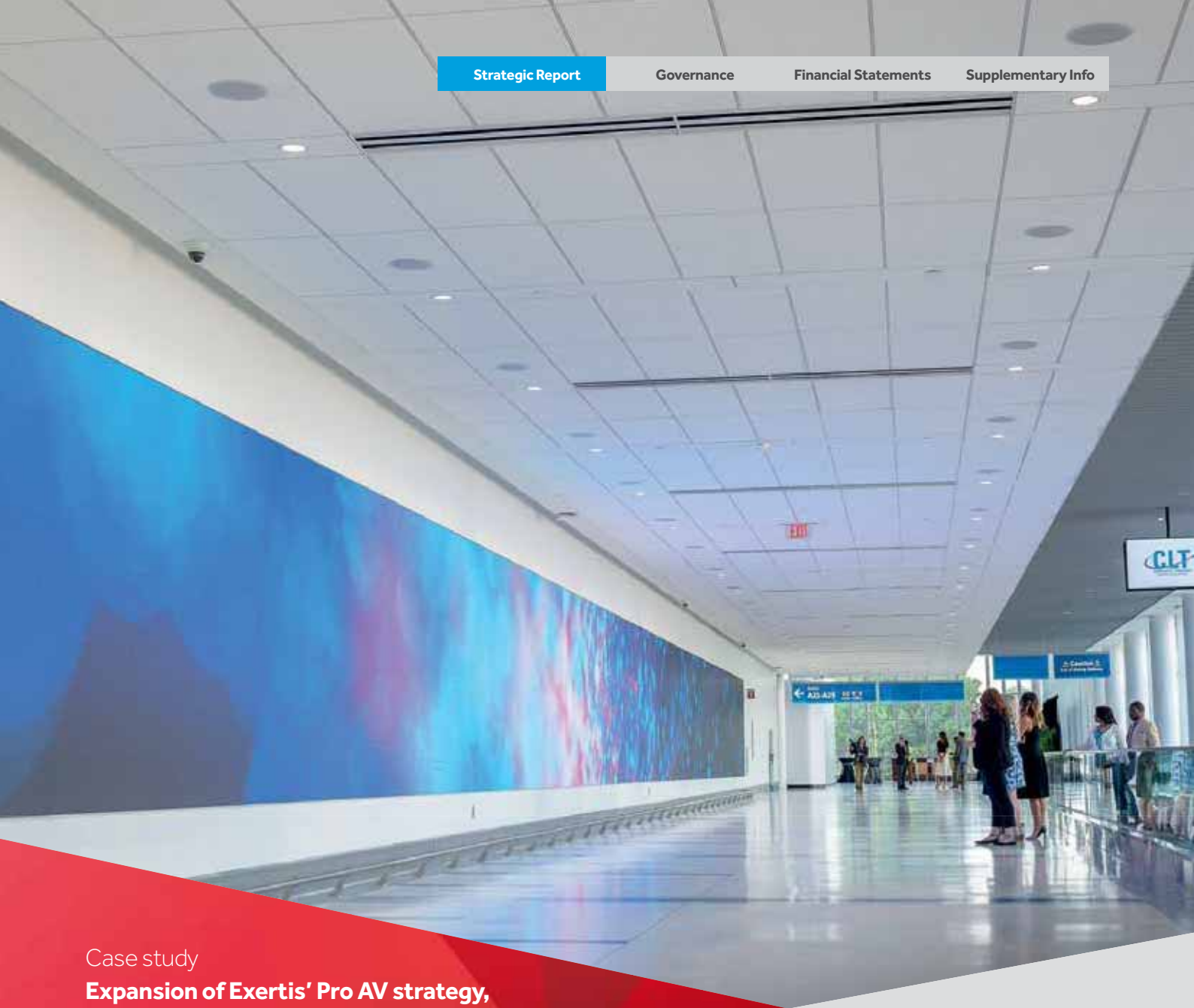
£88.8m


10 year adjusted operating profit CAGR

Strategic objective:

Deliver superior shareholder returns

8.4%

Case study

Expansion of Exertis' Pro AV strategy, organically and via acquisitions

Exertis is focused on delivering growth through its strong specialist capabilities in areas including Retail, B2B, Mobile, Enterprise and Pro AV.

During the year, Exertis achieved further success in its rapidly growing Pro AV business as it continued to add new and upcoming vendors on a multi-country basis and provided enhanced solutions to more customers across Europe. Exertis has also made further investments in management and technical expertise to drive the global AV strategy, presenting a consistent voice to customers and suppliers in each location in order to be the number one AV distributor of choice for vendors, systems integrators and resellers.

The acquisitions of Jam and Stampede during the year now cement Exertis' position as one of the global leaders in Pro AV distribution with significant geographic scale and expertise in key categories including large format displays, connectivity, digital signage and professional audio and lighting.

Operating Review (continued)

DCC Technology (continued)

Markets and Market Position

DCC Technology partners with many of the world's leading technology brands to market and sell a range of consumer, business and enterprise technology products and services to a very wide customer base of retailers,etailers and resellers, primarily in the UK, France, Ireland, Sweden, Benelux, Germany, Norway, Spain, USA, Canada and the Middle East. The business also has operations in Poland and China and increasingly, our strong relationships with suppliers and customers together with recent investment in commercial expertise outside of DCC Technology's core geographic markets, allow us to win business on a global basis.

Exertis provides a broad range of consumer, business and enterprise technology products and services to retailers, resellers and integrators. The primary categories of consumer technology products include consumer electronics (including smart home products), gaming consoles, peripherals & software, wearable technology and accessories. Business and enterprise technology products include computing products (including tablets, notebooks and PCs), networking & security products, communications products (including smartphones, feature phones, accessories and unified communications), servers & storage, audio visual products, printers, peripherals, cables & connectors and consumables.

DCC Technology provides technology brand owners and manufacturers with an exceptionally broad customer reach and proactively markets their products through product and customer focused sales teams. The business provides a range of value-added services in the reseller and retail channels to both its customers and suppliers, including end-user fulfilment, digital distribution, product lifecycle solutions, category management and merchandising, product customisation and cross supplier bundling, third party logistics and web site development and management. Key to the provision of these services is access to, and interpretation of, relevant data from across the technology supply chain.

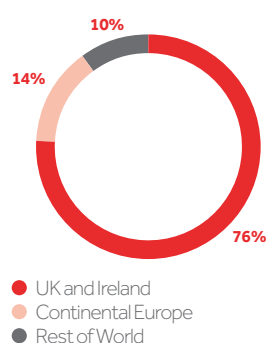
Reflecting the global nature of the technology supply chain, DCC Technology provides global supply chain services through its dedicated supply chain operations in Ireland, Poland and China. These services include product sourcing and procurement, supplier hubbing, consignment stock programmes, supplier identification and qualification, quality assurance and compliance and supplier and customer fulfilment and are designed to deliver cost, capital and complexity optimisation for its global partners.

Exertis' principal addressable markets are the retail and reseller channels for consumer and business technology products in Europe and North America. The value of the technology distribution market in these territories is estimated to be £160 billion.

During the year, DCC Technology acquired two businesses in North America. Jam, based in Montreal, Canada, is a market-leading North American specialist sales, marketing and services business, serving the professional audio, musical instruments and consumer electronics product sectors. Stampede, based in Buffalo, New York, sells Pro AV products (including large format display, projectors, lamps, drones and accessories) and solutions primarily to customers in the hospitality, government, corporate and education sectors. In addition, DCC Technology acquired Kondor, which is highly complementary to DCC Technology's existing operations, particularly with its expanded mobile propositions and strengthens its position as one of the leading omnichannel distribution and supply chain businesses in Europe.

DCC Technology is the fourth largest distributor of technology products in Europe with leading positions in the UK & Ireland, France and the Nordic region and is a leading specialist player in pro audio, Pro AV and musical instruments in North America.

Technology total revenue by business unit



Strategy and Development

DCC Technology's vision is to become the leading specialist integrated technology distribution and supply chain services business, delivering an industry-leading service offering, whilst delivering consistent long-term profit growth and industry-leading returns on capital employed.

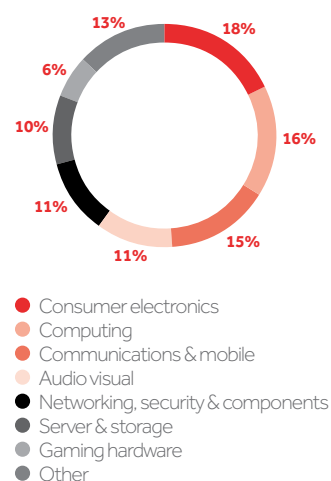
DCC Technology's principal medium-term strategic objectives are focused on:

- creating an integrated, multi-country operating model, with best-in-class infrastructure;
- expanding our channel and geographic presence in specialist areas and to be the leading player in these areas; and
- establishing DCC Technology as the industry leader in providing end-to-end market development and channel optimisation services.

DCC Technology will grow organically by attracting new suppliers, opening new channels and routes to market for our suppliers' products and by continuing to develop value added services. Exertis will seek to develop a global organisation focused on a range of specific product sectors with services tailored for the needs of the SME and consumer markets. In particular, Exertis' supply chain operations are focused on ensuring that it delivers solutions that minimise cost, capital and complexity for its global clients.

DCC Technology is constantly reviewing trends and innovations in technology products and services and is focused on ensuring that the business continues to be the best positioned to benefit from these areas of future growth.

Technology revenue by product type



Customers

The business has a very broad customer base, selling to approximately 50,000 customers. In the year ended 31 March 2019 the largest customer accounted for approximately 9% of revenues and the ten largest customers accounted for 34% of total revenues.

Exertis seeks to provide an excellent standard of customer service by combining an extensive range of services with a commitment to identifying the most cost-effective and flexible solutions to meet our customers' requirements. By constantly focusing on building the breadth of our reseller and retail customer base, we ensure that our service offering is always developing to adapt to their growing demands, as well as delivering an exceptional route to market for our suppliers. The introduction of SAP into the UK business will help to expand the customer breadth, especially for products in the SME market due to the introduction of a significantly enhanced web offering.

Our supply chain services customers include IT equipment manufacturers, outsourced equipment manufacturers, consumer electronics companies, telecommunications equipment manufacturers and the business has recently expanded its customer base into the industrial and pharma sectors. Customer relationships in this area of our business tend to be long-term in nature and many of our customers have been dealing with us for over ten years.

Suppliers

DCC Technology has a diverse supplier base and partners with thousands of suppliers including many of the world's leading technology brands such as Acer, Apple, Asus, Cisco, Dell, Epson, Huawei, Intel, Lenovo, LG, Logitech, Microsoft, NEC, Netgear, Nokia, Plantronics, Samsung, Seagate, Sonos and Toshiba. The largest supplier accounted for 9% of total revenues in the year ended 31 March 2019 and the top ten suppliers represented 42% of total revenues.

The business adopts a proactive approach to the identification and recruitment of new suppliers and technologies and seeks to position itself as the obvious choice for owners of growing brands to access the retail and reseller channels. In addition, we seek to ensure that we have a position of strategic relevance with our principal partners.

When providing supply chain services to technology manufacturers and brand owners, a core element of the services provided by the business is the identification of appropriate component and supply chain partners for the manufacturer or brand owner and carrying out the quality assurance on those suppliers to ensure that they comply with required quality,

regulatory and ethical standards. With the aim of promoting long-term sustainable relationships with each of our suppliers and delivering a best-in-class service, the operating principles we adopt with our suppliers have been formalised and communicated to our suppliers in our 'Code of Practice'.

Our People

DCC Technology employs 3,797 people in Europe, North America and Asia and recognises that they are fundamental to the continued success of the business. At all levels, employees are encouraged to continue to adopt an innovative, service-oriented approach to meeting the demands of suppliers and customers.

At senior management level, our operating businesses are run by some of the most highly regarded management teams in the industry. DCC seeks to foster and maintain an entrepreneurial culture, coupled with a commitment to ensuring that the highest ethical standards in business conduct are maintained.

Exertis is committed to conducting its business in a sustainable manner and this is reflected in how we interact with customers, suppliers, employees and the communities in which we operate. In common with the rest of the DCC Group, the business has processes to assess and control material health and safety risks and aims to provide an attractive working environment for all our employees.

Exertis operates a wide variety of employee training programmes within individual businesses to promote the ongoing development of staff at all levels in the organisation. Employee training encompasses both personal development and role-specific training, in addition to formal training in areas such as health and safety, risk and compliance. The business also undertakes regular employee surveys in order to determine areas for improvement. Exertis continues to place specific focus on the development of leadership skills for its management team; at senior levels this is focused on building leadership capability to deliver a genuinely great place to work, operational excellence, continuous improvement and our business strategy over the longer term. Exertis is an active participant in the DCC Graduate Programme, supporting the development of a high potential, mobile talent pool at graduate level.

Key Risks

DCC Technology faces a number of strategic, operational, compliance and financial risks. The business partners with a broad range of suppliers and customers with whom we have built excellent commercial relationships. However, the business would be significantly impacted by a decline in demand for particular technology products and stock management processes are closely controlled to minimise the risk of material stock write-offs. Further risks include the potential loss of a small number of key suppliers or customers or widespread commoditisation of products. DCC Technology's market leading position in geographic and product areas strengthened by ongoing acquisition activity helps to mitigate margin erosion in what is a competitive environment. The risks associated with Brexit continue to be addressed as part of the ongoing strategic plans.

In the UK, Exertis is upgrading its ERP system. A project steering committee is overseeing the upgrade which is being run by experienced project managers. To ensure that the operations of the business are not adversely affected, a phased project completion approach is being taken and a full pilot project has been successfully completed.

Given the strength of DCC Technology's management team, the loss of a key number of individuals represents a risk to the business. There is an ongoing focus on leadership development and succession planning to mitigate this risk.

Acquisition activity remains a key driver of growth for DCC Technology. Failure to identify, execute or integrate acquisitions could have a material impact on the business and, as such, significant focus is placed on the due diligence process for potential acquisitions.

Operating Review

DCC Healthcare

What we do

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

DCC Vital

DCC Vital markets and sells a range of medical and pharmaceutical products to healthcare providers across all sectors of the healthcare market in the UK and Ireland from acute care through to community care and general practitioners.

Key brands

BioRad, Carefusion, CSL Behring, Comfi*, Demo, Diagnostica Stago, Espiner Medical*, Fannin*, ICU Medical, Kent Pharmaceuticals*, LIP Diagnostics*, Martindale Pharma, Medisource*, Mölnlycke, Nova, Rosemont, Siemens, Skintact*, Smiths Medical, Williams Medical*.

* DCC owned brands.

DCC Health & Beauty Solutions

DCC Health & Beauty Solutions provides a range of high quality specialist services to international brand owners including product development, formulation, manufacturing, regulatory services and packaging.

Key brands

Alliance Pharma, Apoteket, The Body Shop, Boots, Child's Farm, Elemis, Estée Lauder, Eve Lom, Glanbia, Healthspan, Holland & Barrett, Liz Earle, Merck (Seven Seas, Nature's Best, Lamberts), Nestlé Health Science, Omega Pharma, Oriflame, PZ Beauty, Ren, Space NK, Target, Vitabiotics.

How we do it



Third party brand owners

DCC Vital Our suppliers



Own brand products

Our activities



Sales marketing and distribution



Portfolio development



Procurement



Vendor management



Supply chain management and logistics services

Our customers



Hospitals



Primary care (GPs and Community Care)



Pharma retailers and wholesalers

DCC Health & Beauty Solutions

Our services



Product development, contract manufacturing and packing of health & beauty products

Our customers



Health & beauty brand owners



Specialist health & beauty retailers



Direct sales/mail order companies



Where we do it

DCC Healthcare's principal operating locations are based in Britain and Ireland, servicing domestic and international customers.

IRELAND

No.1

No. 1 supplier of devices and pharma to hospitals



BRITAIN

No.1

No. 1 supplier to GPs and leading supplier to broader Primary Care market

No. 1 in health & beauty contract manufacturing

How we create value

- Full range of contract manufacturing and related services (including product development, formulation and regulatory support) for international health and beauty brand owners from high quality, well invested facilities.
- Strong product development capability and flexible, responsive customer service.
- Comprehensive sales channel coverage across hospitals, GP surgeries, retail pharmacies and community care providers in the British and Irish healthcare markets.
- Broad range of own and third-party medical devices and pharmaceuticals.
- Cost-effective operations with scalable IT platforms.

Operating Review (continued)

DCC Healthcare (continued)

Performance for the Year Ended 31 March 2019

DCC Healthcare again delivered very strong operating profit growth, driven by excellent organic growth in the health and beauty sector and also benefited from acquisitions completed in the prior year.

DCC Vital performed well and delivered good organic profit growth in the supply of medical products into the hospital and GP channels in Britain. The business generated strong growth in sales of its own medical and surgical products into hospitals, particularly in the areas of cardiac monitoring, anaesthesia and laparoscopic surgery. DCC Vital strengthened its position as the market leader in the GP channel in Britain, generating very strong profit growth including the benefit of synergies from the successful integration of two small complementary bolt-on acquisitions completed in the prior year. DCC Vital's pharma activities performed satisfactorily, with good profit growth in Britain driven by the strength of its supply chain, which offset a slightly weaker performance in the Irish market.

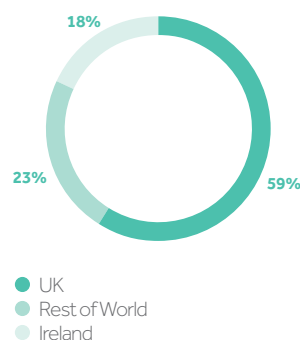
DCC Health & Beauty Solutions generated very strong organic profit growth and also benefited from the first-time contribution from the prior year acquisition of Elite One Source. In the nutrition sector, the business generated very strong organic growth as it continues to

support the international growth of key customers, particularly this year in the Chinese and Scandinavian markets, by providing a high-quality service encompassing innovation, manufacturing flexibility and technical support. The business also benefited from the development of new nutritional liquid products on behalf of customers. In the beauty sector, DCC generated excellent organic growth across a range of existing and new customers, driven in particular by strong demand for premium brands in the travel sector.

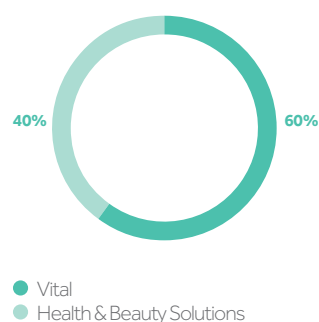
DCC Health & Beauty Solutions continues to invest in its facilities against the positive background of continuing global market growth and strong customer demand for its services.

The business made good progress on a number of on-going investment projects across its manufacturing footprint, which will add significant new capacity and capability. The most material investment is at DCC Health & Beauty Solutions' soft gel facility in south Wales. DCC 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. This expansion project, which is scheduled to be commissioned over the summer months, will almost double soft gel capacity, allowing the business to leverage its latest technology innovations in organic vegetarian and delayed release soft gel products.

Healthcare revenue by geography



Healthcare revenue by business



Revenue

12.0% ↑

Strategic objective:

Drive for enhanced operational performance

£576.4m



Adjusted operating profit

11.1% ↑

Strategic objective:

Drive for enhanced operational performance

£60.3m



Operating margin

Strategic objective:

Grow operating margin

10.5%



Return on capital employed

Strategic objective:

Deliver superior shareholder returns

16.6%

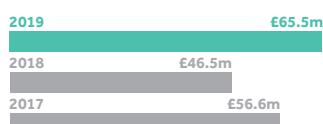


Operating cash flow

Strategic objective:

Generate cash flows to fund organic and acquisition growth and dividends

£65.5m

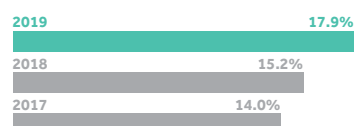


10 year adjusted operating profit CAGR

Strategic objective:

Deliver superior shareholder returns

17.9%





Case study:

Accelerating growth in Out-of-Hospital, Primary Care settings

Over the last few years, Williams' 'bolt-on' acquisition strategy has complemented an acceleration in its organic trading growth.

The search for suitable acquisition targets has been focused on businesses that have similar customer characteristics and/or product ranges to Williams. The targets serve out-of-hospital, near-patient care settings such as general practice, care and nursing homes, physiotherapy, blue light (i.e. emergency services) and occupational health. These targets have been identified through a combination of trade shows, networking and existing supply relationships.

Over the last 18 months Williams has successfully completed three bolt-on acquisitions: eSupplies Medical, OnCall Medical Supplies and Surgery Express. In each case, full operational integration has taken place quickly, maximising efficiencies and synergies and delivering increases in market share.

The integration journey majors on two pillars: operational cost synergies through full integration of back office, operations and commercial functions, and cost-of-goods product synergies, driven by range rationalisation and leveraging combined purchasing volumes. To complete the acquisition journey, customers are migrated into the core Williams brand following careful evaluation of customer feedback.

To support this growth and acquisition integration, Williams has invested in technology to advance its customer facing sales platform and has developed a unique IT solution to support an omni-channel approach

to interacting with its customers, who can choose telephone contact centre, e-commerce or mobile technology. Combining Williams' core capabilities in personalised marketing, a unique customer relationship management system and next day fulfilment, this omni-channel sales platform enhances its competitive advantage in the market.

Williams selected SAP Hybris as a single cloud commerce platform to be used by both customers and contact centre agents. By integrating this with internal systems and externally-facing solutions, Williams is building a solid environment which is right for today's customers, yet flexible enough to meet future demands.

Williams continues to focus on enriching its customer experience, striving to be easy to do business with and supporting this with appropriate technologies and market knowledge, including its scalable omni-channel sales platform, category management and a 'good, better, best' approach to its product offering. This approach enables organic expansion of the business in its home markets, into new adjacencies and through the on-boarding of both bolt-on and adjacent market acquisitions.

Operating Review (continued)

DCC Healthcare (continued)

Markets and Market Position

DCC Vital – sales, marketing and distribution to healthcare providers

DCC Vital markets and sells a broad range of own and third party medical and pharmaceutical products to hospitals, GPs, pharmacies, and other healthcare providers in Britain and Ireland.

DCC Vital's range of medical devices and consumables includes categories such as wound-care, electrodes, diathermy, critical care (anaesthesia, endovascular, cardiology and IV access), minimally invasive surgery and diagnostics, as well as a full range of consumables and equipment used by GPs in addition to testing, calibration and maintenance services. The products sold are typically single use in nature.

While maintaining our position as a leading third-party distributor of medical devices in Britain and Ireland, DCC Vital continues to strengthen its offering of own brand products which in the last financial year accounted for approximately 39% of the total gross profit generated from the sale of medical devices. DCC Vital continues to invest in product development and value added sourcing to build its portfolio of own brand IV and surgical products for the UK market. DCC Vital is also progressing with US FDA approvals in order to expand the range of Espiner minimally invasive surgery products available for sale in the US market.

DCC Vital also represents leading medical, surgical and diagnostics brands including BioRad, Carefusion, Diagnostica Stago, ICU Medical, Mölnlycke, Omron, Oxoid, Roche, Siemens and Smiths Medical.

DCC Vital is the market leader in the supply of medical consumables, equipment and services to GPs in Britain and has a growing presence in the community healthcare sector. DCC Vital services a customer base of some 9,000 GP surgeries, along with customers including other primary healthcare providers, GPs in Ireland through an omni-channel approach encompassing e-commerce and physical product catalogues in tandem with a highly effective telesales based customer contact centre in Wales, in addition to field based engineers and key account managers. OnCall Medical and Surgery Express, the two small complementary GP supplies businesses acquired in early 2018, were successfully integrated. These acquisitions have further strengthened DCC Vital's leadership position in GP supplies in Britain, providing access to an

expanded customer base and allowing DCC Vital to enhance its product offering. Following the launch of a GPs supplies business in Ireland in the prior year, DCC Vital has continued to build market share in the provision of medical supplies to GPs in Ireland, leveraging the commercial and operational strengths of the British business. Today, DCC Vital supplies products to c. 60% of the 2,500 GP surgeries in Ireland.

DCC Vital is involved in the development, manufacture, marketing and sales of generic pharmaceuticals for the British, Irish and international markets. Its portfolio principally comprises solid dose and injectable products across a range of therapy areas including beta lactam and other antibiotics, pain management, haematology, anaesthesia, addiction and emergency medicine; while its customer base in Britain includes the main pharmaceutical wholesalers, NHS hospitals and GPs. DCC Vital is a market leader in Britain in beta lactam antibiotics (particularly penicillin V and flucloxacillin) and also operates a specialist beta lactam manufacturing facility located in Roscommon, Ireland. DCC Vital's pharma revenues are generated from products where DCC Vital is the license holder and from products where it provides sales and marketing services for other licence holders in Britain and Ireland. DCC Vital works with leading branded, generic and contract manufacturing pharma companies such as Accord Healthcare, Cipla, CSL Behring, Martindale Pharma and Rosemont. DCC Vital sells into the hospital and community pharmacy channels in Britain and Ireland. It also sells to other generic pharma companies and international distributors.

DCC Vital also has a leadership position in the specialist procurement and sale of exempt medicinal products ('EMPs') in Ireland, through its Medisource business. EMPs are pharmaceutical products which are imported into a market with the authorisation of the relevant regulatory authority (the Health Products Regulatory Authority in Ireland) in order to meet requirements of specific patients where no suitable licensed product is available in that market. The products are typically licensed in another jurisdiction. Medisource's leadership position in Ireland is based on its excellent customer service and strong network of international suppliers.

DCC Vital has the most comprehensive sales channel coverage in the British and Irish healthcare markets selling into the hospital, retail pharmacy, GP and community care channels. DCC Vital's unrivalled market coverage enables the business to provide

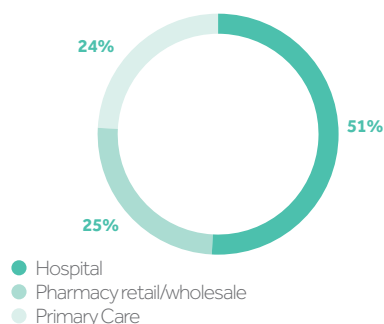
holistic solutions to addressing the healthcare market in Britain and Ireland. DCC Vital is also a leading provider of specialist value added healthcare logistics services in Britain, providing innovative stock management and distribution services to hospitals and healthcare brand owners/manufacturers, focused principally on operating theatre supplies.

DCC Vital has in excess of 150 highly trained customer-facing sales, marketing and customer support professionals who have strong relationships with senior management, clinicians and procurement professionals in the public healthcare sector (NHS in Britain and HSE in Ireland), major and regional pharmacy wholesale/retail groups and private healthcare providers. Leveraging the strength of its customer and supplier relationships and the breadth and quality of its product portfolio, in tandem with targeted acquisition activity, DCC Vital has built strong market positions including leadership positions in GP supplies, electrodes and diathermy consumables in Britain and in exempt medicinal products and hospital supplies generally in Ireland.

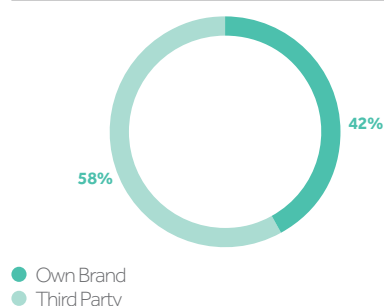
DCC Vital principally operates in sectors of the healthcare market that are government funded. Fiscal budgets in Britain and Ireland continue to be under pressure with (as is the case in the majority of developed economies) the burden of care, particularly to support ageing populations, continuing to grow. Healthcare providers are seeking cost-effective solutions from their commercial partners. Public healthcare policy makers are increasingly focusing on shifting the point of care to the most cost-effective location which is typically away from expensive acute care settings to primary and community care settings. In addition, healthcare payers and providers are seeking to leverage their procurement scale through increased use of tendering, framework agreements and reference pricing. They are switching to equivalent quality, lower cost medical devices and generic pharmaceuticals as well as outsourcing activities deemed to be non-core. Given the positioning of its portfolio and the depth of its relationships with international suppliers and manufacturers, DCC Vital is very well placed to benefit from these trends.

Competitors in this market sector include global healthcare companies as well as the large number of smaller medical, surgical and pharma brand owners and distributors in Britain and Ireland.

DCC Vital gross profit by channel



DCC Vital gross profit by brand



DCC Health & Beauty Solutions – services for health and beauty brand owners

DCC Health & Beauty Solutions is a leading outsourced contract manufacturing service provider to the health and beauty sector in Europe with a developing presence in the US market. The business has a broad customer base of international and local brand owners, direct sales companies and specialist retailers. DCC Health & Beauty Solutions' range of outsourced services is focused principally on the areas of nutrition (vitamins and health supplements) and beauty products (skin care, hair care, bath and body). Its comprehensive service offering encompasses product development, formulation, stability and other testing and regulatory compliance, as well as manufacturing and packing.

DCC Health & Beauty Solutions has capability across a wide variety of product formats (tablets, soft gels, capsules, creams, liquids, sprays and gels) and packaging formats (pots, blisters, sachets, bottles, tubes and pumps). The business operates five Good Manufacturing Practice ('GMP') certified facilities in Britain, four of which are licensed by the Medicines and Healthcare products Regulatory Agency ('MHRA') and one facility

in Missoula, Montana. The US facility complies with FDA current Good Manufacturing Practices ('cGMP') and Health Canada standards and is also certified by leading third party regulatory bodies including NSF and USDA Organic.

DCC continually invests in its manufacturing facilities to expand capacity, add flexibility and enhance its service offering to customers. DCC has built a strong European market position in soft gels, in particular vegetarian soft gels which are experiencing strong consumer demand. In mid-2018 DCC commenced a major investment project to almost double its soft gel encapsulation capacity at its facility in south Wales. This investment will provide capacity to support organic growth, through leveraging excellent development work in new soft gel encapsulation technologies including organic vegetarian soft gels and Algigel capsules, which offers an alternative to enteric coating. This investment demonstrates DCC's confidence in the opportunity in nutrition contract manufacturing, its commitment to the soft gel facility in Wales and will create approximately 150 new jobs. In addition, DCC has also invested in its other facilities increasing manufacturing capacity and supporting new capability development in higher growth areas such as probiotics which will support further sales growth over the coming years.

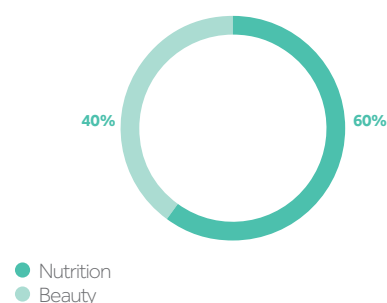
DCC Health & Beauty Solutions entered the US market through the acquisition of Elite One Source Nutritional Services, Inc ('Elite') in early 2018. Elite is a leading provider of contract manufacturing and related services to the healthcare and dietary supplements market in the US and its service offering encompasses product development, formulation, manufacturing, packaging and regulatory services. Elite has particular expertise in the manufacture of organic dietary supplements and highly complex formulations. Its customer base includes some of the leading specialist brands in the US consumer healthcare market. The US is the world's largest dietary supplements market and displays the same high growth characteristics as the European market with a greater level of fragmentation within the contract manufacturing base which offers DCC significant opportunities for organic and acquisitive growth. DCC Health & Beauty Solutions is continuing to progress a number of acquisition opportunities in the US market with a view to broadening its footprint and adding new capacity and product capability.

DCC Health & Beauty Solutions has built a reputation for providing a highly responsive and flexible service to its customers and for

assisting customers in rapidly bringing new products from marketing concept through to finished products. The business has strong market shares in Britain, Scandinavia and Benelux and is building market share in Continental Europe (especially in Germany, France and Poland) and now in the US.

Our competitors include Catalent, Aenova, IVC Brunel and Ayanda in nutrition in Europe and LF Beauty, Hampshire Cosmetics and numerous smaller manufacturers in creams and liquids in Britain.

DCC Health & Beauty revenue by product category



Strategy and Development

DCC Healthcare's vision is to build a substantial healthcare business focused on the sales, marketing and distribution of medical devices and pharmaceuticals and the provision of contract manufacturing and related services for the health and beauty sector. DCC Healthcare seeks to drive continued strong profit growth in tandem with returns on capital well above the DCC Group's cost of capital.

DCC Vital

DCC Vital has a good track record of growth and operating margin improvement. This has been achieved through the streamlining of its activities, improving sales mix (increasing the proportion of higher value-added products and company owned brands), exiting lower margin activities, consolidating back office activities and relentlessly driving efficiency in its operations. This growth has been achieved against a backdrop of challenging market conditions in the public healthcare sector in Britain and Ireland, which has reduced organic growth opportunities.

Targeted acquisition activity coupled with strong valuation discipline and integration execution, has resulted in expanded market coverage in Britain and a broadened product offering, together with profit growth and increased returns on capital.

Operating Review (continued)

DCC Healthcare (continued)

DCC Vital aims to continue this track record of growth through:

- expanding the product portfolio both organically through focused new product development and by acquisition, with a particular focus on GP supplies and related product sectors; and on own brand medical products in product categories which can deliver sustainable returns over the longer term;
- leveraging the breadth of our market coverage in Britain as healthcare systems seek to treat patients in the most appropriate and cost-effective setting; and
- expanding our market reach into Continental Europe, particularly Northern European markets, organically and by acquisition.

DCC Vital has a strong regulatory capability which, combined with its strength in product sourcing, will generate opportunities for the business to extend its activities into new geographic markets over the coming years.

DCC Health & Beauty Solutions

DCC Health & Beauty Solutions has an excellent track record of growth, the majority of which has been organically driven. The scale of the business has increased significantly over the last number of years with operating profits growing very strongly. Operating margins have grown consistently as the business focuses on higher value, more complex products.

DCC Health & Beauty Solutions aims to continue this track record of growth through:

- driving continued organic sales growth with existing customers by leveraging the strength and depth of our product development and technical resources;
- attracting new customers with our high quality facilities, strong business development capability and highly responsive and flexible customer service;
- enhancing and expanding the service offering, organically and by acquisition, with a particular focus on probiotics, nutritional liquids and gels and sports nutrition; and
- further expanding the geographic footprint of our operations in Europe and, in particular, in the US, by acquisition.

Our high quality facilities, together with the strength and depth of our business development, product development and technical resources, has enabled DCC Health & Beauty Solutions to build a reputation for providing a highly responsive and flexible service to our customers and for assisting customers in rapidly bringing new products from marketing concept through to finished products.

Customers

DCC Vital services in excess of 19,000 customers across all channels to market (public and private hospitals, procurement groups, retail pharmacies, pharma wholesalers, community healthcare providers and GPs) in Britain and Ireland as well as almost 30 international distributors. DCC Vital has significantly enhanced its market coverage in recent years to offer unmatched primary and secondary care access in Britain and Ireland.

DCC Health & Beauty Solutions principally focuses on providing services to a broad customer base of UK, US and international brand owners, direct sales companies and specialist retailers in the areas of nutrition and beauty products. DCC Health & Beauty Solutions works with leading brands (such as Elemis, Estée Lauder, Eve Lom, Merck, Nestlé Health Science, Omega Pharma, PZ Beauty, Ren and Vitabiotics), direct selling companies (such as Oriflame, Nature's Best and Healthspan), specialist health and beauty retailers (such as Apoteket, The Body Shop, Holland & Barrett and Walgreen Boots) and pharma companies (such as Alliance Pharma, Astellas Pharma and Stada). DCC Health & Beauty Solutions has been investing to accelerate the geographic expansion of the customer base and today significantly more than half of the output from our facilities is consumed in markets outside of Britain and Ireland.

DCC Healthcare has a broad customer base and its ten largest customers account for approximately 24% of revenue in the year ended 31 March 2019.

Suppliers

DCC Vital represents leading medical, surgical and diagnostics device brands including BioRad, Carefusion, Diagnostica Stago, ICU Medical, Mölnlycke, Omron, Oxoid, Roche, Siemens and Smiths Medical. DCC Vital works with leading innovative and generic pharma companies such as Cipla, CSL Berhning, Martindale Pharma and Rosemont, it also operates its own specialist beta lactam antibiotics manufacturing plant in Ireland.

DCC Health & Beauty Solutions sources from high quality raw materials and ingredients suppliers across the globe in order to provide customers with high quality and cost-effective solutions with an increasing focus on sourcing sustainability-certified raw materials.

DCC Healthcare's supplier portfolio is broadly based with the top ten suppliers representing approximately 19% of cost of sales in the year ended 31 March 2019.

Our People

DCC Healthcare employs 2,324 people, predominantly based in Britain, Ireland and the US, led by strong, entrepreneurial management teams. Developing and investing in our people is a critical enabler of DCC Healthcare's strategy. DCC Healthcare is focused on developing talent. Ongoing training and development is particularly essential in the highly regulated healthcare sector. We continually invest in ensuring that our people are experts in their respective product or service areas and are fully conversant with the relevant regulatory frameworks within which the business operates. DCC Healthcare's businesses conduct local training programmes with an emphasis on driving performance improvement in these businesses. Training focuses on safety, supervisory, environmental, technical and leadership skills. These training programmes are reviewed on an ongoing basis to ensure they meet the changing business environment and continue to deliver value.

Continuous conversation and reviews in our safety performance is a key priority within DCC Healthcare. Safety continues to be embedded in everything we do within our operations and driving a culture of 'safety first' across our business is a key objective for all our employees. There is ongoing employee engagement within each business including regular safety conversations and reviews across each of the sites, processes to identify and minimise risks and near miss reporting by employees. Safety F1rst (the brand used across our business to support safety communication) has clear leadership from the top and buy-in across the businesses. Safety performance (both qualitative and quantitative) is monitored in monthly reports. Senior managers are actively involved in safety programmes including participating in regular management safety walk-arounds in their businesses.

Key Risks

Governments (directly or indirectly) fund a significant element of healthcare spending of the markets in which DCC Healthcare operates. Our competitive product portfolio and growing range of own brand products is providing new growth opportunities and is mitigating the fiscal pressures on governments' healthcare budgets. We are committed to working closely with our suppliers and customers to find innovative, cost-effective solutions to address the challenges of future capacity and financial constraints facing public healthcare systems.

DCC Healthcare is focused on expanding its product portfolio with a particular focus on own brand medical products in categories which can deliver sustainable returns over the longer term. There is an active pipeline of development projects and we have continued to invest in additional resource to strengthen our capability in this area. All development projects are subject to detailed and regular review by management and are tracked against project plans and we maintain close communication with all relevant third parties (regulatory bodies, contract manufacturers and others).

We continually invest in technical and regulatory resources, quality systems, staff training and facilities to ensure quality standards are consistently maintained and the requirements of the relevant regulatory authorities are met or surpassed. All our manufacturing sites are licensed or certified and subject to ongoing regular internal and external third-party audit reviews.

DCC Healthcare trades with a very broad supplier and customer base and our constant focus on providing a value-added service ensures excellent commercial relationships. Acquisitions and new commercial relationships have introduced new supplier relationships, an extended product portfolio and expanded customer reach. In the case of a very small number of key suppliers, principals and customers, their loss could have a serious operational and financial impact on the business.

DCC Healthcare has continued to review the potential impact of Brexit on its various businesses and considered various options and will continue to keep developments under review.

Environment

DCC Healthcare is focused on improving the environmental sustainability of its businesses and range of products and services. Many of our customers (particularly DCC Health & Beauty Solutions' customers) monitor our progress in this area and are keen to see their business and brands share in the successes we have delivered, particularly in the area of carbon footprint reduction, use of products that are sourced from sustainable sources and reduced waste to landfill. DCC Healthcare has built on its progress in recent year in rolling out energy management initiatives across our contract manufacturing sites, including the installation of wind turbines and solar power at one site, installation of LED lighting, optimisation of cleaning water temperatures and also installation of voltage optimisation technology in some of our manufacturing sites. These energy saving projects have driven a reduction in our carbon emissions in 2019 (in some cases in excess of 10%) and will deliver further reductions in carbon emissions, energy use and costs over time.

We believe that our soft gel manufacturing facility is now one of the most environmentally friendly soft gel producers in the world following a number of investments over the last few years that have reduced its carbon footprint and delivered onsite electricity generation. Our contract manufacturing business in the UK continues to enhance its procurement capability of sustainable ingredients and during the year we worked with the Roundtable for Sustainable Palm Oil, the Marine Stewardship Council and Friends of the Sea to ensure the use of sustainable raw materials in our processes. In addition, we have also worked with cardboard suppliers to source their raw materials from sustainable sources and utilise recycled material where possible. In early 2019, one of our facilities in the UK was also granted organic certification by the Soil Association in a relation to a range on newly developed organic products.

Responsible Business Report

Creating sustainable value

To achieve our strategic objective of building a sustainable business and delivering long-term value to shareholders, it is critical that we conduct our operations responsibly, in line with evolving societal expectations and good practice.

Introduction

DCC operates in multiple industry sectors in many different jurisdictions. However, our Group core values define our approach to how we conduct our business, enhancing opportunities and reducing threats to sustain long-term shareholder value generation and ensuring we maintain our social 'licence to operate' and reputation.

In line with the EU Non-Financial Reporting Directive, this Responsible Business Report addresses areas that are material to the overall Group, being safety, our people, environment, compliance and ethics and community involvement.

Other sections of the Annual Report, including the Operating Reviews and the Risk Report, provide information on additional non-financial areas (for example in relation to water use, waste streams, packaging and conflict minerals) that are material to individual businesses within DCC and are managed at a local level, as determined by industry practice and operating environment.

Safety

Safety is a core value of DCC. The Group Health & Safety Policy, which is available on our website, sets out clear expectations in key

areas including leadership, risk management, asset integrity, training and emergency preparedness. Group wide tools, such as our Safety F1rst programme, learning from events processes and performance metrics, support the development of a positive and proactive safety culture across all of our businesses.

Every business has in place a health & safety management system reflecting the specific risks from their operations and at the same time aligned with the high level expectations set out in the DCC Group Health & Safety Policy.

Health & safety audits are conducted at each business by the Group HSE function using the International Safety Rating System (ISRS) audit protocol under licence from DNG-GL, a leading global provider of risk management and quality assurance services. Audits provide oversight and assurance of local businesses' policies and procedures and drive continuous improvement by identifying opportunities to strengthen existing practices. Further independent assurance is provided by the numerous external regulatory inspections of our facilities and management systems.

Cross Group collaboration and communication on key safety issues is supported by five

working groups, which focus on specific areas including transport safety and occupational health & safety. Membership of these working groups is drawn from all four divisions and includes input from operational, transport and HR functions, as well as health & safety professionals. Sharing good practice, learning from events and setting Group standards are key objectives for the working groups.

In March 2019, the DCC H&S Conference brought together over eighty health & safety professionals and senior management from around the Group to share good practice on topics including leadership, innovative approaches to managing safety, Safety F1rst and learning from events.

Performance

All incidents, including personal injuries, product spills and road traffic accidents, are systematically recorded and assessed to identify control weaknesses and learnings. Both qualitative and quantitative HSE information is included in monthly reporting processes at all levels of the organisation, including to the plc Board. Our objective is to continually improve our performance towards a goal of zero harm to people or the environment.

Case study Laleham Health and Beauty



In November 2018, Laleham Health and Beauty's manufacturing facility in Kirkham achieved certification to ISO45001, the international standard for health and safety management systems, following a series of audits by the British Safety Council, an accredited, independent certification body.

Certification supports Laleham's ongoing commitment to continuous improvement in safety performance and compliance with regulatory requirements. Using the ISO45001 framework to engage with employees and contractors to proactively identify risks and to develop innovative safety initiatives supports the business in achieving its ambitious growth strategy.

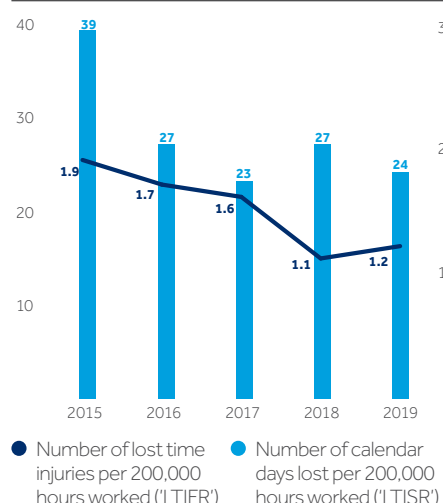
Over the next 12 months Laleham's two other UK manufacturing facilities in Morecambe and Alton will be included in the scope of the ISO45001 certification.

We continue our focus on lost time injuries (LTIs), defined as an accident resulting in at least one day lost after the date of the accident.

In the reported period the LTI frequency rate increased slightly after three successive years of improvement. The LTI severity rate decreased slightly – a reflection on the short term nature of many injuries. The majority of LTIs are relatively minor including slips, trips and manual handling, with injured parties returning to work after a very short period of recovery. Support is provided to injured parties to facilitate recovery.

We continue to monitor all LTIs, accidents and unsafe conditions and our emphasis remains on identification of root causes and sharing of broader learnings across the Group.

Lost Time Injury ('LTI') Metrics



Process Safety

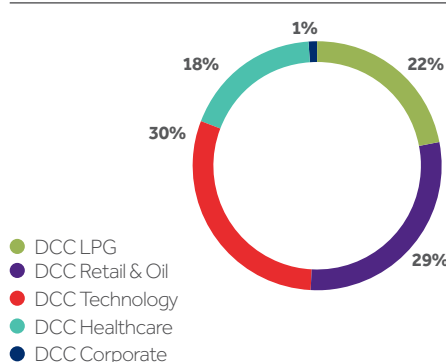
Process safety management is defined as preventing the release of hazardous products during a process, including unloading, storing and loading, which could cause catastrophic harm to people or the environment. Given the hazardous nature of products in the LPG and Retail & Oil divisions, there is a particular focus on maintaining asset integrity and controls during product handling, storage and distribution. A dedicated DCC process safety working group share good practice and tools to continuously improve process safety management performance.

Process safety risks are managed through detailed risk analysis, asset management, high reliability engineering controls and employee awareness training. Leading process safety performance metrics are used to monitor trends and take early action as necessary. Senior management receive regular external training on process safety leadership to ensure understanding of the risks, controls and monitoring systems in place.

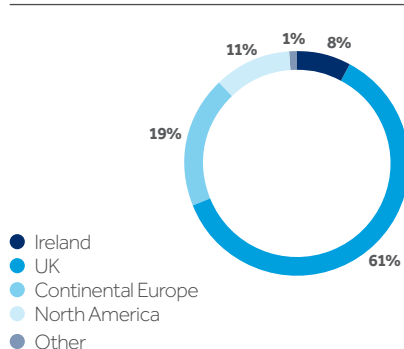
People

Our people are critical to the Group's continued success. Our devolved structure allows us to leverage an empowered and entrepreneurial management structure across all the sectors and geographies that we operate in. At 31 March 2019, we employed 12,553 people, which is a 13% increase since last year.

DCC employees by division



DCC employees by geographic area



Talent Development

DCC commits significant resources to ensure we have the current and future leadership talent in place to support our ambitious growth plans.

We have continued to make progress over the past 12 months in embedding a more consistent approach to talent management across the Group to ensure that we continue to develop leadership resources that keep pace with our business growth.

Senior Leadership Talent

We know that accelerating the development of our leaders is critical to sustaining competitive advantage and that the strength of our leadership talent will determine the pace and growth of our business over the longer term.

The identification, management, development and deployment of talented people to ensure that we have a pipeline of talent to succeed key executive roles throughout our international businesses is of key importance in continuing to deliver the Group's strategy.

Our succession planning process is at the heart of our focus on talent development and ensures we have an ongoing focus on identifying and developing high potential senior talent for the future.

In the past year we implemented a common performance management system, building on our shared understanding and expectation of high performance across the Group. Each member of our senior management teams, approximately 130 individuals across our businesses, have tailored personal development plans to ensure a continued focus on personal performance and professional growth.

We have also launched several new development supports to enable this talent pool to accelerate their career development. This includes an exciting new partnership with a leading global business school, to co-create and deliver a programme designed to bring acute focus to individual development as well as deepening and broadening strategic perspective to stimulate growth and innovation.

International Leadership Pipeline

Arising from the acquisitive nature of the Group we have numerous international opportunities for our employees as we continue to grow in terms of scale and geography. We actively identify and develop employees who wish to develop their careers in new markets. Opportunities for employees to work in other markets provides them with valuable experience and accelerates the development of cross-cultural skills needed to operate internationally.

Graduate Talent

Our talent strategy aims to create a high calibre, mobile, cross-divisional talent pipeline in order to fuel our ambitious growth plans. The DCC Graduate Programme continues to be an integral part of this strategy.

The DCC Graduate Programme is a two-year programme, with two 12-month placements in different businesses and divisions across the Group and a structured development programme. Graduates experience fast-paced environments gaining unrivalled on-the-job experience in our businesses where they learn about the diversity of the international markets in which we operate.

Local Skills Based Training Support

DCC encourages and supports talent development at all levels in the organisation. Our operating companies conduct local training programmes, often led by local dedicated learning and development departments, with an emphasis on driving performance improvement in the business. Development programmes are tailored to individual business

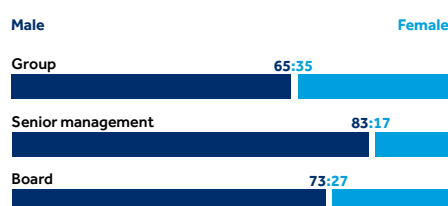
needs and the market in which they operate, which allows our employees to develop to their full potential and creates real value for both the business and the broader Group. These training programmes are reviewed on an ongoing basis to ensure they meet the changing business environment.

Inclusion and Diversity

DCC's performance and growth is based on the strength of the diversified nature of our business. For us, the benefits that a more inclusive workforce can bring, through diverse skills, talents and experience have always been clear and ensuring our people feel included and valued is a core part of our culture.

Reflecting our focus on inclusion and diversity, our businesses aim to attract and develop workforces that are as diverse as our customers, suppliers and communities.

Gender diversity



We welcome a greater representation of female talent across all sectors of our business, particularly at senior management level, and we are committed to extending equal opportunities to all individuals in line with our policies.

DCC is an active member of the 30% Club, which consists of chairmen and chief executives committed to better gender balance at all levels of their organisations through voluntary actions. In this regard, we actively support the development of our high potential female talent through partnerships with organisations like The Mentoring Foundation to ensure our female leaders are supported at significant career stages. We are also members of the Employers Network for Equality and Inclusion which works in partnership with our UK businesses to ensure we adopt best practice approaches on all aspects of equality and human rights in the workplace.

In relation to gender diversity, we have made progress over the past number of years through ensuring diversity at Board level, and remain committed to improving diversity not only at senior management levels but throughout our business. See Strategy in Action, pages 38 and 39.

Rewarding Employees Fairly

DCC offers pay, social and pension benefits in line with industry, local or national practice, often with incentives linked to company and individual performance targets. We are committed to meeting high standards of business conduct in every area of our activities. As part of this commitment, we regularly review our reward policies to ensure we reward employees fairly and comply with any minimum wage requirements.

Under UK legislation, employers in the UK with more than 250 employees are required to publish key metrics on their Gender Pay Gap. Our affected UK businesses have published individual reports as required by legislation and are committed to taking action, at a local level, in terms of deeper analysis of the data and implementation of appropriate initiatives.

Environment

All societies and economies rely on the environment for ecosystem services and the availability of raw materials and renewable natural resources. Businesses have a responsibility to manage their activities to support long-term environmental sustainability.

The DCC Group Environment Policy is available on our website and sets out our commitment to comply with environmental regulations and the stewardship of natural resources.

DCC businesses minimise the environmental impact of their operations with appropriate, business specific policies and processes to manage material environmental aspects and ensure compliance with regulatory requirements. Where there is a case for doing so, local management have certified their environmental management systems to the ISO14001 standard.

Oil storage and transfer operations present a potential risk to the environment. Delivery drivers are trained to identify potential spill risks at domestic and commercial sites thus providing an opportunity to proactively reduce the likelihood of a loss of containment. At retail sites, in situ monitoring of underground tanks and pipelines reduces the likelihood of any uncontrolled releases during storage or delivery of oil products. In the event of a spill, all necessary clean-up and remediation activities are undertaken to contain and remove contamination.

Hazardous and non-hazardous waste is managed in accordance with EU and local legislation relating to, for example, waste packaging, waste electrical and electronic equipment and batteries.

Within the Healthcare division's manufacturing businesses, waste process water is managed to ensure appropriate treatment and discharge under local consents.

Climate Change

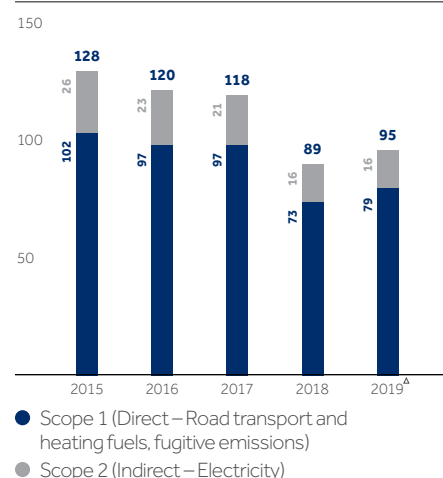
The global challenge of climate change has both physical and transitional impacts for all businesses. The Risk Report highlights climate change risks and uncertainties for DCC on page 20. Since 2010, DCC has responded to CDP's climate questionnaire, now aligned with the framework from the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

Greenhouse Gas Emissions

Energy data (transport fuels, heating fuels and electricity) are recorded by all DCC businesses, converted into greenhouse gas ('GHG') emissions by CDP accredited software and reported in tonnes of CO₂e. In the TEGA business, fugitive emissions of those refrigerant gas products which have a GHG impact have been calculated and also converted into tonnes CO₂e. These represent less than 1% of the total Scope 1 and Scope 2 emissions for DCC.

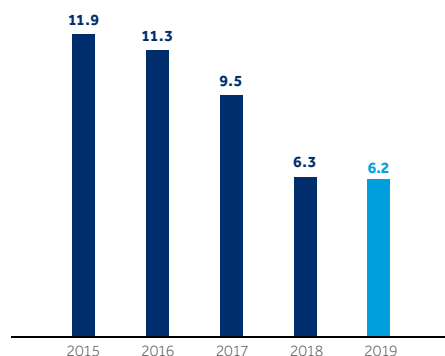
Recent acquisitions (including DCC Propane, Elite, TEGA, Jam and Stampede) increased emissions by 16%. However, this increase was offset by warehouse consolidations, a milder winter reducing heating requirements, operational efficiencies and the ongoing decarbonisation of electricity grids. Overall, absolute carbon emissions increased by 7% compared to the prior year.

Absolute CO₂e emissions (000's tonnes) by scope



DCC's carbon intensity metric decreased by 1% compared to the prior year with the increase in revenue offsetting the increase in absolute emissions.

DCC Group carbon intensity (tonnes CO₂e/€m Revenue)



Article 8 of the EU Energy Efficiency Directive operates on a four year cycle with 2019 being the second compliance period. All large businesses are required to demonstrate that they have taken steps to increase energy efficiency. Work is underway in the DCC businesses impacted by the national legislation which implement the Directive to ensure energy efficiency audits are completed or companies have certified their management systems to the ISO50001 standard – as achieved by Certas Energy UK – in advance of the deadline in December 2019.

EY has undertaken limited assurance over selected data within this report in relation to carbon emissions and their assurance opinion is set out on page 217.

Compliance and Ethics Respect for Human Rights

DCC is committed to conducting all our activities in accordance with high standards of business conduct. This is consistent with our core value of acting with integrity.

The large majority of DCC Group businesses operate in countries where breaches of human rights do not present a material risk. DCC has suitable HR policies and procedures which apply to every business in the Group and ensure that the rights of employees in those businesses are fully respected.

DCC has a Supply Chain Integrity Policy in place which sets out specific steps that businesses in the Group must take to assess the risk of human rights abuses taking place within their supply chains. The Policy is available on our website.

The key steps that Group businesses are required to take under the Policy are:

- To have a suitable process to assess their supply relationships from the perspective of both product quality and supplier integrity;
- To carry out additional due diligence where this risk assessment requires; and

- To maintain where needed suitable preventative controls to ensure, insofar as practicable, that human rights abuses, among other compliance breaches, do not arise.

DCC has issued a statement under section 54 of the Modern Slavery Act 2015 covering the year ended 31 March 2019. A number of DCC Group businesses are subject to that reporting provision in their own right and have issued statements on their own websites.

Anti-Bribery and Corruption

DCC has a detailed Anti-Bribery and Corruption Policy in place, which states that no employee or representative of any Group business is to offer or accept any bribe, including small facilitation payments, or engage in any other form of corrupt practice. The Policy is available on our website.

The policy is provided to every employee of the Group as part of their induction and training on the key provisions of the policy is also provided to relevant employees. In addition to prohibiting involvement in bribery or other forms of corruption, the policy requires that every business in the Group:

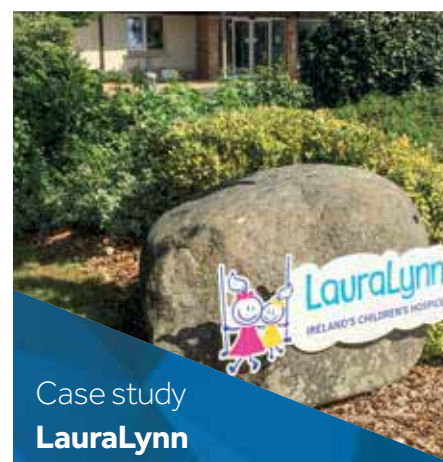
- Maintains suitable policies, procedures and records in relation to the provision and acceptance of gifts, hospitality and sponsorship
- Employs enhanced due diligence and controls when doing business with a party in a country where corruption is a particular problem, in particular when appointing any representatives.

As the Group expands into geographies where the risk of these practices is greater, DCC will continue to ensure that a robust approach is taken to the prevention of bribery and corruption.

Community Engagement

DCC businesses provide support to a range of communities and organisations in their local areas. Fund raising, charity cycles, volunteer days and education programmes are some of the ways that employees get involved and contribute to their chosen organisations.

DCC Group's partnership with Social Entrepreneurs Ireland (SEI) is now in its ninth year. SEI (www.socialentrepreneurs.ie) supports high-potential social entrepreneurs to tackle Ireland's social problems from early stage ideas to scaling organisations to deliver greater impact. DCC is the lead sponsor of the SEI annual awardee selection process which selects the next generation of social entrepreneurs and provides ongoing professional, financial and community support to develop their entrepreneurial solutions.



Case study LauraLynn

LauraLynn, Ireland's Children's Hospice, is the only children's hospice in the Republic of Ireland, providing palliative care to children with life-limiting conditions and supports to their families. The hospice is a close neighbour to DCC's head office in Dublin.

There are approximately 3,840 children living in Ireland with life-limiting conditions and more than 30,000 parents, carers, brothers, sisters, relatives and friends impacted. LauraLynn's holistic approach to care enables them to support the whole family, allowing patients to be children and parents to be parents rather than full-time carers. They support siblings and the wider family, throughout the child's life, through bereavement and for as long as that family needs them. Their services include respite breaks in the hospice, nursing and therapeutic care in the home, play and therapy, family camps and activities, counselling and spiritual support. In 2018 LauraLynn had to raise €4.2 million to keep the hospice services running.

DCC's partnership with LauraLynn is multi-layered, comprising corporate donations, sponsorship of the Annual Heroes Ball and 'In-Kind' support through the donation of products and equipment. Staff enjoy the rewarding engagement between both organisations – through hands on and professional skills volunteering, staff fundraising and attendance at the Annual Ball. DCC also encourages raising awareness of LauraLynn's work in the wider community as we understand the vital need for their services.

DCC highly values the engagement with LauraLynn as a true charity partnership.

Governance

In this section	73	Chairman's Introduction
	74	Board of Directors
	76	Group Management Team
	77	Corporate Governance Statement
	84	Nomination and Governance Committee Report
	88	Audit Committee Report
	93	Remuneration Report
	119	Report of the Directors

Chairman's Introduction

The Board continues to be fully committed to ensuring that the Group's values and high standards are set from the top and are embedded at all levels of governance in the DCC Group.



Dear Shareholder

The Board of DCC remains committed to high standards of governance across the Group, in line with our core values of excellence and integrity.

On behalf of the Board, I am pleased to report full compliance by DCC with the 2016 version of the UK Corporate Governance Code ('the Code'), which applied to DCC for the year ended 31 March 2019.

I have set out below some of the key governance activities undertaken during the year and our priorities for the year ahead.

Governance

The Financial Reporting Council published a new version of the Code in July 2018, which applies to DCC for the current financial year ending 31 March 2020 ('the 2018 Code'). The Nomination and Governance Committee, on behalf of the Board, has engaged in a detailed review of the 2018 Code, has assessed the impact of the updated principles and provisions on DCC and has recommended enhancements to our governance processes. Further detail on these enhancements and their implementation is set out in the Nomination and Governance Committee Report on page 87.

The Remuneration Report addresses on page 95 the enhancements made to our policies and practices in the regard to remuneration, arising from the 2018 Code and also from the UK Companies (Miscellaneous Reporting) Regulations 2018.

Board Composition and Diversity

On an ongoing basis, I seek to ensure we have the right balance of skills, knowledge and experience on the Board, taking account of our business model, the specific sectors in which the Group operates, the growth in the scale of the Group and our geographic expansion.

The Board has a formal Board Diversity Policy in place and believes in the value of diversity of background, nationality and experience.

Mark Breuer joined the Board on 9 November 2018 and is a highly experienced investment

banker and corporate financier, with particular experience in mergers and acquisitions advice, having worked with JPMorgan for 20 years up to his retirement in 2017.

Caroline Dowling joined the Board on 13 May 2019 and brings leadership experience and extensive global knowledge in the technology sector which are particularly relevant to DCC and will deepen Board knowledge and insight in the key sectors in which DCC operates.

I am conscious of the fact that, taking account of the resignation of Emma FitzGerald on 30 October 2018 and Caroline Dowling's appointment today, the percentage of female Directors on the Board is now 27% and has fallen below the 30% level which had pertained at DCC since 2013.

The ongoing process of Board succession being managed by the Nomination and Governance Committee to identify further potential non-executive Director candidates will be informed by this position and our belief in the merits of gender diversity on the Board.

Board Effectiveness

In 2019, the performance evaluation of the Board, its Committees and individual Directors was internally facilitated, having been externally facilitated in 2018 by Independent Audit, in accordance with the requirement under the Code to have the process externally facilitated every three years.

I am pleased to report that the results of the 2019 evaluation process were positive and that a number of actions were agreed which will be implemented during the current year. These are designed to drive Board effectiveness in DCC as the Group continues to grow and develop.

All action items contained in the report prepared by Independent Audit at the conclusion of the 2018 evaluation process were substantially completed during the year ended 31 March 2019.

More information on the 2019 process can be found on page 82 of the Corporate Governance Statement.

Independence and Re-Election

There are now nine non-executive Directors and two executive Directors on our Board. We recently conducted our annual review of the independence of non-executive Directors and are satisfied that each of the non-executive Directors is independent. Further detail on the independence of non-executive Directors is set out on page 80.

In accordance with the Code and our practice, all of the Directors will be presenting themselves for re-election at the 2019 Annual General Meeting.

Board Committees

Our Board Committees have continued to perform effectively. You will find, on pages 84 to 118, individual reports, introduced by the Chairman of each Committee, giving details of their activities during the year.

Board Development

Each of the non-executive Directors made a number of visits to Group subsidiaries during the year ended March 2019, in order to familiarise themselves with the Group's operations and meet with subsidiary management. We also have a practice of holding at least one Board meeting each year at a subsidiary location.

The Directors undertook external training and development courses relevant to their roles as non-executive Directors and Committee members and are also encouraged to undertake training provided to Group management and employees, including in relation to compliance, IT security and cybersecurity.

Priorities for the Year Ahead

The governance priorities for the coming year include Board renewal, implementation of enhancements to governance practices arising from the 2018 Code and a focus on diversity, both at Board and management levels.

John Moloney
Chairman

13 May 2019

Board of Directors

Committee Membership Key:

- A** Audit Committee Chair
- A** Audit Committee Member
- N** Nomination and Governance Committee Chair
- N** Nomination and Governance Committee Member
- R** Remuneration Committee Chair
- R** Remuneration Committee Member

1 

John Moloney
Non-executive Chairman

Date of appointment

John joined the Board in February 2009 and was appointed non-executive Chairman in September 2014.

Expertise

John has extensive top management and board level experience, having held the position of Group Managing Director of Glanbia plc until November 2013. He previously held a number of roles within that organisation including CEO Agribusiness and CEO Food Ingredients.

John's experience as a CEO, chairman and non-executive director on a number of listed companies brings a detailed understanding of operational, strategic and governance requirements.

Key external appointments

Non-executive director of Greencore Group plc and Smurfit Kappa plc.

2 

Donal Murphy
Chief Executive Officer

Date of appointment

December 2008

Expertise

Donal joined DCC in 1998 and has a detailed knowledge of the operations of the Group, having held a number of senior leadership roles, including Managing Director of DCC Technology from 2004 to 2006 and Managing Director of DCC Energy from 2006 to 2017. He led the very significant growth of the Energy division and its transition from a small UK and Irish business to a substantial international business operating in ten countries.

Donal was appointed Chief Executive in July 2017.

Key external appointments

None

3 

Fergal O'Dwyer
Chief Financial Officer

Date of appointment

February 2000

Expertise

Fergal is a Chartered Accountant with significant experience in financial management, treasury, strategic, capital deployment and development matters within the Company. He joined DCC in 1989, and was appointed Chief Financial Officer in 1994 in the year of DCC's flotation. Prior to joining DCC, he worked with KPMG and PricewaterhouseCoopers in audit and corporate finance. Fergal has comprehensive knowledge and understanding of the various divisions DCC operates in.

Key external appointments

None

4 

Leslie Van de Walle
Non-executive Director and
Senior Independent Director

Date of appointment

November 2010

Expertise

Leslie has a very wide range of international senior management experience in the oil and gas, food and drinks, manufacturing, building materials and insurance sectors. He is a former Chief Executive Officer of Rexam plc and has held a number of senior executive roles in Royal Dutch Shell plc, Cadbury Schweppes plc and United Biscuits plc.

Leslie was previously non-executive chairman of SIG plc and Robert Walters plc and non-executive director of Cape plc and Aviva plc.

Key external appointments

Chairman of Euromoney Institutional Investor PLC and non-executive director of Crest Nicholson Holdings plc and HSBC UK Bank plc.

5 

Mark Breuer
Non-executive Director

Date of appointment

November 2018

Expertise

Mark is a highly experienced corporate financier and has operated at senior levels in the UK and abroad. He worked in investment banking for 30 years, the last 20 of which were for JPMorgan, where he served in numerous client facing and management roles, delivering mergers and acquisitions and broader corporate finance advice to both domestic and international clients. Mark's wide-ranging corporate finance experience is particularly relevant given DCC's acquisition focus.

Key external appointments

Non-executive director of Aris Bioscience plc.

1

2

3

4

5



6

**Caroline Dowling**

Non-executive Director

N R

Date of appointment

May 2019

Expertise

Caroline is a highly experienced business leader with extensive global knowledge in the technology sector, specifically electronic, technical and logistic services. Caroline was, until her retirement in February 2018, the former Business Group President of Flex, an industry-leading, Fortune Global 500 company with operations in 30 countries. In this role, she led the Telecommunications, Enterprise Compute, Networking and Cloud Data Centre and was also responsible for managing the Global Services Division, supporting complex supply chains. Caroline was previously a non-executive director of the Irish Industrial Development Agency.

Caroline's leadership experience and areas of expertise are particularly relevant to key sectors in which DCC operates.

Key external appointments

Non-executive director of Tyndall National Institute.

7

**David Jukes**

Non-executive Director

R

Date of appointment

March 2015

Expertise

David has almost 40 years of international chemical distribution experience. In May 2018, he was appointed President and CEO and a director of Univar Inc. Prior to this appointment, he held a number of senior positions with Univar across global locations including President and Chief Operating Officer. Other previous roles include Senior Vice President of Global Sales, Marketing and Industry Relations for Omnexus and VP Business Development for Ellis & Everard Plc.

David's distribution experience brings valuable perspective to the Board.

Key external appointments

President and Chief Executive Officer of Univar Inc.

8

**Pamela Kirby**

Non-executive Director

N R

Date of appointment

September 2013

Expertise

Pamela has significant knowledge of the international healthcare sector, having worked in the pharmaceutical industry for more than 30 years. She held senior UK and global management positions in AstraZeneca PLC and in F. Hoffman-La Roche Ltd., where she was Director of Global Strategic Marketing and CEO of Quintiles Transnational Corporation. Other previous roles include non-executive director of Novo Nordisk A/S, Informa plc and Smith and Nephew plc.

Through her executive and non-executive roles, Pam brings a wealth of international pharmaceutical experience to the Board.

Key external appointments

Non-executive director of Victrex plc, Hikma Pharmaceuticals plc, Reckitt Benckiser Group plc and member of the supervisory board of Akzo Nobel N.V.

9

**Jane Lodge**

Non-executive Director

A

Date of appointment

October 2012

Expertise

Jane is a senior audit partner with Deloitte, where she spent over 25 years advising multinational manufacturing companies including businesses in the food and automotive sectors. Her extensive experience with manufacturing companies and her strategic work with Deloitte has given her an international business perspective. She was a member of the CBI Manufacturing Council until 2011.

Jane brings substantial audit, risk and audit committee experience to the Board.

Key external appointments

Non-executive director of Devro plc, Costain Group PLC, Sirius Minerals plc and Bakkavor Group plc.

10

**Cormac McCarthy**

Non-executive Director

A

Date of appointment

May 2016

Expertise

Cormac was Chief Financial Officer ('CFO') of Paddy Power plc, an international multi-channel betting and gaming group, having joined the company in 2011 as a non-executive director and being appointed CFO in 2012. Following the successful completion of the merger of Paddy Power plc and Betfair Group plc, he stepped down as CFO of Paddy Power plc in February 2016. Cormac was previously Chief Executive of Ulster Bank (a subsidiary of Royal Bank of Scotland) and also served in various roles within Royal Bank of Scotland in Europe and the Middle East.

Cormac brings considerable plc financial expertise to the Board.

Key external appointments

Chairman of University College Dublin Foundation Limited and non-executive director of H&K International Limited.

11

**Mark Ryan**

Non-executive Director

A

Date of appointment

November 2017

Expertise

Mark is a highly experienced board director and business leader who has successfully operated at senior management levels in Ireland and internationally. Mark was Country Managing Director of Accenture in Ireland between 2005 and 2014. During his career with Accenture, Mark served in numerous management and executive roles in delivering major strategy, IT and business change programmes both locally and internationally.

Mark brings a strong understanding of commercial leadership and business perspective to the Board.

Key external appointments

Non-executive director of Wells Fargo Bank International, Immedis, Econiq, Publicis and Chairman of Blueface.

6

7

8

9

10

11



Group Management Team



Donal Murphy
Chief Executive



Fergal O'Dwyer
Chief Financial Officer



Henry Cubbon
Managing Director,
DCC LPG



Eddie O'Brien
Managing Director,
DCC Retail & Oil



Tim Griffin
Managing Director,
DCC Technology



Conor Costigan
Managing Director,
DCC Healthcare



Clive Fitzharris
Head of Group Strategy
& Development



Kevin Lucey
Head of Capital Markets



Nicola McCracken
Head of Group
Human Resources



Conor Murphy
Head of Group Financial
Planning & Control



Peter Quinn
Chief Information Officer



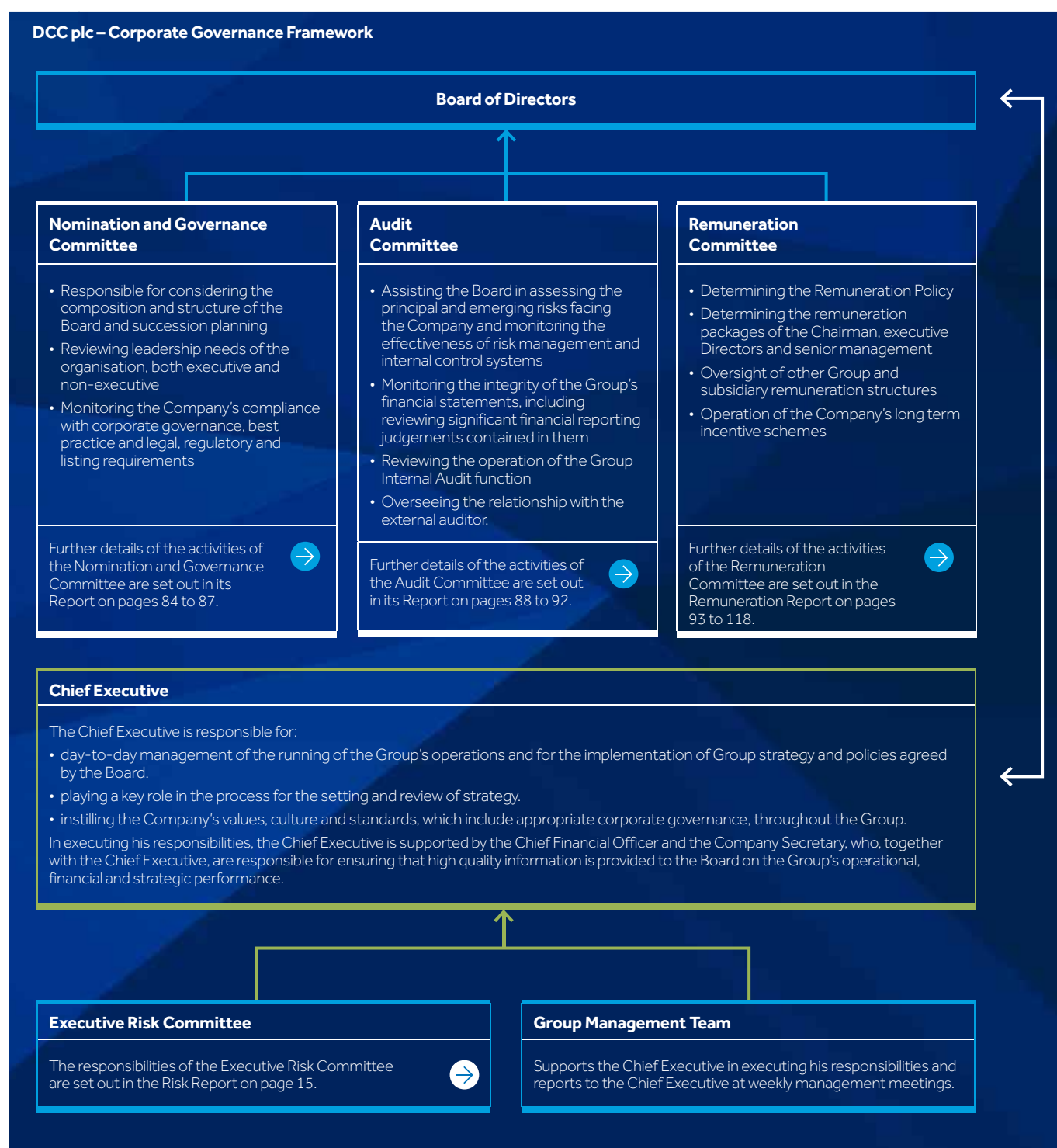
Ger Whyte
Company Secretary
& Head of Enterprise
Risk Management

Corporate Governance Statement

This statement describes DCC's governance principles and practices.

For the year ended 31 March 2019, DCC's corporate governance practices were subject to the 2016 version of the UK Corporate Governance Code, which was issued by the FRC in April 2016 ('the Code').

This statement details how DCC has applied the principles and complied with the provisions set out in the Code. We can confirm full compliance with the Code.



Corporate Governance Statement continued

The Board of Directors Role

Following the appointment of Caroline Dowling as a Director on 13 May 2019, the Board of DCC currently comprises the non-executive Chairman, eight other non-executive Directors and two executive Directors, including the Chief Executive. The Board is collectively responsible for the long-term success of the Group. Its role is to provide leadership, to oversee management and to ensure that the Company provides its stakeholders with a balanced and understandable assessment of the Group's current position and prospects.

The Board's leadership responsibilities, in the interest of delivering long-term value to shareholders, involve working with management to set corporate values and to develop strategy, including deciding which risks it is prepared to take in pursuing its strategic

objectives. Its oversight responsibilities involve it constructively challenging the management team in relation to operational aspects of the business, including approval of budgets, and probing whether risk management and internal controls are sound.

It is also responsible for ensuring that accurate, timely and understandable information is provided about the Group to shareholders, debt providers and regulators.

The Board has delegated responsibility for management of the Group to the Chief Executive and his executive management team.

The Board has delegated some of its responsibilities to Committees of the Board. The composition and activities of these Committees are detailed in their individual

reports on pages 84 to 118. The Board receives reports at its meetings from the Chairmen of each of the Committees on their current activities.

The main areas where decisions are reserved to the Board are summarised on page 79 and the principal activities of the Board during the year are summarised below.

A clear division of responsibility exists between the Chairman, who is non-executive, and the Chief Executive. Each of their responsibilities have been set out in writing and have been approved by the Board.

There is an established procedure for Directors to take independent professional advice in the furtherance of their duties, if they consider this necessary.

Board Activities

Values

- Continued to promote the Group's values across the DCC Group
- Identified opportunities to improve our organisational culture

Strategy and Development

- At a two-day Board meeting in December, discussed the strategic priorities across the Group and approved key actions for the next three years for each of the four divisions
- Received regular divisional strategy updates
- Reviewed future capital allocation plans
- Considered potential acquisition opportunities requiring Board level approval and received updates at every Board meeting on other development opportunities
- Reviewed post-acquisition business performance

Operational and Financial Performance

- Received reports from the Chief Executive at every meeting in respect of operational and financial performance and outlook
- Approved the Group's Annual Report and Accounts, Interim Report and Half Year Group Accounts and Interim Management Statements
- Approved the share price placing completed in October 2018 and the raising of further funds in the US Private Placement Market
- Approved the Group Budget for the year ending 31 March 2020 including capital expenditure
- Received regular reports on IT Projects and Developments from the Chief Information Officer

Leadership and Employees

- Reviewed the Board's composition, diversity and succession plans
- Considered detailed presentations from the Chief Executive and Group HR on Talent Strategy and Development, to ensure the appropriate focus on management development and succession planning
- Discussed the results of the OHI review
- Supported the professional development of Board members
- Approved the appointment of Mark Breuer and Caroline Dowling as non-executive Directors
- Approved the appointment of Cormac McCarthy as the non-executive Director designated for the purposes of engagement with the workforce

Risk

- Received a report at each meeting from the Chairman of the Audit Committee on its risk activities
- Considered the Group Risk Register and Integrated Assurance Report
- Received a quarterly HSE Report from the Head of Group Sustainability
- Received regular Legal & Compliance Reports from the Head of Group Legal & Compliance
- Considered the Principal Risks and Uncertainties for the Annual Report
- Reviewed the Group's progress on Business Continuity Planning, IT project assurance, IT risk and security and cybersecurity

Shareholder Engagement/Investor Relations

- Received regular reports from the Group Investor Relations function
- Received presentations from the Company's brokers, including in relation to fundraising, market perception and shareholder activism
- Attended the Capital Markets Day at Butagaz, France

Governance

- Received a report at each meeting from the Chairman of the Nomination and Governance Committee on its activities
- Discussed the latest regulatory developments including changes arising from the 2018 UK Corporate Governance Code and the UK Companies (Miscellaneous Reporting) Regulations 2018 and approved actions proposed
- Conducted an internally facilitated Board evaluation process
- Received updates on corporate regulatory matters

Remuneration

- Received a report at each meeting from the Chairman of the Remuneration Committee on its activities
- Approved the remuneration of the Chairman and other non-executive Directors

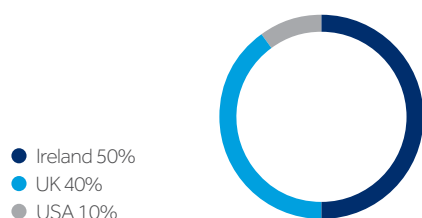
Board of Directors: Attendance at meetings during the year ended 31 March 2019

	Board	Audit Committee	Remuneration Committee	Nomination and Governance Committee
Meetings held during the year ended 31 March 2019	9	5	6	6
John Moloney	9	—	6	6
Mark Breuer ¹	3	2	—	—
Emma FitzGerald ²	6	—	4	—
David Jukes ³	9	2	2	—
Pamela Kirby	9	—	6	6
Jane Lodge	9	5	—	—
Cormac McCarthy	8	4	—	—
Donal Murphy	9	—	—	—
Fergal O'Dwyer	9	—	—	—
Mark Ryan	9	5	—	—
Leslie Van de Walle	8	—	6	6

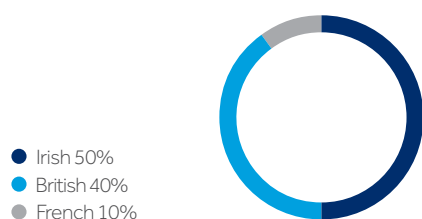
1. Mark Breuer was appointed as a non-executive Director and a member of the Audit Committee on 9 November 2018.
2. Emma FitzGerald resigned as a non-executive Director and as a member of the Remuneration Committee on 30 October 2018.
3. David Jukes was appointed as a member of the Remuneration Committee on 2 October 2018 and resigned as a member of the Audit Committee on 9 November 2018.

Mr. Breuer, Ms. FitzGerald and Mr. Jukes attended all meetings held during their period as Directors and members of their respective Committees.

Geographic location of Directors as at 31 March 2019



Nationality of Directors as at 31 March 2019



Schedule of Matters Reserved for the Board

The Schedule of Matters Reserved for Board Decision is regularly reviewed to ensure it meets with current best practice.

The Schedule includes responsibility for the matters set out below:

- Group strategy.
- Annual budget.
- Oversight of the Group's operations.
- Interim and annual accounts.
- Major acquisitions and disposals.
- Significant capital expenditure proposals.
- Approval of changes to the Group's capital structure.
- Composition of the Board and of its Committees
- Remuneration policy.
- Dividend policy and dividends.
- Treasury policy.
- Risk management policy.

Chairman

The Chairman's primary responsibility is to lead the Board, to ensure that it has a common purpose, is effective as a group and at individual Director level and that it upholds and promotes high standards of integrity, probity and corporate governance.

The Chairman is the link between the Board and the Company. He is specifically responsible for establishing and maintaining an effective working relationship with the Chief Executive, for ensuring effective and appropriate communications with shareholders and for ensuring that members of the Board develop and maintain an understanding of the views of shareholders.

Before the beginning of the financial year, having consulted with the other Directors and the Company Secretary, the Chairman sets a schedule of Board and Committee meetings to be held in the following two years, which includes the key agenda items for each meeting. Further details on these agenda items are outlined overleaf under 'Board Meetings'.

Senior Independent Director

The duties of the Senior Independent Director are set out in writing and formally approved by the Board.

The Senior Independent Director chairs meetings of the Board if the Chairman is unavailable or is conflicted in relation to any agenda item. He also leads the annual Board evaluation process, as detailed under 'Board Performance Evaluation' on page 82.

The Senior Independent Director is available to shareholders who may have concerns that cannot be addressed through the Chairman or Chief Executive.

Company Secretary

The Directors have access to the advice and services of the Company Secretary, whose responsibilities include ensuring that Board procedures are followed, assisting the Chairman in relation to corporate governance matters and ensuring compliance by the Company with legal and regulatory requirements.

Corporate Governance Statement continued

Board Meetings

A schedule of Board and Committee meetings is circulated to the Board for the following two years, which includes the key agenda items for each meeting. Board papers are circulated electronically in the week preceding the meeting.

During the year ended 31 March 2019, the Board held nine meetings, two of which took place in London and one at DCC Energi, Denmark.

Individual attendance at Board meetings and Committee meetings is set out in the table on page 79. There is regular contact as required between meetings in order to progress the Group's business.

The key recurrent Board agenda themes are divided into normal business (including trading performance, investor relations, human resources, IT, health & safety and risk matters) and developmental issues (including strategy, acquisitions, sectoral and divisional reviews, succession planning, management talent development and Directors' education). The Board also conducts a detailed review of post-acquisition business performance.

The non-executive Directors meet a number of times each year without executives being present.

Appointment of Directors

The Nomination and Governance Committee formally agrees criteria for new non-executive Director appointments, including experience of the industry sectors and geographies in which the Group operates and professional background, and has regard to the need for a balance in relation to diversity, including gender. The detailed appointment process is set out in the Nomination and Governance Committee Report on page 86.

Following appointment by the Board, all Directors are, in accordance with the Articles of Association, subject to re-election at the following Annual General Meeting ('AGM').

In accordance with our practice since 2008 and the provisions of the Code, all Directors submit to re-election at each AGM.

The expectation is that non-executive Directors would serve for a term of six years and may also be invited to serve an additional period thereafter, generally not extending beyond nine years in total. After three years' service, and again after six years' service, each non-executive Director's performance is reviewed by the Nomination and Governance Committee, with a view to recommending to the Board whether a further period of service is appropriate, subject to the usual annual approval by shareholders at the AGM.

The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the AGM of the Company.

Details of the length of tenure of each Director on the Board are set out in the table below.

Induction and Development of Directors

New non-executive Directors undertake a structured induction process which includes a series of meetings with Group and divisional management, detailed divisional presentations, visits to key subsidiary locations and a briefing with the external auditor.

The Chairman invites external experts to attend certain Board meetings to address the Board on relevant industry and sectoral matters and on developments in corporate governance, risk management and executive remuneration.

The Chairman and Company Secretary review Directors' training needs, in conjunction with individual Directors, and match those needs with appropriate external seminars and speakers. The Chairman also discusses individual training and development requirements for each Director as part of the annual evaluation process and Directors are encouraged to undertake appropriate training on relevant matters. In addition, all Directors have access to an online database which is regularly updated with relevant publications and changes in legislation.

Non-executive Directors are expected to meet, outside of Board meetings, with members of senior management throughout the Group and to visit a number of subsidiaries to familiarise themselves with the business in more detail than is possible during Board meetings.

All Directors are encouraged to avail of opportunities to hear the views of and meet with the Group's shareholders and analysts. The section on 'Relations with Shareholders' on page 83 gives further information on opportunities for Directors to meet with the Group's shareholders.

Independence

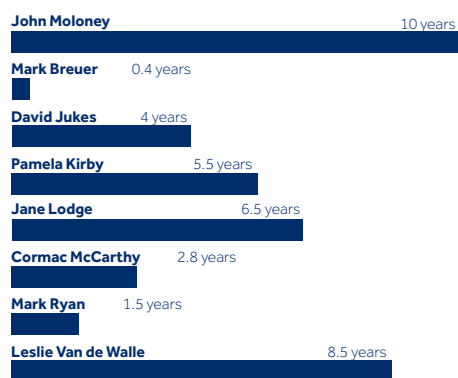
The Board has carried out its annual evaluation of the independence of each of its non-executive Directors, taking account of the relevant provisions of the Code, namely whether the Directors are independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, the Directors' judgement.

The Board is satisfied that each of the current non-executive Directors fulfils the independence requirements of the Code.

John Moloney has been Chairman of the Company since September 2014. On his appointment as Chairman, Mr. Moloney met the independence criteria as set out in the Code. Thereafter, as noted in the Code, the test of independence is not appropriate in relation to the Chairman.

Length of Tenure on Board as at 31 March 2019

Non-executive



Executive



Caroline Dowling joined the Board on 13 May 2019

While Mr. Moloney holds several other directorships outside of the DCC Group, the Board is satisfied that these do not interfere with the discharge of his duties to DCC.

Directors' Compliance Statement

The Directors have drawn up a Compliance Policy Statement as defined in section 225(3)(a) of the Irish Companies Act 2014.

Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure material compliance with the Company's relevant obligations. These arrangements and structures were reviewed during the financial year to ensure they remained appropriate and comprehensive. The Directors' Compliance Statement is set out in full in the Report of the Directors on page 122.

Remuneration

It has been the Company's practice since 2009 to put the Remuneration Report to an advisory, non-binding shareholder vote at each AGM.

As the Remuneration Policy remains unchanged, since its approval in 2017, it will not be put to shareholders at the 2019 AGM. However, the Remuneration Policy will be reviewed in the current year and will be put to an advisory, non-binding shareholder vote at the 2020 AGM.

Share Ownership and Dealing

Details of the Directors' interests in DCC shares are set out in the Remuneration Report on page 112.

The DCC Share Dealing Code ('the Dealing Code') applies to dealings in DCC shares by the Directors and Company Secretary of DCC, directors of all Group companies and all DCC Head Office employees. Under the Dealing Code, Directors and relevant executives are required to obtain clearance from the Chairman or Chief Executive before dealing in DCC shares and are prohibited from dealing in the shares during prohibited periods, as defined by the Dealing Code.

In addition, the Dealing Code specifies preferred periods for share dealing by Directors and relevant executives, being the four 21-day periods following the updating of the market on the Group's trading position through the preliminary results announcement in May, the Interim Management Statement in July (at the AGM), the interim results announcement in November and the Interim Management Statement in February.

Risk Management and Internal Control

The Board is responsible for the Group's system of risk management and internal control. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable but not absolute assurance against material

misstatement or loss. Details in relation to the Group's risk management structures are set out in the Risk Report on page 14.

The Board has delegated responsibility for the detailed monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the Audit Committee Report on page 90.

The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee.

In accordance with the revised guidance, entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC in September 2014, which applied to the year ended 31 March 2019, the Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

The Board has considered a report from the Audit Committee on the conduct of and the findings and agreed actions from the annual assessment of risk management and internal control. Further details on this annual assessment are set out in the Risk Report on page 16 and in the Audit Committee Report on page 90.

Board meeting in DCC Energi Danmark



The Board travelled to one of our Danish Retail & Oil businesses, DCC Energi Danmark, for its Board meeting in February 2019. During the visit to Copenhagen, the Board met with local management from the DCC Energi team and management from our Swedish technology business, Exertis CapTech, and also received presentations at the Board meeting from both businesses.

The presentations focused on the performance of the Danish business and

opportunities for growth and a general overview of the Exertis CapTech business and, in particular, its warehouse consolidation project.

A townhall meeting was held at the offices of DCC Energi with all employees in attendance which included a Q&A session with the Chairman and Chief Executive. The Board also met with employees over lunch in the staff restaurant. Following the Board meeting, the Chairman and a number of non-executive

Directors visited other Scandinavian and Austrian businesses as part of their ongoing Director training and site visit schedule.

The Board encourages overseas Board meetings which are instrumental in gaining a better understanding of the Group's diverse businesses and the environments in which they operate. Meeting with local management teams assists the Board in assessing and monitoring the Group's culture and its alignment with the Group's strategy and values.

Corporate Governance Statement continued

The consolidated financial statements are prepared subject to the oversight and control of the Chief Financial Officer, ensuring correct data is captured from Group locations and all required information for disclosure in the consolidated financial statements is provided. A control framework has been put in place around the recording of appropriate eliminations and other adjustments. The consolidated financial statements are reviewed by the Audit Committee and approved by the Board.

Compliance Compliance Programme

The key message of the Group compliance programme is that directors, managers and employees across the Group should be 'Doing the Right Thing' at all times. This means not merely following the laws and policies that apply to their work, but also exercising good judgement to ensure that their actions are fair and ethical.

Code of Conduct

The Group Code of Conduct, which is available on the DCC website, www.dcc.ie, was last updated in 2017. The Code sets out the general standards that are expected of directors, managers and employees across the Group in a range of areas, including anti-bribery and corruption, protection of personal information and competition law.

The Code is available in all of the major languages used across the Group and a copy is provided to every employee in the Group. Its use is supported by training and related internal communications.



Compliance Policies and Training

The Group also maintains more detailed policies on a range of relevant areas, complementing the general requirements set out in the Code of Conduct. The areas covered by more detailed policies include health and safety, anti-bribery and corruption, supply chain integrity, competition law, information security, diversity and equal opportunities and share dealing. Depending on the nature of their role, employees of the Group receive more detailed training on those policies.

Whistleblowing

Employees across the Group are required to raise a concern if any of our activities are being undertaken in a manner that may not be legal or ethical, and are supported if they do so. Concerns can be raised with a member of management in the business where the employee works, with the Head of Group Legal & Compliance or externally with SafeCall, a third party facility which is independent of DCC and available in multiple languages and on a 24 hour basis. Employees may raise concerns anonymously if they wish. DCC's internal policies make clear that retaliation against any employee who raises a concern is prohibited. Where concerns are raised, they are investigated in an appropriate and independent manner.

The Audit Committee has oversight responsibility for the Group's whistleblowing facilities and how they operate which is detailed on page 91.

Compliance Auditing

The Group Legal & Compliance function carries out compliance audits in Group subsidiaries to ensure that appropriate policies are in place and that controls are operating effectively.

World's Most Ethical Certification

Following an application made in late 2018, DCC was recognised by Ethisphere as one of the World's Most Ethical Companies® for 2019. This is the fifth year in which DCC has achieved this certification. It reflects the Group's commitment to high standards of business conduct – consistent with DCC's core value of integrity – and how that commitment is translated into practice through our compliance policies and procedures and our focus on the culture of the businesses in the Group.

Board Performance Evaluation

The Board conducts an annual evaluation of its own performance, that of each of its principal committees, the Audit, Remuneration and Nomination and Governance Committees, and that of the Chairman, Committee Chairmen and individual Directors.

In 2018, the entire performance evaluation was externally defined and conducted by Independent Audit, in accordance with the requirement to have it externally facilitated every three years under Provision B.6.2 of the Code. All agreed actions from the 2018 evaluation process were implemented during the year.

In 2019, the entire performance evaluation process was conducted internally.

The various phases of the internal performance evaluation process which commenced in early February and concluded in May 2019 are set out below.

- A questionnaire covering key aspects of Board effectiveness, including the composition of the Board, the content and conduct of Board and Committee meetings, and the Directors' continuing education process, was circulated to all Directors.
- Completed questionnaires, including views on performance and recommendations for improvement, were returned to Leslie Van de Walle, as the Senior Independent Director.
- Follow-up discussions were held with each of the Directors individually to clarify any points raised in the questionnaire and the Senior Independent Director then prepared separate summary reports on the Board and its Committees.
- The Chairman, on behalf of the Board, conducted evaluations of performance individually with each of the non-executive and executive Directors.
- The Senior Independent Director conducted an evaluation of the performance of the Chairman.
- The non-executive Directors also evaluated the performance of each executive Director.
- Each of the Audit Committee, the Remuneration Committee and the Nomination and Governance Committee considered the summary report as part of the review of its own performance and terms of reference and recommended any changes it considered necessary to the Board for approval.

The Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman.

Arising from the evaluation process, a number of actions were agreed by the Board which will be implemented by the Chairman during the current year.

In accordance with the Code, the 2020 Board evaluation will again be internally facilitated.

Relations with Shareholders

DCC recognises the importance of communications with shareholders. Presentations are made to both existing and prospective institutional shareholders, principally after the release of the interim and annual results. DCC issues an Interim Management Statement twice yearly, typically in February and July.

Major acquisitions are also notified to the market, and the Company's website, www.dcc.ie, provides the full text of all press releases. The website also contains annual and interim reports and incorporates investor presentations.

The Board is kept informed of the views of shareholders through the executive Directors' attendance at investor presentations and results presentations. Relevant feedback from such meetings, investor relations reports and brokers notes are provided to the entire Board on a regular basis.

The Board also receives briefings from the Company's brokers.

Investor Days for major shareholders are held periodically and feature presentations by the executive Directors and the divisional managing directors. These events are attended by the Chairman and the non-executive Directors, as well as various brokers, analysts and fund managers. The latest Investor Day was held in September 2018 at Butagaz in Marseilles, France.

On an ongoing basis, our Investor Relations team acts as a focal point for contact with investors and they provide information and deal with queries as they arise.

The Company Secretary engages annually with proxy advisors in advance of the Company's AGM.

The Company's AGM provides shareholders with the opportunity to question the Chairman, the Committee Chairmen and the Board. Further details on the Company's AGM are set out in the Report of the Directors on page 120.

Report of the Directors

For the purposes of the European Communities (Directive 2006/46/EC) Regulations 2009, details of substantial shareholdings in the Company and details in relation to the purchase of the Company's own shares are set out in the Report of the Directors on pages 119 to 122.

Compliance Statement

DCC has complied, throughout the year ended 31 March 2019, with the provisions set out in the Code.

John Moloney, Donal Murphy Directors

13 May 2019

Nomination and Governance Committee Report

John Moloney

Chairman, Nomination and Governance Committee

This year the Committee's main focus was ensuring that DCC's Board and senior management have the skills, knowledge, experience and diversity to develop and deliver our strategy.



As Chairman of DCC's Nomination and Governance Committee, I am pleased to present the report of the Committee for the year ended 31 March 2019.

The Nomination and Governance Committee is responsible for keeping Board composition under constant review, reviewing leadership needs and monitoring the Company's compliance with corporate governance, legal and best practice requirements, taking account of the Group's businesses, strategic direction and diversity objectives.

This report sets out the Nomination and Governance Committee's key areas of focus during the year ended 31 March 2019, as well as the Committee's priorities for the year ending 31 March 2020.

Board composition and renewal was the key area of focus for the Committee over the past year. The Committee seeks to maintain the optimum balance of background and experience on our Board. This year we undertook a process which led to the recommendation to the Board that Mark Breuer be appointed as a new non-executive Director of the Company on 9 November 2018. Mark's background in corporate finance is particularly relevant to our acquisition focused business.

In addition, Caroline Dowling joined the Board today as a non-executive Director of the Company and brings expertise in the technology sector, in particular electronic, technical and logistic services, which are particularly relevant to DCC and broadens the experience of the non-executive Directors in the sectors in which DCC operates.

The Committee is mindful of all elements of diversity, including gender diversity, on the Board. The Committee has recently commenced a process to identify new non-executive Director candidates with skill sets relevant to DCC's operations and, in doing so, there is a recognition of the objective to bring the percentage of female Directors back to over 30%, which had been DCC's position for a number of years.

The Committee devoted considerable time to reviewing the new 2018 UK Corporate Governance Code ('the 2018 Code'), issued by the FRC in July 2018, which applies to DCC for the financial year ending 31 March 2020. The impact of the changes, in particular in regard to board and management diversity, director independence, promotion of culture and effective engagement with stakeholders, including employees, was assessed and appropriate implementation plans were concluded in advance of 1 April 2019.

In particular, taking account of the focus in the 2018 Code on engagement with the workforce, the Committee appointed Cormac McCarthy as the designated non-executive Director to comply with the provision.

In the current year, Board renewal, taking account of skill sets required and retirements in the next few years, and senior management development and succession planning, taking account of the growth in scale of the Group and expansion into new business areas and geographic areas, will continue to be priorities for the Committee.

In particular, the Committee will be giving detailed consideration to succession planning for my position as Board Chairman.

We will also be monitoring the enhanced processes put in place to ensure compliance for the current financial year with the 2018 Code.

On behalf of the Nomination and Governance Committee

John Moloney
Chairman, Nomination and Governance Committee
13 May 2019

Terms of Reference

The responsibilities of the Nomination and Governance Committee are summarised in the table on page 85 and are set out in full in its Terms of Reference, which are available on the DCC, www.dcc.ie.

Governance

Committee Composition and Tenure

At the date of this Report, the Nomination and Governance Committee comprises John Moloney (Chairman) and three independent non-executive Directors, Caroline Dowling, Pamela Kirby and Leslie Van de Walle.

Biographical details for the members of the Committee are set out on page 74.

The Nomination and Governance Committee met six times during the year ended 31 March 2019 and there was full attendance by all members of the Committee.

The Company Secretary is the Secretary to the Nomination and Governance Committee.

Length of Tenure on the Nomination and Governance Committee as at 31 March 2019



Role and Responsibilities

Board Composition and Renewal

- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Before making a nomination, to evaluate the balance of skills, knowledge, independence and experience on the Board, and, in the light of this evaluation, to prepare a description of the role and capabilities required for a particular appointment.
- Make recommendations to the Board as regards the reappointment of non-executive Directors at the conclusion of their specified term of office and the re-election of all Directors by shareholders at the Annual General Meeting.
- Keep under review the Board Diversity Policy and the setting of measurable objectives for implementing the Policy.

Leadership Needs

- Give consideration to succession planning for Directors, in particular the Chairman and the Chief Executive.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

Corporate Governance

- Monitor the Company's compliance with corporate governance best practice and with applicable legal, regulatory and listing requirements (including but not limited to the Companies Acts, the UK Listing Authority's Listing Rules and the UK Corporate Governance Code) and recommend to the Board such changes or additional action as the Committee deems necessary.
- Advise the Board of significant developments in the law and practice of corporate governance.
- Oversee the conduct of the annual evaluation of Board, Committee and individual Director performance.

Meetings

Typically, the Chief Executive is invited to attend all meetings of the Committee and other executives and external advisors are invited to attend as necessary.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

Annual Evaluation of Performance

As detailed on page 82, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In 2019, this process was internally facilitated. The conclusion from this process was that the performance of the Nomination and Governance Committee and of the Chairman of the Committee was satisfactory. The Committee will focus on agreed actions arising from the 2019 evaluation process.

All agreed actions from the externally facilitated evaluation process in 2018 were implemented during the year.

Reporting

The Chairman of the Nomination and Governance Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Nomination and Governance Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Nomination and Governance Committee Report continued

Principal Activities in 2019 Board Composition and Renewal

At each of its meetings, the Nomination and Governance Committee considers the composition of the Board to ensure it has the appropriate combination of skills, knowledge, experience and diversity taking account of the development of the Group and of the length of tenure of the existing non-executive Directors.

Appointment of Non-executive Directors

At the commencement of the appointment process for all new non-executive Directors, the Nomination and Governance Committee agrees with the Board on a set of skills and other criteria required of potential non-executive Director candidates.

Mark Breuer was appointed as a non-executive Director on 9 November 2018 and Caroline Dowling was appointed today as a non-executive Director, following formal internal processes.

Following a series of interviews with the Chairman and other Board members, it was agreed that Mark had a balance of skills, knowledge and experience which matched the specific criteria, primarily relating to corporate finance experience, which had been agreed. The Committee then recommended his appointment to the Board, following which Mark was appointed as a non-executive Director and as a member of the Audit Committee.

Following a similar process as outlined above, it was agreed that Caroline Dowling had a background and skill set which matched the specific criteria, in respect of knowledge of the technology sector, which had been agreed. The Committee then recommended her appointment to the Board, following which Caroline was appointed as a non-executive Director and as a member of the Remuneration Committee and Nomination and Governance Committee.

As noted in the introduction, the Committee has recently commenced a process to identify additional non-executive Director candidates. In doing so, there was a recognition not only of the need to target particular skill sets but also of the merits of a gender diverse Board, by identifying female candidates with the objective of bringing the percentage of female Directors back to over 30%, which had been DCC's position for a number of years.

While the Committee and the Board are satisfied that the internal formal processes were comprehensive in nature and were effective in securing appropriate candidates in Mark Breuer and Caroline Dowling, it has been agreed that an external search consultancy firm should be engaged to conduct the process currently underway.

Re-appointment of Non-executive Directors

During the year, Jane Lodge completed a second term as a non-executive Director and Chairman of the Audit Committee. After detailed consideration, including of performance and independence, the Committee made a recommendation to the Board and the Board requested that Jane Lodge serve an additional term.

The length of tenure of the Directors on the Board is set out on page 80. The length of tenure of members of Board Committees is dealt with in the individual Committee reports.

Commitments

When making recommendations to the Board in respect of new non-executive Director appointments and the re-appointment of existing non-executive Directors, the Committee is conscious of other commitments and demands on Directors' time, including other external appointments.

Having reviewed the attendance of the Board members during the year, the Committee is satisfied that all Directors are fully committed, dedicate appropriate time to their responsibilities as Directors and are also available at short notice for any unscheduled Board meetings.

The Committee has also concluded that the external commitments of the non-executive Directors can bring valuable perspective to the Board and do not detract from their ability to perform their role effectively.

Diversity

Board diversity was a regular agenda item at Committee meetings during the year. In reviewing the composition of the Board and giving consideration to the appointment of new non-executive Directors, the Committee takes into account the benefits of diversity of skills, experience, business background and geographical location, as well as gender diversity. For the year under review, the Board comprised between 27% and 30% female Directors.

A Board Diversity Policy, developed by the Committee and approved by the Board in 2013, is available on the Company's website, www.dcc.ie.

The Group Human Resources function is engaged in refreshing and updating the Group Diversity and Equal Opportunities Policy Statement, which applies to all Group employees.

Succession Planning

A key focus of the Committee is the leadership needs of the organisation. The Committee gives full consideration to succession planning for Directors, in particular the Chairman, the Chief Executive and Chief Financial Officer, taking into account Group strategy, as well as the challenges and opportunities facing the Group and the skills, knowledge and experience required.

The Committee is cognisant of the fact that John Moloney has served ten years as a Director, including over four years as Chairman.

In proposing to the Board in February 2018 that John, having served nine years as a Director, be invited to serve a further term of up to three years, the Committee was influenced by the need for continuity in light of Donal Murphy's appointment to the position of Chief Executive in July 2017 and the need to plan for orderly succession to the position of Chairman.

The Committee is conscious of the provisions in the 2018 Code in respect of Chairman tenure and has now commenced a formal succession process, which will be led by Leslie Van de Walle, as Senior Independent Director.

The Committee also has oversight of Group management talent development programmes and reviews these with the Chief Executive and the Head of Group HR before they are presented to the Board. During the year, the Board received updates from the Head of Group HR on succession planning and talent development initiatives for the senior management teams at Group, divisional and subsidiary levels.

A number of new development programmes were launched during the year to enable the senior leadership talent pool to progress their careers. This includes a new partnership with Ashridge Hult Executive Education and Leadership Coaching for Performance and Financial Excellence.

Corporate Governance

The Committee advises the Board on significant developments in the law and practice of corporate governance and monitors the Company's compliance with corporate governance best practice, with particular reference to the UK Corporate Governance Code.

The Committee has reviewed the Company's corporate governance practices against the Code issued in April 2016, which applied to the financial year ended 31 March 2019, and advised the Board of full compliance with the Code.

As noted earlier, the Committee has reviewed the new Code issued in July 2018, with particular reference to the changes in respect of board

and management diversity, director independence, promotion of culture and effective engagement with stakeholders, in particular employees.

The Committee has key oversight of compliance with the 2018 Code and has assessed the actions required, some of which have already been implemented, such as the appointment of the designated non-executive Director and the new external appointment process. Further details of the review are set out in the table below. The Remuneration Committee has also been working on certain actions arising from the 2018 Code which are specific to Remuneration matters, further details of which are set out in the Remuneration Report on page 95.

The Board has appointed Cormac McCarthy as a 'designated' non-executive Director for the purposes of engagement with the workforce. A Terms of Reference for the position has been approved by the Committee. The designated non-executive Director will be responsible for keeping the Board informed of the views and interests of the Group's workforce, so as to allow the Board to describe in the Annual Report how those views and interests have been considered in the Board's discussions and decision making.

The Board and Committee expect DCC to be fully compliant with the 2018 Code for the year ending 31 March 2020.

The table below sets out in summary the Committee's approach to the implementation of a number of the new requirements in the 2018 UK Corporate Governance Code, which is applicable to DCC for the year ending 31 March 2020.

2018 UK Corporate Governance Code	Approach
Purpose and Culture	In accordance with provision 2, the Board is responsible for continually assessing and monitoring culture, which should be in alignment with Company's purpose, values and strategy. This is achieved through senior management briefings to the Board and through direct observations by the Board attending site visits and meetings at subsidiary locations. Further details on the Board's activities and action taken in this regard will be included in the 2020 Annual Report.
Whistleblowing Oversight	The Board has confirmed that the Audit Committee will continue to have responsibility for whistleblowing, with reporting by the Chair of the Audit Committee to the Board.
New Director Appointments	<p>The new requirements under provision 15 regarding the need for full Board approval in advance of non-executive Directors accepting additional external board appointments have been included in the non-executive Directors' letter of appointment and in the Matters Reserved to Board. In addition, when making new appointments, the Board takes into account other demands on Directors' time and requests disclosure of other significant commitments.</p> <p>Group HR are reviewing and updating the Group Diversity and Inclusion Policy in this regard.</p>
Chair Tenure	<p>The 2018 Code provides that the period of tenure for the Chair should not exceed nine years from the date of their first appointment to the board.</p> <p>On 2 February 2018, having served nine years on the Board, the Board requested that John Moloney serve up to an additional three years, taking account of the need for continuity following Donal Murphy's appointment as Chief Executive in July 2017. As noted earlier, the Committee, led by the Senior Independent Director, has commenced planning for a formal succession process.</p>
Engagement with the workforce	The Board has appointed Mr. Cormac McCarthy as a 'designated' non-executive Director for the purposes of engagement with the workforce. Further details are set out above.

Audit Committee Report

Jane Lodge

Chairman, Audit Committee

The Audit Committee is focused on maintaining risk management and internal control systems appropriate to the ongoing growth and development of the Group.



As Chairman of DCC's Audit Committee, I am pleased to present the report of the Committee for the year ended 31 March 2019.

This report sets out the Audit Committee's principal activities and particular areas of focus during the year ended 31 March 2019, as well as the Committee's priorities for the year ending 31 March 2020.

The Committee is responsible for assisting the Board in the assessment of the principal risks facing the Company, including emerging risks, and the monitoring of the effectiveness of the Group's risk management and internal control systems.

The work done by the Committee in this regard, which takes particular account of the Group's continuing growth and expanding geographic footprint, is detailed on page 90.

Our engagement with the Group Internal Audit function and with the external auditor is detailed on pages 90 and 92 respectively.

The Committee is also responsible for monitoring the integrity of the Group's financial statements. The work done in this regard is set out on page 91.

Other areas of particular focus to which the Committee devoted time during the year are set out in the table on page 90.

Looking ahead, the Committee's key priorities for the coming year will include continued focus on the development of appropriate risk management and internal control systems in newly acquired subsidiaries, the management of IT and other significant projects across the Group, cybersecurity, processes to identify emerging risks and the impact of new accounting standards, in particular IFRS 16 (Leases).

I would like to thank Group management for the quality of the information presented to the Committee and compliment the members of the Committee, Group management and the external auditor, KPMG, for their contribution to the open and comprehensive discussion at our meetings.

On behalf of the Audit Committee

Jane Lodge
Chairman, Audit Committee
13 May 2019

Terms of Reference

The responsibilities of the Audit Committee are summarised in the table on page 89 and are set out in full in its Terms of Reference, which are available on the DCC website, www.dcc.ie.

Governance

Committee Composition and Tenure

The Audit Committee comprises four independent non-executive Directors, Jane Lodge (Chairman), Mark Breuer, Cormac McCarthy and Mark Ryan. Mark Breuer was appointed as a member of the Audit Committee on 9 November 2018, replacing David Jukes.

Biographical details for the members of the Committee are set out on page 74.

The Committee met five times during the year ended 31 March 2019 and there was full attendance by all members of the Committee, apart from Cormac McCarthy, who was unable to attend one meeting.

The Company Secretary is the secretary to the Audit Committee.

Length of Tenure on Audit Committee as at 31 March 2019



Composition

The Board is satisfied that the members of the Audit Committee bring a wide range of skills, expertise and experience in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations and that Jane Lodge,

Mark Breuer and Cormac McCarthy meet the specific requirements for recent and relevant financial experience, as set out in the UK Corporate Governance Code ('the Code'). The Board is also satisfied that the Committee, as a whole, has competence relevant to the sectors in which DCC operates.

Meetings

The Chief Executive, Chief Financial Officer, Head of Enterprise Risk Management, Head of Group Internal Audit, Head of Capital Markets, Head of Group Financial Planning & Control, Head of Group Legal & Compliance and representatives of the external auditor are typically invited to attend all meetings of the Committee. Other Directors and executives are invited to attend as necessary.

The Committee meets separately a number of times each year with the external auditor and with the Head of Group Internal Audit, without other executive management being present.

The Committee also meets in private, as required, to discuss matters in the absence of any invitees.

Annual Evaluation of Performance

As detailed on page 82, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In 2019, this process was internally facilitated. The conclusion from the 2019 process was that the performance of the Audit Committee and of the Chairman of the Committee were satisfactory. The Committee will focus on agreed actions arising from the 2019 evaluation process.

All agreed actions from the 2018 externally facilitated evaluation process were implemented during the year.

Reporting

The Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee since the previous meeting.

The Chairman of the Audit Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Role and Responsibilities

- Monitor the integrity of the Group's financial statements, including reviewing significant financial reporting judgements contained in them.
- Provide advice on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Assist the Board in its responsibilities in regard to the assessment of the principal risks facing the Company, the monitoring of risk management and internal control systems, including the review of effectiveness, and the going concern and viability statements.
- Review the operation and effectiveness of the Group Internal Audit function.
- Make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.
- Oversee the relationship with the external auditor, including approval of remuneration and terms of engagement.
- Review the effectiveness of the external audit process.
- Ensure the external audit is put to tender at least every ten years.
- Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence.
- Review, on behalf of the Board, the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Audit Committee Report continued

Principal Activities in 2019

Risk Management and Internal Control

Details of the Group's system of risk management and internal control are set out in the Risk Report on pages 14 to 20.

The Audit Committee is briefed in detail at each meeting by Group Internal Audit ('GIA') and by executive management on the updated Group Risk Register and the divisional risk registers. There is a particular focus on ensuring that changes to the Group's risk profile are matched by enhancements to risk assurance activities, as set out in the Integrated Assurance Report.

The Head of Group Legal & Compliance attends each Committee meeting to provide an update on legal and compliance risks, on related assurance activities and on broader developments in his area of responsibility.

A report on emerging risks, prepared by an external risk advisory company, is considered at each meeting of the Committee.

Findings from audits and other reviews completed by the GIA function that impact on risk profile are discussed with the Committee and appropriate responses are agreed.

The Chairman of the Audit Committee briefs the Board at each meeting on the Committee's activities in regard to the Group's risk management and internal control systems and, to facilitate this, the papers relating to risk management and internal control, as noted above, are also made available to all Directors. Separately, the Board receives a report on health, safety and environmental matters from the Head of Group Sustainability, on a quarterly basis.

The Audit Committee conducted, on behalf of the Board, the annual assessment of the operation of the Group's system of risk management and internal control, as required under the Code. This assessment was based on a detailed review carried out by GIA, utilising the risk register process described in the Risk Report on page 16. This review took account of the principal business risks facing the Group, the controls in place to manage those risks (including financial, operational and compliance controls) and the procedures in place to monitor them. Where areas for improvement have been identified the necessary actions in respect of the relevant control procedures have been or are being taken.

The Chairman of the Audit Committee has reported to the Board on the conduct of and the findings and agreed actions from this annual assessment of risk management and internal control.

Other Key Areas of Focus in 2019

In addition to the work performed by the Committee in regard to risk management and the Group's financial statements, the Committee also placed a particular focus on the following:

Engagement with the newly appointed Head of Group Internal Audit

Caroline Davis was appointed Head of Group Internal Audit in August 2018, following which there was particular engagement between Jane Lodge, as Chairman of the Audit Committee, and Ms Davis.

Revision of the format of Group Internal Audit and risk reporting

The Committee has considered and approved substantial revisions to the content and format of the reports produced by Group Internal Audit and reports in respect of the Group's risk profile and risk management activities.

Increased focus on audits of newly acquired subsidiaries

The Committee gave particular attention to discussing, with senior Group management and Group Internal Audit, the approach to and the results of internal audits at newly acquired subsidiaries.

Review of process for Group components not audited by the Group's external auditor, KPMG

The Committee discussed and agreed with KPMG their approach to the oversight and review of the audits of Group subsidiaries not conducted directly by KPMG.

Brexit

The Committee considered a series of update papers on the potential impact of Brexit on the Group's activities.

IT and cybersecurity

The Committee has considered regular updates on IT and cybersecurity from the Head of IT Assurance.

Group Internal Audit

The Audit Committee approves the charter and the annual work programme for the GIA function, ensures that it is adequately resourced and has appropriate standing within the Group.

The Head of GIA, the Deputy Head of GIA and the Head of IT Assurance, together with other executives from the GIA function, report to each meeting of the Committee on:

- the findings from each audit, IT audit and special investigation completed;
- reviews being undertaken in respect of newly acquired subsidiaries;
- audits in progress and the short-term audit plan; and
- progress on other projects.

Issues arising from audits completed and related corrective action plans are tracked using the Teammate audit management system. The Audit Committee reviews progress on these corrective actions with the Head of GIA at each of its meetings.

External Quality Assessments ('EQA') by independent external consultants are conducted at least every five years to confirm compliance by the GIA function with the International Professional Performance Framework of the Institute of Internal Auditors. An internal review, against the same standards, is completed in

years in which an EQA is not conducted.

The results of both external and internal reviews are considered by the Audit Committee.

The Audit Committee ensures co-ordination between GIA and the external auditor, KPMG, with regular meetings being held each year to maximise the benefits from clear communication and co-ordinated activities.

The Head of GIA has direct access to the Chairman of the Audit Committee and the Audit Committee meets with the Head of GIA on a regular basis without the presence of management.

IT Assurance

In addition to IT audit reports, the Head of IT Assurance reports to the Audit Committee on initiatives being undertaken around the Group in relation to IT security, cybersecurity and IT project management. This includes the ongoing rollout of the Group cybersecurity programme and the update of the Group's Target IT Standards framework.

A dedicated resource has been assigned to continue to develop and deliver the GIA data analytics strategy. Various data analytics tools, including ACL and QlikView, are used to support the audit process.

Significant Issues in relation to the Financial Statements for the year ended 31 March 2019

Goodwill and Intangible Assets

As set out in note 3.2 to the Group financial statements, the Group had goodwill and intangible assets of £2,069.6 million at 31 March 2019. In order to satisfy itself that this balance was appropriately stated, the Committee considered the impairment reviews carried out by management. Impairment reviews are carried out annually using the carrying values of subsidiaries at 31 December and the latest three-year plan information.

In performing their impairment reviews, management determined the recoverable amount of each cash generating unit ('CGU') and compared this to the carrying value at the date of testing. The recoverable amount of each CGU is defined as the higher of its fair value less costs to sell and its value in use. Management uses the present value of future cash flows to determine the value in use. In calculating the value in use, management judgement is required in forecasting cash flows of CGUs, in determining the long-term growth rate and selecting an appropriate discount rate.

Management reported to the Committee that future cash flows of each CGU had been estimated based on the most up to date three-year plan as approved by the Board and discounted using discount rates that reflected the risks associated with each CGU. Sensitivity analysis was considered on the discount rate, cash flows and the long-term growth rate. The Committee considered and discussed with management the key assumptions to understand their impact on the CGUs recoverable amounts. The Committee was satisfied that the significant assumptions used for determining the recoverable amount had been appropriately scrutinised, challenged and were sufficiently robust. The Committee agreed with management's conclusion that the cash flow forecasts supported the carrying value of goodwill and intangible assets.

Business Combinations

As set out in note 5.2 to the Group financial statements, the Group completed a number of acquisitions during the year, the most significant of which were the acquisitions of Kondor, Stampede and Jam. The Group committed £296.5 million in total consideration to acquisitions completed during the year. This total consideration was satisfied by a net cash outflow of £266.5 million and acquisition related liabilities of £30.0 million.

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition, being the date the Group obtains control of the acquiree. The application of this method requires certain estimates and assumptions, particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

Management reported to the Committee that in conducting their review of the fair values of the acquired assets and liabilities at the date of acquisition, identifiable net assets of £186.7 million and goodwill of £109.8 million were acquired. Management engaged independent experts to assist with the valuation of intangible assets on the DCC Propane, TEGA and Jam acquisitions. In addition, the Committee discussed and agreed with management's recommendations on the estimated useful lives of intangible assets arising on the Group's acquisitions. The Committee considered and discussed with management the key assumptions used in determining the fair value of assets and liabilities acquired and was satisfied that the process and assumptions used in determining the fair values of assets and liabilities had been appropriately scrutinised and challenged and were sufficiently robust. The Committee agreed with management's assessment of the fair values of assets and liabilities acquired through business combinations and was satisfied that the related disclosures required under IFRS 3 were complete, accurate and understandable.

Other Matters

In addition, the Committee considered and is satisfied with a number of other judgements which have been made by management including revenue recognition, financial instruments, exceptional items, provisioning for impairment of trade receivables and inventories and tax provisioning.

Whistleblowing Arrangements

The Board has delegated responsibility to the Audit Committee for ensuring that the Group maintains suitable whistleblowing arrangements for employees. Those arrangements are outlined in the Corporate Governance Statement on page 82 and are also described in our Code of Conduct which is available on the Company's website, www.dcc.ie.

The Committee reviewed the Group's whistleblowing facilities during the year, on the basis of a report from the Head of Group Legal & Compliance, to ensure that they meet the needs of the Group, in particular as it grows and develops into new geographies and areas of activity.

Financial Reporting and Significant Financial Judgements

With regard to the 2019 Annual Report and Accounts, the Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate estimates and judgements. The Committee obtained support from the external auditor in making these assessments.

The Committee paid particular attention to matters it considered to be important by virtue of their impact on the Group's results and particularly those which involved a relatively higher level of complexity, judgement or estimation by management. The table opposite sets out the significant issues considered by the Committee in relation to the financial statements for the year ended 31 March 2019.

Management confirmed to the Committee that they were not aware of any material misstatements in the financial statements and KPMG confirmed that they had found no material misstatement in the course of their work.

Fair, Balanced and Understandable

The Code requires that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects and specifically that they consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

At the request of the Board, the Committee considered whether the 2019 Annual Report and Accounts met these requirements.

The Committee considered and discussed with management the established and documented process put in place by management for the preparation of the 2019 Annual Report and

Audit Committee Report continued

Accounts, in particular planning, co-ordination and review activities. The Committee also noted the formal process undertaken by KPMG. This enabled the Committee, and then the Board, to conclude that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides the necessary information for shareholders to assess performance, business model and strategy.

Going Concern and Viability Statement

The Audit Committee reviewed the draft Going Concern and Viability Statements prior to recommending them for approval by the Board. These statements are included in the Risk Report on page 16.

External Auditor

The Audit Committee oversees the relationship with the external auditor, KPMG Ireland ('KPMG'), including approval of the external auditor's fee proposals.

The Audit Committee meets with the external auditor on a regular basis without the presence of management.

The Audit Committee reviewed the full KPMG external audit plan at the meeting held in November 2018 and received an update at the meeting in April 2019, at the commencement of the audit.

This review focused on key audit risks as identified by KPMG, materiality, the background and experience of the KPMG audit partners responsible for the largest local teams and the extent of oversight and review by the Irish firm, including of Group components not audited by KPMG.

Following the audit, the Audit Committee met with KPMG to review the findings from their audit of the Group financial statements.

The Audit Committee discussed with KPMG their approach to audit quality and the findings from the reports issued by the Irish and UK regulators in respect of audits completed by KPMG firms in Ireland and in the UK.

In accordance with its Terms of Reference, the Audit Committee is required to make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.

Effectiveness

The Audit Committee reviews the effectiveness of the external audit process.

As part of this process, the Head of Group Accounting sought the views of Group and subsidiary finance executives and their responses were summarised by management in a report to the Audit Committee. Based on its consideration of this report and its own interaction with KPMG, in the form of reports and meetings, the Audit Committee noted that the overall feedback was positive and that a number of areas for improvement had been agreed.

The Audit Committee's conclusion that the external audit process was effective was conveyed to the Board.

Independence

The Audit Committee has a process in place to ensure that the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by the external auditor through its annual review of fees paid to the external auditor for audit and non-audit work and seeking confirmation from the external auditor that they are in compliance with relevant ethical and professional guidance and that, in their professional judgement, they are independent from the Group.

The Audit Committee has approved a policy on the employment of employees or former employees of the external auditor. This policy provides that the Chief Executive will consult with the Chairman of the Audit Committee prior to the appointment to a senior financial reporting position, to a senior management role or to a Company officer role of any employee or former employee of the external auditor, where such a person was a member of the external audit

team in the previous two years. No such appointments were made in the year ended 31 March 2019.

Non-Audit Services

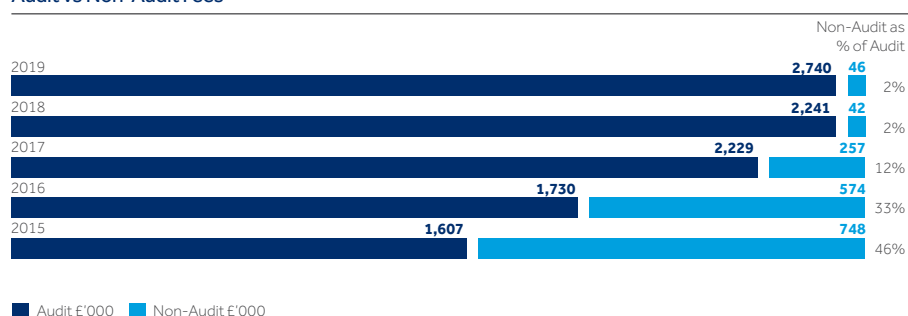
The Audit Committee has approved a policy on the engagement of the external auditor to provide non-audit services, which provides that the external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work and are considered to be the most appropriate to undertake such work in the best interests of the DCC Group. In addition, a number of specific types of non-audit services are prohibited under the policy.

The policy also provides that any non-audit work which would result in the aggregate of non-audit fees paid to the external auditor exceeding 50% of annual audit fees must be approved in advance by the Chief Executive and the Chairman of the Audit Committee.

The Chairman of the Audit Committee is kept informed by management of all non-audit assignments being undertaken by the external auditor.

Details of the amounts paid to the external auditor during the year for non-audit services are set out in note 2.3 on page 145. The table below sets out the audit and non-audit fees paid to the external auditor over the five-year period from 2015 to 2019 inclusive (to KPMG for 2016 to 2019 and to PricewaterhouseCoopers for 2015).

Audit vs Non-Audit Fees



Remuneration Report

Leslie Van de Walle

Chairman, Remuneration Committee

The Remuneration Committee seeks to align executive remuneration with Company performance and strategy and with the interests of shareholders.



Chairman's Introduction

As Chairman of DCC's Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 March 2019.

The Report includes the following sections:

- This Chairman's Introduction
- Remuneration at a Glance (page 96)
- Remuneration Policy Report (pages 97 to 105)
- Annual Report on Remuneration (pages 106 to 118)

The purpose of DCC's Remuneration Policy is to incentivise executive Directors and other senior Group executives to create shareholder value on a consistent and sustainable basis. Consequently, their remuneration is weighted towards performance, both in terms of financial and strategic objectives.

Performance for the year ended 31 March 2019

DCC delivered an excellent performance in the year ended 31 March 2019.

Group adjusted operating profit from continuing activities was 20.1% ahead of the prior year.

Adjusted earnings per share grew by 12.8% on a continuing basis and it is proposed that the total dividend for the year will be increased by 12.5%.

Return on capital employed, a key metric for DCC, was 17.0% and is again substantially in excess of the Group's cost of capital.

DCC has generated a total shareholder return of 117% over the last five years and 715% over the last ten years as demonstrated in the charts on page 94.

The Committee is satisfied that the executive Directors' short and longer term remuneration, as detailed below, properly reflects the Group's strong performance in the year.

Bonuses

Annual bonuses for the executive Directors were based on performance against targets for growth in Group adjusted earnings per share ('Group EPS') and overall contribution and attainment of personal/strategic objectives.

Strong Group and individual Director performance against these targets has been reflected in bonus outcomes of 158.5% of salary for each of the current executive Directors, Donal Murphy and Fergal O'Dwyer (compared to maximum potentials of 180%).

Further details of the performance targets and achievement against those targets is set on pages 106 to 107. The Committee exercised judgement in regard to Group EPS for the purposes of determining bonuses, as detailed on the next page.

Long Term Incentive Plan Vesting of Long Term Incentives

In November 2018, the Remuneration Committee determined that 100% of the share options granted in November 2015 under the LTIP would vest in November 2020, based on DCC's performance over the three-year period ended 31 March 2018 under the ROCE, EPS and TSR conditions (this was the same as the estimated vesting of 100% included in last year's Report). The earliest exercise date will be November 2020.

The extent of vesting of the share options granted in February 2017, which was based on DCC's performance over the three-year period ended 31 March 2019, under the ROCE, EPS and TSR conditions, will be formally determined by the Remuneration Committee in November 2019. It is expected that 80% of the share options granted will vest. The earliest exercise date will be February 2022.

Further details on these vestings are set out on page 108.

Further details in relation to the LTIP are set out on page 99.

Composition and Terms of Reference

At the date of this Report, the Remuneration Committee comprised four independent non-executive Directors, Leslie Van de Walle (Chairman), Caroline Dowling, David Jukes and Pamela Kirby, and the Chairman of the Board, John Moloney. David Jukes was appointed as a member of the Committee in October 2018 replacing Emma FitzGerald. Caroline Dowling was appointed as a member of the Committee on 13 May 2019.

The responsibilities of the Remuneration Committee are summarised in the table on page 117 and are set out in full in its Terms of Reference, which are available on the DCC website, www.dcc.ie

Remuneration Report continued

Grant of Long Term Incentives

Details of options granted to the executive Directors during the year are set out in the table on page 113. Details of the performance conditions are set out on page 114.

Discretion

The discretion available to the Remuneration Committee in respect of the various elements of pay is included in the Remuneration Policy Report on page 101.

The Remuneration Committee exercised judgement in relation to the impact of the share placing in October 2018 on the 2019 bonus outcomes. In October 2018, DCC raised approximately £600 million, representing 10% of our issued share capital. The Remuneration Committee considered carefully the impact of the placing on the annual bonus. The new shares issued are included in the statutory EPS calculation, and therefore, in the short-term, have the effect of decreasing EPS. Given that the placing was not anticipated when the EPS targets were set, and because the Committee was strongly of the view that the action taken by management to execute the long-term strategy should not have a detrimental impact on incentive outcomes, the Committee agreed that, for the purposes of determining bonus outcomes, the EPS calculation for the year ended 31 March 2019 should be adjusted so that it would give exactly the result that would have happened had the placing not taken place.

The adjustment agreed was 5% (based on a share placing of 10% and a six month impact) and the effect of the adjustment is to increase the EPS figure from 358.2p to 376.1p. This adjustment maintains the alignment of incentive outcomes with underlying performance, and ensures that outcomes fairly reflect what has been achieved during the year.

Non-executive Directors

Taking account of advice from the Company's external remuneration consultants, Willis Towers Watson, on the level of fees in a range of comparable Irish and UK companies, the Board has increased the basic non-executive Director's fee and the Chairman's total fee by 2% with effect from 1 April 2019.

This increase is the same as the increase in the salary levels of the executive Directors and is aligned with the expected overall salary inflationary increase across the Group's workforce of 2% to 3%.

Full details of these fees are set out on page 116.

Shareholder Engagement

The Committee engages in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in policy. The Committee also takes into account the views of shareholder organisations and proxy voting agencies. The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Report and the Remuneration Policy, as required, to advisory votes at the AGM. At the 2019 Annual General Meeting, a resolution on the Remuneration Report (excluding the Remuneration Policy) will again be put to shareholders, on an advisory rather than on a binding basis. As we are not making any changes to Remuneration Policy (which was approved by shareholders in July 2017), we will not be putting this to a shareholder vote.

Details of shareholders' proxy votes on the 2018 Remuneration Report are set out in the chart opposite, along with a history of votes on remuneration reports and/or policies since 2009.

Employee Engagement

The Committee is conscious of the provisions in the new 2018 UK Corporate Governance Code ('the 2018 Code') in regard to taking account of workplace remuneration in setting policy for executive Director remuneration. The 2018 Code applies to DCC with effect from 1 April 2019 and the Committee's approach to this matter is detailed on page 95.

DCC's TSR vs the FTSE 350 since 1 April 2014



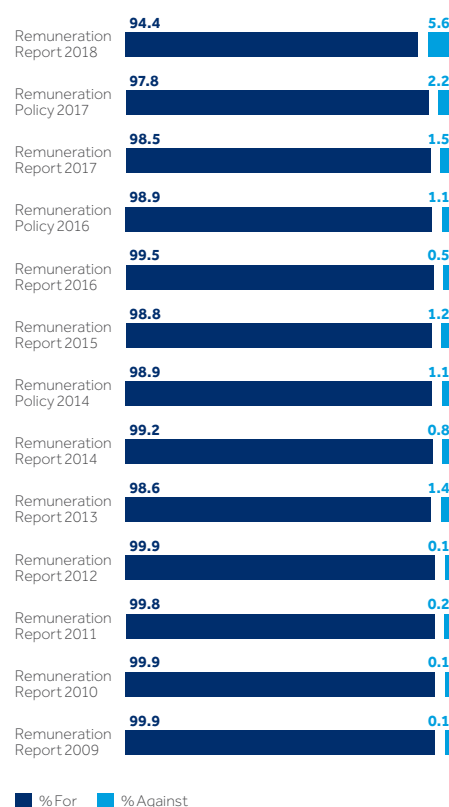
DCC's TSR vs the FTSE 350 since 1 April 2009



■ DCC ■ FTSE 350

The charts above show the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2014 and 1 April 2009 respectively, relative to the FTSE 350 index.

AGM Votes on Directors' Remuneration Report and Policy



■ % For ■ % Against

Approach to the new UK Corporate Governance Code and the UK Companies (Miscellaneous Reporting) Regulations 2018

The Committee has devoted considerable time during the year to reviewing the changes related to remuneration in the new 2018 UK Corporate Governance Code ('the 2018 Code') and the remuneration reporting reforms contained in the UK Companies (Miscellaneous Reporting) Regulations 2018 ('the 2018 UK Regulations').

As noted earlier, the 2018 Code is applicable to DCC for the year ending 31 March 2020.

In regard to the 2018 UK Regulations, which came into effect on 1 January 2019, as an Irish registered company, DCC is not subject to UK regulations but we recognise that they represent best practice and, given our listing on the London Stock Exchange, we continue our established practice of substantially applying these regulations on a voluntary basis.

The table below sets out in summary the Committee's approach to the implementation of the new requirements in the 2018 Code and the 2018 UK Regulations.

2018 UK Corporate Governance Code	Approach
Chair of Committee	The Committee's Terms of Reference have been updated to include the requirement that an incoming Chairman needs to have spent 12 months on a remuneration committee.
Review of workforce remuneration and related policies	The Committee's Terms of Reference have been updated to reflect this requirement and the Group HR function is engaged in a formal, Group wide review of these matters.
Key areas to address	The Committee's Terms of Reference have been updated to reflect this requirement as set out in Provision 40 of the 2018 Code.
Policy for post-employment shareholdings	The Committee and the Board have approved Post-Employment Share Ownership Requirements (see page 105).
Use of discretion	A summary of the discretion available to the Committee in regard to remuneration is included in this Report (see page 101).
Alignment of executive Directors' pension contribution rates with the workforce	The Committee is satisfied that the policy on pension contributions (as set out on page 100) is broadly aligned but information on pension contribution rates available to the wider workforce is being compiled by Group HR to confirm alignment.
Engagement with the workforce	The Board has appointed Cormac McCarthy as a 'designated' non-executive Director for the purposes of engagement with the workforce (see page 102).
The Companies (Miscellaneous Reporting) Regulations 2018	Approach
Chief Executive's pay ratio	This has been calculated based on available gender pay gap data for the Group's 'qualifying' UK subsidiaries. We also continue the existing practice of disclosing the comparison to the average Group employee (see page 110).
Remuneration scenario charts	A fourth scenario, reflecting the impact of a 50% increase in the share price, has been included on page 104.

Priorities for the Year Ahead

Our priorities for the coming year will include:

- Consideration of responses and implementation of action in respect of remuneration matters contained in the 2018 Code and in the 2018 UK Regulations, in particular in regard to the extension of the oversight role of remuneration committees to include workforce policies and practices.
- Actions and reporting around the gender pay gap and the 'fair pay' agenda.
- Consideration of changes required to the existing Remuneration Policy, in particular taking account of developments in governance and remuneration practice. The Policy will be put to shareholders at the 2020 AGM.

Conclusion

I am satisfied that the Remuneration Committee has implemented the Group's existing Remuneration Policy in the year ended 31 March 2019 in a manner that properly reflects the performance of the Group in the year. I would strongly recommend that shareholders vote in favour of the 2019 Remuneration Report at the 2019 AGM.

We welcome and will consider any shareholder feedback on the Remuneration Policy and the 2019 Remuneration Report.

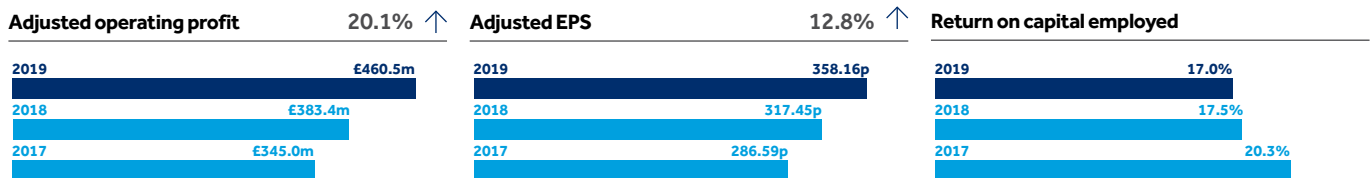
On behalf of the Remuneration Committee

Leslie Van de Walle
Chairman, Remuneration Committee
13 May 2019

Remuneration Report continued

Remuneration at a Glance

DCC delivered an excellent performance in the year ended 31 March 2019 and this strong performance is reflected in the executive Directors' short and longer term remuneration.



Salary

	2020 €	Increase %	2019 €	Increase %	2018 €
Donal Murphy	857,300	2.0%	840,500	2.5%	820,000*
Fergal O'Dwyer	522,750	2.0%	512,500	2.5%	500,000

*annualised

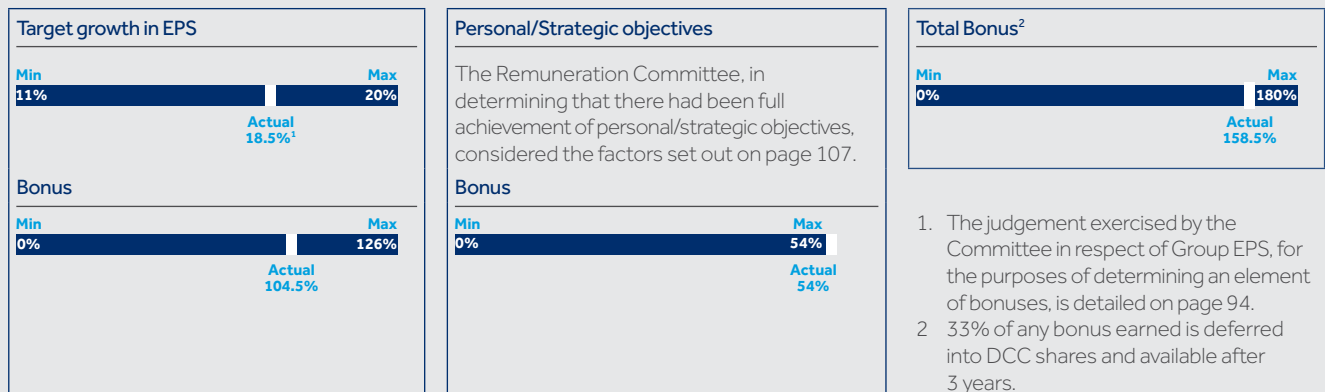
Pension

	% of base salary	
	2020 €	2019 €
Donal Murphy	15%	15%
Fergal O'Dwyer	15%	15%

Annual Bonus

The maximum bonus potential that applied to the executive Directors for the year ended 31 March 2019 was 180% of base salary.

The annual bonus is based on performance against targets for growth in EPS (70% i.e. up to a bonus of 126%) and overall contribution and attainment of personal/strategic objectives (30% i.e. up to a bonus of 54%).

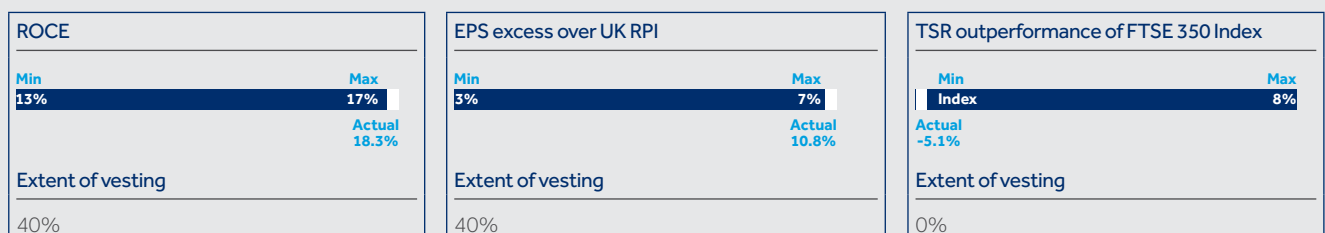


1. The judgement exercised by the Committee in respect of Group EPS, for the purposes of determining an element of bonuses, is detailed on page 94.
2. 33% of any bonus earned is deferred into DCC shares and available after 3 years.

Further details on **Annual Bonus** on **page 106** →

Long Term Incentive Plan

The extent of vesting of the LTIP awards granted in February 2017 was based on results for the three year period ended 31 March 2019. The performance conditions which applied to these awards, the actual performance under those conditions and the expected vesting are summarised below.



Total amount of Feb 2017 awards to vest 80%

Further details on **LTIP** on **page 108** →

Remuneration Policy Report

DCC's Remuneration Policy ('the Policy') is set out below. As an Irish incorporated company, DCC is not required to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote. However, we recognise the need for our remuneration policies, practices and reporting to reflect best corporate governance practice.

As such, we submitted our Remuneration Policy to an advisory, non-binding vote at the 2017 Annual General Meeting ('AGM').

The Company continues to operate its remuneration arrangements in line with the Remuneration Policy approved in 2017 and as no changes are being made to this Policy, it will not be subject to a shareholder vote at the 2019 AGM.

The Policy is designed and managed to support a high performance and entrepreneurial culture, taking into account competitive market positioning.

The Board seeks to align the interests of executive Directors and other senior Group executives with those of shareholders, within the framework set out in the UK Corporate Governance Code. Central to this policy is the Group's belief in long term, performance based incentivisation and the encouragement of share ownership.

The basic policy objective is to have overall remuneration reflect performance and contribution, while having salary rates and the short-term element of incentive payments at the median of a market capitalisation comparator group.

DCC's strategy of fostering entrepreneurship requires well designed incentive plans that reward the creation of shareholder value through organic and acquisitive growth while maintaining high returns on capital employed, strong cash generation and a focus on good risk management. The typical elements of the remuneration package for executive Directors are base salary, pension and other benefits, annual performance related bonuses and participation in long term performance plans which promote the creation of sustainable shareholder value.

The Remuneration Committee seeks to ensure:

- that the Group will attract, motivate and retain individuals of the highest calibre;
- that executives are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sectors and geographies within which the Group operates and the markets from which it draws its executives; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages.

The Remuneration Committee takes external advice from remuneration consultants on market practice within similar sized UK listed and Irish companies to ensure that remuneration remains competitive and structures continue to support the key remuneration policy objectives. Benchmarking data is used to inform remuneration decisions, but not to drive changes.

Remuneration Report continued

Key elements of executive Directors pay under the Policy are set out below:

Element and link to strategy	Operation	Maximum opportunity
Base Salary		
Attract and retain skilled and experienced senior executives.	<p>Base salaries are reviewed annually on 1 April.</p> <p>The factors taken into account include:</p> <ul style="list-style-type: none"> • Role and experience • Company performance • Personal performance • Competitive market practice • Salary increases across the Group • Benchmarking versus companies of similar size and complexity within UK and Irish markets <p>When setting pay policy, account is taken of movements in pay generally across the Group.</p>	<p>No prescribed maximum base salary or maximum annual increase.</p> <p>General intention that any increases will be in line with the increase across the Group's workforce.</p> <p>Increases may be higher in certain circumstances such as changes in role and responsibility or significant changes in market practice.</p>
Benefits		
To provide market competitive benefits.	Benefits include the use of a company car, life/disability cover, health insurance and club subscriptions.	No maximum level has been set as payments depend on individual Director circumstances.
Annual Bonus		
To reward the achievement of annual performance targets.	<p>Bonus payments to executive Directors are based upon meeting pre-determined targets for a number of key measures, including Group earnings and overall contribution and attainment of personal/strategic objectives. The personal/strategic targets are focused on areas such as delivery on strategy, organisational development, IT, investor relations, financing, risk management and talent development/succession planning.</p> <p>The measures, their weighting and the targets are reviewed on an annual basis.</p> <p>The current measures for the executive Directors, and their weighting, are set out on page 115. The targets are considered commercially confidential and will not be disclosed on a prospective basis, but, to the extent no longer confidential, will be disclosed retrospectively.</p> <p>Bonus levels are determined by the Committee after the year end based on actual performance achieved. The Committee can apply appropriate discretion in specific circumstances in respect of determining the bonuses to be awarded. In particular, the Committee has the discretion to reduce bonuses in the event that a pre-determined target return on capital employed is not achieved.</p> <p>In regard to the executive Directors, 33% of any bonus earned, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to them after three years, or on their employment terminating if earlier, together with accrued dividends.</p> <p>A formal clawback policy is in place for the executive Directors, under which bonuses are subject to clawback for a period of three years in the event of a material restatement of financial statements or other specified events. Further details on clawback policy are set out on page 101.</p> <p>The Committee has discretion in relation to bonus payments to joiners and leavers.</p>	<p>The maximum bonus potential, for the executive Directors, permitted under the Policy is 200% of base salary.</p> <p>The Remuneration Committee will set a maximum to apply for each financial year, which will be disclosed in the Annual Report on Remuneration.</p> <p>A defined target level of performance has been set for which 50% of maximum bonus is payable.</p>

Element and link to strategy Operation

Maximum opportunity

Long Term Incentive Plan ('LTIP')

To align the interests of executives with those of the Group's shareholders and to reflect the Group's culture of long term performance based incentivisation.

The LTIP provides for the Remuneration Committee to grant nominal cost (€0.25) options to acquire shares to Group employees, including executive Directors.

The vesting period is normally five years from the date of grant, with the extent of vesting being determined over the first three years, based on the performance conditions set out below.

In addition to the detailed performance conditions, an award will not vest unless the Remuneration Committee is satisfied that the Company's underlying financial performance has shown a sustained improvement in the three-year period since the award date.

The extent of vesting for awards granted to participants will be determined by the Remuneration Committee, in its absolute discretion, based on the performance conditions set out below.

Return on Capital Employed ('ROCE'):

Up to 40% of an award will vest depending on ROCE achieved in excess of the Group's Weighted Average Cost of Capital ('WACC') over a three-year period, with the Remuneration Committee to set a range for threshold and maximum vesting at the time of each award in the light of development activity, including any significant corporate transactions, three-year plans for the Group and prevailing business and economic circumstances.

Percentage excess over WACC	% of total award vesting
Below % set as threshold	0%
As % set as threshold	10%
Between % set as threshold and % set as maximum	10%-40% pro rata
Above % set as maximum	40%

The range set will be disclosed in the Annual Report on Remuneration.

Earnings per Share ('EPS'):

Up to 40% of an award will vest depending on EPS growth over a three-year period starting on 1 April in the financial year in which the award is granted compared with the change in the UK Retail Price Index ('RPI') as follows:

Annualised EPS growth in excess of annualised change in RPI	% of total award vesting
Less than 3%	0%
At 3%	10%
3% – specified maximum %	10%-40% pro rata
Above specified maximum %	40%

The intention is that the specified maximum percentage (level of excess over RPI) will be set at the time of each award in the light of development activity, including any significant corporate transactions, three-year plans for the Group and prevailing business and economic circumstances. The range set will be disclosed in the Annual Report on Remuneration.

The market value of the shares subject to the options granted in respect of any accounting period may not exceed 200% of base salary.

If, as a result of dealing restrictions, it is not possible to grant options at the normal award date, the Remuneration Committee may grant the options at a later date, as soon as practicable after the dealing restrictions cease to apply.

In these circumstances, the market value used will be the market value at the later award date and the base salary used will be the base salary at the normal award date.

If the later award date occurs in an accounting period subsequent to that in which the normal award date occurred, the award will be treated, for the purposes of the 200% maximum, as having been made in the preceding accounting period.

Remuneration Report continued

Element and link to strategy Operation

Maximum opportunity

Long Term Incentive Plan ('LTIP') continued

Total Shareholder Return ('TSR'):

Up to 20% of an award will vest depending on TSR performance over a three-year period, starting on 1 April in the financial year in which the award is granted, compared with the FTSE 350 Index (the 'Index').

TSR	% of total award vesting
Below the Index	0%
At the Index	5%
Between the Index and 8% p.a. out-performance	5%-20% pro rata
Above 8% p.a. out-performance of the Index	20%

No re-testing of the performance conditions is permitted.

The performance conditions and their relative weighting may be modified by the Remuneration Committee in accordance with the Rules of the LTIP, provided that they remain no less challenging and are aligned with the interests of the Company's shareholders.

A formal clawback policy is in place, under which awards are subject to clawback in the event of a material restatement of financial statements or other specified events. Further details on this clawback policy are set out on page 101.

Pension

To reward sustained contribution.

The executive Directors are eligible to participate in a defined contribution pension scheme (or receive cash in lieu of contributions to a defined contribution pension scheme).

Pension contributions (paid into the defined contribution scheme or paid as cash in lieu) can be between 15% and 25% of base salary.

Existing executive Directors are eligible to receive 15% of base salary.

Pensionable salary is defined as base salary.

Restricted Retirement Stock

To replace the cash allowance in lieu of defined benefit pension benefits foregone.

A one-off arrangement, commenced in the year to 31 March 2018, for the current CFO, Fergal O'Dwyer, only.

The Restricted Retirement Stock is treated as fixed pay and therefore will not be subject to performance targets or leaver provisions and will vest after the CFO retires.

(For the avoidance of doubt, if the CFO leaves to take an equivalent role elsewhere, the shares will not vest until DCC is informed of his retirement from any equivalent role).

Annual award of DCC shares with a value of €575,000.

The value of the annual Restricted Retirement Stock award is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution pension payment at 15% of base salary. It is not subject to change and will be fixed until the current CFO's retirement.

Remuneration Committee Discretion

The discretion available to the Committee in respect of the various elements of executive remuneration is summarised below.

Pay element	Discretion available
Bonus	The Committee can apply appropriate discretion in specific circumstances in respect of the financial and personal/strategic targets which determine the bonuses to be awarded and, in particular, the Committee has the discretion to reduce bonuses in the event that a pre-determined target return on capital employed is not achieved.
LTIP	The extent of vesting for awards granted to participants is determined by the Remuneration Committee, in its absolute discretion, based on certain performance conditions.

The extent to which the Committee exercised discretion during the year is outlined in the Chairman's Introduction on page 94.

Payments from Existing Awards

Subject to the achievement of the applicable performance conditions, executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the Remuneration Policy detailed in this report.

Payments under Legacy Defined Benefit Pension Scheme

Defined benefit pensions were previously provided through an Irish Revenue approved retirement benefit scheme, up to pension caps, as introduced by the Irish Finance Act 2006 and amended by subsequent Acts (see page 107). The executive Directors elected to cease accruing pension benefits at the cap and to receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone. All cash allowances were calculated based on independent actuarial advice, approved by the Remuneration Committee, as the equivalent of the reduction in liability of the Company arising from the pension benefits foregone.

Donal Murphy remained eligible for this cash allowance until his appointment as Chief Executive on 14 July 2017, at which time he became subject to the new pension policy for executive Directors. As noted above, Fergal O'Dwyer's entitlement to this cash allowance was replaced by the Restricted Retirement Stock arrangement.

Tommy Breen remained eligible for this cash allowance up to the date of his retirement on 14 July 2017.

In addition, as noted on page 107, each of the Directors agreed in 2017 to accept a transfer value in respect of their past service accrued benefits under the defined benefit pension plan.

Clawback Policy

Bonus payments made to executives may be subject to clawback for a period of three years from payment in certain circumstances including:

- a material restatement of the Company's audited financial statements;
- a material breach of applicable health and safety regulations; or
- business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual executive.

The LTIP allows for the giving of discretion to the Remuneration Committee to reduce or impose further conditions on awards prior to vesting in some circumstances as outlined above.

Remuneration Report continued

Remuneration Policy for Recruitment of New Executive Directors

In determining the remuneration package for a new executive Director, the Remuneration Committee would be guided by the principle of offering such remuneration as is required to attract, retain and motivate a candidate with the particular skills and experience required for a role, if it considers this to be in the best interests of the Company and the shareholders. The Remuneration Committee will generally set a remuneration package which is in accordance with the terms of the approved Remuneration Policy in force at the time of the appointment, though the Committee may make payments outside of the Policy if required in the particular circumstances and if in the best interests of the Company and the shareholders. Any such payments which relate to the buyout of variable pay (bonuses or awards) from a previous employer will be based on matching the estimated fair value of that variable pay and will take account of the performance conditions and the time until vesting of that variable pay.

Other than in such buyout situations, it is the Company's policy not to offer any additional bonuses or awards on recruitment.

For an internal appointment, any variable pay element awarded in respect of the prior role and any other ongoing remuneration obligations existing prior to appointment would be honoured.

Remuneration Policy for Other Employees

While the Remuneration Committee's specific oversight of individual executive remuneration packages extends only to the executive Directors and a number of senior Group executives, it aims to create a broad policy framework, to be applied by management to senior executives throughout the Group, through its oversight of remuneration structures for other Group and subsidiary senior management and of any major changes in employee benefits structures throughout the Group.

DCC employs over 12,500 people in 17 countries. Remuneration arrangements across the Group differ depending on the specific role being undertaken, the industry in which the business operates, the level of seniority and responsibilities, the location of the role and local market practice.

Consultation with Employees

Although the Remuneration Committee does not consult directly with employees on the Remuneration Policy, it does consider remuneration arrangements and trends across the broader employee population when determining the Policy. In this regard, it receives regular briefings from the Group HR function.

In addition, matters relating to remuneration which come to the attention of Cormac McCarthy, in his capacity as the non-executive Director designated by the Board for the purposes of engagement with the workforce, will be reported to the Committee.

Consultation with Shareholders

The Committee engages in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in policy. The Committee also takes into account the views of shareholder organisations and proxy voting agencies.

The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Report and the Remuneration Policy, as required, to advisory votes at the AGM.

Exit Payments Policy

The provisions on exit in respect of each of the elements of pay are as follows:

Salary and Benefits

Exit payments are made only in respect of base salary for the relevant notice period. The Committee may in its discretion also allow for the payment of benefits (such as payments in lieu of defined contribution pension) for the notice period. In all cases, the notice period applies to both the Company and the executive.

Annual Bonus

The Remuneration Committee can apply appropriate discretion in respect of determining the bonuses to be awarded based on actual performance achieved and the period of employment during the financial year.

In relation to deferred bonuses which have been invested in DCC shares, they will be made available on the participant's cessation date, together with accrued dividends.

Long Term Incentive Plan

To the extent that a share award or option has vested on the participant's cessation date, the participant may exercise the share award or option during a specified period following such date but in no event may the share award or option be exercised later than the expiry date as specified in the award certificate.

In general, a share award or option that has not vested on the participant's cessation date immediately lapses.

The Committee would normally exercise its discretion when dealing with a participant who ceases to be an employee by reason of certain exceptional circumstances e.g. death, injury or disability, redundancy, retirement or any other exceptional circumstances. In such circumstances, any share award or option that has not already vested on the participant's cessation date would be eligible for vesting on a date determined by the Remuneration Committee. The number of shares, if any, in respect of which the share award or option vests would be determined by the Remuneration Committee.

In the event that a participant ceases to be an employee by reason of a termination of his employment for serious misconduct, each share award and option held by the participant, whether or not vested, will automatically lapse immediately upon the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

Pension

The rules of the Company's defined contribution pension scheme contains detailed provisions in respect of termination of employment.

Restricted Retirement Stock

The Restricted Retirement Stock awards made to the CFO will vest in full after his retirement.

Service Contracts

Donal Murphy has a service agreement with the Company with a notice period of six months. This service agreement provides that either he or the Company could terminate his employment by giving six months' notice in writing. The Company may, at its sole discretion, require that Mr. Murphy, instead of working out the period of notice, cease employment immediately in which case he would receive compensation in the form of base salary only in respect of the notice period. The service contract also provides for summary termination (i.e. without notice) in a number of circumstances, including material breach or grave misconduct. The service agreement does not include any provisions for compensation for loss of office, other than the notice period provisions set out above.

Fergal O'Dwyer has a letter of appointment which provides for a three month notice period.

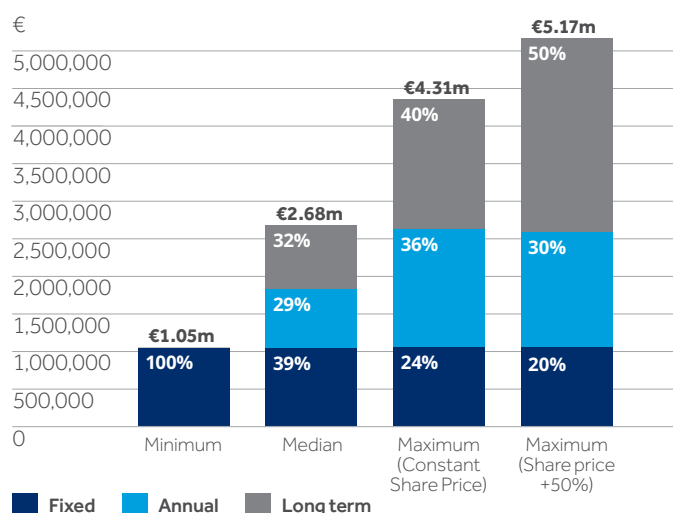
Remuneration Report continued

Scenario Charts

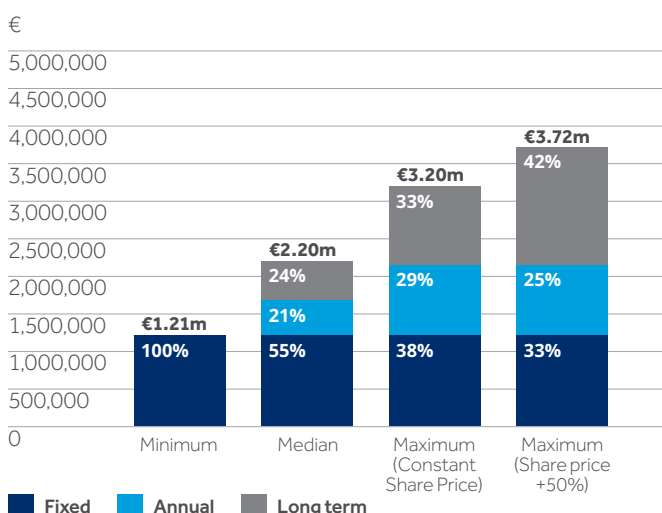
Set out below is an illustration of the potential future remuneration that could be received by each executive Director for the year ending 31 March 2020 at minimum, median and maximum (assuming (i) a constant share price and (ii) an uplift of 50% in the share price) performance.

As the Directors are paid in euro, the Remuneration Committee considers it appropriate that the figures disclosed in this Report continue to be presented in euro.

Donal Murphy, Chief Executive



Fergal O'Dwyer, Executive Director and Chief Financial Officer



Notes:

- Minimum Performance comprises:
 - Fixed pay – base salary, benefits, retirement benefit expense and, for the CFO only, restricted retirement stock.
 - No annual bonus payout.
 - No LTIP vesting.
- Median Performance comprises:
 - Fixed pay – base salary, benefits, retirement benefit expense and, for the CFO only, restricted retirement stock.
 - 50% annual bonus payout i.e. 90% of salary.
 - 50% vesting of LTIP i.e. 100% of salary.
- Maximum Performance (constant share price) comprises:
 - Fixed pay – base salary, benefits, retirement benefit expense and, for the CFO only, restricted retirement stock.
 - 100% annual bonus payout i.e. 180% of salary.
 - 100% vesting of LTIP i.e. 200% of salary.
- Maximum Performance (share price + 50%) comprises:
 - Fixed pay – base salary, benefits, retirement benefit expense and, for the CFO only, restricted retirement stock.
 - 100% annual bonus payout i.e. 180% of salary.
 - 100% vesting of LTIP and 50% uplift in share price, equating to 300% of salary.

Share Ownership Guidelines

DCC's remuneration policy has at its core recognition that the spirit of ownership and entrepreneurship is essential to the creation of long term high performance and that share ownership is important in aligning the interests of executive Directors and other senior Group executives with those of shareholders.

A set of share ownership guidelines is in place, effective from 1 April 2011, under which the Chief Executive, other executive Directors and other senior Group executives are encouraged to build, over a five-year period, a shareholding in the Company with a valuation relative to base salary as follows:

Executive	Share ownership guideline
Chief Executive	3 times annual base salary
Other executive Directors	2 times annual base salary
Senior Group executives	1 times annual base salary

The position of the executive Directors and senior Group executives under the Share Ownership Guidelines is reviewed annually by the Remuneration Committee. The position of the executive Directors as at 31 March 2019 is set out in the Annual Report on Remuneration on page 115.

Post-Employment Share Ownership Requirements

In accordance with the requirements of Provision 36 of the 2018 Code, the Remuneration Committee has introduced, with effect from 1 April 2019, Post-Employment Share Ownership Requirements under which the Chief Executive and other executive Directors are required, after leaving the Group, including through retirement, to maintain a shareholding in the Company for a two year period, as below:

Executive	Ratio of Share Ownership to Base Salary
Chief Executive	3 times annual base salary
Other executive Directors	2 times annual base salary

Base salary will be the base salary of the Director in effect at the date of ceasing employment.

For the purposes of these Requirements, share ownership will include shares, vested share options, unvested options no longer subject to performance conditions, deferred bonus share awards, restricted stock awards and any other vested or unvested share awards made under incentive plans operated by the Company which are not subject to performance conditions.

Shares held by a Director's spouse and/or minor children and shares held in any trust for the benefit of the Director and/or his/her spouse and minor children will be counted towards the share ownership requirement.

The valuation of the shareholdings in the Company will be reviewed at the end of each year, based on the closing market price of the Company's shares. If the required ratio fails to be met due to factors other than a decrease in the market price of the Company's shares, the Director will be allowed an additional period of twelve months, or such other period as the Remuneration Committee may determine, to bring the shareholding back to the required level.

Policy on External Board Appointments

Executive Directors may accept external non-executive directorships with the prior approval of the Board. The Board recognises the benefits that such appointments can bring both to the Company and to the Director in terms of broadening their knowledge and experience. The fees received for such roles may be retained by the executive Directors.

The executive Directors do not currently hold any external board appointments.

Policy for non-executive Directors

Fees	Operation	Maximum Opportunity
The fees paid to non-executive Directors reflect their experience and ability and the time demands of their Board and Board committee duties.	The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The Chairman absents himself from the Committee meeting while this matter is being considered.	No prescribed maximum annual increase.
A basic non-executive Director fee is paid for Board membership. Additional fees are paid to the members and the chairmen of Board committees, to the Chairman and to the Senior Independent Director.	The remuneration of the other non-executive Directors is determined by the Chairman and the Chief Executive for approval by the Board.	In accordance with the Articles of Association, shareholders set the maximum aggregate ordinary remuneration (basic fees, excluding fees for committee membership and chairman fees). The current limit of €650,000 was set at the 2014 Annual General Meeting. A new limit of €850,000 will be proposed at the 2019 AGM.
Additional fees may be paid in respect of Company advisory boards.	The fees are reviewed annually, taking account of any changes in responsibilities and advice from external remuneration consultants on the level of fees in a range of comparable Irish and UK companies.	Non-executive Directors do not participate in the Company's LTIP and do not receive any pension benefits from the Company.

Non-executive Directors' Letters of Appointment

The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the Annual General Meeting of the Company.

Remuneration Report continued

Annual Report on Remuneration

This section of the Remuneration Report gives details of remuneration outcomes for the year ended 31 March 2019, sets out how DCC's Remuneration Policy, as described on pages 97 to 105, will operate in the year ending 31 March 2020 and provides additional information on the operation of the Remuneration Committee.

Remuneration outcomes for the year ended 31 March 2019

The table below sets out the total remuneration and breakdown of the elements received by each serving Director in relation to the year ended 31 March 2019, together with prior year comparatives. An explanation of how the figures are calculated follows the table.

Executive Directors' Remuneration Details

	Salary		Benefits		Bonus		Retirement Benefit Expense		Restricted Retirement Stock		LTIP		Audited Total	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Donal Murphy	840	722	69	61	1,332	1,241	126	88	–	–	722	809	3,089	2,921
Fergal O'Dwyer	512	500	35	50	812	757	77	75	575	575	722	832	2,733	2,789
Tommy Breen	–	225	–	20	–	345	–	388	–	–	–	1,054	–	2,032
	1,352	1,447	104	131	2,144	2,343	203	551	575	575	1,444	2,695	5,822	7,742

Tommy Breen retired as Chief Executive and from the Board on 14 July 2017. As such, the 2018 payments above relate to the period from 1 April 2017 until 14 July 2017.

Salary

The salaries of the executive Directors for the year ended 31 March 2019 represented increases over the prior year as shown in the table below:

	Salary €	Increase %
Donal Murphy	840,500	2.5%
Fergal O'Dwyer	512,500	2.5%

Benefits

Benefits include the use of a company car, life/disability cover, health insurance and club subscriptions.

Determination of Bonuses for the year ended 31 March 2019

The table below sets out the performance in the year ended 31 March 2019 in terms of growth in Group adjusted earnings per share ('Group EPS') compared to the performance target range set for the year.

	Target		Outcome
	Minimum	Maximum	
Growth in Group EPS	11%	20%	18.5%

As detailed fully in the Chairman's Introduction on page 94, the Remuneration Committee exercised judgement in relation to the impact of the share placing in October 2018 on the 2019 EPS for the purpose of bonus outcomes. The 2019 EPS figure of 358.2p was increased by 5% to 376.1p to eliminate the impact of the placing, which resulted in an increase of 18.5%. This increase of 18.5% in Group EPS compared to the range set resulted in the Remuneration Committee determining that there should be payment of 82.9% of the bonuses related to this performance target.

In regard to the achievement of targets set for overall contribution and personal/strategic objectives, the Remuneration Committee considered the following matters:

Achievements	
Donal Murphy	<ul style="list-style-type: none"> • Drove the Group talent agenda with a clear focus on organisational development, succession planning and management development • Drove focus on organic growth • Built further progress into the Group Strategic Planning function • Led from the front on HSE, including a number of safety tours • Built with the CFO a dynamic perspective on the Group's long-term funding strategies to support flexibility and sustainability • Continued to drive an effective Group/divisional IT capability to facilitate enhanced business performance and an appropriate control environment • Led a Group-wide focus on innovation across products, processes and business models
Fergal O'Dwyer	<ul style="list-style-type: none"> • Drove several important Group initiatives, including: <ul style="list-style-type: none"> - Visible leadership in driving a culture of innovation - Demonstrable progress in driving the finance talent agenda • Demonstrated visible HSE leadership • Maintained high level of focus on working capital and cash flow and ROCE • Completed a share placing and a US private placement debt issuance • Worked on plans for senior Group management succession

The Remuneration Committee concluded that Mr. Murphy and Mr. O'Dwyer delivered, and in many cases, exceeded all of their personal and strategic objectives. Therefore the Committee determined that there should be full payment of this element of the bonus.

The resultant bonus payout levels for the year ended 31 March 2019 were as follows:

Component	Donal Murphy – % of Salary		Fergal O'Dwyer – % of Salary	
	Max %	Payout %	Max %	Payout %
Group EPS	126.0	104.5	126.0	104.5
Contribution and Personal/Strategic	54.0	54.0	54.0	54.0
	180.0	158.5	180.0	158.5

In the case of Mr. Murphy and Mr. O'Dwyer, 33% of their bonuses, net of tax and social security deductions, will be invested in DCC shares, which will be made available to them after three years, or on their employment terminating if earlier, together with accrued dividends.

Retirement Benefit Expense

Retirement Benefit Expense for Donal Murphy and Fergal O'Dwyer comprised 15% of base salary in the form of a cash allowance, in lieu of contribution to a defined contribution pension scheme.

Defined Benefit Pensions

As previously reported, the Irish Finance Act 2006 established a cap on pension assets by introducing a penalty tax charge on pension assets in excess of the higher of €5 million or the value of individual accrued pension entitlements as at 7 December 2005. The Irish Finance Act 2011 reduced these thresholds to the higher of €2.3 million or the value of individual accrued pension entitlements as at 7 December 2010. As a result of this change the Remuneration Committee decided that the executive Directors, who were then members of the defined benefit pension scheme, would have the option of continuing to accrue pension benefits as previously or to cap their benefits in line with the 2011 limits. All of the executive Directors elected to cap their benefits and receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone.

The current Remuneration Policy, which was approved by shareholders at the AGM on 14 July 2017, ended the practice of paying cash allowances in lieu of defined benefit pension benefits foregone and introduced a cash allowance paid in lieu of defined contribution pension at 15% to 25% of salary, with 15% applying for existing executive Directors, Donal Murphy and Fergal O'Dwyer.

In May 2017, the Company agreed with each of Donal Murphy, Fergal O'Dwyer and Tommy Breen that they would take a transfer value in respect of their past service accrued benefits under the defined benefit pension plan. These transfer values, which were determined on the basis of actuarial advice, were at a discount to the accounting reserve and resulted in a gain to the Company.

Restricted Retirement Stock

Fergal O'Dwyer receives an annual award of DCC shares with a value of €575,000, which do not vest until he retires. The value of these annual awards is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution payment at 15% of base salary.

Long Term Incentive Plan

The values of the LTIP as shown in the table on page 106 for 2019 and 2018 relate to awards made in February 2017 and November 2015 respectively.

The vesting criteria which applied to these awards are summarised in the Remuneration Policy Report on pages 99 and 100.

Remuneration Report continued

LTIP – 2019 (February 2017 grants)

The LTIP awards granted in February 2017 will vest in February 2022 (five years after the grant date). The extent of vesting will be formally determined by the Committee in November 2019 and will be based on ROCE performance (40% of the total award), EPS performance (40% of the total award) and TSR performance (20% of the total award) over the three-year period ended 31 March 2019.

DCC's average ROCE for the three years ended 31 March 2019 was 18.3%. As this was in excess of the range of 13%-17% set for minimum to maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

DCC's adjusted EPS increased by 13.8% annualised over the three-year period. UK RPI increased by 3% annualised over the same period. As the excess over RPI was greater than the 7% excess set for maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

An analysis was conducted by Willis Towers Watson to measure the level of DCC's TSR performance relative to the FTSE 350 index over the three year period ended 31 March 2019. This analysis showed that DCC's TSR annualised underperformance of the FTSE 350 index was -5.1%. As such, none of this portion of the award will vest.

Consequently, the Group's ROCE, EPS and TSR performance is expected to give rise to a vesting of 80%.

The value of the LTIP for the year ended 31 March 2019 of €1,444k is estimated using the number of options expected to vest in February 2022 and the share price at 31 March 2019 of €77.30 (£66.35) less the amount payable to purchase the shares (i.e. the exercise cost).

LTIP – 2018 (November 2015 grants)

The LTIP awards granted in November 2015 will vest in November 2020 (five years after the grant date). The extent of vesting, which has been determined by the Committee, was based on ROCE performance (40% of the total award), EPS performance (40% of the total award) and TSR performance (20% of the total award) over the three-year period ended 31 March 2018.

DCC's average ROCE for the three years ended 31 March 2018 was 19.9%. As this was in excess of the range of 13%-17% set for minimum to maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

DCC's adjusted EPS increased by 12.3% annualised over the three-year period. UK RPI increased by 2.7% annualised over the same period. As the excess over RPI was greater than the 7% excess set for maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

An analysis was conducted by Willis Towers Watson to measure the level of DCC's TSR performance relative to the FTSE 350 index over the three year period ended 31 March 2018. This analysis showed that DCC's TSR annualised outperformance of the FTSE 350 index was 15.9%. As this was greater than the 8% outperformance set for maximum vesting, 100% of this portion of the award (20% of the total award) will vest.

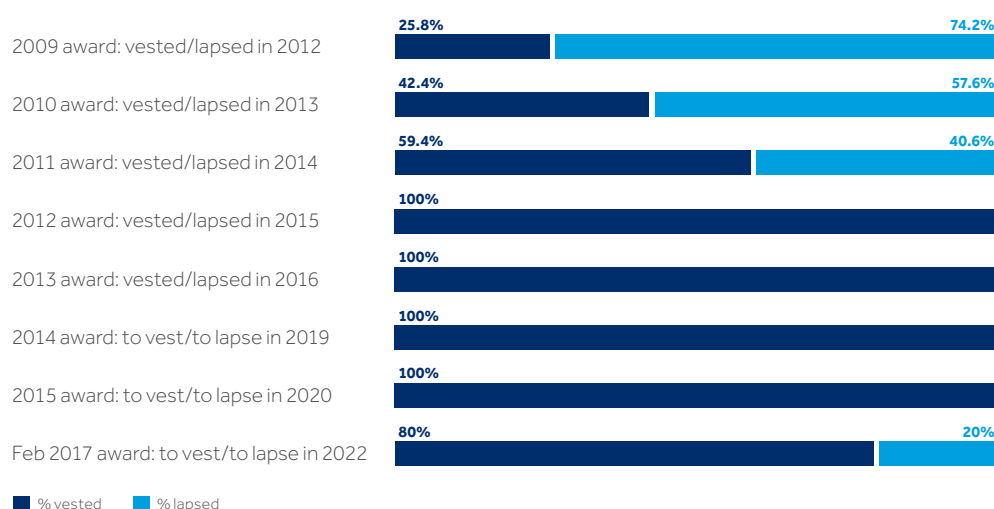
Consequently, the Remuneration Committee determined that 100% of the 2015 awards will vest in November 2020.

The value of the LTIP for the year ended 31 March 2018 of €2,695k is estimated using the number of options which will vest in November 2020 and the share price at 31 March 2018 of €74.98 (£65.60) less the amount payable to purchase the shares (i.e. the exercise cost).

In the case of Mr. Breen, the value of his LTIP reflects the level of vesting and completed service since the start of the performance period.

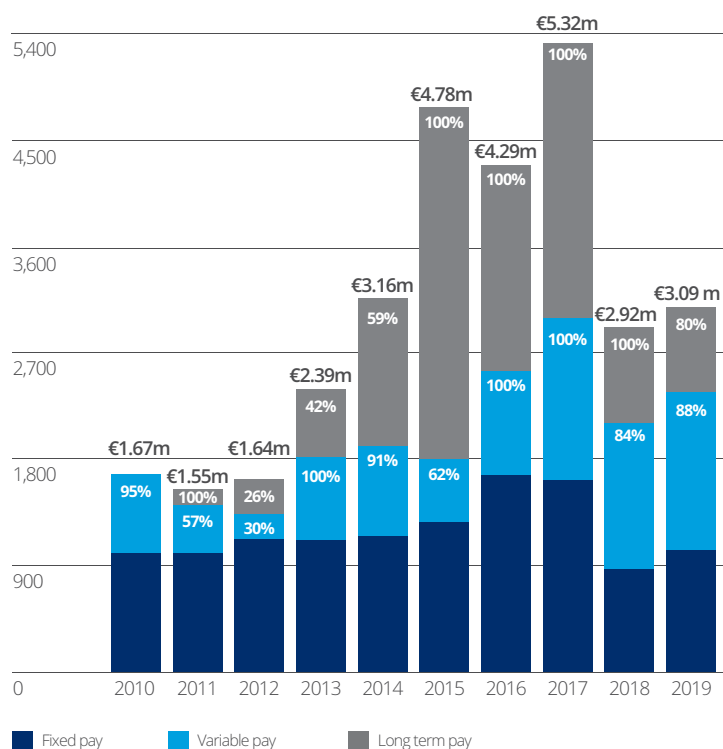
LTIP – Vesting

The extent of vesting of awards made under the LTIP since its introduction in 2009 is set out below.



Chief Executive's Remuneration

The chart below shows the total remuneration for the Director undertaking the role of Chief Executive for the ten years from 1 April 2009 to 31 March 2019. The years 2010 to 2017 inclusive relate to Tommy Breen and the years 2018 and 2019 relate to Donal Murphy.

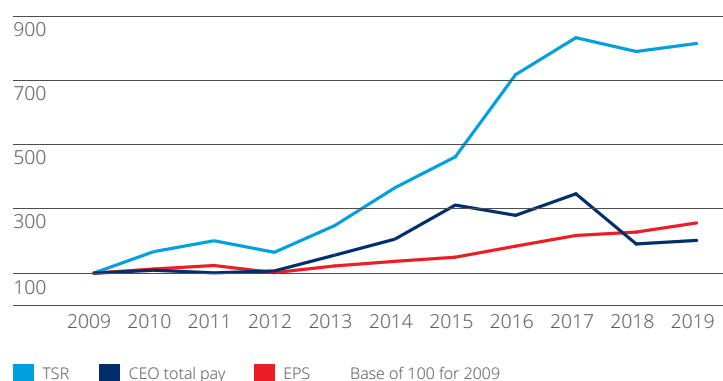


Notes:

1. Fixed pay comprises salary, benefits and retirement benefit expense.
2. Variable pay comprises the annual bonus; the percentage shown is the value of the bonus paid as a percentage of the maximum opportunity.
3. Long term pay comprises the value of awards under the DCC plc 1998 Employee Share Option Scheme (for 2010 and 2011) and the DCC plc Long Term Incentive Plan 2009 (for 2012 to 2019); the percentage shown is the value of the awards vested as a percentage of the maximum opportunity (actual vesting for 2010 to 2018 and expected vesting for 2019).

Chief Executive's Remuneration versus EPS and TSR

This graph maps the total remuneration for the Director undertaking the role of Chief Executive against the ten-year trend in EPS and TSR, using a base of 100 for 2009 for comparator purposes.



Remuneration Report continued

Changes in Chief Executive Remuneration compared to Group Employees

The table below sets out the changes in elements of remuneration paid to the Director undertaking the role of Chief Executive and the average overall percentage change for employees of the Group as a whole.

	% change between 2017/18 and 2018/19				Overall
	Salary	Benefits	Bonus	Pension	
Donal Murphy ¹	+2.5%	+12.6%	+7.3%	+43.3%	+7.1%
All Group employees					+4.5%

1. This shows the percentage change for 2017/2018 (annualised) versus the actual for 2018/2019 for Mr. Murphy.

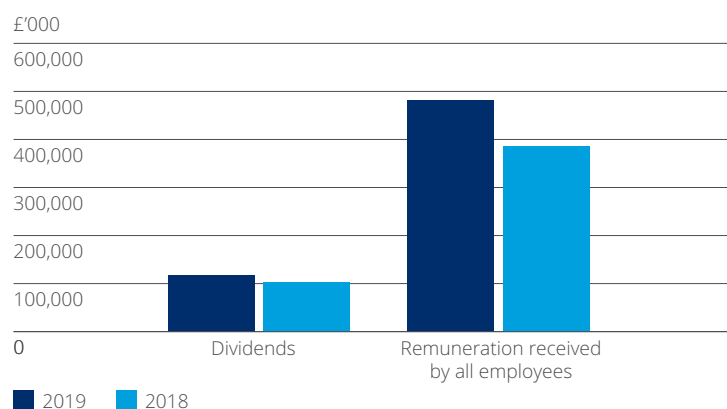
Chief Executive Pay Ratio

The Chief Executive's total remuneration for the year ended 31 March 2019 (annualised) is 68 times that of the average Group employee for the same period.

In addition, taking account of the UK Companies (Miscellaneous Reporting) Regulations, we are voluntarily disclosing the ratio of Chief Executive's total pay to the average UK employee's total pay, based on UK gender pay gap data, of 86 times.

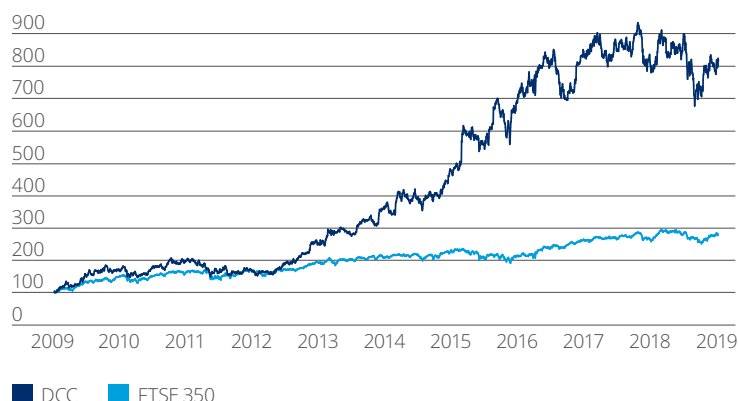
Relative Importance of Spend on Pay

The chart below sets out the amount paid in remuneration to all employees of the Group compared to dividends to shareholders, for 2019 and 2018.



Total Shareholder Return

The chart below shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2009, relative to the FTSE 350 index.



Non-executive Directors' Remuneration Details

The remuneration paid to non-executive Directors for the year ended 31 March 2019 is set out below. Non-executive Directors are paid a basic fee. Additional fees are paid to the members and the Chairmen of Board Committees, to the Chairman and to the Senior Independent Director.

	Basic Fee		Committee Chair and Membership Fees		Chairman/Senior Independent Director Fees		France Advisory Board Fee		Audited Total	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000
Non-executive Directors										
John Moloney	72	70	8	8	228	222	–	–	308	300
Mark Breuer ¹	28	–	3	–	–	–	–	–	31	–
Emma FitzGerald ²	42	70	3	5	–	–	–	–	45	75
David Jukes	72	70	7	8	–	–	–	–	79	78
Pamela Kirby	72	70	8	8	–	–	–	–	80	78
Jane Lodge	72	70	23	20	–	–	–	–	95	90
Cormac McCarthy	72	70	8	8	–	–	–	–	80	78
Mark Ryan ³	72	27	8	–	–	–	–	–	80	27
Leslie Van de Walle ⁴	72	70	23	24	15	12	–	15	110	121
Total	574⁵	517	91	81	243	234	–	15	908	847

1. Mark Breuer was appointed as a Director on 9 November 2018.
2. Emma FitzGerald resigned as a Director on 30 October 2018.
3. Mark Ryan was appointed as a Director on 13 November 2017.
4. The operation of the France Advisory Board was discontinued in November 2017.
5. Compares to current shareholder approved limit of €650,000.
6. Caroline Dowling was appointed as a Director on 13 May 2019.

Total Directors' Remuneration

	Audited Total	
	2019 €'000	2018 €'000
Executive Directors		
Salary	1,352	1,447
Benefits	104	131
Bonus	2,144	2,343
Retirement Benefit Expense	203	551
Restricted Retirement Stock	575	575
LTIP	1,444	2,695
Total executive Directors' remuneration	5,822	7,742
Non-executive Directors		
Fees	908	847
Total non-executive Directors' remuneration	908	847
Total Directors' remuneration	6,730	8,589

Remuneration Report continued

Executive and Non-executive Directors' and Company Secretary's Interests

The interests of the Directors and the Company Secretary (including shares held by connected persons) in the share capital of DCC plc at 31 March 2019 (together with their interests at 31 March 2018) are set out below:

	No. of Ordinary Shares At 31 March 2019	No. of Ordinary Shares At 31 March 2018
Directors		
John Moloney	2,000	2,000
Donal Murphy ¹	118,746	104,060
Mark Breuer ²	340	–
David Jukes	94	94
Pamela Kirby	2,500	2,500
Jane Lodge	3,000	3,000
Cormac McCarthy	1,200	1,200
Fergal O'Dwyer ³	211,863	210,451
Mark Ryan	9,696	9,696
Leslie Van de Walle	670	670
Emma FitzGerald ⁴	224	224
Tommy Breen ⁵	–	221,574
Company Secretary		
Gerard Whyte	155,000	155,000

1. Donal Murphy's 2019 and 2018 holdings include 2,316 and 1,562 shares respectively held under the deferred bonus arrangement as detailed on page 98.
2. Mark Breuer was appointed as a Director on 9 November 2018.
3. Fergal O'Dwyer's 2019 and 2018 holdings include 1,412 and 1,562 shares respectively held under the deferred bonus arrangement as detailed on page 98. In addition to the above holdings, Mr. O'Dwyer has a right to shares under the Restricted Retirement Stock arrangement (holding of 8,531 shares on 31 March 2019).
4. Emma FitzGerald resigned as a Director on 30 October 2018. Her holding is at the date of her leaving.
5. Tommy Breen retired from the Board on 14 July 2017. His holding is at the date of his leaving.

All of the above interests were beneficially owned. Apart from the interests disclosed above, the Directors and the Company Secretary had no interests in the share capital or loan stock of the Company or any other Group undertaking at 31 March 2019.

There were no changes in the above Directors' and Secretary's interests between 31 March 2019 and 13 May 2019.

The shareholdings held by the executive Directors are substantially in excess of the share ownership guidelines in place, which are set out on page 115 of this Report.

The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and share options.

Executive Directors' and Company Secretary's Long Term Incentives

DCC plc Long Term Incentive Plan 2009

Details of the executive Directors' and the Company Secretary's awards, in the form of nominal cost (€0.25) options, under the DCC plc Long Term Incentive Plan 2009 are set out below:

	Number of options				At 31 March 2019	Date of grant	Market price on grant	Three-year performance period end	Normal exercise period	Market price at date of exercise €
	At 31 March 2018 ¹	Granted in year	Exercised in year	Lapsed in year						
Executive Directors										
Donal Murphy	13,584	–	(13,584)	–	0	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	€72.91
	17,652	–	–	–	17,652	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	12,059	–	–	–	12,059	12.11.13	€28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	16,686	–	–	–	16,686	12.11.14	€34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	10,830	–	–	–	10,830	17.11.15	€57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	11,707	–	–	–	11,707	10.02.17	€67.75	31 Mar 2019	10 Feb 2022 – 09 Feb 2024	
	20,783	–	–	–	20,783	16.11.17	€70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	–	24,127	–	–	24,127	15.11.18	€60.65	31 Mar 2021	15 Nov 2023 – 14 Nov 2025	
	103,301	24,127	(13,584)	–	113,844					
Fergal O'Dwyer	13,584	–	(13,584)	–	0	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	€72.91
	17,652	–	–	–	17,652	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	12,647	–	–	–	12,647	12.11.13	€28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	17,481	–	–	–	17,481	12.11.14	€34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	11,138	–	–	–	11,138	17.11.15	€57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	11,707	–	–	–	11,707	10.02.17	€67.75	31 Mar 2019	10 Feb 2022 – 09 Feb 2024	
	12,672	–	–	–	12,672	16.11.17	€70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	–	14,711	–	–	14,711	15.11.18	€60.65	31 Mar 2021	15 Nov 2023 – 14 Nov 2025	
	96,881	14,711	(13,584)	–	98,008					
Tommy Breen ²	28,526	–	–	–	–	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	37,070	–	–	–	–	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	24,706	–	–	–	–	12.11.13	€28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	28,406	–	–	–	–	12.11.14	€34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	18,140	–	–	–	–	17.11.15	€57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	19,068	–	–	–	–	10.02.17	€67.75	31 Mar 2019	10 Feb 2022 – 09 Feb 2024	
		155,916	–	–	–	–				
Company Secretary										
Gerard Whyte	6,240	–	(6,240)	–	0	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	€72.91
	8,109	–	–	–	8,109	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	5,559	–	–	–	5,559	12.11.13	€28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	5,834	–	–	–	5,834	12.11.14	€34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	3,574	–	–	–	3,574	17.11.15	€57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	3,758	–	–	–	3,758	10.02.17	€67.75	31 Mar 2019	10 Feb 2022 – 09 Feb 2024	
	3,875	–	–	–	3,875	16.11.17	€70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	–	5,113	–	–	5,113	15.11.18	€60.65	31 Mar 2021	15 Nov 2023 – 14 Nov 2025	
	36,949	5,113	(6,240)	–	35,822					

1. Or date of retirement if earlier.

2. Tommy Breen retired from the Board on 14 July 2017. The options shown above are those held by him at the date of retirement. Vested options (those originally granted in 2011, 2012, 2013 and 2014) have since been exercised. Outstanding unvested options (those originally granted in 2015 and 2017) will be pro-rated based on the final level of vesting and completed service since the start of the performance period.

Remuneration Report continued

As at 31 March 2019, the total number of options granted under the LTIP, net of options lapsed, amounted to 1.4% of issued share capital, of which 0.8% is currently outstanding.

The extent of vesting of the LTIP awards which were granted in November 2018 will be based on the three-year performance period from 1 April 2018 to 31 March 2021. The ranges set by the Remuneration Committee in respect of these performance conditions were set out at page 113 of the 2018 Annual Report.

DCC plc 1998 Employee Share Option Scheme

Details of the executive Directors' and the Company Secretary's basic tier options to subscribe for shares under the DCC plc 1998 Employee Share Option Scheme are set out below.

	Number of options					Date of grant	Option price	Normal exercise period	Options exercised in year	
	At 31 March 2018	Granted in year	Exercised in year	Lapsed in year	At 31 March 2019				Option price €	Market price at date of exercise £
Executive Directors										
Donal Murphy	15,000	–	(15,000)	–	0	20.05.08	€15.68	20 May 2011 – 19 May 2018	€15.68	£72.91
	15,000	–	(15,000)	–	0					
Fergal O'Dwyer	15,000	–	(15,000)	–	0	20.05.08	€15.68	20 May 2011 – 19 May 2018	€15.68	£72.91
	15,000	–	(15,000)	–	0					

The ten-year period during which share options could be granted under the DCC plc 1998 Employee Share Option Scheme expired in June 2008. Over the life of the Scheme, the total number of basic and second tier options granted, net of options lapsed, amounted to 7.1% of issued share capital, of which 0% is currently outstanding.

The basic tier options could not normally be exercised earlier than three years from the date of grant and second tier options not earlier than five years from the date of grant. Basic tier options could normally be exercised only if there had been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 2%, compound, per annum over a period of at least three years following the date of grant.

Second tier options could normally be exercised only if the growth in the adjusted earnings per share over a period of at least five years is such as would place the Company in the top quartile of companies on the ISEQ index in terms of comparison of growth in adjusted earnings per share and if there has been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 10%, compound, per annum in that period.

Other Information

The market price of DCC shares on 31 March 2019 was €66.35 and the range during the year was €55.55 to €75.65.

Additional information in relation to the DCC plc Long Term Incentive Plan 2009 and the DCC plc 1998 Employee Share Option Scheme appears in note 2.5 on pages 147 to 149.

For the purposes of Section 305 of the Companies Act 2014 (Ireland), the aggregate gains by Directors on the exercise of share options during the year ended 31 March 2019 was €4.3 million (2018: €7.7 million).

Share Ownership Guidelines

The shareholdings held by the executive Directors as at 31 March 2019, as shown below, are substantially in excess of the guidelines set out on page 104.

Executive	Number of shares held as at 31 March 2019	Shareholding as a multiple of base salary for the year ended 31 March 2019	Share ownership guideline
Donal Murphy	118,746	11	3
Fergal O'Dwyer	211,863	32	2

The shareholdings in the table comprise the shares held by the executive Directors (including those shares held in trust as part of the deferred bonus arrangement), valued based on the share price at 31 March 2019 of €66.35 (€77.30). Unvested and unexercised share options are not included.

Operation of Remuneration Policy in the year ending 31 March 2020

Salary

The salaries of the executive Directors for the year commencing on 1 April 2019, together with comparative figures, are as follows:

Executive Director	Year ending 31 March 2020 €	Year ended 31 March 2019 €
Donal Murphy	857,300	840,500
Fergal O'Dwyer	522,750	512,500

The increases in salaries for the executive Directors for the year ending 31 March 2020 of 2% are in line with the expected salary inflationary increase of 2-3% across the Group.

Benefits

Benefits payable to the executive Directors for the year ending 31 March 2020 include the use of a company car, life/disability cover, health insurance and club subscriptions.

Bonus

The Remuneration Committee has maintained the maximum bonus potential that will apply for the year ending 31 March 2020 at 180%, which is below the Policy maximum of 200%, as shown below.

Executive Director	Maximum bonus potential	Deferral of bonus
Donal Murphy	180% of salary	33% of any bonus earned by the executive Directors will be deferred into DCC shares and be available after three years.
Fergal O'Dwyer	180% of salary	

The Committee has set performance targets for the year which will determine the extent of payment of bonuses to the executive Directors, as follows:

Executive Director	Performance Targets
Donal Murphy	70% based on growth in Group adjusted EPS and 30% based on overall contribution and attainment of personal/strategic objectives.
Fergal O'Dwyer	

Growth in Group adjusted EPS is measured against a pre-determined range, with zero payment below threshold up to full payment at the maximum of the range.

The Committee considers that information on the Group adjusted EPS range and on the personal/strategic objectives is commercially confidential and therefore it is not being disclosed on a prospective basis but, to the extent no longer commercially confidential, will be disclosed on a retrospective basis.

The Committee will keep the performance targets under review in light of acquisition and other development activity during the year ending 31 March 2020.

The Committee has the discretion to reduce bonuses in the event that a pre-determined target return on capital employed is not achieved.

Remuneration Report continued

Retirement Benefits

Retirement benefits comprise a cash allowance paid in lieu of contributions to a defined contribution pension plan at 15% to 25% of salary, with 15% applying for existing Directors, Donal Murphy and Fergal O'Dwyer.

Restricted Retirement Stock

Fergal O'Dwyer will receive an annual award of DCC shares with a value of €575,000. The value of these annual awards is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution payment at 15% of base salary. It is not subject to change and will be fixed until his retirement.

Long Term Incentives

Details of the LTIP are set out in the Remuneration Policy Report on page 99.

For the purposes of the ROCE performance condition, the Remuneration Committee has set a ROCE range for threshold and maximum vesting of 14% to 17% for awards to be made in the year ending 31 March 2020.

For the purposes of the EPS performance condition, the Remuneration Committee has set EPS growth equal to UK RPI plus 7% per annum compound for maximum vesting of awards to be made in the year ending 31 March 2020.

Both the ROCE range and the EPS range will be kept under review and adjusted if necessary in light of acquisition and other development activity in the year ending 31 March 2020.

Non-executive Directors Remuneration

The non-executive Director fee structure for the year ending 31 March 2020, together with comparative figures, is set out below:

	Year ending 31 March 2020 €	Year ended 31 March 2019 €
Chairman (to include basic and Committee fees)	313,650	307,500
Basic Fee	73,185	71,750
Committee Fees:		
Audit	8,000	8,000
Nomination and Governance	3,000	3,000
Remuneration	5,000	5,000
Additional Fees:		
Audit Committee Chairman	15,000	15,000
Remuneration Committee Chairman	15,000	15,000
Senior Independent Director Fee	15,000	15,000

Taking account of advice from the Company's external remuneration consultants, Willis Towers Watson, on the level of fees in a range of comparable Irish and UK companies, the Board has increased the basic non-executive Director's fee and the Chairman's total fee by 2% with effect from 1 April 2019. This increase is the same as the increase in the salaries of the executive Directors and is in line with the expected overall inflationary increase across the Group's workforce of 2% to 3%.

No other increases were made for Committee membership, Committee chair or Senior Independent Director fees.

Governance

Role and Responsibilities

The responsibilities of the Remuneration Committee are summarised in the table below.

Role and Responsibilities
<ul style="list-style-type: none"> To ensure that remuneration policy and practice is aligned to the Company's purpose and values and is clearly linked to delivery of the Company's long-term strategic goals. To determine and agree with the Board the policy for the remuneration of the Chief Executive, other executive Directors and certain Group senior executives (as determined by the Committee). To determine the remuneration packages of the Chairman, Chief Executive, other executive Directors and senior executives, including salary, bonuses, pension rights and compensation payments. To oversee remuneration structures for other Group and subsidiary senior management and to oversee any major changes in employee benefits structures throughout the Group. To nominate executives for inclusion in the Company's long term incentive schemes, to grant options or awards under these schemes, to determine whether the criteria for the vesting of options or awards have been met and to make any necessary amendments to the rules of these schemes. To review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive director remuneration. To ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company. To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee. To develop a formal policy for post-employment shareholding requirements, encompassing shares, vested award and unvested awards. To obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity. To agree the policy for authorising claims for expenses from the Directors. The Committee shall, through the Chairman of the Board and the Chairman of the Remuneration Committee, as appropriate, ensure the Company maintains contact as required with its principal shareholders about remuneration and has engagement with the workforce to explain how executive remuneration aligns with wider company pay policy.

The Terms of the Reference of the Committee, which set out the responsibilities of the Committee in detail, have been updated to reflect the requirements of the 2018 Code, as detailed on page 95.

Composition

At the date of this Report, the Remuneration Committee comprises four independent non-executive Directors, Leslie Van de Walle (Chairman), David Jukes, Caroline Dowling and Pamela Kirby and the Chairman of the Board, John Moloney. During the year, David Jukes was appointed as a member of the Committee in place of Emma FitzGerald. Caroline Dowling was appointed as a member of the Committee on 13 May 2019.

The Committee is cognisant that the 2018 Code provides that any future new Remuneration Committee chair must have 12 months experience on any remuneration committee and this has now been reflected in the Committee's Terms of Reference.

The members of the Committee have significant financial and business experience, including in the area of executive remuneration. Each member's length of tenure at 31 March 2019 is set out in the table below. Further biographical details regarding the members of the Remuneration Committee are set out on pages 74 and 75.

The Company Secretary acts as secretary to the Remuneration Committee.

Length of Tenure on the Remuneration Committee as at 31 March 2019

Leslie Van de Walle (Chairman)	8.5 years
David Jukes	0.5 years
Pamela Kirby	4.8 years
John Moloney	4.8 years

Remuneration Report continued

Meetings

The Committee met six times during the year ended 31 March 2019. Details of attendance by members of the Committee are set out on page 79.

The main agenda items included remuneration policy, remuneration trends and market practice, the remuneration packages of the Chairman, the Chief Executive and the other executive Directors, pension matters, grants of share options under the Company's LTIP, review of the changes contained in the 2018 Code and the 2018 UK Regulations, gender pay gap reporting and approval of this Report.

Typically, the Chief Executive, the Head of Group Human Resources and representatives of Willis Towers Watson are invited to attend all meetings of the Committee. Other Directors and executives may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration. Other external advisors are invited to attend meetings when required.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

Reporting

The Chairman of the Remuneration Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Remuneration Committee attends the Annual General Meeting to answer questions on the report, on the Committees' activities and matters within the scope of the Committee's responsibilities.

Annual Evaluation of Performance

As detailed on page 82, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. The conclusion from the 2019 process was that the performance of the Remuneration Committee and of the Chairman of the Committee were satisfactory. The Committee will focus on agreed actions arising from the 2019 evaluation process.

Gender Pay Gap Reporting

As noted in the Responsible Business Report, under the UK Gender Pay Gap Regulations, UK employers with more than 250 employees are required to publish key metrics on their gender pay gap. The Remuneration Committee reviewed the work carried out in our affected UK businesses, which were subject to these Regulations, and received a full briefing in advance of the publication of their individual reports on their businesses' websites.

External Advice

During the year, Willis Towers Watson provided advice to the Remuneration Committee in relation to market trends, competitive positioning and developments in remuneration policy and practice. Willis Towers Watson is a signatory to the Remuneration Consultants Group Code of Conduct and any advice was provided in accordance with this code. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice is indeed objective and independent.

In the year ended 31 March 2019, Willis Towers Watson received fees of €48,500 in respect of advice provided to the Committee in regard to executive Director remuneration. Willis Towers Watson also provided services to the Group on market trends, incentive design, the Remuneration Report and in relation to the LTIP.

In the year ended 31 March 2019, Mercer received fees of €3,563 as pension advisors to the Committee. Mercer also provides specific advice on pension practice and developments and act as actuaries and pension advisors to a number of companies in the Group.

2018 Annual General Meeting ('AGM') Vote on Annual Report on Remuneration

Vote	Total votes cast	Total votes for	Total votes against	Total abstentions
Advisory vote on 2018 Annual Report on Remuneration	70,563,441	66,612,351	3,951,090	368,645
		(94.4%)	(5.6%)	

This table shows the voting outcome at the 2018 AGM in relation to the Annual Report on Remuneration. The Remuneration Policy was not required to be put to the 2018 AGM, as explained at page 97.

Report of the Directors

The Directors of DCC plc present their report and the audited financial statements for the year ended 31 March 2019.

Principal Activities

DCC plc is an international sales, marketing and support services group headquartered in Dublin with operations in Europe, Canada, the USA and Asia. DCC has four divisions – DCC LPG, DCC Retail & Oil, DCC Technology and DCC Healthcare. DCC employs over 12,500 people in 17 countries. DCC's shares are listed on the London Stock Exchange and are included in the FTSE 100 Index.

Results and Review of Activities

Revenue for the year (on a continuing basis) amounted to €15,226.9 million (2018: €13,121.7 million). The profit for the year attributable to owners of the Parent Company amounted to €262.6 million (2018: €261.8 million). Adjusted earnings per share (on a continuing basis) amounted to 358.16 pence (2018: 317.45 pence). Further details of the results for the year are set out in the Group Income Statement on page 129.

The Chairman's Statement on pages 6 to 7, the Chief Executive's Review on pages 8 to 9, the Operating Reviews on pages 42 to 67 and the Financial Review on pages 21 to 29 contain a review of the development and performance of the Group's business during the year, of the state of affairs of the business at 31 March 2019, of recent events and of likely future developments. Information in respect of events since the year end is included in these sections and in note 5.8 on page 192.

Dividends

An interim dividend of 44.98 pence per share, amounting to €43.9 million, was paid on 12 December 2018. The Directors recommend the payment of a final dividend for the year ended 31 March 2019 of 93.37 pence per share, amounting to €91.7 million (based on the number of shares in issue at 13 May 2019). Subject to shareholders' approval at the Annual General Meeting on 12 July 2019, this dividend will be paid on 18 July 2019 to shareholders on the register on 24 May 2019. The total dividend for the year ended 31 March 2019 amounts to 138.35 pence per share, a total of €135.6 million. This represents an increase of 12.5% on the prior year's total dividend per share.

The profit attributable to owners of the Parent Company, which has been transferred to reserves, and the dividends paid during the year ended 31 March 2019 are shown in note 4.3 on page 180.

Share Placing

During the year, DCC completed a share placing of 8,904,500 new ordinary shares representing 9.97% of the issued share capital (excluding treasury shares). The new shares rank pari passu in all respects with the existing ordinary shares of the Company, including the right to receive all future dividends and other distributions declared or paid after the date of placing. The closing of the placing and admission of the shares to the official list of the United Kingdom Listing Authority ('UKLA Official List') took place on 1 October 2018.

Share Capital and Treasury Shares

DCC's authorised share capital is 152,368,568 ordinary shares of €0.25 each, of which 98,258,223 shares (excluding treasury shares) and 3,075,681 treasury shares were in issue at 31 March 2019. All of these shares are of the same class. With the exception of treasury shares which have no voting rights and no entitlement to dividends, they all carry equal voting rights and rank for dividends.

The number of shares held as treasury shares at the beginning of the year (and the maximum number held during the year) was 3,207,501 (3.59% of the then issued share capital (excluding treasury shares)) with a nominal value of €0.802 million.

A total of 131,820 shares (0.13% of the issued share capital (excluding treasury shares)) with a nominal value of €0.033 million were re-issued during the year at prices ranging from €0.25 to €84.92 consequent to the exercise of share options under the DCC plc 1998 Employee Share Option Scheme, the DCC plc Long Term Incentive Plan 2009 and the deferred bonus arrangements for executive Directors, leaving a balance held as treasury shares at 31 March 2019 of 3,075,681 shares (3.13% of the issued share capital (excluding treasury shares)) with a nominal value of €0.769 million.

At the Annual General Meeting ('AGM') held on 13 July 2018:

- The Company was granted authority to purchase up to 8,932,189 of its own shares (10% of the issued share capital (excluding treasury shares)) with a nominal value of €2.233 million.

This authority has not been exercised and will expire on 12 July 2019, the date of the next AGM of the Company.

- The Directors were given authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €7.44 million, representing approximately one third of the issued share capital (excluding treasury shares) of the Company. They were also given authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This authority was limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the issued share capital (excluding treasury shares) of the Company.
- In addition, the Directors were given authority to allot additional shares for cash other than strictly pro-rata to existing shareholdings. This authority was limited to the allotment of shares for cash up to approximately 5% of the issued share capital (excluding treasury shares) and would only be used in connection with an acquisition or other capital investment which was announced contemporaneously with the allotment or that took place in the preceding six-month period and was disclosed in the announcement of the allotment.

The authorities obtained at the 2018 AGM in relation to the allotment of shares and the disapplication of pre-emption rights were exercised through the placing in October 2018 of 8,904,500 shares (as noted above), representing 9.97% of the then issued share capital (excluding treasury shares).

Report of the Directors continued

At the 2019 AGM:

- The Directors will seek authority to purchase up to 2,457,200 of its own shares (10% of the issued share capital (excluding treasury shares)).
- The Directors will seek authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €8.19 million, representing approximately one third of the issued share capital (excluding treasury shares).
- The Directors will also seek authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This proposed authority is limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the issued share capital (excluding treasury shares).
- In addition, the Directors will seek authority to allot additional shares for cash other than strictly pro-rata to existing shareholdings. This proposed authority is limited to the allotment of shares for cash up to approximately 5% of the issued share capital (excluding treasury shares) and will only be used in connection with an acquisition or other capital investment which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The figure of 10% reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights (the 'Statement of Principles'). The Directors will have due regard to the Statement of Principles in relation to any exercise of this power and in particular:

- As regards the first 5%, the Directors will take account of the requirement for advance consultation and explanation before making any non-pre-emptive cash issue pursuant to this resolution which exceeds 7.5% of the Company's issued share capital in any rolling three year period; and
- As regards the second 5%, the Directors confirm that they intend to use this power only in connection with an acquisition or specified capital investment (within the meaning of the Statement of Principles from time to time) which is announced contemporaneously with the issue or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

Details of the share capital of the Company are set out in note 4.1 on page 178 and are deemed to form part of this Report.

Non-Financial Information

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, the Group is required to report on certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities, relating to, at least, environmental matters, social matters, employee matters, respect for human rights and bribery and corruption. Information on these matters can be found in the following sections of the Annual Report, which are deemed to form part of this Report: The Responsible Business Report on pages 68 to 71, the Business Model on pages 4 and 5, the Risk Report on pages 14 to 20 and the Key Performance Indicators on pages 10 to 13.

The Board has approved a formal Board Policy on Diversity, which applies to the Board of DCC plc. Details of the policy, its objectives and its application in the current financial year are set out in the Nomination and Governance Committee Report on pages 84 to 87.

Principal Risks and Uncertainties

Under Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(iii) of the Transparency (Directive 2004/109/EC) Regulations 2007, DCC is required to give a description of the principal risks and uncertainties facing the Group. These are addressed in the Risk Report on pages 14 to 20.

Directors

The names of the Directors and a short biographical note on each Director appear on pages 74 and 75. In accordance with the UK Corporate Governance Code, all Directors submit to re-election at each Annual General Meeting. Donal Murphy has a service agreement with the Company with a notice period of six months. Fergal O'Dwyer has a letter of appointment which provides for a three month notice period. Details of the Directors' interests in the share capital of the Company are set out in the Remuneration Report on pages 93 to 118.

Corporate Governance

The Corporate Governance Statement on pages 77 to 83 sets out the Company's appliance of the principles and compliance with the provisions of the UK Corporate Governance Code and the Group's system of risk management and internal control. The Corporate Governance Statement shall be treated as forming part of this Report.

DCC plc is fully compliant with the 2016 version of the UK Corporate Governance Code, which applied to the Company for the year ended 31 March 2019.

For the purposes of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, details concerning the appointment and the re-election of Directors are set out in the Corporate Governance Statement.

General Meetings

The Company's AGM provides shareholders the opportunity to question the Chairman, the Board and the Chairmen of the Audit, Remuneration and Nomination and Governance Committees. The Chief Executive presents at the AGM on the Group's business and its performance during the prior year and answers questions from shareholders.

Notice of the AGM, the Form of Proxy and the Annual Report are sent to shareholders at least 20 working days before the AGM. At the AGM, resolutions are voted on by a show of hands of those shareholders attending, in person or by proxy. After each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the numbers for, against and withheld.

If validly requested, resolutions can be voted by way of a poll. In a poll, the votes of shareholders present and voting at the AGM are added to the proxy votes received in advance of the AGM and the total number of votes for, against and withheld for each resolution are announced.

All other general meetings are called Extraordinary General Meetings ('EGM'). An EGM called for the passing of a special resolution must be called by at least 21 clear days' notice.

A quorum for an AGM or an EGM of the Company is constituted by three shareholders, present in person, by proxy or by a duly authorised representative in the case of a corporate member. The passing of resolutions at a general meeting, other than special resolutions, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice convening the meeting.

Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote on some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the notes to the Notice convening the meeting.

A shareholder or a group of shareholders, holding at least 5% of the issued share capital of the Company, has the right to requisition a general meeting. A shareholder or a group of shareholders, holding at least 3% of the issued share capital, has the right to put an item on the agenda of an AGM or to table a draft resolution for an item on the agenda of a general meeting.

The 2019 AGM will be held at 11.00 a.m. on 12 July 2019 at the InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.

Memorandum and Articles of Association

The Company's Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association detail the rights attaching to shares, the method by which the Company's shares can be purchased or re-issued, the provisions which apply to the holding of and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers.

The Company's Articles of Association may be amended by a special resolution passed by the shareholders at an AGM or EGM of the Company.

A copy of the Memorandum and Articles of Association can be obtained from the Company's website, www.dcc.ie.

Transparency Rules

As required by SI 277/2007 Transparency (Directive 2004/109/EC) Regulations 2007, the following sections of the Annual Report shall be treated as forming part of this Report: the Chairman's Statement on pages 6 and 7, the Chief Executive's Review on pages 8 and 9, the Operating Reviews on pages 42 to 67, the Financial Review on pages 21 to 29, the Principal Risks and Uncertainties on pages 17 to 20, the earnings per ordinary share in note 2.12 on page 155, the Key Performance Indicators on page 10 and the derivative financial instruments in note 3.9 on pages 164 and 165.

Substantial Holdings

The Company has been notified of the following shareholdings of 3% or more in the issued share capital (excluding treasury shares) of the Company as at 31 March 2019 and 13 May 2019:

	As at 31 March 2019		As at 13 May 2019	
	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)
Allianz Global Investors GmbH	8,088,451	8.23%	8,046,513	8.19%
FMR LLC and FIL Limited on behalf of its direct and indirect subsidiaries	7,262,150	7.39%	7,149,398	7.28%
BlackRock, Inc	7,061,865	7.19%	7,167,602	7.29%
The Capital Group Companies, Inc.	5,201,550	5.29%	5,202,678	5.29%

These entities have indicated that the shareholdings are not ultimately beneficially owned by them.

Principal Subsidiaries and Joint Ventures

Details of the Company's principal operating subsidiaries and joint ventures are set out on pages 210 to 213.

Research and Development

Certain Group companies are involved in ongoing development work aimed at improving the quality, competitiveness, technology and range of their products.

Political Contributions

There were no political contributions which require to be disclosed under the Electoral Act, 1997.

Report of the Directors continued

Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 281 to 285 of the Companies Act, 2014, are kept by the Company. The Directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records throughout the Group, including the appointment of personnel with appropriate qualifications, experience and expertise. The books and accounting records of the Company are maintained at the Company's registered office, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Takeover Regulations

The Company has certain financing facilities which may require repayment in the event that a change in control occurs with respect to the Company. In addition, the Company's long-term incentive plans contain change-of-control provisions which can allow for the acceleration of the exercise of share options or awards in the event that a change-of-control occurs with respect to the Company.

Directors' Compliance Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors confirm that there is a Compliance Policy Statement in place, as defined in Section 225(3)(a) of the Companies Act 2014.

The Directors confirm that the arrangements and structures that have been put in place are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations and that these arrangements and structures were reviewed by the Company during the financial year.

As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under Section 225, the Directors relied on the advice of persons employed by the Company and of third parties, whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Audit Committee

The Company has an Audit Committee, the members of which are set out on page 89.

Disclosure of Information to the Auditors

Each of the Directors individually confirm that:

- In so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- That they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors

The auditors, KPMG, who were appointed on 17 July 2015, will continue in office in accordance with the provisions of Section 383 of the Companies Act 2014.

As required under Section 381(1) (b) of the Companies Act 2014, a resolution authorising the Directors to determine the remuneration of the auditors will be proposed at the 2019 AGM.

John Moloney, Donal Murphy

Directors

13 May 2019

Financial Statements

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Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements each year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group and Parent Company's profit or loss for that year.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union, and as regards the Parent Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a directors' report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Parent Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provision of the Companies Act 2014. They are also responsible for safeguarding the assets of the Parent Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Parent Company's website (www.dcc.ie). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as required by the Transparency Directive and UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 74 and 75 of this Annual Report, confirm that, to the best of each person's knowledge and belief:

- the Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Parent Company financial statements prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Group and Parent Company at 31 March 2019 and of the profit or loss of the Group for the year then ended;
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, provide the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

John Moloney
Non-executive Chairman

Donal Murphy
Chief Executive

Independent Auditor's Report to the Members of DCC plc

1. Opinion: our opinion is unmodified

We have audited the financial statements of DCC plc ('the Company') for the year ended 31 March 2019 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Cash Flow Statement, and the related notes, including the summary of accounting policies. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company as at 31 March 2019 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- The Group and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the shareholders on 31 July 2015. The period of total uninterrupted engagement is the 4 years ended 31 March 2019. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA') as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Group financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Valuation of goodwill and intangible assets £2,070 million (2018: £1,954 million)

Refer to note 5.9 (accounting policy) and note 3.2 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group has significant goodwill and intangible assets arising from acquisitions. There is a risk that the carrying amounts of goodwill and intangible assets will be more than the estimated recoverable amount. The recoverable amount of goodwill and intangible assets is arrived at by forecasting and discounting future cash flows to determine value in use calculations for each Cash Generating Unit ('CGU'). These cash flows are inherently highly judgemental and rely on certain key assumptions including future trading performance, future long term growth rates, and country specific discount rates.	<p>We considered the key judgements made by the Directors in the cash flow forecasts used in the determination of the values in use for each CGU. We also considered the manner in which CGU's were identified. To assess the Group's cash flow forecast models calculations we:</p> <ul style="list-style-type: none"> checked the mathematical accuracy of the cash flow forecasts; considered the accuracy of management's cash flow estimates in previous years by comparing historical forecasts to actual outturns; assessed the appropriateness of the country specific discount rates applied in determining the value in use of each CGU with the assistance of an in-house valuation specialist; evaluated and challenged the key assumptions used to develop the projected financial information regarding future profitability and the long term economic growth rates applied; performed an overall evaluation of the individual CGU discounted cash flow models based on our knowledge of the Group, our reading of the Group's Strategic Plan combined with external data which we considered relevant; compared the value in use ('VIU') for the Group as a whole to the Group's market capitalisation; evaluated the sensitivity analysis carried out by management in relation to the key assumptions used in developing the projections; and read the description of the impairment testing of goodwill and intangible assets set out in note 3.2 to the financial statements to assess the accuracy of the Group's disclosures relating to estimation uncertainty, key judgements and assumptions made. <p>Our procedures in respect of this risk were performed as planned. We found that the assumptions applied in management's cash flow forecast models used in the determination of value in use were appropriate. We read the disclosures of key judgements made and found them to be appropriate.</p>

Independent Auditor's Report to the Members of DCC plc (continued)

Acquisition accounting on business combinations £296 million (2018: £692 million)

Refer to note 5.9 (accounting policy) and note 5.2 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
During the year ended 31 March 2019, the Group completed a number of acquisitions including Jam, Stampede and Kondor at a cost of £296 million.	For significant acquisitions completed during the year, our audit engagement team, supported by our tax and valuation specialists, challenged the purchase price allocation adjustments, and the identification of and valuation of acquired intangible assets as all such elements involved significant judgement by management.
Significant judgement has been exercised by management in establishing the initial estimates of the fair values of the identifiable acquired assets and liabilities together with the goodwill, intangible assets and deferred tax arising on acquisition in preparing their purchase price allocation.	As part of our procedures we considered: <ul style="list-style-type: none"> the appropriateness of the acquisition accounting applied, including the timing at which control was deemed to have passed; the appropriateness of the fair values ascribed to assets and liabilities of the acquired business by management; the appropriateness of adjustments to the provisional purchase price accounting allocations in respect of DCC Propane and TEGA which were completed close to the prior year end; the appropriateness of the period over which intangible assets identified will be amortised; and the adequacy of the related disclosures in the notes to the financial statements.
Management engaged a specialist valuation expert to assist in the valuation of the goodwill and intangible assets arising on the DCC Propane (previously Retail West), Jam and TEGA acquisitions, in addition to considering the estimated useful lives of the identified intangible assets.	Significant audit resources were allocated to these procedures, including evaluation of the work performed by experts utilised by management, involvement of our own specialists, and audit of the opening balance sheets by our KPMG component teams.
	Our audit procedures in respect of this risk were performed as planned and without exception.

Investment in subsidiary undertakings £807 million (2018: £266 million) and amounts owed by subsidiary undertakings £570 million (2018: £623 million)

Refer to note 5.9 (accounting policy) and notes 6.4 and 6.5 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The carrying amount of the Parent Company's investments in and the amounts owed by subsidiary undertakings represents 95% (2018: 94%) of the Parent Company's total assets. Their recoverability is not a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	We compared the carrying amount of 100% of amounts included in investments in subsidiaries with the respective subsidiaries' net assets values to identify whether the net assets values, being an approximation of their minimum recoverable amount, were in excess of the carrying amount.
	We found the carrying amount of the investment in and amounts owed by subsidiaries to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £16 million (2018: £13 million). This has been calculated as 5% of the Group profit before taxation from continuing operations of £327 million which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. The materiality for the prior year Group financial statements as a whole was set at £13 million. This was calculated based on 5% of the Group profit before taxation from continuing operations. We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.80 million (2018: £0.65 million), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality for the Company financial statements as a whole was set at £11.8 million (2018: £11.8 million), determined with reference to a benchmark of Company's total assets of which it represents 0.80% (2018: 1.25%).

All of the Group's reporting components, were subjected to audits for Group reporting purposes. The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components, which ranged from £1.5 million to £5.0 million, having regard to the mix of size and risk profile of the Group across the components. The work on all components was performed by component auditors.

The Group audit team visited all significant components in order to assess the audit risk and strategy and work undertaken. Video and telephone conference meetings were also held with these component auditors and certain others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

4. We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' Statement on page 16 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information in those parts of the Directors' Report specified for our consideration;

- we have not identified material misstatements in the Directors' Report;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the Directors' confirmation within the Risk Report on pages 14 to 20 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the Directors' explanation in the Risk Report of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- *Fair, balanced and understandable*: if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- *Report of the Audit Committee*: if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Statement of compliance with UK Corporate Governance Code*: if the Directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 77 to 83, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC)) Regulations 2016 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Parent Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- The Directors' Report contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, other information required by the Act is contained in the Corporate Governance Statement.

Independent Auditor's Report to the Members of DCC plc (continued)

6. Our opinions on other matters prescribed the Companies Act 2014 are unmodified

We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Parent Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

7. We have nothing to report on other matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 March 2019 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

The Listing Rules of the UK Listing Authority require us to review:

- the Directors' statement, set out on page 16, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 77 to 83 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

8. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 124, the Directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an Auditor's Report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at:

https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

9. The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Ruaidhri Gibbons

for and on behalf of

KPMG

Chartered Accountants, Statutory Audit Firm

1 Stokes Place

St. Stephen's Green

Dublin 2

Ireland

13 May 2019

Group Income Statement

For the year ended 31 March 2019

		2019			2018 (restated)		
	Note	Pre exceptionals £'000	Exceptionals (note 2.6) £'000	Total £'000	Pre exceptionals £'000	Exceptionals (note 2.6) £'000	Total £'000
Continuing operations							
Revenue	2.1	15,226,893	–	15,226,893	13,121,671	–	13,121,671
Cost of sales		(13,589,254)	–	(13,589,254)	(11,714,846)	–	(11,714,846)
Gross profit		1,637,639	–	1,637,639	1,406,825	–	1,406,825
Administration expenses		(410,388)	–	(410,388)	(384,701)	–	(384,701)
Selling and distribution expenses		(793,514)	–	(793,514)	(652,636)	–	(652,636)
Other operating income	2.2	45,600	2,537	48,137	28,652	1,156	29,808
Other operating expenses	2.2	(18,815)	(30,722)	(49,537)	(14,740)	(46,269)	(61,009)
Adjusted operating profit	2.1	460,522	(28,185)	432,337	383,400	(45,113)	338,287
Amortisation of intangible assets	2.1	(63,312)	–	(63,312)	(43,059)	–	(43,059)
Operating profit		397,210	(28,185)	369,025	340,341	(45,113)	295,228
Finance costs	2.7	(83,595)	–	(83,595)	(73,156)	–	(73,156)
Finance income	2.7	36,980	4,307	41,287	37,421	299	37,720
Share of equity accounted investments' profit after tax	2.8	717	–	717	368	–	368
Profit before tax		351,312	(23,878)	327,434	304,974	(44,814)	260,160
Income tax expense	2.9	(55,617)	(685)	(56,302)	(49,289)	25,407	(23,882)
Profit for the year from continuing operations		295,695	(24,563)	271,132	255,685	(19,407)	236,278
Profit for the year from discontinued operations	2.10	–	–	–	801	29,842	30,643
Profit after tax for the financial year		295,695	(24,563)	271,132	256,486	10,435	266,921
Profit attributable to:							
Owners of the Parent Company		287,156	(24,563)	262,593	250,420	11,404	261,824
Non-controlling interests		8,539	–	8,539	6,066	(969)	5,097
		295,695	(24,563)	271,132	256,486	10,435	266,921
Earnings per ordinary share							
Basic earnings per share	2.12			280.14p			293.83p
Diluted earnings per share	2.12			279.73p			292.79p
Basic adjusted earnings per share	2.12			358.16p			318.35p
Diluted adjusted earnings per share	2.12			357.63p			317.21p
Earnings per ordinary share – continuing operations							
Basic earnings per share	2.12			280.14p			259.44p
Diluted earnings per share	2.12			279.73p			258.52p
Basic adjusted earnings per share	2.12			358.16p			317.45p
Diluted adjusted earnings per share	2.12			357.63p			316.31p

Group Statement of Comprehensive Income

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Group profit for the financial year		271,132	266,921
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation:			
– arising in the year		5,649	682
– recycled to the Income Statement on disposal		–	(4,548)
Movements relating to cash flow hedges		1,555	(3,030)
Movement in deferred tax liability on cash flow hedges	2.9	(264)	433
		6,940	(6,463)
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
– remeasurements	3.13	(1,346)	5,215
– movement in deferred tax asset	2.9	223	(665)
		(1,123)	4,550
Other comprehensive income for the financial year, net of tax		5,817	(1,913)
Total comprehensive income for the financial year		276,949	265,008
Attributable to:			
Owners of the Parent Company		269,387	259,336
Non-controlling interests		7,562	5,672
		276,949	265,008
Attributable to:			
Continuing operations		276,949	234,365
Discontinued operations		–	30,643
		276,949	265,008

Group Balance Sheet

As at 31 March 2019

	Note	2019 €'000	Restated 2018 €'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	996,536	933,038
Intangible assets and goodwill	3.2	2,069,558	1,953,831
Equity accounted investments	3.3	24,233	24,461
Deferred income tax assets	3.12	26,142	26,154
Derivative financial instruments	3.9	143,554	103,085
		3,260,023	3,040,569
Current assets			
Inventories	3.4	678,006	530,473
Trade and other receivables	3.5	1,517,507	1,426,217
Derivative financial instruments	3.9	67,987	8,050
Cash and cash equivalents	3.8	1,554,093	1,038,827
		3,817,593	3,003,567
Total assets		7,077,616	6,044,136
EQUITY			
Capital and reserves attributable to owners of the Parent Company			
Share capital	4.1	17,422	15,455
Share premium	4.1	882,561	280,533
Share based payment reserve	4.2	28,706	22,883
Cash flow hedge reserve	4.2	(14,887)	(16,178)
Foreign currency translation reserve	4.2	107,722	101,096
Other reserves	4.2	932	932
Retained earnings	4.3	1,368,250	1,237,937
Equity attributable to owners of the Parent Company		2,390,706	1,642,658
Non-controlling interests	4.4	42,821	35,259
Total equity		2,433,527	1,677,917
LIABILITIES			
Non-current liabilities			
Borrowings	3.10	1,442,356	1,598,521
Derivative financial instruments	3.9	1,122	10,732
Deferred income tax liabilities	3.12	174,250	169,421
Post employment benefit obligations	3.13	(1,397)	(286)
Provisions for liabilities	3.15	269,580	278,890
Acquisition related liabilities	3.14	73,586	71,454
Government grants	3.16	342	237
		1,959,839	2,128,969
Current liabilities			
Trade and other payables	3.6	2,218,838	2,063,260
Current income tax liabilities		49,799	19,769
Borrowings	3.10	331,573	74,897
Derivative financial instruments	3.9	9,008	8,474
Provisions for liabilities	3.15	47,208	44,451
Acquisition related liabilities	3.14	27,824	26,399
		2,684,250	2,237,250
Total liabilities		4,644,089	4,366,219
Total equity and liabilities		7,077,616	6,044,136

John Moloney, Donal Murphy, Directors

Group Statement of Changes in Equity

For the year ended 31 March 2019

	Attributable to owners of the Parent Company					Non-controlling interests (note 4.4) £'000	Total equity £'000
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'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 1.5)	–	–	(3,349)	–	(3,349)	–	(3,349)
At 1 April 2018 (restated)	15,455	280,533	1,234,588	108,733	1,639,309	35,259	1,674,568
Profit for the financial year	–	–	262,593	–	262,593	8,539	271,132
Other comprehensive income:							
Currency translation	–	–	–	6,626	6,626	(977)	5,649
Group defined benefit pension obligations:							
– remeasurements	–	–	(1,346)	–	(1,346)	–	(1,346)
– movement in deferred tax asset	–	–	223	–	223	–	223
Movements relating to cash flow hedges	–	–	–	1,555	1,555	–	1,555
Movement in deferred tax liability on cash flow hedges	–	–	–	(264)	(264)	–	(264)
Total comprehensive income	–	–	261,470	7,917	269,387	7,562	276,949
Issue of share capital	1,967	600,970	(10,847)	–	592,090	–	592,090
Re-issue of treasury shares	–	1,058	–	–	1,058	–	1,058
Share based payment	–	–	–	5,823	5,823	–	5,823
Dividends	–	–	(116,961)	–	(116,961)	–	(116,961)
At 31 March 2019	17,422	882,561	1,368,250	122,473	2,390,706	42,821	2,433,527

For the year ended 31 March 2018

	Attributable to owners of the Parent Company					Non-controlling interests (note 4.4) £'000	Total equity £'000
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'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 financial year	–	–	261,824	–	261,824	5,097	266,921
Other comprehensive income:							
Currency translation:							
– arising in the year	–	–	–	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

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Operating activities			
Cash generated from operations before exceptionals	5.3	607,505	473,434
Exceptionals		(34,619)	(12,602)
Cash generated from operations		572,886	460,832
Interest paid		(78,031)	(69,900)
Income tax paid		(34,500)	(65,437)
Net cash flow from operating activities		460,355	325,495
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		8,810	7,617
Dividends received from equity accounted investments		420	1,980
Disposals of subsidiaries		8,492	160,063
Interest received		34,831	37,399
		52,553	207,059
Outflows:			
Purchase of property, plant and equipment		(182,311)	(152,997)
Acquisition of subsidiaries	5.2	(266,525)	(664,109)
Payment of accrued acquisition related liabilities	3.14	(30,311)	(26,910)
		(479,147)	(844,016)
Net cash flow from investing activities		(426,594)	(636,957)
Financing activities			
Inflows:			
Proceeds from issue of shares		593,148	3,322
Net cash inflow on derivative financial instruments		–	11,275
Increase in interest-bearing loans and borrowings		201,357	458,593
Increase in finance lease liabilities		492	766
		794,997	473,956
Outflows:			
Repayment of interest-bearing loans and borrowings		(201,357)	(58,130)
Repayment of finance lease liabilities		(630)	(4)
Dividends paid to owners of the Parent Company	2.11	(116,961)	(102,871)
		(318,948)	(161,005)
Net cash flow from financing activities		476,049	312,951
Change in cash and cash equivalents		509,810	1,489
Translation adjustment		(8,075)	(10,018)
Cash and cash equivalents at beginning of year		964,293	972,822
Cash and cash equivalents at end of year	3.8	1,466,028	964,293
Cash and cash equivalents consist of:			
Cash and short-term bank deposits	3.8	1,554,093	1,038,827
Overdrafts	3.8	(88,065)	(74,534)
		1,466,028	964,293

Notes to the Financial Statements

Notes to the financial statements provide additional information required by statute, accounting standards or Listing Rules. For clarity, each note begins with a simple introduction outlining the purpose of the note.

Section 1 Basis of Preparation

1.1 Statement of Compliance

International Financial Reporting Standards ('IFRS') require an entity whose financial statements comply with IFRS to make an explicit and unreserved statement of such compliance in the notes to the financial statements.

The consolidated financial statements of DCC plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU') and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. Both the Parent Company and the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and references to IFRS hereafter should be construed as references to IFRS as adopted by the EU. In presenting the Parent Company financial statements together with the Group financial statements, the Parent Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present its individual Income Statement and related notes that form part of the approved Parent Company financial statements. The Parent Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

The Going Concern Statement on page 16 forms part of the Group financial statements.

DCC plc, the ultimate Parent Company, is a publicly traded limited company incorporated and domiciled in the Republic of Ireland. DCC plc's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority and are traded solely on the London Stock Exchange.

1.2 Basis of Preparation

This section includes information on new accounting standards, amendments and interpretations, whether they are effective for the current year or in later years, and how they are expected to impact the financial position and performance of the Group.

The consolidated financial statements, which are presented in sterling, rounded to the nearest thousand, have been prepared under the historical cost convention, as modified by the measurement at fair value of share-based payments at the date of grant, post employment benefit obligations and certain financial assets and liabilities including derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged via fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2019 are set out in note 5.9. These policies have been applied consistently by the Group's subsidiaries and equity accounted investments for all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are detailed in note 1.4.

Adoption of IFRS and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations

The Group has adopted the following standards, interpretations and amendments to existing standards during the financial 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 carried at amortised cost 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 1.5.

- 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.

1.2 Basis of Preparation continued

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 1.5.

The following changes to IFRS became effective for the Group during the financial year but did not result in material changes to the Group's consolidated financial statements:

- Annual Improvements to IFRS 2014–2016 Cycle
- Amendments to IFRS 4: Applying IFRS 9 *Financial Instruments* with IFRS 4 *Insurance Contracts*
- Amendments to IFRS 2: *Classification and measurement of share-based payment transactions*
- IFRIC Interpretation 22: *Foreign Currency Transactions and Advance Consideration*
- Amendments to IAS 40: *Transfers of Investment Property*.

Standards, interpretations and amendments to published standards that are not yet effective

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 leases and low-value leased assets. 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 for both lessees and lessors.

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 as an operating expense with an associated finance cost applied annually to the lease liability.

As detailed in note 5.4, the Group's future minimum rentals payable under non-cancellable operating leases at 31 March 2019 amounted to £376.3 million and the charge recognised in the Income Statement for the year ended 31 March 2019 amounted to £66.0 million. These amounts provide an indication of the scale of leases held at 31 March 2019 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 leased assets.

The Group will apply IFRS 16 from its effective date using the modified retrospective approach, which means that comparatives do not need to be restated. The Group will apply the recognition exemption for both short-term leases and low-value leased assets. The Group will also apply the practical expedient allowing leases previously classified as operating leases and ending within 12 months of the date of transition, to be accounted for as short-term leases.

The Group's assessment of the impact of adopting IFRS 16 is in the process of being finalised. The actual adjustment on transition could differ to the estimated impact provided below due to changes in underlying assumptions. Based on the work performed to date, the expected impact of IFRS 16 as applied to the current year results is as follows:

- Property, plant and equipment: increase of £320 million with a corresponding increase in net debt;
- Adjusted operating profit: increase of £6 million;
- Net finance cost: increase of £8 million;
- Adjusted earnings per share: decrease of 1.8 pence; and
- Return on capital employed: decrease of 1.6%.

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 Financial Statements (continued)

Section 1

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1.3 Basis of Consolidation

This section details how the Group accounts for the different types of interests it has in subsidiaries and equity accounted investments.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over its relevant activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiary undertakings acquired or disposed of during the year are included in the Group Income Statement from the date of their acquisition or up to the date of their disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Equity accounted investments

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investments, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Critical Accounting Estimates and Judgements

This section sets out the key areas of judgement and estimation that management has identified as having a potentially material impact on the Group's consolidated financial statements.

The Group's main accounting policies affecting its results of operations and financial condition are set out in note 5.9. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and judgements:

Goodwill

The Group has capitalised goodwill of £1,445.1 million at 31 March 2019. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Group uses the present value of future cash flows to determine recoverable amount. In calculating the value in use, management judgement is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in selecting an appropriate discount rate. Sensitivities to changes in assumptions are detailed in note 3.2.

Business Combinations

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates and revenue forecasts as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Taxation

The Group is subject to income taxes in a number of jurisdictions. Provisions for tax liabilities require management to make judgements and estimates in relation to tax issues and exposures. Amounts provided are based on management's interpretation of country specific tax laws and the likelihood or probability of settlement. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into account applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

1.4 Critical Accounting Estimates and Judgements continued

Allowances for Impairment of Trade Receivables

The Group trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The Group uses estimates based on expected credit losses and current information in determining the level of debts for which an allowance for impairment is required. The level of allowance required is reviewed on an ongoing basis.

Useful Lives for Property, Plant and Equipment and Intangible Assets

Long-lived assets comprising primarily of property, plant and equipment and intangible assets represent a significant portion of the Group's total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and residual values and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the period.

Post Employment Benefits

The Group operates a number of defined benefit retirement plans. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries, updated at least annually and totals £90.6 million at 31 March 2019. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. At 31 March 2019 the Group has plan assets totalling £92.0 million. The size of the plan assets is also sensitive to asset return levels and the level of contributions from the Group. Sensitivities to changes in assumptions are detailed in note 3.13.

Cylinder and tank deposits provisions

An obligation arises in DCC LPG's operations from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. The majority of this obligation will unwind over a 25-year timeframe but the exact timing and amount of ultimate settlement of this provision is not certain. Management judgement is used to determine the provisions required and is based on a broad range of information and prior experience.

Environmental and remediation provisions

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations together with the costs associated with removing LPG tanks from customer sites. The majority of the obligations will unwind over a 30-year timeframe but the exact timing and amount of ultimate settlement of these provisions is not certain. Management judgement is involved in evaluating currently available facts based on a broad range of information and prior experience. Inherent uncertainties exist in such evaluations which are outside of management's control primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability together with the protracted nature of these liabilities. The liabilities provided in the financial statements reflect the information available to management at the time of determination of the liability and are reassessed at each reporting date.

1.5 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 DCC Propane (previously 'Retail West') and TEGA business combinations. In the year ended 31 March 2018 the Group reported that the acquisitions of DCC Propane 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	110,652	611,048
Goodwill	1,436,566	(93,783)	1,342,783
Intangible assets and goodwill	1,936,962	16,869	1,953,831
Other non-current assets	1,086,738	–	1,086,738
Non-current assets	3,023,700	16,869	3,040,569
Deferred income tax liabilities	(152,552)	(16,869)	(169,421)
Other non-current liabilities	(1,959,548)	–	(1,959,548)
Non-current liabilities	(2,112,100)	(16,869)	(2,128,969)

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

Notes to the Financial Statements (continued)

1.5 Restatement continued

Revenue recognition

As disclosed in the 31 March 2018 Annual Report, the Group undertook a detailed analysis of the impact of IFRS 15 *Revenue from Contracts with Customers*, which became effective during the current year. 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 concluded 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 as follows:

	Year ended 31 March 2018		
	Previously reported £'000	Adjustment £'000	Restated £'000
Revenue	14,264,639	(1,142,968)	13,121,671
Cost of sales	(12,857,814)	1,142,968	(11,714,846)
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 did not have a material impact on the Group's consolidated financial statements and the adjustment on application at 1 April 2018 was £3.3 million (notes 3.5 and 4.3). Additional information about how the Group measures the allowance for impairment is disclosed in note 5.7.

Section 2 Results for the Year

2.1 Segment Information

The Group is organised into four operating segments. This section provides information on the financial performance for the year on both a segmental and geographic basis.

Segmental analysis

DCC is a leading 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 Technology and DCC Healthcare.

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

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

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 ('adjusted operating profit'). 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.

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

Notes to the Financial Statements (continued)

2.1 Segment Information continued

The segment results for the year ended 31 March 2019 are as follows:

Income Statement items

	Year ended 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment revenue	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Adjusted operating profit	201,826	133,731	64,638	60,327	460,522
Amortisation of intangible assets	(31,525)	(10,574)	(14,885)	(6,328)	(63,312)
Net operating exceptionals (note 2.6)	(7,041)	(4,063)	(16,175)	(906)	(28,185)
Operating profit	163,260	119,094	33,578	53,093	369,025
Finance costs					(83,595)
Finance income					41,287
Share of equity accounted investments' profit after tax					717
Profit before income tax					327,434
Income tax expense					(56,302)
Profit for the year					271,132

	Year ended 31 March 2018 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Continuing operations					
Segment revenue	1,362,796	8,238,170	3,006,141	514,564	13,121,671
Adjusted operating profit	167,485	113,757	47,840	54,318	383,400
Amortisation of intangible assets	(21,312)	(8,983)	(5,566)	(7,198)	(43,059)
Net operating exceptionals (note 2.6)	(8,127)	(21,788)	(12,164)	(3,034)	(45,113)
Operating profit	138,046	82,986	30,110	44,086	295,228
Finance costs					(73,156)
Finance income					37,720
Share of equity accounted investments' profit after tax					368
Profit before income tax					260,160
Income tax expense					(23,882)
Profit for the year (continuing operations)					236,278

2.1 Segment Information continued

Balance Sheet items

	As at 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment assets	1,763,899	1,702,878	1,332,031	462,799	5,261,607
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					24,233
Derivative financial instruments (current and non-current)					211,541
Deferred income tax assets					26,142
Cash and cash equivalents					1,554,093
Total assets as reported in the Group Balance Sheet					7,077,616
Segment liabilities	621,335	1,064,881	740,906	107,096	2,534,218
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Borrowings (current and non-current)					1,773,929
Derivative financial instruments (current and non-current)					10,130
Income tax liabilities (current and deferred)					224,049
Acquisition related liabilities (current and non-current)					101,410
Government grants (current and non-current)					353
Total liabilities as reported in the Group Balance Sheet					4,644,089

	As at 31 March 2018 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment assets	1,725,467	1,677,527	986,692	453,873	4,843,559
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					24,461
Derivative financial instruments (current and non-current)					111,135
Deferred income tax assets					26,154
Cash and cash equivalents					1,038,827
Total assets as reported in the Group Balance Sheet					6,044,136
Segment liabilities	598,979	1,034,579	647,731	105,017	2,386,306
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Borrowings (current and non-current)					1,673,418
Derivative financial instruments (current and non-current)					19,206
Income tax liabilities (current and deferred)					189,190
Acquisition related liabilities (current and non-current)					97,853
Government grants (current and non-current)					246
Total liabilities as reported in the Group Balance Sheet					4,366,219

Notes to the Financial Statements (continued)

2.1 Segment Information continued

Other segment information

	Year ended 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Capital expenditure – additions (note 3.1)	80,082	58,168	17,921	18,090	174,261
Capital expenditure – business combinations (note 3.1)	1,144	5,955	5,692	–	12,791
Depreciation (note 3.1)	56,291	36,109	9,759	7,467	109,626
Total consideration – business combinations (note 5.2)	4,632	35,828	256,011	–	296,471
Intangible assets acquired – business combinations (note 3.2)	5,737	29,781	148,273	–	183,791
	Year ended 31 March 2018 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Capital expenditure – additions (note 3.1)	70,261	55,298	25,535	6,077	157,171
Capital expenditure – business combinations (note 3.1)	65,041	69,762	392	7,237	142,432
Depreciation (note 3.1)	48,860	30,732	6,916	7,214	93,722
Total consideration – business combinations (note 5.2)	364,815	250,354	32,897	43,724	691,790
Intangible assets acquired – business combinations (note 3.2)	323,015	181,676	29,005	32,128	565,824

Geographical analysis

The Group has a presence in 17 countries worldwide. The following represents a geographical analysis of revenue and non-current assets in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets. Revenue from continuing operations is derived almost entirely from the sale of goods and is disclosed based on the location of the entity selling the goods. The analysis of non-current assets is based on the location of the assets. There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8.

	Revenue		Non-current assets*	
	2019 £'000	Restated 2018 £'000	2019 £'000	Restated 2018 £'000
Republic of Ireland (country of domicile)	849,795	842,913	128,138	129,050
United Kingdom	7,345,634	6,749,855	1,118,552	1,050,804
France	2,958,479	2,671,257	862,014	882,276
Other	4,072,985	2,857,646	981,623	849,200
	15,226,893	13,121,671	3,090,327	2,911,330

* Non-current assets comprise intangible assets and goodwill, property, plant and equipment and equity accounted investments.

2.1 Segment Information continued

Disaggregation of revenue

The following table disaggregates revenue by primary geographical market, major revenue lines and timing of revenue recognition.

	Year ended 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Republic of Ireland (country of domicile)	128,086	365,814	268,795	87,100	849,795
United Kingdom	298,731	4,125,047	2,477,365	444,491	7,345,634
France	911,829	1,835,326	211,324	–	2,958,479
Other	439,647	2,915,094	673,450	44,794	4,072,985
	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Products transferred at point in time	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Products transferred over time	–	–	–	–	–
	1,778,293	9,241,281	3,630,934	576,385	15,226,893
LPG and related products	1,778,293	–	–	–	1,778,293
Oil and related products	–	9,241,281	–	–	9,241,281
Technology products and services	–	–	3,630,934	–	3,630,934
Medical and pharmaceutical products	–	–	–	344,955	344,955
Nutrition and health & beauty products	–	–	–	231,430	231,430
	1,778,293	9,241,281	3,630,934	576,385	15,226,893
	Year ended 31 March 2018				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Republic of Ireland (country of domicile)	134,833	329,110	294,616	84,354	842,913
United Kingdom	244,453	3,977,826	2,108,702	418,874	6,749,855
France	783,124	1,674,603	213,530	–	2,671,257
Other	200,386	2,256,631	389,293	11,336	2,857,646
	1,362,796	8,238,170	3,006,141	514,564	13,121,671
Products transferred at point in time	1,362,796	8,238,170	3,006,141	514,564	13,121,671
Products transferred over time	–	–	–	–	–
	1,362,796	8,238,170	3,006,141	514,564	13,121,671
LPG and related products	1,362,796	–	–	–	1,362,796
Oil and related products	–	8,238,170	–	–	8,238,170
Technology products and services	–	–	3,006,141	–	3,006,141
Medical and pharmaceutical products	–	–	–	338,654	338,654
Nutrition and health & beauty products	–	–	–	175,910	175,910
	1,362,796	8,238,170	3,006,141	514,564	13,121,671

Notes to the Financial Statements (continued)

2.2 Other Operating Income/Expenses

This note provides an analysis of the amounts included in other operating income and expenses presented in the Group Income Statement.

Other operating income and expenses comprise the following credits/(charges):

	2019 £'000	2018 £'000
Other operating income		
Fair value gains on non-hedge accounted derivative financial instruments – commodities	3,179	548
Fair value gains on non-hedge accounted derivative financial instruments – forward exchange contracts	1,535	2,312
Throughput	6,286	6,471
Haulage	4,211	3,488
Rental income	17,016	10,032
Other operating income	13,373	5,801
	45,600	28,652
Other operating income included in net exceptional items	2,537	1,156
Total other operating income	48,137	29,808
Other operating expenses		
Expensing of employee share options and awards (note 2.5)	(5,823)	(4,737)
Fair value losses on non-hedge accounted derivative financial instruments – commodities	(3,179)	(548)
Fair value losses on non-hedge accounted derivative financial instruments – forward exchange contracts	(1,374)	(2,690)
Other operating expenses	(8,439)	(6,765)
	(18,815)	(14,740)
Other operating expenses included in net exceptional items	(30,722)	(46,269)
Total other operating expenses	(49,537)	(61,009)

2.3 Group Profit for the Year

The Group profit for the year includes some key amounts which are presented separately below.

Group profit for the year has been arrived at after charging/(crediting) the following amounts which include amounts relating to discontinued operations:

	Continuing operations 2019 €'000	Discontinued operations 2019 €'000	Total 2019 €'000	Continuing operations 2018 €'000	Discontinued operations 2018 €'000	Total 2018 €'000
Depreciation (note 3.1)	109,626	–	109,626	93,722	–	93,722
Amortisation of intangible assets (note 3.2)	63,312	–	63,312	43,059	–	43,059
Impairment of property, plant and equipment (note 3.1)	–	–	–	3,735	–	3,735
Profit on sale of property, plant and equipment	(2,182)	–	(2,182)	(7,518)	(14)	(7,532)
Amortisation of government grants (note 3.16)	(40)	–	(40)	(24)	(12)	(36)
Foreign exchange (gain)/loss	(30)	–	(30)	1,264	–	1,264
Operating lease rentals:						
– land and buildings	51,800	–	51,800	40,553	85	40,638
– plant and machinery	1,437	–	1,437	1,584	292	1,876
– motor vehicles	12,734	–	12,734	11,475	288	11,763
	65,971	–	65,971	53,612	665	54,277

During the year the Group obtained the following services from the Group's auditors (KPMG) which include amounts relating to discontinued operations:

	2019 €'000	2018 €'000
KPMG Ireland (statutory auditor):		
Audit fees	1,527	1,192
Tax compliance and advisory services	41	20
	1,568	1,212
Other KPMG network firms:		
Audit fees	1,213	1,049
Tax compliance and advisory services	5	22
	1,218	1,071

Notes to the Financial Statements (continued)

2.4 Employment

This section provides an analysis of the average number of employees in the Group by segment together with their related payroll expense for the year. Further information on the compensation of key management personnel is included in note 5.6, Related Party Transactions.

The average number of persons (including executive Directors) employed by the Group in continuing and discontinued operations during the year, analysed by class of business, was:

	2019 Number	2018 Number
DCC LPG	2,808	1,944
DCC Retail & Oil	3,503	3,569
DCC Technology	2,285	2,677
DCC Healthcare	3,822	2,054
Continuing operations	12,418	10,244
Discontinued operations (DCC Environmental)	–	186
	12,418	10,430

The employee benefit expense (excluding termination payments – note 2.6) for the above were:

	2019 £'000	2018 £'000
Wages and salaries	480,954	385,989
Social welfare costs	69,096	56,871
Share based payment expense (note 2.5)	5,823	4,737
Pension costs – defined contribution plans	16,667	14,055
Pension costs – defined benefit plans (note 3.13)	571	(303)
	573,111	461,349

The employee benefit expense is analysed as:

Continuing operations	573,111	455,494
Discontinued operations	–	5,855
	573,111	461,349

Directors' emoluments (which are included in operating costs) and interests are presented in the Remuneration Report on pages 93 to 118. Details of the compensation of key management personnel for the purposes of the disclosure requirements under IAS 24 are provided in note 5.6.

2.5 Employee Share Options and Awards

Share options and awards are used to incentivise Directors and employees of the Group. A charge is recognised over the vesting period in the Consolidated Income Statement to record the cost of these share options and awards, based on the fair value of the share option/award at the grant date.

The Group's employee share options and awards are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The expense reported in the Income Statement of £5.823 million (2018: £4.737 million) has been arrived at by applying a Monte Carlo simulation technique for share awards issued under the DCC plc Long Term Incentive Plan 2009.

Impact on Income Statement

The total share option expense is analysed as follows:

Date of grant	Grant price	Minimum duration of vesting period	Number of share awards/ options granted	Weighted average fair value	Expense in Income Statement	
					2019 £'000	2018 £'000
DCC plc Long Term Incentive Plan 2009						
12 November 2014	£34.56	5 years	192,407	£26.96	1,054	1,108
17 November 2015	£57.35	5 years	131,455	£49.56	1,305	1,581
10 February 2017	£67.75	5 years	137,269	£54.17	1,506	1,564
10 November 2017	£70.95	5 years	128,451	£56.52	1,446	484
15 November 2018	£60.65	5 years	167,567	£46.13	512	–
Total expense					5,823	4,737

Share options and awards

DCC plc Long Term Incentive Plan 2009

At 31 March 2019, under the DCC plc Long Term Incentive Plan 2009, Group employees hold awards to subscribe for 798,603 ordinary shares.

The general terms of the DCC plc Long Term Incentive Plan 2009 are set out in the Remuneration Report on pages 99 and 100.

The DCC plc Long Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

A summary of activity under the DCC plc Long Term Incentive Plan 2009 over the year is as follows:

	2019 Number of share awards	2018 Number of share awards
At 1 April	719,170	825,519
Granted	167,567	128,451
Exercised	(73,094)	(232,416)
Expired	(15,040)	(2,384)
At 31 March	798,603	719,170

Notes to the Financial Statements (continued)

2.5 Employee Share Options and Awards continued

The weighted average share price at the dates of exercise for share awards exercised during the year under the DCC plc Long Term Incentive Plan 2009 was £69.66 (2018: £71.83). The share awards outstanding at the year end have a weighted average remaining contractual life of 4.3 years (2018: 4.4 years).

The weighted average fair values assigned to share awards granted under the DCC plc Long Term Incentive Plan 2009, which were computed in accordance with the Monte Carlo valuation methodology, were as follows:

Granted during the year ended 31 March 2019	£46.13
Granted during the year ended 31 March 2018	£56.52

The fair values of share awards granted under the DCC plc Long Term Incentive Plan 2009 were determined taking account of peer group total share return volatilities and correlations together with the following assumptions:

	2019	2018
Risk-free interest rate (%)	0.92	0.78
Dividend yield (%)	1.8	1.7
Expected volatility (%)	21.0	22.0
Expected life in years	6.0	6.0
Share price at date of grant	£60.65	£70.95

The risk free rate of return is the yield on government bonds of a term consistent with the assumed option life. The dividend yield is based on historic dividend rates. The expected volatility is based on historic volatility over the past 3 years. The expected life is the average expected period to exercise.

Analysis of closing balance:

Date of grant	Date of expiry	2019 Number of share awards	2018 Number of share awards
15 November 2011	15 November 2018	–	35,922
12 November 2012	12 November 2019	62,853	71,501
12 November 2013	12 November 2020	44,594	57,999
12 November 2014	12 November 2021	143,881	156,573
17 November 2015	17 November 2022	118,526	131,455
10 February 2017	10 February 2024	134,550	137,269
10 November 2017	10 November 2024	127,634	128,451
15 November 2018	15 November 2025	166,565	–
Total outstanding at 31 March		798,603	719,170
Total exercisable at 31 March		107,447	165,422

2.5 Employee Share Options and Awards continued

DCC plc 1998 Employee Share Option Scheme

The remaining outstanding basic tier options under the DCC plc 1998 Employee Share Option Scheme were exercised during the year.

The general terms of the DCC plc 1998 Employee Share Option Scheme are set out in the Remuneration Report on page 114.

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the grant date fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement. The cumulative charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

A summary of activity under the DCC plc 1998 Employee Share Option Scheme over the year is as follows:

	2019		2018	
	Average exercise price in € per share	Options	Average exercise price in € per share	Options
At 1 April	15.68	55,000	19.17	225,000
Exercised	15.68	(55,000)	20.30	(170,000)
At 31 March	–	–	15.68	55,000

The weighted average share price at the dates of exercise for share options exercised during the year under the DCC plc 1998 Employee Share Option Scheme was £72.91 (2018: £74.42). There were no share options outstanding at the year end (the share options outstanding at 31 March 2018 had a weighted average remaining contractual life of 0.1 years).

Analysis of closing balance:

Date of grant	Date of expiry	2019		2018	
		Exercise price per share	Options	Exercise price per share	Options
20 May 2008	20 May 2018	–	–	€15.68	55,000
Total outstanding and exercisable at 31 March			–		55,000

Notes to the Financial Statements (continued)

2.6 Exceptionals

Exceptional items are those items which, in the judgement of the Directors, need to be disclosed separately by virtue of their scale and nature. These exceptional items, detailed below, could distort the understanding of our underlying performance for the year and comparability between periods and are therefore presented separately.

	2019 £'000	2018 £'000
Restructuring costs	(19,430)	(29,419)
Acquisition and related costs	(9,564)	(12,789)
Impairment of property, plant and equipment	–	(3,735)
Adjustments to contingent acquisition consideration (note 3.14)	1,727	477
Other operating exceptional items	(918)	353
Net operating exceptional items	(28,185)	(45,113)
Mark to market of swaps and related debt (note 2.7)	4,307	299
Net exceptional items before taxation	(23,878)	(44,814)
Deferred tax	(685)	25,407
Net exceptional items after taxation (continuing operations)	(24,563)	(19,407)
Profit on disposal of discontinued operations	–	29,842
Net exceptional items after taxation	(24,563)	10,435
Non-controlling interest share of net exceptional items after taxation	–	969
Net exceptional items attributable to owners of the Parent Company	(24,563)	11,404

Restructuring and integration costs amounted to £19.430 million. The largest component of this cost relates to the ongoing dual running costs relating to the optimisation of DCC Technology's logistics and related infrastructure. 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. Given the level of acquisitions undertaken in the previous 12 months across the Group, a number of integration-related restructurings took place during the year.

Acquisition and related costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £9.564 million.

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 year ended 31 March 2019, this amounted to an exceptional non-cash gain of £4.307 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 £1.194 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.

The deferred tax credit of £25.407 million included in the prior year principally reflected the impact of the reduction in the statutory corporation tax rate in France and a corresponding reduction in the Group's deferred tax liabilities associated with the Group's brand and other intangible assets in France.

There was a non controlling interest credit of £0.969 million in the prior year in relation to certain exceptional charges.

The profit on disposal of discontinued operations in the prior year of £29.842 million related to the gain recorded on the profitable sale of DCC's environmental division which completed in the prior year.

The net cash flow impact of exceptional items was an outflow of £34.619 million (2018: an outflow of £12.602 million).

2.7 Finance Costs and Finance Income

This note details the interest income generated by our financial assets and the interest expense incurred on our financial liabilities. Finance income principally comprises interest on cash and term deposits whilst finance costs mainly comprise interest on Unsecured Notes, bank debt and finance leases. The net gain/loss arising on derivative financial instruments and the net finance income/cost arising on defined benefit pension schemes are included as a net income/cost as appropriate.

	2019 £'000	2018 £'000
Finance costs		
On bank loans, overdrafts and Unsecured Notes	(72,650)	(61,762)
On finance leases	(29)	(35)
Unwinding of discount applicable to acquisition related liabilities (note 3.14)	(805)	(665)
Unwinding of discount applicable to provisions for liabilities (note 3.15)	(2,481)	(2,377)
Facility fees	(1,905)	(1,796)
Other interest	(5,725)	(6,521)
	(83,595)	(73,156)
Finance income		
Interest on cash and term deposits	3,030	2,133
Net income on interest rate and currency swaps	33,726	35,164
Net interest income on defined benefit pension schemes (note 3.13)	75	57
Other income	149	67
	36,980	37,421
Mark to market of swaps and related debt*	4,307	299
	41,287	37,720
Net finance cost	(42,308)	(35,436)
* Mark to market of swaps and related debt		
Interest rate swaps designated as fair value hedges	12,359	(9,866)
Cross currency interest rate swaps designated as fair value hedges	76,211	(137,647)
Adjusted hedged fixed rate debt	(84,829)	148,378
Mark to market of swaps designated as fair value hedges and related debt	3,741	865
Movement on cross currency interest rate swaps designated as cash flow hedges	24,732	(35,994)
Transferred to cash flow hedge reserve	(24,166)	35,428
	566	(566)
Total mark to market of swaps and related debt	4,307	299

Notes to the Financial Statements (continued)

2.8 Share of Equity Accounted Investments' Profit after Tax

Share of equity accounted investments' profit after tax represents the results of businesses we do not control, but instead exercise joint control or significant influence and generally have an equity holding of up to 50%.

The Group's share of equity accounted investments' (i.e. joint ventures and associates) profit after tax is equity accounted and presented as a single line item in the Group Income Statement. The profit after tax generated by the Group's equity accounted investments is analysed as follows under the principal Group Income Statement captions:

Group share of:	Joint ventures 2019 £'000	Associates 2019 £'000	Total 2019 £'000	Joint ventures 2018 £'000	Associates 2018 £'000	Total 2018 £'000
Revenue	28,123	2,583	30,706	27,032	2,485	29,517
Operating profit and profit before tax	808	23	831	412	(4)	408
Income tax expense	(114)	–	(114)	(40)	–	(40)
Profit after tax	694	23	717	372	(4)	368

2.9 Income Tax Expense

Tax is payable in the territories in which we operate. This note details the current tax charge which is the tax payable on this year's taxable profits and the deferred tax charge which represents the tax expected to arise in the future due to differences in the accounting and tax bases of assets and liabilities.

(i) Income tax expense recognised in the Income Statement

	2019 £'000	2018 £'000
Current taxation		
Irish corporation tax at 12.5%	5,251	4,820
United Kingdom corporation tax at 19% (2018: 19%)	15,790	17,319
Other overseas tax	49,627	35,096
Over provision in respect of prior years	(3,889)	(2,852)
Total current taxation	66,779	54,383
Deferred tax		
Irish at 12.5%	218	649
United Kingdom at 17% (2018: 17%)	278	(996)
Other overseas deferred tax	(10,472)	(5,192)
Exceptional deferred tax (note 2.6)	685	(25,407)
(Over)/under provision in respect of prior years	(1,186)	445
Total deferred tax	(10,477)	(30,501)
Total income tax expense	56,302	23,882

(ii) Deferred tax recognised in Other Comprehensive Income

	2019 £'000	2018 £'000
Deferred tax relating to defined benefit pension obligations	(223)	665
Deferred tax relating to cash flow hedges	264	(433)
Total deferred tax recognised in Other Comprehensive Income	41	232

2.9 Income Tax Expense continued

(iii) Reconciliation of effective tax rate

	2019 €'000	2018 €'000
Profit before taxation (continuing operations)	327,434	260,160
Less: share of equity accounted investments' profit after tax	(717)	(368)
Add back: amortisation of intangible assets	63,312	43,059
Profit before share of equity accounted investments' profit after tax and amortisation of intangible assets	390,029	302,851
Add back: net exceptional items before tax	23,878	44,814
Profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	413,907	347,665
Profit before share of equity accounted investments' profit after tax and amortisation of intangible assets	390,029	302,851
At the standard rate of corporation tax in Ireland of 12.5%	48,754	37,856
Adjustments in respect of prior years	(5,075)	(2,407)
Effect of earnings taxed at higher rates	25,286	21,683
Other differences	1,399	1,971
Income tax expense	70,364	59,103
Exceptional deferred tax (note 2.6)	685	(25,407)
Deferred tax attaching to amortisation of intangible assets	(14,747)	(9,814)
Total income tax expense	56,302	23,882
	2019 %	2018 %
Income tax expense as a percentage of profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	17.0%	17.0%
Impact of share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	0.2%	(7.8%)
Total income tax expense as a percentage of profit before tax	17.2%	9.2%

(iv) Factors that may affect future tax rates and other disclosures

No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%. The standard rate of corporation tax in the UK is 19%. A UK tax rate of 17% applies with effect from 1 April 2020. A French corporate income tax rate of 34.4% applied for the year ended 31 March 2019. The French corporate income tax rate will progressively reduce on an annual basis to 25.8% by 1 January 2022. As the legislation to give statutory effect to the reduction in the French corporate income tax rate had been enacted by the reporting date, account has been taken of this change in these financial statements.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment or intention to remit earnings.

Notes to the Financial Statements (continued)

2.10 Discontinued Operations

The Environmental division was disposed of in the prior year. This segment was treated as a discontinued operation in the prior year, the results of which are detailed separately below.

There were no discontinued operations during the year ended 31 March 2019. The Group's discontinued operations for the year ended 31 March 2018 comprise the results of the Group's former DCC Environmental segment.

The following table details the results of discontinued operations included in the Group Income Statement in the prior year ended 31 March 2018:

	2018 £'000
Revenue	29,614
Cost of sales	(20,292)
Gross profit	9,322
Operating expenses	(8,341)
Operating profit	981
Net finance costs	(16)
	965
Income tax expense	(164)
	801
Profit on disposal of discontinued operations	29,842
Profit from discontinued operations after tax	30,643

The following table details the cash flow from discontinued operations included in the Group Cash Flow Statement in the prior year ended 31 March 2018:

	2018 £'000
Net cash flow from operating activities	(5,602)
Net cash flow from investing activities	(1,332)
Net cash flow from discontinued operations	(6,934)

2.11 Dividends

Dividends represent one type of shareholder return and are paid as an amount per ordinary share held. The Group retains part of the profits generated in the year to meet future growth plans.

Dividends paid per ordinary share are as follows:	2019 £'000	2018 £'000
Final: paid 82.09 pence per share on 19 July 2018 (2018: paid 74.63 pence per share on 20 July 2017)	73,108	66,520
Interim: paid 44.98 pence per share on 12 December 2018 (2018: paid 40.89 pence per share on 11 December 2017)	43,853	36,351
	116,961	102,871

The Directors are proposing a final dividend in respect of the year ended 31 March 2019 of 93.37 pence per ordinary share (£91.744 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

2.12 Earnings per Ordinary Share

Earnings per ordinary share ('EPS') is the amount of post-tax profit attributable to each ordinary share. Basic EPS is the amount of profit for the year divided by the weighted average number of shares in issue during the year. Diluted EPS shows what the impact would be if all outstanding and exercisable options were exercised and treated as ordinary shares at year end.

	Continuing operations 2019 £'000	Discontinued operations (note 2.10) 2019 £'000	Total 2019 £'000	Continuing operations 2018 £'000	Discontinued operations (note 2.10) 2018 £'000	Total 2018 £'000
Profit attributable to owners of the Parent Company	262,593	–	262,593	231,181	30,643	261,824
Amortisation of intangible assets after tax	48,565	–	48,565	33,245	–	33,245
Exceptionals after tax (note 2.6)	24,563	–	24,563	18,438	(29,842)	(11,404)
Adjusted profit after taxation and non-controlling interests	335,721	–	335,721	282,864	801	283,665
Basic earnings per ordinary share	Continuing operations 2019 pence	Discontinued operations 2019 pence	Total 2019 pence	Continuing operations 2018 pence	Discontinued operations 2018 pence	Total 2018 pence
Basic earnings per ordinary share	280.14p	–	280.14p	259.44p	34.39p	293.83p
Amortisation of intangible assets after tax	51.81p	–	51.81p	37.31p	–	37.31p
Exceptionals after tax	26.21p	–	26.21p	20.70p	(33.49p)	(12.79p)
Adjusted basic earnings per ordinary share	358.16p	–	358.16p	317.45p	0.90p	318.35p
Weighted average number of ordinary shares in issue (thousands)			93,736			89,106

Basic earnings per ordinary 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 year, 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.

	Continuing operations 2019 pence	Discontinued operations 2019 pence	Total 2019 pence	Continuing operations 2018 pence	Discontinued operations 2018 pence	Total 2018 pence
Diluted earnings per ordinary share						
Diluted earnings per ordinary share	279.73p	–	279.73p	258.52p	34.27p	292.79p
Amortisation of intangible assets after tax	51.73p	–	51.73p	37.18p	–	37.18p
Exceptionals after tax	26.17p	–	26.17p	20.61p	(33.37p)	(12.76p)
Adjusted diluted earnings per ordinary share	357.63p	–	357.63p	316.31p	0.90p	317.21p
Weighted average number of ordinary shares in issue (thousands)			93,874			89,425

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £262.593 million (2018: £231.181 million) and £335.721 million (2018: £282.864 million) for the purposes of the continuing adjusted diluted earnings per ordinary share calculations.

Notes to the Financial Statements (continued)

2.12 Earnings per Ordinary Share continued

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2019 was 93.874 million (2018: 89.425 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:

	2019 '000	2018 '000
Weighted average number of ordinary shares in issue	93,736	89,106
Dilutive effect of options and awards	138	319
Weighted average number of ordinary shares for diluted earnings per share	93,874	89,425

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.

Section 3 Assets and Liabilities

3.1 Property, Plant and Equipment

This note details the tangible assets utilised by the Group to generate revenues and profits. The cost of these assets primarily represents the amounts originally paid for them. All assets are depreciated over their useful economic lives.

	Land & buildings £'000	Plant & machinery & cylinders £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Total £'000
Year ended 31 March 2019					
Opening net book amount	330,393	456,330	79,533	66,782	933,038
Exchange differences	(2,953)	(1,812)	(972)	289	(5,448)
Arising on acquisition (note 5.2)	5,107	228	6,706	750	12,791
Disposal of subsidiaries	(163)	(925)	–	(764)	(1,852)
Additions	36,270	100,013	27,641	10,337	174,261
Disposals	(1,870)	(3,155)	(1,058)	(545)	(6,628)
Depreciation charge	(11,978)	(63,743)	(19,721)	(14,184)	(109,626)
Reclassifications	(1,135)	3,352	(2,366)	149	–
Closing net book amount	353,671	490,288	89,763	62,814	996,536

At 31 March 2019

Cost	404,675	998,228	202,913	152,110	1,757,926
Accumulated depreciation and impairment losses	(51,004)	(507,940)	(113,150)	(89,296)	(761,390)
Net book amount	353,671	490,288	89,763	62,814	996,536

Year ended 31 March 2018

Opening net book amount	255,375	381,555	52,666	60,424	750,020
Exchange differences	585	644	330	178	1,737
Arising on acquisition (note 5.2)	75,779	54,869	4,832	6,952	142,432
Additions	27,549	95,721	22,939	10,962	157,171
Disposals	(14,246)	(3,215)	(2,233)	(1,171)	(20,865)
Depreciation charge	(8,604)	(60,242)	(13,985)	(10,891)	(93,722)
Impairment charge (note 2.6)	(484)	(2,929)	(322)	–	(3,735)
Reclassifications	(5,561)	(10,073)	15,306	328	–
Closing net book amount	330,393	456,330	79,533	66,782	933,038

At 31 March 2018

Cost	372,308	923,568	176,932	150,938	1,623,746
Accumulated depreciation and impairment losses	(41,915)	(467,238)	(97,399)	(84,156)	(690,708)
Net book amount	330,393	456,330	79,533	66,782	933,038

Notes to the Financial Statements (continued)

3.1 Property, Plant and Equipment continued

Assets held under finance leases

The net carrying amount of assets held under finance leases and accordingly capitalised in property, plant and equipment are as follows:

	2019 £'000	2018 £'000
Plant & machinery	396	–
Fixtures, fittings & office equipment	489	533
Motor vehicles	646	734
Net book amount	1,531	1,267
Depreciation charge for the year	352	303

3.2 Intangible Assets and Goodwill

The Group Balance Sheet contains significant intangible assets and goodwill. Goodwill, customer and supplier relationships and brands can arise on the acquisition of a business. Goodwill arises when we pay an amount which is higher than the fair value of the net assets acquired (primarily due to expected synergies). This goodwill is not amortised but is subject to annual impairment reviews whereas customer and supplier relationships and brands are amortised over their useful economic lives.

	Goodwill £'000	Customer & supplier related intangibles £'000	Brand related intangibles £'000	Total £'000
Year ended 31 March 2019				
Opening net book amount (restated)	1,342,783	430,920	180,128	1,953,831
Exchange differences	(5,001)	4,247	(1,623)	(2,377)
Arising on acquisition (note 5.2)	109,738	72,157	1,896	183,791
Disposal of subsidiary	(6,381)	–	–	(6,381)
Adjustments to contingent consideration (note 3.14)	4,006	–	–	4,006
Amortisation charge	–	(56,724)	(6,588)	(63,312)
Closing net book amount	1,445,145	450,600	173,813	2,069,558

At 31 March 2019

Cost	1,483,785	677,231	191,496	2,352,512
Accumulated amortisation and impairment losses	(38,640)	(226,631)	(17,683)	(282,954)
Net book amount	1,445,145	450,600	173,813	2,069,558

Year ended 31 March 2018

Opening net book amount	1,030,527	246,390	145,655	1,422,572
Exchange differences	631	4,734	3,063	8,428
Arising on acquisition (restated) (note 5.2)	311,559	218,178	36,087	565,824
Adjustments to contingent consideration (note 3.14)	66	–	–	66
Amortisation charge	–	(38,382)	(4,677)	(43,059)
Closing net book amount	1,342,783	430,920	180,128	1,953,831

At 31 March 2018

Cost	1,381,490	603,693	191,618	2,176,801
Accumulated amortisation and impairment losses	(38,707)	(172,773)	(11,490)	(222,970)
Net book amount	1,342,783	430,920	180,128	1,953,831

3.2 Intangible Assets and Goodwill continued

Customer and supplier related intangible assets principally comprise contractual and non-contractual customer and supplier relationships arising from business combinations and are amortised over their estimated useful lives. The weighted average remaining amortisation period for customer related intangibles is 12.9 years (2018: 14.3 years). Brand related intangible assets comprise registered trade names and logos which are well established and recognised within the industries in which the Group operates. The weighted average remaining amortisation period for brand related intangibles is 29.2 years (2018: 34.2 years). There are no internally generated brand related intangibles recognised on the Group Balance Sheet.

In accordance with IAS 38 *Intangible Assets*, details of individually significant intangible assets and their remaining amortisation periods are as follows:

	Segment	Customer & supplier related intangibles £'000	Remaining amortisation period in years	Brand related intangibles £'000	Remaining amortisation period in years
Butagaz	DCC LPG	134,963	11.5 years	122,726	36.5 years
DSG Hong Kong & Macau	DCC LPG	69,710	23.8 years	–	–
DCC Propane	DCC LPG	38,306	13.0 years	17,926	19.0 years
Esso Retail Norway	DCC Retail & Oil	49,787	18.6 years	–	–
TEGA	DCC LPG	32,762	12.8 years	17,286	19.0 years
Gaz Européen	DCC LPG	30,384	9.8 years	11,403	17.8 years
Jam	DCC Technology	32,221	8.4 years	1,854	19.4 years
Others		62,467		2,618	
Closing net book amount		450,600		173,813	

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*. A total of 31 CGUs (2018: 29 CGUs) have been identified and these are analysed between the Group's operating segments below together with a summary of the allocation of the carrying value of goodwill by segment.

	Cash-generating units		Goodwill	
	2019 number	2018 number	2019 £'000	Restated 2018 £'000
DCC LPG	9	9	452,242	444,935
DCC Retail & Oil	9	9	551,970	535,644
DCC Technology	8	6	215,044	137,824
DCC Healthcare	5	5	225,889	224,380
	31	29	1,445,145	1,342,783

In accordance with IAS 36 *Impairment of Assets*, the CGUs to which significant amounts of goodwill have been allocated are as follows:

CGU	Segment	2019 £'000	Restated 2018 £'000
Certas Energy UK Group	DCC Retail & Oil	275,367	258,750
Butagaz	DCC LPG	186,729	189,884
DCC Vital Group	DCC Healthcare	173,434	175,101
Esso Retail Norway	DCC Retail & Oil	122,379	117,966
Exertis UK Group	DCC Technology	115,640	89,103
Others		571,596	511,979
Closing net book amount		1,445,145	1,342,783

Notes to the Financial Statements (continued)

3.2 Intangible Assets and Goodwill continued

For the purpose of impairment testing, the discount rates applied to these CGUs to which significant amounts of goodwill have been allocated were 9.3% (2018: 8.6%) for the Certas Energy UK Group, Butagaz and Esso Retail Norway, 10.6% (2018: 9.8%) for the DCC Vital Group and 10.7% (2018: 9.9%) for the Exertis UK Group. The long-term growth rate assumed for the Certas Energy UK, DCC Vital and Exertis UK Groups was 1.6% (2018: 1.7%), with no growth assumed for Butagaz and Esso Retail Norway. The remaining goodwill balance of £571.596 million is allocated across 26 CGUs (2018: £511.979 million over 24 CGUs), none of which are individually significant.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of a CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The recoverable amount of each CGU is based on a value in use computation. The cash flow forecasts employed for this computation are extracted from a three year plan that has been formally approved by the Board of Directors and specifically excludes future acquisition activity. Cash flows for a further two years are based on the assumptions underlying the three year plan. A long-term growth rate reflecting the lower of the extrapolated cash flow projections and the long-term GDP rate for the country of operation is applied to the year five cash flows. The weighted average long-term growth rate used in the impairment testing was 1.3% (2018: 1.2%).

A present value of the future cash flows is calculated using a before-tax discount rate representing the Group's estimated before-tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The range of discount rates applied ranged from 9.3% to 10.7% (2018: 8.6% to 9.9%).

Key assumptions include management's estimates of future profitability, working capital investment and capital expenditure requirements. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. The prior year assumptions were prepared on the same basis.

Applying these techniques, no impairment charge arose in 2019 (2018: nil).

Sensitivity Analysis

Sensitivity analysis was performed by increasing the discount rate by 1%, reducing the long-term growth rate by 0.3% and decreasing cash flows by 10% which resulted in an excess in the recoverable amount of 30 CGUs over their carrying amount under each approach. Management believes that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount. In relation to the remaining CGU which forms part of the DCC Technology segment, the value in use of £40.0 million represented an excess of £0.8 million over its carrying value of £39.2 million. The table below identifies the amounts by which each of the key assumptions must change in order for its' recoverable amount to be equal to its' carrying amount:

Increase in discount rate	0.2 percentage points
Reduction in long-term growth rate	0.2 percentage points
Reduction in cash flow	2%

3.3 Equity Accounted Investments

Equity accounted investments represent the Group's interests in certain joint ventures and associates where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

	2019 £'000	2018 £'000
At 1 April	24,461	24,938
Acquisition of equity accounted investments (note 5.2)	164	497
Share of profit after tax	717	368
Dividends received	(420)	(1,980)
Exchange and other	(689)	638
At 31 March	24,233	24,461

Investments in associates and joint ventures at 31 March 2019 include goodwill of £17.351 million (2018: £17.129 million).

3.3 Equity Accounted Investments continued

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Non-current assets £'000	Current assets £'000	Current liabilities £'000	Net assets £'000
As at 31 March 2019				
Joint ventures	5,897	3,223	(4,662)	4,458
Associates	25,943	2,516	(8,684)	19,775
Total	31,840	5,739	(13,346)	24,233
As at 31 March 2018				
Joint ventures	5,876	2,874	(4,262)	4,488
Associates	25,684	2,706	(8,417)	19,973
Total	31,560	5,580	(12,679)	24,461

Details of the Group's principal joint ventures and associates are included in the Group Directory on page 213.

3.4 Inventories

Inventories represent assets that we intend to convert or sell in order to generate revenue in the short-term. The Group's inventory consists primarily of finished goods, net of an allowance for obsolescence.

	2019 £'000	2018 £'000
Raw materials	85,577	35,284
Work in progress	4,810	3,937
Finished goods	587,619	491,252
	678,006	530,473

Write-downs of inventories recognised as an expense within cost of sales amounted to £7.2 million (2018: £4.0 million).

3.5 Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers, net of an allowance for bad and doubtful debts, together with prepayments and accrued income.

	2019 £'000	2018 £'000
Trade receivables	1,321,570	1,264,019
Allowance for impairment of trade receivables	(33,367)	(22,120)
Prepayments and accrued income	126,827	112,666
Value added tax recoverable	27,888	25,461
Other debtors	74,589	46,191
	1,517,507	1,426,217

Notes to the Financial Statements (continued)

3.5 Trade and Other Receivables continued

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 5.7. Included in the Group's trade and other receivables as at 31 March 2019 are balances of £171.212 million (2018: £144.672 million) which are past due at the reporting date but not impaired and are expected to be fully recoverable. The aged analysis of these balances is as follows:

	2019 £'000	2018 £'000
Less than 1 month overdue	118,036	100,552
1 – 3 months overdue	34,250	25,707
3 – 6 months overdue	14,212	12,242
Over 6 months overdue	4,714	6,171
	171,212	144,672

The movement in the allowance for impairment of trade receivables during the year is as follows:

	2019 £'000	2018 £'000
At 1 April	22,120	21,347
IFRS 9 transition adjustment (note 1.5)	3,349	–
At 1 April (restated)	25,469	21,347
Allowance for impairment recognised in the year	12,240	7,439
Subsequent recovery of amounts previously provided for	(1,213)	(679)
Amounts written off during the year	(8,199)	(7,268)
Arising on acquisition	5,427	1,072
Exchange	(357)	209
At 31 March	33,367	22,120

The vast majority of the allowance for impairment relates to trade and other receivables balances which are over 6 months overdue.

3.6 Trade and Other Payables

The Group's trade and other payables mainly consist of amounts we owe to our suppliers that have been either invoiced or accrued and are due to be settled within twelve months.

	2019 £'000	2018 £'000
Trade payables	1,664,664	1,583,297
Other creditors and accruals	426,865	383,656
PAYE and National Insurance or equivalent	19,564	13,032
Value added tax	99,845	67,820
Government grants (note 3.16)	11	9
Interest payable	5,058	4,775
Amounts due in respect of property, plant and equipment	2,831	10,671
	2,218,838	2,063,260

3.7 Movement in Working Capital

Working capital represents the net of inventories, trade and other receivables and trade and other payables. This note details the overall movement in the year under each of these headings.

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2019				
At 1 April 2018	530,473	1,426,217	(2,063,260)	(106,570)
IFRS 9 transition adjustment (note 1.5)	–	(3,349)	–	(3,349)
At 1 April 2018 (restated)	530,473	1,422,868	(2,063,260)	(109,919)
Translation adjustment	(2,343)	(15,398)	18,377	636
Arising on acquisition (note 5.2)	104,591	141,388	(129,118)	116,861
Disposal of subsidiaries	(559)	(8,280)	8,263	(576)
Exceptional items, interest accruals, capital accruals and other	–	70	7,068	7,138
Increase/(decrease) in working capital (note 5.3)	45,844	(23,141)	(60,168)	(37,465)
At 31 March 2019	678,006	1,517,507	(2,218,838)	(23,325)
Year ended 31 March 2018				
At 1 April 2017	456,395	1,222,597	(1,820,517)	(141,525)
Translation adjustment	912	4,785	(5,796)	(99)
Arising on acquisition (note 5.2)	35,132	51,984	(38,000)	49,116
Exceptional items, interest accruals, capital accruals and other	(1,440)	(1,376)	(25,004)	(27,820)
Increase/(decrease) in working capital (note 5.3)	39,474	148,227	(173,943)	13,758
At 31 March 2018	530,473	1,426,217	(2,063,260)	(106,570)

3.8 Cash and Cash Equivalents

The majority of the Group's cash and cash equivalents are held in deposit accounts with maturities of up to three months.

	2019 £'000	2018 £'000
Cash at bank and in hand	526,546	454,399
Short-term deposits	1,027,547	584,428
	1,554,093	1,038,827

Cash at bank earns interest at floating rates based on daily bank deposit rates. The short-term deposits, which include bank and money market deposits, are for periods up to three months and earn interest at the respective short-term deposit rates.

Cash and cash equivalents include the following for the purposes of the Group Cash Flow Statement:

	2019 £'000	2018 £'000
Cash and short-term deposits	1,554,093	1,038,827
Bank overdrafts	(88,065)	(74,534)
	1,466,028	964,293

Bank overdrafts are included within current borrowings (note 3.10) in the Group Balance Sheet.

Notes to the Financial Statements (continued)

3.9 Derivative Financial Instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as interest rates, foreign exchange rates, commodities or other indices. This note details the derivative financial instruments used by the Group to hedge certain risk exposures arising from operational, financing and investment activities. These derivatives are held at fair value.

	2019 £'000	2018 £'000
Non-current assets		
Cross currency interest rate swaps – fair value hedges	101,158	87,429
Cross currency interest rate swaps – cash flow hedges	25,477	5,771
Interest rate swaps – fair value hedges	16,878	9,813
Commodity forward contracts – cash flow hedges	41	72
	143,554	103,085
Current assets		
Cross currency interest rate swaps – fair value hedges	62,482	–
Currency swaps – not designated as hedges	27	2,194
Foreign exchange forward contracts – cash flow hedges	316	228
Foreign exchange forward contracts – not designated as hedges	36	106
Commodity forward contracts – cash flow hedges	3,248	4,976
Commodity forward contracts – not designated as hedges	1,878	546
	67,987	8,050
Total assets	211,541	111,135
Non-current liabilities		
Cross currency interest rate swaps – cash flow hedges	–	(4,545)
Interest rate swaps – fair value hedges	(273)	(5,567)
Commodity forward contracts – cash flow hedges	(849)	(620)
	(1,122)	(10,732)
Current liabilities		
Currency swaps – not designated as hedges	(531)	(1,204)
Foreign exchange forward contracts – cash flow hedges	(338)	(841)
Foreign exchange forward contracts – not designated as hedges	(26)	(130)
Commodity forward contracts – cash flow hedges	(6,235)	(5,754)
Commodity forward contracts – not designated as hedges	(1,878)	(545)
	(9,008)	(8,474)
Total liabilities	(10,130)	(19,206)
Net asset arising on derivative financial instruments	201,411	91,929

The full fair value of a hedging derivative is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or current liability if the maturity of the hedged item is less than twelve months.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges under IAS 39 at 31 March 2019 total £197.5 million and €300.0 million. At 31 March 2019, the fixed interest rates vary from 1.96% to 4.49% and the floating rates are based on sterling LIBOR and EURIBOR.

3.9 Derivative Financial Instruments continued

Cross currency interest rate swaps

The Group utilises cross currency interest rate swaps to swap fixed rate US\$ denominated debt of US\$1,098.0 million into floating rate sterling debt of £305.957 million and floating rate euro debt of €438.022 million. At 31 March 2019 the fixed interest rates vary from 3.41% to 6.19%. These swaps are designated as fair value hedges under IAS 39.

The Group utilises cross currency interest rate swaps to swap fixed rate US\$ denominated debt of US\$317.0 million into fixed rate sterling debt of £61.189 million and fixed rate euro debt of €163.045 million. At 31 March 2019 the fixed US\$ interest rates vary from 4.04% to 4.98% and the average swapped fixed rates for sterling and euro were 4.47% and 3.74% respectively. These swaps are designated as cash flow hedges under IAS 39.

Currency swaps

During the year ended 31 March 2019, the Group entered into currency swaps to manage currency risk related to the intercompany funding of certain acquisitions. The principal amounts of outstanding currency swaps at 31 March 2019 total £40.557 million (2018: £335.332 million).

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2019 total £79.141 million (2018: £117.025 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2019 on forward foreign exchange contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to twelve months after the reporting date.

Commodity price forward contracts

The notional principal amounts of outstanding forward commodity contracts at 31 March 2019 total £170.099 million (2018: £158.384 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2019 on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to thirty-three months after the reporting date.

3.10 Borrowings

The Group utilises long-term debt funding together with committed credit lines with our relationship banks. We use derivatives to manage risks associated with interest rates and foreign exchange.

	2019 £'000	2018 £'000
Non-current		
Finance leases*	452	692
Unsecured Notes	1,441,904	1,597,829
	1,442,356	1,598,521
Current		
Bank borrowings	88,065	74,534
Finance leases*	449	363
Unsecured Notes	243,059	—
	331,573	74,897
Total borrowings	1,773,929	1,673,418

* Secured on specific plant and equipment.

The maturity of non-current borrowings is as follows:

	2019 £'000	2018 £'000
Between 1 and 2 years	59,843	231,235
Between 2 and 5 years	411,190	205,180
Over 5 years	971,323	1,162,106
	1,442,356	1,598,521

Bank borrowings and finance leases

Interest on bank borrowings is at floating rates set in advance for periods ranging from overnight to three months by reference to inter-bank interest rates (EURIBOR, sterling LIBOR and US\$ LIBOR) and consequently fair value approximates carrying amounts. The majority of finance leases are at fixed rates.

Notes to the Financial Statements (continued)

3.10 Borrowings continued

The Group has a £400 million five year committed revolving credit facility with nine relationship banks: Barclays, BNP Paribas, Danske Bank, HSBC, ING, J.P. Morgan, RBS, Bank of Ireland and Deutsche Bank. This was put in place in March 2016 and extended during the prior financial year until March 2023. The Group had various other uncommitted bank facilities available at 31 March 2019.

Unsecured Notes

The Group's Unsecured Notes which fall due between 2019 and 2034 are comprised of fixed rate debt of US\$157.0 million issued in 2007 and maturing in 2019 (the '2019 Notes'), fixed rate debt of US\$217.0 million issued in 2010 and maturing in 2020 and 2022 (the '2020/22 Notes'), fixed rate debt of US\$525 million issued in 2013 and maturing in 2020, 2023 and 2025 (the '2020/23/25 Notes'), fixed rate debt of US\$516.0 million, €85.0 million and €70.0 million issued in 2014 and maturing in 2021, 2024, 2026 and 2029 (the '2021/24/26/29 Notes'), fixed rate debt of £127.5 million and €215.0 million issued in September 2017 and maturing in 2027 and 2029 (the '2027/29 Notes'), floating rate debt of €145.0 million issued in September 2017 and maturing in 2024, 2027 and 2029 (the '2024/27/29 Notes') and fixed rate debt of US\$350.0 million and €100.0 million committed to be issued in April 2019 and maturing in 2026, 2029, 2031 and 2034 (the '2026/29/31/34 Notes').

The 2019 Notes denominated in US dollars have been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US dollars to floating sterling rates, repricing quarterly based on sterling LIBOR.

Of the 2020/22 Notes denominated in US dollars, \$152.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating sterling rates, repricing quarterly based on sterling LIBOR and \$65.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating euro rates, repricing quarterly based on EURIBOR.

Of the 2020/23/25 Notes denominated in US dollars, \$255.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating euro rates, repricing quarterly based on EURIBOR, \$140.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating sterling rates, repricing quarterly based on sterling LIBOR, \$85.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US\$ to fixed euro rates and \$45.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US\$ to fixed sterling rates.

Of the 2021/24/26/29 Notes denominated in US dollars, \$269.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating euro rates, repricing quarterly based on EURIBOR, \$60.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US\$ to floating sterling rates, repricing quarterly based on sterling LIBOR, \$135.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US\$ to fixed euro rates, \$52.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US\$ to fixed sterling rates. The 2021/24/26/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed euro to floating euro rates, repricing quarterly based on EURIBOR. The 2021/24/26/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed sterling to floating sterling rates, repricing quarterly based on sterling LIBOR.

The 2027/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) to floating sterling rates, repricing half yearly based on sterling LIBOR. The 2027/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) to floating euro rates, repricing half yearly based on EURIBOR.

The 2024/27/29 Notes are at floating euro rates, repricing half yearly based on EURIBOR.

On 24 October 2018, the Group committed to the issue of the 2026/29/31/34 Notes which were subsequently drawn down on 4 April 2019. These Notes have not been swapped.

The maturity and interest profile of the Unsecured Notes is as follows:

	2019	2018
Average maturity	6.4 years*	6.3 years
Average fixed interest rates: **		
– US\$ denominated	4.69%*	4.69%
– sterling denominated	3.36%	3.36%
– euro denominated	2.33%*	2.34%
Average floating rate including swaps:		
– sterling denominated	2.56%	2.22%
– euro denominated	1.31%	1.28%

* Including the 2026/29/31/34 Notes. Excluding these Notes the average maturity of the Unsecured Notes is 5.3 years.

** Issued and repayable at par.

3.11 Analysis of Net Debt

Net (debt)/cash is a key metric of the Group and represents cash and cash equivalents less borrowings and derivative financial instruments.

Reconciliation of opening to closing net debt

The reconciliation of opening to closing net debt for the year ended 31 March 2019 is as follows:

	At 1 April 2018 £'000	Cash flow £'000	Fair value adjustment		Translation adjustment £'000	At 31 March 2019 £'000
			Income Statement £'000	Cash Flow Hedge Reserve £'000		
Cash and short-term deposits	1,038,827	523,013	–	–	(7,747)	1,554,093
Overdrafts	(74,534)	(13,203)	–	–	(328)	(88,065)
	964,293	509,810	–	–	(8,075)	1,466,028
Finance leases	(1,055)	138	–	–	16	(901)
Unsecured Notes	(1,597,829)	–	(84,829)	–	(2,305)	(1,684,963)
Derivative financial instruments (net)	91,929	(3,334)	89,136	24,166	(486)	201,411
Group net debt	(542,662)	506,614	4,307	24,166	(10,850)	(18,425)

The reconciliation of opening to closing net debt for the year ended 31 March 2018 is as follows:

	At 1 April 2017 £'000	Cash flow £'000	Fair value adjustment		Translation adjustment £'000	At 31 March 2018 £'000
			Income Statement £'000	Cash Flow Hedge Reserve £'000		
Cash and short-term deposits	1,060,863	(11,900)	–	–	(10,136)	1,038,827
Overdrafts	(88,041)	13,389	–	–	118	(74,534)
	972,822	1,489	–	–	(10,018)	964,293
Finance leases	(355)	(762)	–	–	62	(1,055)
Unsecured Notes	(1,380,016)	(400,463)	148,378	–	34,272	(1,597,829)
Derivative financial instruments (net)	285,600	(10,812)	(148,079)	(35,428)	648	91,929
Group net debt (including cash attributable to assets classified as held for sale)	(121,949)	(410,548)	299	(35,428)	24,964	(542,662)
Group net debt (excluding cash attributable to assets classified as held for sale)	(134,748)	(398,071)	299	(35,428)	25,286	(542,662)

Notes to the Financial Statements (continued)

3.11 Analysis of Net Debt continued

Currency profile

The currency profile of net debt at 31 March 2019 and 31 March 2018 is as follows:

	Cash and cash equivalents £'000	Borrowings* £'000	Derivatives £'000	Total £'000
As at 31 March 2019				
Euro	420,643	(1,015,769)	102,924	(492,202)
Sterling	883,529	(730,745)	99,214	251,998
US Dollar	110,849	(26,834)	(718)	83,297
Danish Krone	54,877	(2)	(7)	54,868
Swedish Krona	29,764	(579)	(1)	29,184
Norwegian Krone	19,537	–	(1)	19,536
Hong Kong Dollar	26,178	–	–	26,178
Other	8,716	–	–	8,716
At 31 March 2019	1,554,093	(1,773,929)	201,411	(18,425)
As at 31 March 2018				
Euro	337,102	(964,058)	29,543	(597,413)
Sterling	559,673	(706,096)	62,802	(83,621)
US Dollar	48,599	(2,248)	(491)	45,860
Danish Krone	38,931	–	91	39,022
Swedish Krona	38,722	(1,016)	–	37,706
Norwegian Krone	15,026	–	(16)	15,010
Hong Kong Dollar	–	–	–	–
Other	774	–	–	774
At 31 March 2018	1,038,827	(1,673,418)	91,929	(542,662)

* Euro, Sterling and US Dollar borrowings reflect the cross currency interest rate swaps referred to in note 3.9.

Interest rate profile

Cash and cash equivalents at 31 March 2019 and 31 March 2018 have maturity periods up to three months (note 3.8).

Bank borrowings are at floating interest rates for periods less than three months while the Group's Unsecured Notes due 2019 to 2034 have been swapped to a combination of fixed rates and floating rates which reset on a quarterly and semi-annual basis. The majority of finance leases are at fixed rates (note 3.10).

3.12 Deferred Income Tax

Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future as a result of differences in the accounting and tax bases of assets and liabilities.

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2019:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2018 (restated)	14,265	142,601	(836)	935	(3,740)	(9,958)	143,267
Consolidated Income Statement	4,065	(15,535)	(95)	(801)	685	1,204	(10,477)
Recognised in Other Comprehensive Income	–	–	–	(223)	264	–	41
Arising on acquisition	(770)	19,051	(474)	100	–	(1,187)	16,720
Exchange differences and other	2	(990)	(37)	12	(480)	50	(1,443)
At 31 March 2019	17,562	145,127	(1,442)	23	(3,271)	(9,891)	148,108

Analysed as:

Deferred tax asset	(7,192)	(83)	(1,442)	(1,460)	(3,271)	(12,694)	(26,142)
Deferred tax liability	24,754	145,210	–	1,483	–	2,803	174,250
	17,562	145,127	(1,442)	23	(3,271)	(9,891)	148,108

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2018 (as restated):

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2017	18,151	132,175	(1,036)	(425)	(3,257)	(12,930)	132,678
Consolidated Income Statement	1,026	(37,084)	1,031	725	(50)	3,851	(30,501)
Recognised in Other Comprehensive Income	–	–	–	665	(433)	–	232
Arising on acquisition (restated)	(4,693)	44,866	(886)	–	–	(619)	38,668
Exchange differences and other	(219)	2,644	55	(30)	–	(260)	2,190
At 31 March 2018	14,265	142,601	(836)	935	(3,740)	(9,958)	143,267

Analysed as:

Deferred tax asset	(6,802)	(77)	(1,345)	(510)	(3,740)	(13,680)	(26,154)
Deferred tax liability	21,067	142,678	509	1,445	–	3,722	169,421
	14,265	142,601	(836)	935	(3,740)	(9,958)	143,267

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant jurisdiction. The majority of the deferred tax asset at 31 March 2019 of £26.142 million is expected to be settled/recovered more than twelve months after the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements (continued)

3.13 Post Employment Benefit Obligations

The Group operates a number of defined benefit and defined contribution pension schemes for our employees. All of the Group's defined benefit pension schemes are closed to new members.

The Group operates defined benefit and defined contribution schemes. The pension scheme assets are held in separate trustee administered funds.

The Group operates five defined benefit pension schemes in the Republic of Ireland, four in the UK and four in Germany. The projected unit credit method has been employed in determining the present value of the defined benefit obligation arising, the related current service cost and, where applicable, past service cost.

Full actuarial valuations were carried out between 31 August 2015 and 1 April 2018. In general, actuarial valuations are not available for public inspection, although the results of valuations are advised to the members of the various pension schemes. Actuarial valuations have been updated to 31 March 2019 for IAS 19 by a qualified actuary.

The schemes expose the Group to a number of risks, the most significant of which are as follows:

Discount rates

The calculation of the present value of the defined benefit obligation is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and term of the post employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's Balance Sheet, Income Statement and Statement of Comprehensive Income.

Asset volatility

The scheme assets are reported at fair value using bid prices where relevant. The majority of the Group's scheme assets comprise of bonds. A decrease in corporate bond yields will increase the value of the Group's bond holdings although this will be partially offset by an increase in the value of the scheme's liabilities. The Group also holds a significant proportion of equities which are expected to outperform corporate bonds in the long-term while providing some volatility and risk in the short-term. External consultants periodically conduct investment reviews to determine the most appropriate asset allocation, taking account of asset valuations, funding requirements, liability duration and the achievement of appropriate returns.

Inflation risk

The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme liabilities although caps are in place to protect the schemes against extreme inflation.

Mortality risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

The principal actuarial assumptions used were as follows:

	2019	2018
Republic of Ireland schemes		
Rate of increase in salaries	n/a*	n/a*
Rate of increase in pensions in payment	1.25% – 2.50%	1.25% – 2.50%
Discount rate	1.75%	2.10%
Inflation assumption	1.75%	1.75%
UK schemes		
Rate of increase in salaries	0.00% – 3.25%	0.00% – 3.15%
Rate of increase in pensions in payment	1.63% – 4.00%	1.58% – 4.00%
Discount rate	2.50%	2.65%
Inflation assumption	3.25%	3.15%
German schemes		
Rate of increase in salaries	2.50%	2.50%
Rate of increase in pensions in payment	1.25% – 1.70%	1.00% – 1.70%
Discount rate	1.75%	2.10%
Inflation assumption	1.75%	1.70%

* There is no future service accrual for the Irish schemes.

3.13 Post Employment Benefit Obligations continued

The post-retirement mortality assumptions employed in determining the present value of scheme liabilities under IAS 19 are set based on advice from published statistics and experience in both geographic regions and are in accordance with the underlying funding valuations.

The mortality assumptions disclosed for 'current retirees' relate to assumptions based on longevity, in years, following retirement at the balance sheet date, with 'future retirees' being that relating to an employee retiring in 20 years time. The mortality assumptions are as follows:

	2019 Years	2018 Years
Current retirees		
Male	23.2	23.1
Female	25.1	25.0
Future retirees		
Male	25.6	25.3
Female	27.5	27.4

The Group does not operate any post employment medical benefit schemes.

The net pension asset recognised in the Balance Sheet is analysed as follows:

	2019			
	ROI £'000	UK £'000	Germany £'000	Total £'000
Equities	14,497	7,370	–	21,867
Bonds	34,741	21,295	–	56,036
Property	53	–	–	53
Investment funds	3,107	3,067	–	6,174
Cash	5,494	1,600	823	7,917
Total fair value at 31 March 2019	57,892	33,332	823	92,047
Present value of scheme liabilities	(49,858)	(30,107)	(10,685)	(90,650)
Net pension asset/(liability) at 31 March 2019	8,034	3,225	(9,862)	1,397
	2018			
	ROI £'000	UK £'000	Germany £'000	Total £'000
Equities	16,896	8,916	295	26,107
Bonds	31,453	17,346	194	48,993
Property	47	1,392	93	1,532
Investment funds	2,874	2,951	–	5,825
Cash	5,661	1,271	262	7,194
Total fair value at 31 March 2018	56,931	31,876	844	89,651
Present value of scheme liabilities	(48,657)	(30,281)	(10,427)	(89,365)
Net pension asset/(liability) at 31 March 2018	8,274	1,595	(9,583)	286

Notes to the Financial Statements (continued)

3.13 Post Employment Benefit Obligations continued

The amounts recognised in the Group Income Statement in respect of defined benefit pension schemes are as follows:

	2019 £'000	2018 £'000
Current service cost	(335)	(132)
Past service (cost)/credit	(193)	95
Administration expenses	(43)	(74)
Total, included in employee benefit expense	(571)	(111)
Exceptional settlement gain	–	414
Total, included in net exceptional items	–	414
Interest cost on scheme liabilities	(2,004)	(1,957)
Interest income on scheme assets	2,079	2,014
Net interest income, included in net finance costs (note 2.7)	75	57

Based on the assumptions employed for the valuation of assets and liabilities at 31 March 2019, the net charge in the Group Income Statement in the year ending 31 March 2020 is expected to be broadly in line with the current year figures.

Remeasurements recognised in Other Comprehensive Income are as follows:

	2019 £'000	2018 £'000
Return on scheme assets excluding interest income	3,300	36
Experience variations	369	1,453
Actuarial gain from changes in demographic assumptions	–	2,464
Actuarial (loss)/gain from changes in financial assumptions	(5,015)	1,262
Total, included in Other Comprehensive Income	(1,346)	5,215

Cumulatively since transition to IFRS on 1 April 2004, £52.499 million has been recognised as a charge in the Group Statement of Comprehensive Income.

3.13 Post Employment Benefit Obligations continued

The movement in the fair value of plan assets is as follows:

	2019 £'000	2018 £'000
At 1 April	89,651	101,478
Interest income on scheme assets	2,079	2,014
Remeasurements:		
– return on scheme assets excluding interest income	3,300	36
Contributions by employers	2,920	4,325
Contributions by members	9	9
Administration expenses	(43)	(74)
Benefit and settlement payments	(4,719)	(20,650)
Arising on acquisition	–	849
Exchange	(1,150)	1,664
At 31 March	92,047	89,651

The actual return on plan assets was a gain of £5.379 million (2018: gain of £2.050 million).

The movement in the present value of defined benefit obligations is as follows:

	2019 £'000	2018 £'000
At 1 April	89,365	101,507
Current service cost	335	132
Past service cost/(credit)	193	(95)
Interest cost	2,004	1,957
Remeasurements:		
– experience variations	(369)	(1,453)
– actuarial gain from changes in demographic assumptions	–	(2,464)
– actuarial loss/(gain) from changes in financial assumptions	5,015	(1,262)
Contributions by members	9	9
Benefit and settlement payments	(4,719)	(20,650)
Exceptional settlement gain	–	(414)
Arising on acquisition	–	10,485
Exchange	(1,183)	1,613
At 31 March	90,650	89,365

The weighted average duration of the defined benefit obligation at 31 March 2019 was 20.3 years (2018: 20.2 years).

Employer contributions for the forthcoming financial year are estimated at £1.7 million. The difference between the actual employer contributions paid in the current year of £2.9 million and the expectation of £4.2 million included in the 2018 Annual Report was primarily due to the timing of contributions in certain of the Group's pension schemes which could not have been anticipated at the time of preparation of the 2018 financial statements.

Notes to the Financial Statements (continued)

3.13 Post Employment Benefit Obligations continued

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's Irish, UK and German pension schemes, the estimated impact on plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on Irish plan liabilities	Impact on UK plan liabilities	Impact on German plan liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 4.8%	Decrease/increase by 5.7%	Decrease/increase by 4.5%
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 2.2%	Increase/decrease by 4.1%	Increase/decrease by 1.3%
Mortality	Increase/decrease by one year	Increase/decrease by 3.5%	Increase/decrease by 3.8%	Increase/decrease by 4.3%

Split of scheme assets

	Republic of Ireland		UK		Germany		Total	
	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000	2019 €'000	2018 €'000

Investments quoted in active markets:

Equity instruments:

– developed markets	13,863	15,677	7,003	8,372	–	295	20,866	24,344
– emerging markets	634	1,219	367	544	–	–	1,001	1,763

Debt instruments:

– non government debt instruments	–	236	19,859	8,613	–	177	19,859	9,026
– government debt instruments	34,741	31,217	1,436	8,733	–	17	36,177	39,967
Investment funds	3,107	2,874	3,067	2,951	–	–	6,174	5,825
Cash and cash equivalents	5,494	5,661	1,600	1,271	823	262	7,917	7,194

Unquoted investments:

Property	53	47	–	1,392	–	93	53	1,532
	57,892	56,931	33,332	31,876	823	844	92,047	89,651

3.14 Acquisition Related Liabilities

Acquisition related liabilities arising on business combinations comprise debt like items and contingent consideration. Contingent consideration arises when a portion of the purchase price is deferred into the future and represents the fair value of the estimate of amounts payable to acquire the remaining shareholding.

The Group's acquisition related liabilities of £101.410 million (2018: £97.853 million) as stated on the Balance Sheet are payable as follows:

	2019 £'000	2018 £'000
Within one year	27,824	26,399
Between one and two years	27,693	27,228
Between two and five years	45,893	44,226
	101,410	97,853
Analysed as:		
Non-current liabilities	73,586	71,454
Current liabilities	27,824	26,399
	101,410	97,853

The currency profile of the Group's acquisition related liabilities, which are all floating rate liabilities, is as follows:

	2019 £'000	2018 £'000
Euro	46,954	56,246
Sterling	25,155	24,939
US Dollar	22,050	159
Hong Kong Dollar	6,437	13,404
Other	814	3,105
	101,410	97,853

The movement in the Group's acquisition related liabilities is as follows:

	2019 £'000	2018 £'000
At 1 April	97,853	94,917
Arising on acquisition (note 5.2)	29,946	27,840
Unwinding of discount applicable to acquisition related liabilities (note 2.7)	805	665
Adjustments to contingent consideration (adjustment to goodwill) (note 3.2)	4,006	66
Adjustments to contingent consideration (recognised in the Income Statement) (note 2.6)	(1,727)	(477)
Paid during the year	(30,311)	(26,910)
Exchange and other	838	1,752
At 31 March	101,410	97,853

Notes to the Financial Statements (continued)

3.15 Provisions for Liabilities

A provision is recorded when an obligation exists, resulting from a past event and it is probable that cash will be paid to settle it but there is uncertainty over either the amount or timing of the outflow. The main provisions held by the Group are in relation to reorganisation programs, environmental obligations, cylinder and tank deposits and insurance liabilities.

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2019 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2018	44,751	86,295	164,985	27,310	323,341
Provided during the year	5,393	(1,187)	9,394	13,687	27,287
Unwinding of discount applicable to provisions for liabilities (note 2.7)	15	287	2,179	–	2,481
Utilised during the year	(13,101)	(572)	(2,044)	(8,559)	(24,276)
Unutilised/reversed during the year	(1,154)	(717)	(2,056)	(2,630)	(6,557)
Arising on acquisition (note 5.2)	912	2,379	–	(2,056)	1,235
Exchange and other	(444)	(1,706)	(4,271)	(302)	(6,723)
At 31 March 2019	36,372	84,779	168,187	27,450	316,788

Analysed as:

Non-current liabilities	19,143	79,552	160,301	10,584	269,580
Current liabilities	17,229	5,227	7,886	16,866	47,208
	36,372	84,779	168,187	27,450	316,788

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2018 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2017	32,752	86,790	149,700	17,430	286,672
Provided during the year	27,612	5,789	8,669	9,623	51,693
Unwinding of discount applicable to provisions for liabilities (note 2.7)	–	263	2,114	–	2,377
Utilised during the year	(15,784)	(9,566)	(2,537)	(4,618)	(32,505)
Unutilised/reversed during the year	(477)	–	(4,440)	(172)	(5,089)
Arising on acquisition (note 5.2)	26	2,039	8,128	4,794	14,987
Exchange and other	622	980	3,351	253	5,206
At 31 March 2018	44,751	86,295	164,985	27,310	323,341

Analysed as:

Non-current liabilities	26,203	82,229	161,996	8,462	278,890
Current liabilities	18,548	4,066	2,989	18,848	44,451
	44,751	86,295	164,985	27,310	323,341

3.15 Provisions for Liabilities continued

Rationalisation, restructuring and redundancy

This provision relates to various rationalisation and restructuring programs across the Group. The Group expects that the majority of this provision will be utilised within three years.

Environmental and remediation

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations together with the costs associated with removing LPG tanks from customer sites. The net present value of the estimated costs is capitalised as property, plant and equipment. The unwinding of the discount element on the provision is reflected in the Income Statement. Ongoing costs incurred during the operating life of the sites are written off directly to the Income Statement and are not charged to the provision. The majority of the obligations will unwind over a 30-year timeframe but the exact timing of settlement of these provisions is not certain.

Cylinder and tank deposits

This provision relates to DCC LPG's operations where an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e. net present value) and the unwinding of the discount element is reflected in the Income Statement. The majority of this obligation will unwind over a 25-year timeframe but the exact timing of settlement of this provision is not certain.

Insurance and other

The Group operates a level of self-insurance for motor liability and public and products liability. Under these arrangements the Group retains certain insurance exposure up to pre-determined self-insurance thresholds. This provision reflects an estimation of claims that are classified as incurred but not reported and also the outstanding loss reserve. A significant element of the provision is subject to external assessments. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from 1-3 years from the date of the claim.

3.16 Government Grants

Government grants relate to capital grants received by the Group and are amortised to the Income Statement over the estimated useful lives of the related capital assets.

	2019 £'000	2018 £'000
At 1 April	246	270
Arising on acquisition (note 5.2)	147	—
Amortisation in year	(40)	(24)
At 31 March	353	246
Analysed as:		
Non-current liabilities	342	237
Current liabilities (note 3.6)	11	9
	353	246

Notes to the Financial Statements (continued)

Section 4 Equity

4.1 Share Capital and Share Premium

The ordinary shareholders of DCC plc own the Company. This note details how the total number of ordinary shares in issue has changed during the year and how many of these ordinary shares are held as Treasury Shares.

		2019 £'000	2018 £'000
Authorised			
152,368,568 ordinary shares of €0.25 each		25,365	25,365
Issued			
Year ended 31 March 2019	Number of shares	Share capital £'000	Share premium £'000
			Total £'000
At 31 March 2018 (including 3,207,501 ordinary shares held as treasury shares)	92,429,404	15,455	280,533
Issue of share capital	8,904,500	1,967	600,970
Premium arising on re-issue of treasury shares (net of expenses)	–	–	1,058
At 31 March 2019 (including 3,075,681 ordinary shares held as treasury shares)	101,333,904	17,422	882,561
			899,983
Year ended 31 March 2018	Number of shares	Share capital £'000	Share premium £'000
			Total £'000
At 31 March 2017 (including 3,613,043 ordinary shares held as treasury shares)	92,429,404	15,455	277,211
Premium arising on re-issue of treasury shares (net of expenses)	–	–	3,322
At 31 March 2018 (including 3,207,501 ordinary shares held as treasury shares)	92,429,404	15,455	280,533
			295,988

As at 31 March 2019, the total authorised number of ordinary shares is 152,368,568 shares (2018: 152,368,568 shares) with a par value of €0.25 per share (2018: €0.25 per share). Share premium relates to the share premium arising on the issue of shares.

The Company completed a placing of 8,904,500 new ordinary shares in October 2018. The placing represented approximately 10% of DCC's issued ordinary share capital before the placing and raised proceeds (net of expenses) of £592.090 million.

During the year the Company re-issued 131,820 treasury shares for a consideration (net of expenses) of £1.058 million.

All shares, with the exception of ordinary shares held as treasury shares, whether fully or partly paid, carry equal voting rights and rank for dividends to the extent to which the total amount payable on each share is paid up.

Details of share options and awards granted under the Company's share option and award schemes and the terms attaching thereto are provided in note 2.5 to the financial statements and in the Remuneration Report on pages 113 and 114.

Restriction on transfer of shares

The Directors may, at their absolute discretion and without giving any reason, refuse to register the transfer of a share, or any renunciation of any allotment made in respect of a share, which is not fully paid, or any transfer of a share to a minor or a person of unsound mind.

The Directors may also refuse to register any transfer (whether or not it is in respect of a fully paid share) unless (i) it is lodged at the Company's Registered Office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer save where the transferor is a Stock Exchange Nominee (ii) it is in respect of only one class of shares and (iii) it is in favour of not more than four transferees.

Restriction of voting rights

If at any time the Directors determine that a 'Specified Event' as defined in the Articles of Association of DCC plc has occurred in relation to any share or shares, the Directors may serve a notice to such effect on the holder or holders thereof. Upon the expiry of 14 days from the service of any such notice, for so long as such notice shall remain in force, no holder or holders of the share or shares specified in such notice shall be entitled to attend, speak or vote either personally, by representative or by proxy at any general meeting of the Company or at any separate general meeting of the holders of the class of shares concerned or to exercise any other right conferred by membership in relation to any such meeting. The Directors shall, where the specified shares represent not less than 0.25 per cent of the class of shares concerned, be entitled to withhold payment of any dividend or other amount payable (including shares issuable in lieu of dividends) in respect of the specified shares and/or to refuse to register any transfer of the specified shares or any renunciation of any allotment of new shares or debentures made in respect thereof unless such transfer or renunciation is shown to the satisfaction of the Directors to be an arm's length transfer or a renunciation to another beneficial owner unconnected with the holder or any person appearing to have an interest in the specified shares.

4.2 Other Reserves

This note details the movement in the Group's other reserves which are treated as different categories of equity as required by accounting standards.

	Share based payment reserve ¹ £'000	Cash flow hedge reserve ² £'000	Foreign currency translation reserve ³ £'000	Other reserves ⁴ £'000	Total £'000
At 31 March 2017	18,146	(13,581)	105,537	932	111,034
Currency translation:					
– arising in the year	–	–	107	–	107
– recycled to the Income Statement on disposal	–	–	(4,548)	–	(4,548)
Cash flow hedges:					
– fair value loss in year – private placement debt	–	(35,428)	–	–	(35,428)
– fair value gain in year – other	–	20,024	–	–	20,024
– tax on fair value net losses	–	2,536	–	–	2,536
– transfers to sales	–	(1,273)	–	–	(1,273)
– transfers to cost of sales	–	(18,825)	–	–	(18,825)
– transfers to operating expenses	–	32,472	–	–	32,472
– tax on transfers	–	(2,103)	–	–	(2,103)
Share based payment	4,737	–	–	–	4,737
At 31 March 2018	22,883	(16,178)	101,096	932	108,733
Currency translation	–	–	6,626	–	6,626
Cash flow hedges:					
– fair value gain in year – private placement debt	–	24,166	–	–	24,166
– fair value gain in year – other	–	3,000	–	–	3,000
– tax on fair value net gains	–	(4,618)	–	–	(4,618)
– transfers to sales	–	2,686	–	–	2,686
– transfers to cost of sales	–	(8,003)	–	–	(8,003)
– transfers to operating expenses	–	(20,294)	–	–	(20,294)
– tax on transfers	–	4,354	–	–	4,354
Share based payment	5,823	–	–	–	5,823
At 31 March 2019	28,706	(14,887)	107,722	932	122,473

1. The share based payment reserve comprises the amounts expensed in the Income Statement in connection with share based payments.
2. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
3. The Group's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Group's non-sterling denominated operations, including the translation of the profits and losses of such operations from the average rate for the year to the closing rate at the reporting date.
4. The Group's other reserves comprise a capital conversion reserve fund and an unrealised gain on the disposal of an associate.

Notes to the Financial Statements (continued)

4.3 Retained Earnings

Retained Earnings represents the accumulated earnings of the Group not distributed to shareholders and is shown net of the cost to the Group of acquiring shares held as Treasury Shares.

	2019 €'000	2018 €'000
At 1 April	1,237,937	1,074,434
IFRS 9 transition adjustment (note 1.5)	(3,349)	–
At 1 April (restated)	1,234,588	1,074,434
Net income recognised in Income Statement	262,593	261,824
Net income recognised in Other Comprehensive Income:		
– remeasurements of defined benefit pension obligations	(1,346)	5,215
– deferred tax on remeasurements	223	(665)
Directly attributable costs of share capital issuance	(10,847)	–
Dividends	(116,961)	(102,871)
At 31 March	1,368,250	1,237,937

The cost to the Group and the Company of €44.664 million to acquire the 3,075,681 shares held in Treasury has been deducted from the Group and Company Retained Earnings. These shares were acquired at prices ranging from €12.80 to €17.90 each (average: €14.52) between 27 November 2003 and 19 June 2006 and are primarily held to satisfy exercises under the Group's share options and awards schemes.

4.4 Non-Controlling Interests

Non-controlling interests principally comprises the 40% equity interest in our Danish subsidiary DCC Holding A/S which is not owned by the Group.

	2019 €'000	2018 €'000
At 1 April	35,259	29,587
Share of profit for the financial year	8,539	5,097
Exchange	(977)	575
At 31 March	42,821	35,259

Section 5 Additional Disclosures

5.1 Foreign Currency

This note details the exchange rates used to translate non-sterling Income Statement and Balance Sheet amounts into sterling, which is the Group's presentation 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 year, 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	
	2019 Stg£1=	2018 Stg£1=	2019 Stg£1=	2018 Stg£1=
Euro	1.1319	1.1366	1.1651	1.1430
Danish Krone	8.4407	8.4603	8.6977	8.5187
Swedish Krona	11.7467	11.0482	12.1146	11.7548
Norwegian Krone	10.9172	10.7901	11.2536	11.0607
US Dollar	1.3184	1.3236	1.3090	1.4083
Hong Kong Dollar	10.3392	10.3312	10.2755	11.0522

5.2 Business Combinations

The Group acquired a number of businesses during the year. This note provides details on the consideration paid and/or payable as well as the provisional fair values of the net assets acquired.

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 year, together with percentages acquired were as follows:

- The acquisition by DCC Technology of 100% of Stampede Global Holdings Inc. ('Stampede') as announced in July 2018. 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 of 100% of Kondor Limited ('Kondor') as announced in July 2018. 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.

Notes to the Financial Statements (continued)

5.2 Business Combinations continued

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 year.

	Total 2019 €'000	Restated Total 2018 €'000
Assets		
Non-current assets		
Property, plant and equipment (note 3.1)	12,791	142,432
Intangible assets – other intangible assets (note 3.2)	74,053	254,265
Equity accounted investments (note 3.3)	164	497
Deferred income tax assets	2,602	6,409
Total non-current assets	89,610	403,603
Current assets		
Inventories (note 3.7)	104,591	35,132
Trade and other receivables (note 3.7)	141,388	51,984
Total current assets	245,979	87,116
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	(19,322)	(45,077)
Post employment benefit obligations	–	(9,636)
Provisions for liabilities	(846)	(10,716)
Government grants (note 3.16)	(147)	–
Acquisition related liabilities	–	(102)
Total non-current liabilities	(20,315)	(65,531)
Current liabilities		
Trade and other payables (note 3.7)	(129,118)	(38,000)
Provisions for liabilities	(389)	(4,271)
Current income tax asset/(liability)	966	(2,629)
Acquisition related liabilities	–	(57)
Total current liabilities	(128,541)	(44,957)
Identifiable net assets acquired	186,733	380,231
Goodwill (note 3.2)	109,738	311,559
Total consideration	296,471	691,790
Satisfied by:		
Cash	274,678	682,461
Cash and cash equivalents acquired	(8,153)	(18,352)
Net cash outflow	266,525	664,109
Acquisition related liabilities	29,946	27,681
Total consideration	296,471	691,790

5.2 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. The carrying amounts of the assets and liabilities acquired, determined in accordance with IFRS, before completion of the combination together with the adjustments made to those carrying values disclosed above were as follows:

Total	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	17,122	72,488	89,610
Current assets	248,807	(2,828)	245,979
Non-current liabilities	(1,841)	(18,474)	(20,315)
Current liabilities	(126,286)	(2,255)	(128,541)
Identifiable net assets acquired	137,802	48,931	186,733
Goodwill arising on acquisition	158,669	(48,931)	109,738
Total consideration	296,471	–	296,471

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 fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2020 Annual Report as stipulated by IFRS 3.

As noted in the 2018 Annual Report the acquisitions of DCC Propane (previously 'Retail West') and TEGA both completed on 31 March 2018 and, as such, it was not feasible to perform a preliminary assignment of fair values to identifiable net assets. The Group has now completed an assignment of fair values to identifiable net assets as detailed in note 1.5.

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.

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

Acquisition and related costs included in other operating expenses in the Group Income Statement amounted to £9.564 million (note 2.6).

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

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £146.815 million. The fair value of these receivables is £141.388 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £5.427 million.

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 in the current year range from nil to £146.9 million.

The post-acquisition impact of business combinations completed during the year on Group profit for the financial year was as follows:

	2019 £'000
Revenue	652,693
Cost of sales	(572,495)
Gross profit	80,198
Operating costs	(61,676)
Operating profit	18,522
Finance costs (net)	(4,427)
Profit before tax	14,095
Income tax expense	(3,846)
Profit for the financial year	10,249

Notes to the Financial Statements (continued)

5.2 Business Combinations continued

The revenue and profit of the Group for the financial year determined in accordance with IFRS as though the acquisition date for all business combinations effected during the year had been the beginning of that year would be as follows:

	2019 £'000
Revenue	15,501,184
Profit for the financial year	265,759

5.3 Cash Generated from Operations

This note reconciles how the Group's profit for the year translates into cash flows generated from operating activities.

	2019 £'000	2018 £'000
Profit for the financial year	271,132	266,921
Add back non-operating expenses/(income):		
– tax	56,302	24,046
– share of equity accounted investments' profit	(717)	(368)
– net operating exceptionals	28,185	15,271
– net finance costs	42,308	35,452
Operating profit before exceptionals	397,210	341,322
– share-based payments expense (note 2.5)	5,823	4,737
– depreciation (note 3.1)	109,626	93,722
– amortisation of intangible assets (note 3.2)	63,312	43,059
– profit on disposal of property, plant and equipment	(2,182)	(167)
– amortisation of government grants	(40)	(36)
– other	(3,709)	4,555
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– inventories (note 3.7)	(45,844)	(39,474)
– trade and other receivables (note 3.7)	23,141	(148,227)
– trade and other payables (note 3.7)	60,168	173,943
Cash generated from operations before exceptionals	607,505	473,434

5.4 Commitments

A commitment represents an obligation to make a payment in the future as long as the counterparty meets its obligations, and mainly relates to leases and agreements to buy capital assets. These amounts are not included in the Group's Balance Sheet as we have not yet received the goods or services from the supplier.

Capital Expenditure Commitments

	2019 £'000	2018 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the financial statements	16,320	17,259
Capital expenditure on property, plant and equipment that has been authorised by the Directors but has not yet been contracted for	154,099	149,047
	170,419	166,306

5.4 Commitments continued

Commitments under Operating and Finance Leases

Operating leases

Future minimum rentals payable under non-cancellable operating leases at 31 March are as follows:

	2019 £'000	2018 £'000
Within one year	60,079	52,769
After one year but not more than five years	154,225	138,854
More than five years	162,033	153,356
	376,337	344,979

The Group has entered into operating leases for a range of assets, primarily comprising property and motor vehicles. During the year ended 31 March 2019, £65.971 million (2018: £54.277 million) was recognised as an expense in the Income Statement in respect of operating leases.

Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2019		2018	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	454	449	362	356
After one year but not more than five years	469	452	722	699
	923	901	1,084	1,055
Less: amounts allocated to future finance costs	(22)	–	(29)	–
Present value of minimum lease payments	901	901	1,055	1,055

5.5 Contingencies

Contingent liabilities include guarantees given in respect of borrowings and other obligations arising in the ordinary course of business.

Guarantees

The Company has given guarantees of £2,045.217 million (2018: £1,927.972 million) in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings.

Other

Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the liabilities of the following Irish subsidiaries; Alvalay Limited, CC Lubricants Limited, DCC Corporate Funding Unlimited Company, DCC Corporate Partners Unlimited Company, DCC Corporate Services dac, DCC Energy Limited, DCC Euro 2010 Limited, DCC Facilities Limited, DCC Finance Limited, DCC Finance Holdings Limited, DCC Finance & Treasury dac, DCC Financial Services Ireland Limited, DCC Financial Services International dac, DCC Financial Services Investments CLG, DCC Financial Services Holdings Unlimited Company, DCC Financial Services Unlimited Company, DCC Financial Services US dac, DCC Funding 2007 dac, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Unlimited Company, DCC Norway Finance Limited, DCC Technology Limited, DCC Treasury 2010 dac, DCC Treasury Ireland 2013 dac, DCC Treasury Management Unlimited Company, DCC Treasury Solutions Limited, Emo Oil Limited, Energy Procurement Limited, Energy Procurement Ireland 2013 Limited, Exertis Arc Telecom Limited, Exertis Ireland Limited, Fannin Limited, Flogas Ireland Limited, Flogas Natural Gas Limited, Heleconia Limited, Medisource Ireland Limited, SerCom (Holdings) Limited and Starata Limited. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014.

One of the Group's German subsidiaries, Bronberger & Kessler Handelsgesellschaft und Gilg & Schweiger GmbH & Co.KG, availed of disclosure exemptions pursuant to Section 264 of the German Commercial Code (HGB) and is therefore exempted from the obligation to prepare and disclose audited financial statements.

Notes to the Financial Statements (continued)

5.6 Related Party Transactions

The Group's principal related parties are the Group's subsidiaries, joint ventures, associates and key management personnel of the Group.

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* relate to the existence of subsidiaries, joint ventures and associates and transactions with these entities entered into by the Group and the identification and compensation of key management personnel as addressed in more detail below.

Subsidiaries, joint ventures and associates

The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, joint ventures and associates as documented in the accounting policies in note 5.9 and the basis of consolidation in note 1.3. A listing of the principal subsidiaries, joint ventures and associates is provided in the Group Directory on pages 210 to 213 of this Annual Report.

Transactions are entered into in the normal course of business on an arm's length basis. Sales to and purchases from, together with outstanding payables and receivables to and from subsidiaries are eliminated in the preparation of the consolidated financial statements.

Compensation of key management personnel

For the purposes of the disclosure requirements under IAS 24, the term 'key management personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors which manages the business and affairs of the Company. Key management remuneration amounted to:

	2019 £'000	2018 £'000
Short-term benefits	4,490	4,695
Post employment benefits	179	485
Share-based payment (calculated in accordance with the principles disclosed in note 2.5)	1,240	1,468
	5,909	6,648

5.7 Financial Risk and Capital Management

This note details the Group's treasury management and financial risk management objectives and policies. Information is also provided regarding the Group's exposure and sensitivity to capital risk, credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk, and the policies in place to monitor and manage these risks.

Capital risk management

The Group's objectives when managing its capital structure are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while maintaining a strong balance sheet to support the continued organic and acquisitive growth of its businesses and to maintain investor, creditor and market confidence. Return on capital employed ('ROCE') is a key performance indicator for the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or buy back existing shares, increase or reduce debt or sell assets.

The Group includes borrowings in its measure of capital. The Group's borrowings are subject to covenants. Further details on this are outlined in the Liquidity Risk Management section of this note.

The policy for net debt/cash is to ensure a structure of longer term debt funding and cash balances with deposit maturities up to three months.

The capital structure of the Group, which comprises capital and reserves attributable to the owners of the Parent Company, net debt and acquisition related liabilities, may be summarised as follows:

	2019 £'000	2018 £'000
Capital and reserves attributable to the owners of the Parent Company	2,390,706	1,642,658
Net debt (note 3.11)	18,425	542,662
Acquisition related liabilities (note 3.14)	101,410	97,853
At 31 March	2,510,541	2,283,173

5.7 Financial Risk and Capital Management continued

Financial risk management

Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors, most recently in December 2018. These policies and guidelines primarily cover credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions. DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign exchange, and, in conjunction with Group Commodity Risk Management, manage commodity price exposures, within approved policies and guidelines. Monitoring of compliance with the policies and guidelines is managed by the Group Risk Management function.

There are no significant concentrations of risk and there has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

(i) Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from credit exposure to trade receivables, cash and cash equivalents including deposits with banks and financial institutions and derivative financial instruments.

The Group's trade receivables are generally unsecured and non-interest bearing and arise from a wide and varied customer base spread throughout the Group's operations and, as such, there is no significant concentration of credit risk. The Group allocates each exposure to a credit risk grade, based on data that is determined to be predictive of risk of loss. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance.

The Group applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The adjustment in relation to adoption of IFRS 9 and the ECL model at 1 April 2018 was £3.3 million (see note 1.5). The Group uses an allowance matrix to measure the ECLs of trade receivables, which comprises a very large number of small balances. Loss rates are based on actual credit loss experience.

As detailed in note 3.5, the Group's trade receivables at 31 March 2019 amount to £1,321.570 million (2018: £1,264.019 million). Customer credit risk arising in the context of the Group's operations is not significant and the total allowance for impairment of trade receivables amounts to 2.5% of the Group's gross trade receivables (2018: 1.7%). The vast majority of the allowance for impairment relates to trade and other receivables balances which are over 6 months overdue.

Receivable balances classified as neither past due nor impaired represent 87% of the total trade receivables balance at 31 March 2019 (2018: 89%). These balances are expected to be fully recoverable. Included in the Group's trade receivables at 31 March 2019 are balances of £171.212 million (2018: £144.672 million) which are past due at the reporting date but not impaired.

Where appropriate, certain of the Group's operations selectively utilise supply chain financing solutions to sell, on a non-recourse basis, a portion of their receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2019 was £211.391 million (2018: £202.168 million). Revenues relating to the non-recourse sale of receivables in the year ended 31 March 2019 amounted to £1,324,932 million (2018: £1,291.042 million).

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC transacts with a variety of high credit quality financial institutions for the purpose of placing deposits and entering into derivative contracts. Deposits are also placed with AAA money market funds. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. Of the total cash and cash equivalents at 31 March 2019 of £1,554.093 million, 13.2% (£205.879 million) was with money market funds, 98.0% (£1,523.161 million) was with money market funds or financial institutions with minimum short term ratings of A-1 (Standard and Poor's) or P-1 (Moody's) and 99.6% (£1,548.040 million) was with money market funds or financial institutions with minimum short term ratings of A-2 (Standard and Poor's) or P-2 (Moody's). In the normal course of business, the Group operates notional cash pooling systems, where a legal right of set-off applies. As at 31 March 2019, derivative transactions were with counterparties with ratings ranging from AA- to BBB (long-term) with Standard and Poor's or Aa1 to Ba1 (long-term) with Moody's. The Group accordingly does not expect any loss in relation to its cash and cash equivalents or its derivative balances at 31 March 2019.

Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

(ii) Liquidity risk management

The Group maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three months. Wherever possible, surplus funds in the Group are transferred to the centralised treasury department through the repayment of borrowings, deposits and dividends. These are then lent to Group companies, contributed as equity to fund Group operations, used to retire external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes. In addition, the Group maintains significant committed and uncommitted credit lines with its relationship banks. Compliance with the Group's debt covenants is monitored continually based on management accounts. Sensitivity analysis using various scenarios are applied to forecasts to assess their impact on covenants and net debt/cash. During the year to 31 March 2019, all covenants have been complied with and, based on current forecasts, it is expected that all covenants will continue to be complied with for the foreseeable future. Further analysis of the Group's debt covenants is included in the Financial Review.

Notes to the Financial Statements (continued)

5.7 Financial Risk and Capital Management continued

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Group's trade and other payables, gross debt and derivative financial instruments. The tables also include the gross cash inflows projected to arise from derivative financial instruments. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(2,218,838)	–	–	–	(2,218,838)
Interest bearing loans and borrowings	(329,156)	(60,535)	(410,112)	(949,584)	(1,749,387)
Interest payments on interest bearing loans and borrowings	(73,875)	(62,872)	(161,882)	(141,424)	(440,053)
Acquisition related liabilities	(27,824)	(27,693)	(44,054)	(1,839)	(101,410)
Cross currency swaps – gross cash outflows	(201,642)	(69,423)	(358,166)	(351,728)	(980,959)
Other derivative financial instruments	(3,503)	(645)	(163)	–	(4,311)
	(2,854,838)	(221,168)	(974,377)	(1,444,575)	(5,494,958)

Derivative financial instruments – cash inflows

Interest rate swaps – net cash inflows	4,647	4,584	11,997	7,986	29,214
Cross currency swaps – gross cash inflows	285,946	94,788	450,574	431,729	1,263,037
	290,593	99,372	462,571	439,715	1,292,251

As at 31 March 2018	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(2,063,260)	–	–	–	(2,063,260)
Interest bearing loans and borrowings	(74,897)	(223,986)	(202,983)	(1,165,311)	(1,667,177)
Interest payments on interest bearing loans and borrowings	(56,180)	(56,137)	(128,072)	(83,493)	(323,882)
Acquisition related liabilities	(26,399)	(27,228)	(44,226)	–	(97,853)
Cross currency swaps – gross cash outflows	(21,339)	(202,204)	(199,888)	(594,969)	(1,018,400)
Other derivative financial instruments	(424)	(548)	–	–	(972)
	(2,242,499)	(510,103)	(575,169)	(1,843,773)	(5,171,544)

Derivative financial instruments – cash inflows

Interest rate swaps – net cash inflows	5,728	5,702	15,805	15,613	42,848
Cross currency swaps – gross cash inflows	40,788	265,784	251,079	657,115	1,214,766
	46,516	271,486	266,884	672,728	1,257,614

The Group has sufficient cash resources and liquid assets to enable it to meet its current borrowing obligations and trade and other payables. The Group has a well balanced profile of debt maturities over the coming years which will be serviced through a combination of cash and cash equivalents, cash flows, committed bank facilities and the raising of additional long-term debt.

(iii) Market risk management

Foreign exchange risk management

DCC's presentation currency is sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations giving rise to exposure to other currencies, primarily the euro and the US dollar.

Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency exposures within approved policies and guidelines using forward currency contracts.

The Group does not hedge translation exposure on the translation of the profits of foreign currency subsidiaries on the basis that there is no commitment or intention to remit earnings.

5.7 Financial Risk and Capital Management continued

The Group has investments in non-sterling, primarily euro and US Dollar denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in (or swapped utilising cross currency interest rate swaps into) the relevant currency or through currency swaps related to intercompany funding, although these hedges are offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The gain of £5.6 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2019 as set out in the Group Statement of Comprehensive Income reflects the weakening in the value of sterling against the US Dollar which was partly offset by a strengthening in the value of sterling against the euro and Scandinavian currencies.

The Group has a moderate level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies. Where sales or purchases are invoiced in currencies other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two months. The Group also hedges a proportion of anticipated transactions in certain subsidiaries for periods ranging up to eighteen months with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

Sensitivity to currency movements

A change in the value of other currencies by 10% against sterling would have a £16.8 million (2018: £13.1 million) impact on the Group's profit before tax and exceptional items, would change the Group's equity by £116.0 million and change the Group's net debt by £27.3 million (2018: £74.6 million and £46.4 million respectively). These amounts include an insignificant amount of transactional currency exposure.

Interest rate risk management

On a net debt/cash basis, the Group is exposed to changes in interest rates, primarily changes in EURIBOR and sterling LIBOR. Having borrowed at both fixed and floating rates of interest, DCC has swapped its fixed rate borrowings to a combination of fixed and floating interest rates, using interest rate and cross currency interest rate swaps. Overall interest rate risk on gross borrowings is mitigated by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

Sensitivity of interest charges to interest rate movements

Based on the composition of net debt at 31 March 2019 a one percentage point (100 basis points) change in average floating interest rates would have a £4.1 million (2018: £7.0 million) impact on the Group's profit before tax.

Further information on Group borrowings and the management of related interest rate risk is set out in notes 3.9 and 3.10.

Commodity price risk management

DCC, through its LPG and Retail & Oil divisions, procures, markets and sells LPG, natural gas, electricity and oil, and, as such, is exposed to changes in commodity cost prices. In general, market dynamics are such that commodity cost price movements are promptly reflected in sales prices. In certain markets, and in particular in the LPG division, short-term or seasonal price stability is preferred by certain customer segments which requires hedging a proportion of forecasted transactions, with such transactions qualifying as 'highly probable' for IAS 39 hedge accounting purposes. DCC uses both forward purchase contracts and derivative commodity instruments to support its pricing strategy for a portion of expected future sales, typically for periods of less than 12 months.

Fixed price supply contracts are occasionally provided to certain customers for periods typically less than 12 months in duration. DCC fixes its cost of sales on contracted future volumes where the customer contract contains a take-or-pay arrangement that permits the customer to purchase a fixed amount of product for a fixed price during a specified period, and requires payment even if the customer does not take delivery of the product. Where a take-or-pay clause is not included in the customer contract, DCC hedges a portion of forecasted sales volume recognising that certain sales, such as in natural gas and electricity in particular, are exposed to volumetric risk in the form of an uncertain consumption profile arising from a range of factors, including supply dynamics and the weather.

The LPG and Retail & Oil divisions do not hold significant amounts of commodity inventory relative to purchases and sales; however, for certain inventory, such as natural gas, DCC may enter hedge contracts to manage price exposures. The LPG and Retail & Oil divisions both enter into commodity hedges to fix a portion of own fuel costs. Certain activities of individual businesses have been centralised under the supervision of the DCC Group Commodity Risk Management function. Divisional and subsidiary management, in conjunction with the Group's Commodity Risk Management function, manage commodity price exposures within approved policies and guidelines.

All commodity hedging counterparties are approved by the Chief Executive and the Chief Financial Officer and are reviewed by the Board.

Sensitivity to commodity price movements

Due to pricing dynamics in the oil distribution market, an increase or decrease of 10% in the commodity cost price of oil would have an immaterial impact on the Group's profit before tax (2018: immaterial) and an immaterial impact on the Group's equity (2018: immaterial).

The impact on the Group's profit before tax and on the Group's equity of an increase or decrease of 10% in the commodity cost price of LPG would be dependent on seasonal variations, competitive pressures and the underlying absolute cost of the commodity at the time and, as such, is difficult to quantify but would not be material.

Notes to the Financial Statements (continued)

5.7 Financial Risk and Capital Management continued

Fair values of financial assets and financial liabilities

The fair values of borrowings (none of which are listed) and derivative financial instruments are measured by discounting cash flows at prevailing interest and exchange rates. The fair values of expected future payments under contingent consideration arrangements are determined by applying a risk-adjusted discount rate to the future payments which are based on forecasted operating profits of the acquired entity over the relevant period. The carrying value of non-interest bearing financial assets, financial liabilities and cash and cash equivalents approximates their fair values, largely due to their short-term maturities. The nominal value less impairment allowance of trade receivables and payables approximate to their fair values, largely due to their short-term maturities. The following is a comparison by category of book values and fair values of the Group's financial assets and financial liabilities:

	2019		2018	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial assets				
Derivative financial instruments	211,541	211,541	111,135	111,135
Trade and other receivables	1,517,507	1,517,507	1,426,217	1,426,217
Cash and cash equivalents	1,554,093	1,554,093	1,038,827	1,038,827
	3,283,141	3,283,141	2,576,179	2,576,179
Financial liabilities				
Borrowings	1,773,929	1,784,789	1,673,418	1,699,140
Derivative financial instruments	10,130	10,130	19,206	19,206
Acquisition related liabilities	101,410	101,410	97,583	97,853
Trade and other payables	2,218,838	2,218,838	2,063,260	2,063,260
	4,104,307	4,115,167	3,853,467	3,879,459

The Group has adopted the following fair value measurement hierarchy in relation to its financial assets and financial liabilities that are carried in the Balance Sheet at fair value as at the year end:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement as at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.9)	–	211,541	–	211,541
	–	211,541	–	211,541
Financial liabilities				
Acquisition related liabilities (note 3.14)	–	–	101,410	101,410
Derivative financial instruments (note 3.9)	–	10,130	–	10,130
	–	10,130	101,410	111,540

Fair value measurement as at 31 March 2018	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.9)	–	111,135	–	111,135
	–	111,135	–	111,135
Financial liabilities				
Acquisition related liabilities (note 3.14)	–	–	97,853	97,853
Derivative financial instruments (note 3.9)	–	19,206	–	19,206
	–	19,206	97,853	117,059

5.7 Financial Risk and Capital Management continued

Level 2 fair value measurement:

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 valuation techniques are:

- the fair value of interest rate, currency and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- the fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date with the resulting value discounted back to present value.
- the fair value of forward commodity contracts is determined using quoted forward commodity prices at the reporting date with the resulting value discounted back to present value.

Level 3 fair value measurement:

Acquisition related liabilities are included in Level 3 of the fair value hierarchy. Details of the movement in the year are included in note 3.14.

The specific valuation techniques used to value contingent consideration that is carried at fair value using level 3 valuation techniques are:

- the expected future payments are determined by forecasting the acquiree's relevant basis for the contingent consideration (i.e. valuations based on EBITDA or EBIT multiples) as appropriate to the specific contractual earn out arrangement; and
- the present value of the estimated future expected payments are discounted using a risk-adjusted discount rate where the time value of money is material.

The significant unobservable inputs are as follows:

- forecasted average adjusted operating profit growth rate 2.5%-9.0%;
- forecasted average outflow on Butagaz acquisition related liabilities £6m per annum; and
- risk adjusted discount rate 1.0%-1.4%.

The estimated fair value of contingent consideration would increase/(decrease) if EBITDA/EBIT growth was higher/(lower), if the forecasted outflow on Butagaz acquisition related liabilities was higher/(lower) or if the risk-adjusted discount rate was lower/(higher). For the fair value of contingent consideration, a reasonably possible change to one of the significant unobservable inputs at 31 March 2019, holding the other inputs constant, would have the following effects:

Impact on the carrying value of contingent consideration	2019 £'000	2018 £'000
Forecasted average adjusted operating profit growth rate (1% movement)	631	302
Forecasted outflow on Butagaz acquisition related liabilities (5% movement)	1,918	2,275
Risk adjusted discount rate (0.5% movement)	1,151	1,077

Offsetting financial assets and financial liabilities

(i) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements or similar agreements:

	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet		Net amount £'000
				Financial liabilities £'000	Cash collateral received £'000	
As at 31 March 2019						
Derivative financial instruments	205,995	—	205,995	(273)	—	205,722
Cash and cash equivalents	326,642	—	326,642	(84,911)	—	241,731
	532,637	—	532,637	(85,184)	—	447,453
	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet		Net amount £'000
				Financial liabilities £'000	Cash collateral received £'000	
As at 31 March 2018						
Derivative financial instruments	103,013	—	103,013	(10,027)	—	92,986
Cash and cash equivalents	221,890	—	221,890	(59,538)	—	162,352
	324,903	—	324,903	(69,565)	—	255,338

Notes to the Financial Statements (continued)

5.7 Financial Risk and Capital Management continued

(ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements:

	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet		Net amount £'000
				Financial assets £'000	Cash collateral provided £'000	
As at 31 March 2019						
Derivative financial instruments	273	–	273	(273)	–	–
Bank borrowings	84,911	–	84,911	(84,911)	–	–
	85,184	–	85,184	(85,184)	–	–
	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet		Net amount £'000
				Financial assets £'000	Cash collateral provided £'000	
As at 31 March 2018						
Derivative financial instruments	10,112	–	10,112	(10,027)	–	85
Bank borrowings	59,538	–	59,538	(59,538)	–	–
	69,650	–	69,650	(69,565)	–	85

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such a failure is not remedied within periods of 15 to 30 days after notice of such failure is given to the party, or bankruptcy.

5.8 Events after the Balance Sheet Date

This note provides details on material events which have occurred between the year end date of 31 March and the date of approval of the financial statements.

Pacific Coast Energy

In April 2019, DCC LPG acquired Pacific Coast Energy, an LPG distribution business operating in the north-west of the US for an enterprise value of approximately £30 million. The business trades under a number of brand names, supplying both residential and commercial customers in Washington and Oregon from five well-located facilities.

An initial assignment of fair values to identifiable net assets acquired has not been completed given the timing of the closure of this transaction.

Comm-Tec

DCC Technology has agreed to acquire Comm-Tec, a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain. The business recorded revenue of approximately €90 million in its latest financial year and employs approximately 150 people.

Amacom

DCC Technology has also agreed to acquire Amacom, a leading distributor of consumer electronics, AV and IT products, primarily to the retail and e-tail sectors in the Netherlands. The business recorded revenue of approximately €160 million in its latest financial year and employs approximately 80 people.

The combined initial enterprise value of Amacom and Comm-Tec is approximately £55 million and both acquisitions are subject to customary regulatory approvals.

5.9 Summary of Significant Accounting Policies

This section sets out the Group's accounting policies which are applied in recognising and measuring transactions and balances arising in the year.

Revenue Recognition

Revenue comprises the fair value of the sale of goods and services to external customers net of applicable sales taxes, volume and promotional rebates, allowances and discounts. Revenue is generally recognised on a duty inclusive basis where applicable. The Group is deemed to be a principal in an arrangement when it controls a promised good or service before transferring them to a customer, and accordingly recognises revenue on a gross basis. Where the Group is determined to be an agent in a transaction, based on the principle of control, the net amount retained after the deduction of any costs to the principal is recognised as revenue. Revenue is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for each of the Group's activities as detailed below.

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and when the amount of revenue and costs incurred can be measured reliably. This generally arises on delivery or in accordance with specific terms and conditions agreed with individual customers. In the case of consignment stock arrangements, revenue is recognised on the date that legal title passes. Sales returns and discounts are recorded in the same period as the original revenue.

DCC LPG derives the majority of its revenue from the sale of LPG, refrigerants and natural gas. Revenue is recognised when the products are delivered to the customer. Products can be sold under short or long-term agreements at prevailing market prices or at fixed prices for which DCC LPG will have fixed supply prices.

DCC Retail & Oil derives most of its revenue from the sale of transport and commercial fuels, heating oils and related products. Revenue is recognised when the products are delivered to the customer.

DCC Technology derives the majority of its revenue from the sale of consumer and SME focused technology products. Revenue is generally recognised on despatch. Should volume and promotional rebates be granted to customers they are recognised as a reduction in sales revenue at the time of the sale based on managements' estimate of the likely rebate to be awarded to customers. Estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specific facts of each arrangement.

DCC Healthcare derives its revenue from the sale of a broad range of third party and own-branded medical devices and pharmaceuticals. Revenue is also generated from the manufacture of products for health and beauty brand owners. Revenue is recognised on delivery of the product to the customer in the majority of cases.

Sales of services

Revenue from the rendering of services is recognised in the period in which the services are rendered. Where services are performed rateably over a period of time revenue is recognised on a straight-line basis over the period of the contract. Contracts do not contain multiple performance obligations (as defined by IFRS 15).

Service revenue in DCC LPG and Retail & Oil is generated from a variety of value added services provided to customers. Revenue is recognised as the service is provided.

DCC Technology generates service revenue from providing a range of value-added services to both its customers and suppliers including third party logistics, web site development and management, outsourced managed services, training and certain supply chain management services such as quality assurance and compliance. Revenue relating to these services is recognised as the service is provided.

DCC Healthcare generates service revenue from a variety of sources such as logistics services including stock management, distribution services to hospitals and healthcare manufacturers as well as engineering and preventative maintenance services. Revenue is recognised as the service is rendered and completed.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when shareholders' right to receive payment have been established.

Rental income

Rental income from operating leases is recognised on a straight line basis over the term of the lease. The related assets are recorded as plant and machinery within property, plant and equipment and are depreciated on a straight-line basis over the useful lives of the assets.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The Group has determined that it has four reportable operating segments: DCC LPG, DCC Retail & Oil, DCC Technology and DCC Healthcare.

Foreign Currency Translation

Functional and presentation currency

The functional currency of the Company is euro. The consolidated financial statements are presented in sterling which is the Company's and the Group's presentation currency as a significant portion of the Group's revenue and operating profit is generated in sterling. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the Group Income Statement except when cash flow or net investment hedge accounting is applied.

Group companies

Results and cash flows of subsidiaries, joint ventures and associates which do not have sterling as their functional currency are translated into sterling at average exchange rates for the year. Average exchange rates are a reasonable approximation of the cumulative effect of the rates on the transaction dates. The related balance sheets are translated at the rates of exchange ruling at the reporting date. Adjustments arising on translation of the results of such subsidiaries, joint ventures and associates at average rates, and on the restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related currency instruments designated as hedges of such investments.

On disposal of a foreign operation, such cumulative currency translation differences are recognised in the Income Statement as part of the overall gain or loss on disposal. In accordance with IFRS 1, cumulative currency translation differences arising prior to the transition date to IFRS (1 April 2004) have been set to zero for the purposes of ascertaining the gain or loss on disposal of a foreign operation.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are regarded as assets and liabilities of the foreign operation, are expressed in the functional currency of the foreign operation and are recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

Finance Costs

Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the Income Statement, facility fees and the unwinding of discounts on provisions. The interest expense component of finance lease payments is recognised in the Income Statement using the effective interest rate method. The net finance cost/income on defined benefit pension scheme assets or obligations are recognised in the Income Statement in accordance with IAS 19.

The mark to market of designated swaps and related debt and the mark to market of undesignated currency swaps and related debt are included in 'Finance Costs' in the case of a net loss. The mark to market of designated swaps and related debt comprises the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings, together with the gain or loss on the hedged borrowings which is attributable to the hedged risk. The mark to market of undesignated swaps and related debt comprises the gain or loss on currency swaps which are not designated as hedging instruments, but which are used to offset movements in foreign exchange rates on certain borrowings, along with the currency movement on those borrowings.

Finance Income

Interest income is recognised in the Income Statement as it accrues, using the effective interest method, and includes net gains on hedging instruments that are recognised in the Income Statement.

The mark to market of designated swaps and related debt and the mark to market of undesignated currency swaps and related debt, both as defined above, are included in 'Finance Income' in the case of a net gain.

Exceptional Items

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Such items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, IAS 39 ineffective mark to market movements together with gains or losses arising from currency swaps offset by gains or losses on related fixed rate debt, acquisition costs, profit or loss on defined benefit pension scheme restructuring, adjustments to contingent consideration (arising on business combinations from 1 April 2010), the impact on deferred tax balances as a result of changes to enacted corporation tax rates and impairment of assets. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the Income Statement and disclosed in the related notes as exceptional items.

5.9 Summary of Significant Accounting Policies continued

Income Tax

Current tax

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and taking into account any adjustments stemming from prior years.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date which is defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of the following:

- where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the timing of the reversal of the temporary difference is subject to control by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised in respect of all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items except:

- where the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of deductible temporary differences associated with investment in subsidiaries, joint ventures and associates, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the foreseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits would be available to allow all or part of the deferred tax asset to be utilised.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value level by the end of its useful life.

	Annual Rate
Freehold and long-term leasehold buildings	2%
Plant and machinery	5 – 33⅓%
Cylinders	6⅔ – 10%
Motor vehicles	10 – 33⅓%
Fixtures, fittings & office equipment	10 – 33⅓%

Land is not depreciated. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

In accordance with IAS 36 *Impairment of Assets*, the carrying amounts of items of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repair and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets.

Investments in Subsidiary Undertakings

Investments in subsidiaries are stated at cost less any accumulated impairments and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Business Combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the Income Statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in the Income Statement.

Goodwill is initially measured at cost being the excess of the fair value of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the Income Statement.

A financial liability is recognised in relation to the non-controlling shareholder's option to put its shareholding back to the Group, being the fair value of the estimate of amounts payable to acquire the non-controlling interest. The financial liability is included in contingent consideration. The discount component is unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability are recognised in the Income Statement.

Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. The assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

Goodwill

Goodwill arising in respect of acquisitions completed prior to 1 April 2004 (being the transition date to IFRS) is included at its carrying amount, which equates to its net book value recorded under previous GAAP. In accordance with IFRS 1, the accounting treatment of business combinations undertaken prior to the transition date was not reconsidered and goodwill amortisation ceased with effect from the transition date.

Goodwill on acquisitions is initially measured as the excess of the fair value of consideration paid for the business combination plus any non-controlling interest, over the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill acquired in a business combination is allocated, from the acquisition date, to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The carrying amount of goodwill in respect of associates and joint ventures, net of any impairment, is included in investments in associates and joint ventures under the equity method in the Group Balance Sheet.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist; the goodwill impairment tests are undertaken at a consistent time in each annual period. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed following recognition.

Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairments, is included in determining the profit or loss arising on disposal.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

5.9 Summary of Significant Accounting Policies continued

Intangible Assets

Intangible assets acquired separately are capitalised at cost. Intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition.

Following initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives this expense is taken to the Income Statement.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. In general, finite-lived intangible assets are amortised over periods ranging from two to forty years, depending on the nature of the intangible asset.

The carrying amount of finite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group does not have any indefinite-lived intangible assets.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a first in first out basis and in the case of raw materials, bought-in goods and expense inventories, comprises purchase price plus transport and handling costs less trade discounts and subsidies. Cost, in the case of products manufactured by the Group, consists of direct material and labour costs together with the relevant production overheads based on normal levels of activity. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs.

Provision is made, where necessary, for slow moving, obsolete and defective inventories.

Financial Instruments

A financial instrument is recognised when the Group becomes a party to its contractual provisions. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, are extinguished or transferred to a third party. Financial liabilities are derecognised when the Group's obligations specified in the contracts expire, are discharged or cancelled.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as assets of the Group at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a current or non-current lease obligation as appropriate. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Income Statement.

Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the term of the relevant lease.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for impairment.

An allowance for impairment of trade receivables is established based on both expected credit losses and information available that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the allowance is recognised in the Income Statement.

The Group derecognises a receivable only when the contractual rights to the cash flows from the receivable expire, or when it transfers the receivable and substantially all of the risks and rewards of ownership of the asset to another entity. On derecognition of a receivable the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Income Statement.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Trade and Other Payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-dated nature of these liabilities.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Group Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

Interest-Bearing Loans and Borrowings

All loans and borrowings are initially recorded at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Derivative Financial Instruments

The Group uses derivative financial instruments (principally interest rate, currency and cross currency interest rate swaps and forward foreign exchange and commodity contracts) to hedge its exposure to interest rate and foreign exchange risks and to changes in the prices of certain commodity products arising from operational, financing and investment activities.

Derivative financial instruments are recognised at inception at fair value, being the present value of estimated future cash flows. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of currency swaps that are hedging borrowings and for which the Group has not elected to apply hedge accounting, along with changes in the fair value of derivatives hedging borrowings, that are part of designated fair value hedge relationships, are reflected in the Income Statement in 'Finance Costs'.

Changes in the fair value of other derivative financial instruments for which the Group has not elected to apply hedge accounting are reflected in the Income Statement, in 'Other Operating Income' or 'Other Operating Expenses'.

Hedging

For the purposes of hedge accounting, hedges are designated either as fair value hedges (which hedge the exposure to movements in the fair value of recognised assets or liabilities or firm commitments that are attributable to hedged risks) or cash flow hedges (which hedge exposures to fluctuations in future cash flows derived from a particular risk associated with recognised assets or liabilities or highly probable forecast transactions).

The Group documents, at the inception of the transactions, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments are disclosed in note 3.9 and the movements on the cash flow hedge reserve in equity are shown in note 4.2. The full fair value of a derivative is classified as a non-current asset or non-current liability if the remaining maturity of the derivative is more than twelve months and as a current asset or current liability if the remaining maturity of the derivative is less than twelve months.

Fair value hedge

In the case of fair value hedges which satisfy the conditions for hedge accounting, any gain or loss arising from the re-measurement of the fair value of the hedging instrument is reported in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. As a result, the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings are included within 'Finance Income' or 'Finance Costs'. In the case of the related hedged borrowings, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement within 'Finance Costs' or 'Finance Income'. The gain or loss on commodity derivatives that are designated as fair value hedges of firm commitments are recognised in the Income Statement. Any change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability on the Balance Sheet with a corresponding gain or loss in the Income Statement.

If a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the Income Statement over the period to maturity.

5.9 Summary of Significant Accounting Policies continued

Hedging continued

Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of equity. The ineffective portion is reported in the Income Statement in 'Finance Income' and 'Finance Costs' where the hedged item is private placement debt, and in 'Other Operating Income' or 'Other Operating Expenses' for all other cases. When a forecast transaction results in the recognition of an asset or a liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise, the associated gains or losses that had previously been recognised in equity are transferred to the Income Statement in the same reporting period as the hedged transaction in Revenue or Cost of Sales (depending on whether the hedge related to a forecasted sale or purchase).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present obligation (either legal or constructive) as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and announced its main provisions.

Provisions arising on business combinations are only recognised to the extent that they would have qualified for recognition in the financial statements of the acquiree prior to the acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Environmental Provisions

The Group has certain site remediation obligations to be incurred in compliance with local or national environmental regulations together with constructive obligations stemming from established best practice. The measurement of these provisions is based on the evaluation of currently available facts with respect to each individual site and is adjusted periodically as remediation efforts progress or as additional information becomes available. Inherent uncertainties exist in such measurements primarily due to unknown timing, site conditions and changing regulations. Full provision is made for the net present value of the estimated costs in relation to the Group's environmental liabilities. The net present value of the estimated costs is capitalised as property, plant and equipment and the unwinding of the discount element on the environmental provision is reflected in the Income Statement.

Cylinder and Tank Deposits Provisions

This provision relates to DCC LPG's operations where an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e. net present value) and the unwinding of the discount element is reflected in the Income Statement.

Pension and Other Post Employment Obligations

The Group operates defined contribution and defined benefit pension schemes.

The costs arising in respect of the Group's defined contribution schemes are charged to the Income Statement in the period in which they are incurred. The Group has no legal or constructive obligation to pay further contributions after payment of fixed contributions.

The Group operates a number of defined benefit pension schemes which require contributions to be made to separately administered funds. The liabilities and costs associated with the Group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted. Plan assets are measured at fair values.

The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and term of the associated post employment benefit obligations.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Pension and Other Post Employment Obligations continued

The net surplus or deficit arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities in the Group Balance Sheet. The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax liabilities or assets as appropriate. Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest) are recognised immediately in the Group Balance Sheet with a corresponding entry to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and, in the case of published securities, it is the published bid price. The value of any defined benefit asset is limited to the present value of any economic benefits available in the form of refunds from the plan and reductions in the future contributions to the plan.

A curtailment arises when the Group is demonstrably committed to make a significant reduction in the number of employees covered by a plan. A past service cost, negative or positive, arises following a change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post employment benefits. A settlement arises where the Group is relieved of responsibility for a pension obligation and eliminates significant risk relating to the obligation and the assets used to effect the settlement. Past-service costs, negative or positive, are recognised immediately in the Income Statement. Losses arising on settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Group becomes demonstrably committed to the transaction. Gains arising on a settlement or curtailment are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction. Curtailment and settlement gains and losses are dealt with in the Income Statement.

Share-Based Payment Transactions

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares.

The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. The fair value at the grant date is determined using a Monte Carlo simulation technique for the DCC plc Long Term Incentive Plan 2009.

The DCC plc Long Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

Where the share-based payments give rise to the issue of new equity share capital, the proceeds received by the Company are credited to Share Capital (nominal value) and Share Premium when the share entitlements are exercised. Where the share-based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to shareholders equity.

The measurement requirements of IFRS 2 have been implemented in respect of share options entitlements granted after 7 November 2002. In accordance with the standard, the disclosure requirements of IFRS 2 have been applied to all outstanding share-based payments regardless of their grant date. The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

5.9 Summary of Significant Accounting Policies continued

Government Grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Equity

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from total equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or re-issued, any consideration received is included in share premium.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Group's financial statements in the period in which they are approved by the shareholders of the Company. Proposed dividends that are approved after the reporting date are not recognised as a liability at that reporting date, but are disclosed in the dividends note.

Non-Controlling Interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Parent Company and are presented separately in the Group Income Statement and within equity in the Group Balance Sheet, distinguished from shareholders' equity attributable to owners of the Parent Company. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

5.10 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 13 May 2019.

Company Balance Sheet

As at 31 March 2019

	Note	2019 €'000	2018 €'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	6.4	807,349	266,408
Current assets			
Trade and other receivables	6.5	569,825	623,257
Cash and cash equivalents	6.8	64,897	57,622
		634,722	680,879
Total assets		1,442,071	947,287
EQUITY			
Capital and reserves			
Share capital	4.1	17,422	15,455
Share premium	4.1	882,561	280,533
Other reserves	6.9	116,936	142,035
Retained earnings	6.10	315,760	395,206
Total equity		1,332,679	833,229
LIABILITIES			
Current liabilities			
Trade and other payables	6.6	109,392	114,058
Total equity and liabilities		1,442,071	947,287

John Moloney, Donal Murphy, Directors

Company Statement of Changes in Equity

For the year ended 31 March 2019

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.10) £'000	Other reserves (note 6.9) £'000	Total equity £'000
At 1 April 2018	15,455	280,533	395,206	142,035	833,229
Profit for the financial year	–	–	48,362	–	48,362
Other comprehensive income:					
Currency translation	–	–	–	(30,922)	(30,922)
Total comprehensive income	–	–	48,362	(30,922)	17,440
Issue of share capital	1,967	600,970	(10,847)	–	592,090
Re-issue of treasury shares	–	1,058	–	–	1,058
Share based payment	–	–	–	5,823	5,823
Dividends	–	–	(116,961)	–	(116,961)
At 31 March 2019	17,422	882,561	315,760	116,936	1,332,679

For the year ended 31 March 2018

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.10) £'000	Other reserves (note 6.9) £'000	Total equity £'000
At 1 April 2017	15,455	277,211	226,772	128,302	647,740
Profit for the financial year	–	–	271,305	–	271,305
Other comprehensive income:					
Currency translation	–	–	–	8,996	8,996
Total comprehensive income	–	–	271,305	8,996	280,301
Re-issue of treasury shares	–	3,322	–	–	3,322
Share based payment	–	–	–	4,737	4,737
Dividends	–	–	(102,871)	–	(102,871)
At 31 March 2018	15,455	280,533	395,206	142,035	833,229

Company Cash Flow Statement

For the year ended 31 March 2019

	Note	2019 £'000	2018 £'000
Operating activities			
Cash generated from operations	6.11	40,068	(5,464)
Interest paid		(12)	(7)
Income tax paid		(134)	(120)
Net cash flow from operating activities		39,922	(5,591)
Investing activities			
Inflows:			
Interest received		7,810	6,758
Proceeds on disposal		300,902	136,102
Dividends received from subsidiaries		33,284	161,220
		341,996	304,080
Outflows:			
Acquisition of subsidiaries		(849,506)	(208,374)
Net cash flow from investing activities		(507,510)	95,706
Financing activities			
Inflows:			
Proceeds from issue of shares		593,148	3,322
Outflows:			
Dividends paid	2.11	(116,961)	(102,871)
Net cash flow from financing activities		476,187	(99,549)
Change in cash and cash equivalents		8,599	(9,434)
Translation adjustment		(1,324)	1,539
Cash and cash equivalents at beginning of year		57,622	65,517
Cash and cash equivalents at end of year	6.8	64,897	57,622

Notes to the Company Financial Statements

Section 6 Notes to the Company Financial Statements

In accordance with the Companies Act 2014, information regarding the ultimate parent Company, DCC plc, is presented below.

6.1 Basis of Preparation

The financial statements which are presented in sterling, rounded to the nearest thousand, have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The Company applies consistent accounting policies to those applied by the Group. To the extent that an accounting policy is relevant to both Group and Parent Company financial statements, please refer to the Group financial statements for disclosure of the relevant accounting policy.

6.2 Auditor Statutory Disclosure

The audit fee for the Parent Company is £13,000 and is payable to KPMG, Ireland, the statutory auditor (2018: £13,000).

6.3 Profit Attributable to DCC plc

Profit after taxation for the year attributable to owners of the Parent Company amounting to £48.362 million (2018: £271.305 million) has been accounted for in the financial statements of the Company. In accordance with Section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting. The Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

6.4 Investments in Subsidiary Undertakings

	2019 £'000	2018 £'000
At 1 April	266,408	94,715
Additions	849,506	240,630
Capital contribution in respect of share based payments	5,823	4,737
Disposals	(293,303)	(37,879)
Impairment	–	(36,993)
Exchange and other	(21,085)	1,198
At 31 March	807,349	266,408

Details of the Group's principal operating subsidiaries are included in the Supplementary Information section on pages 210 to 213. Non-wholly owned subsidiaries principally comprise DCC Holding Denmark A/S (60%) (which owns 100% of DCC Energi Danmark A/S and Dansk Fuels A/S), Gaz Européen Holding SAS (97%) where put and call options exist to acquire the remaining 3%, Jam Industries Limited (91%) where put and call options exist to acquire the remaining 9% and Medisource Ireland Limited (87%) where put and call options exist to acquire the remaining 13%.

The Group's principal overseas holding company subsidiaries are DCC Limited, a company operating, incorporated and registered in England and Wales and DCC International Holdings B.V., a company operating, incorporated and registered in The Netherlands. The registered office of DCC Limited is at Hill House, 1 Little New Street, London, EC4A 3TR, England. The registered office of DCC International Holdings B.V. is Zuiderzeestraatweg 1, 3882 NC, Putten, The Netherlands.

6.5 Trade and Other Receivables

	2019 £'000	2018 £'000
Amounts owed by subsidiary undertakings	569,825	623,257
	569,825	623,257

All amounts owed by subsidiary undertakings are interest-free and repayable on demand. There were no past due or impaired trade receivables in the Company at 31 March 2019 (31 March 2018: nil). The Company does not expect any loss in relation to trade and other receivables at 31 March 2019.

Notes to the Company Financial Statements (continued)

6.6 Trade and Other Payables

	2019 £'000	2018 £'000
Amounts due to subsidiary undertakings	108,867	113,523
Other creditors and accruals	525	535
	109,392	114,058

6.7 Movement in Working Capital

	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2019			
At 1 April 2018	623,257	(114,058)	509,199
Translation adjustment	(10,604)	2,091	(8,513)
(Decrease)/increase in working capital (note 6.11)	(42,828)	2,575	(40,253)
At 31 March 2019	569,825	(109,392)	460,433
Year ended 31 March 2018			
At 1 April 2017	600,842	(113,334)	487,508
Translation adjustment	13,577	(2,580)	10,997
Increase in working capital (note 6.11)	8,838	1,856	10,694
At 31 March 2018	623,257	(114,058)	509,199

6.8 Cash and Cash Equivalents

	2019 £'000	2018 £'000
Cash at bank and in hand	64,897	57,622
	64,897	57,622

6.9 Other Reserves

	Share based payment reserve ¹ £'000	Foreign currency translation reserve ² £'000	Other reserves ³ £'000	Total £'000
At 1 April 2017	18,146	109,927	229	128,302
Share based payment	4,737	—	—	4,737
Currency translation	—	8,996	—	8,996
At 31 March 2018	22,883	118,923	229	142,035
Share based payment	5,823	—	—	5,823
Currency translation	—	(30,922)	—	(30,922)
At 31 March 2019	28,706	88,001	229	116,936

1. The share based payment reserve comprises capital contributions to subsidiaries in connection with share based payments.
2. The Company's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Company's euro denominated operations into sterling (the presentation currency), including the translation of the profits and losses of the Company from the average rate for the year to the closing rate at the balance sheet date.
3. The Company's other reserves is a capital conversion reserve fund.

6.10 Retained Earnings

	2019 £'000	2018 £'000
At 1 April	395,206	226,772
Total comprehensive income for the financial year	48,362	271,305
Directly attributable costs of share capital issuance	(10,847)	–
Dividends	(116,961)	(102,871)
At 31 March	315,760	395,206

6.11 Cash Generated from Operations

	2019 £'000	2018 £'000
Profit for the financial year	48,362	271,305
Add back non-operating income:		
– tax	134	120
– net operating exceptionals	(7,599)	(61,231)
– net finance income	(7,798)	(6,751)
– dividend income	(33,284)	(198,213)
Operating profit	(185)	5,230
Changes in working capital:		
– trade and other receivables (note 6.7)	42,828	(8,838)
– trade and other payables (note 6.7)	(2,575)	(1,856)
Cash generated from operations	40,068	(5,464)

6.12 Related Party Transactions

Subsidiaries, joint ventures and associates

The Company's Income Statement includes dividends from its subsidiary companies DCC International Holdings B.V. of £26.702 million and Divisional Funding S.a.r.l. of £6.582 million. Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 202, in note 6.5 'Trade and Other Receivables' and in note 6.6 'Trade and Other Payables'.

6.13 Financial Risk Management

A description of the Group's financial risk management objectives and policies is provided in note 5.7 to the Group financial statements. These financial risk management objectives and policies also apply to the Parent Company.

(i) Credit risk management

Credit risk arises from credit exposure to intercompany receivables and cash and cash equivalents including deposits with banks and financial institutions.

As detailed in note 6.5, the Group's intercompany receivables at 31 March 2019 amount to £569.825 million (2018: £623.257 million). None of these balances include a provision for impairment and all amounts are expected to be recoverable in full.

Risk of counterparty default arising on cash and cash equivalents is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC plc transacts with a variety of high credit quality financial institutions for the purpose of placing deposits. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. The cash and cash equivalents balance at 31 March 2019 of £64.897 million was held with financial institutions with a minimum rating in the A-2 (short-term) category of Standard and Poor's.

Notes to the Company Financial Statements (continued)

6.13 Financial Risk Management continued

(ii) Liquidity risk management

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Company's trade and other payables. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	109,392	–	–	–	109,392
	109,392	–	–	–	109,392
As at 31 March 2018	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	114,058	–	–	–	114,058
	114,058	–	–	–	114,058

The Company has sufficient cash resources and liquid assets to enable it to meet its trade and other payables.

(iii) Market risk management

Foreign exchange risk management

The Company does not have any material assets or liabilities denominated in any currency other than euro at 31 March 2019 or at 31 March 2018 which would give rise to a significant transactional currency exposure. However, as the presentation currency for the Company is sterling, it is exposed to fluctuations in the sterling/euro exchange rate. A change in the value of euro by 10% against sterling would have a £4.4 million (2018: £24.7 million) impact on the Company's profit before tax, would change the Company's equity by £120.6 million and change the Company's net cash by £6.6 million (2018: £75.7 million and £5.8 million respectively).

Interest rate risk management

Based on the composition of net cash at 31 March 2019 a one percentage point (100 basis points) change in average floating interest rates would have a £0.6 million (2018: £0.6 million) impact on the Company's profit before tax. Finance income principally comprises guarantee fees charged at fixed rates on intergroup loans. Finance costs comprise interest on intergroup loans payable at variable market rates.

Commodity price risk management

The Company has no exposure to commodity price risk.

Fair values of financial assets and financial liabilities

The following is a comparison by category of book values and fair values of the Company's financial assets and financial liabilities:

	2019		2018	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial assets				
Trade and other receivables	569,825	569,825	623,257	623,257
Cash and cash equivalents	64,897	64,897	57,622	57,622
	634,722	634,722	680,879	680,879
Financial liabilities				
Trade and other payables	109,392	109,392	114,058	114,058
	109,392	109,392	114,058	114,058

As at 31 March 2019 and 31 March 2018 the Company had no financial assets or financial liabilities which were carried at fair value.

6.14 Contingencies

Guarantees given in respect of borrowings and other obligations are detailed in note 5.5 to the Group financial statements.

Supplementary Information

In this section	210	Principal Subsidiaries, Joint Ventures and Associates
	214	Shareholder Information
	216	Corporate Information
	217	Independent Limited Assurance Report
	218	Alternative Performance Measures
	223	5 Year Review
	224	Index

Principal Subsidiaries, Joint Ventures and Associates¹

DCC LPG

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC LPG Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Butagaz SAS	47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of liquefied petroleum gas	France	100
Gaz de Paris SAS (trading as Gaz Européen)	47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of natural gas	France	97
Flogas Britain Limited	81 Rayns Way, Syston, Leicester LE7 1PF, England	Procurement, sales, marketing and distribution of liquefied petroleum gas	Britain	100
Flogas Ireland Limited	Knockbrack House, Matthews Lane, Donore Road, Drogheda, Co. Louth, Ireland	Procurement, sales, marketing and distribution of liquefied petroleum gas and natural gas	Ireland	100
DSG Energy Limited	Suites 2201-2, 22nd Floor, AIA Kowloon Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Procurement, sales, marketing and distribution of liquefied petroleum gas	Hong Kong	100
DCC Propane LLC	204 North State Route 54, Roberts, IL 60962, USA	Procurement, sales, marketing and distribution of liquefied petroleum gas	USA	100
TEGA – Technische Gase und Gasetechnik GmbH	Werner-von-Siemens-Straße 18, 97076 Würzburg, Germany	Procurement, sales, marketing and distribution of liquefied petroleum gas and refrigerant gases	Germany	100
Flogas Sverige AB	Brännkyrkagatan 63, 11822 Stockholm, Sweden	Procurement, sales, marketing and distribution of liquefied petroleum gas	Sweden	100
Flogas Norge AS	Nydalsveien 15, 0484 Oslo, Norway	Procurement, sales, marketing and distribution of liquefied petroleum gas	Norway	100
Benegas BV	Zuiderzeestraatweg 1, 3882NC, Putten, The Netherlands	Procurement, sales, marketing and distribution of liquefied petroleum gas	The Netherlands	100

DCC Retail & Oil

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Retail & Oil Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Certas Energy UK Limited	302 Bridgewater Place, Birchwood Park, Warrington WA3 6XG, England	Procurement, sales, marketing and distribution of petroleum and lubricant products	Britain	100
Fuel Card Services Limited	Alexandra House, Lawnswood Business Park, Redvers Close, Leeds LS16 6QY, England	Sale and administration of petroleum products through the use of fuel cards	Britain	100
Certas Energy Norway AS	Elias Smiths vei 24, 1337 Sandvika, Norway	Procurement, sales and marketing of petroleum products	Norway	100
Certas Energy France SAS	9 Avenue Edouard Belin, 92500 Rueil Malmaison, Paris, France	Procurement, sales and marketing of petroleum products	France	100
Energy Procurement Ireland 2013 Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Procurement, sales and marketing of petroleum products	Ireland	100
DCC Energi Danmark A/S	Naerum Hovedgade 8, 2850 Naerum, Denmark	Procurement, sales, marketing and distribution of petroleum and lubricant products and natural gas	Denmark	60

1. The information in this section relates only to the Group's principal subsidiaries, joint ventures and associates. A full list of subsidiaries, joint ventures and associates will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

DCC Retail & Oil continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Qstar Försäljning AB	Spårgatan 5, Box 633, 601 14 Norrköping, Sweden	Procurement, sales and marketing of petroleum products	Sweden	100
Energie Direct MineralölhandelsgesmbH	Alte Poststraße 400, A-8055 Graz, Austria	Procurement, sales, marketing and distribution of petroleum and lubricant products and natural gas	Austria	100
Swea Energi AB	Box 3123, 600 03 Norrköping, Sweden	Procurement, sales, marketing and distribution of petroleum products	Sweden	100
Emo Oil Limited	Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Procurement, sales, marketing and distribution of petroleum and lubricant products	Ireland	100

DCC Technology

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Technology Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Exertis (UK) Ltd	Technology House, Magnesium Way, Hapton, Burnley BB12 7BF, England	Sales, marketing and distribution of technology products	Britain	100
Exertis Hammer Limited	Intec 1, Intec Business Park, Wade Road, Basingstoke, Hampshire RG24 8NE, England	Sales, marketing and distribution of technology products	Britain	100
MTR Group Limited	Unit 10, Spire Green Centre, The Pinnacles, Harlow, Essex CM19 5TR, England	Sales and refurbishment of mobile handsets	Britain	100
Kondor Limited	Christchurch Business Park, Radar Way, Christchurch BH23 4FL, England	Sales, marketing and distribution of technology products	Britain	100
Hypertec Limited	2 Charnham Park, Swangate, Hungerford RG17 0YX, England	Sales, marketing and distribution of memory and accessories	Britain	100
Exertis Ireland Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Sales, marketing and distribution of technology products	Ireland	100
Jam Industries Ltd.	21000 Trans-Canada Highway, Baie-D'Urfe, QC H9X 4B7, Canada	Sales, marketing and distribution of professional audio products, musical instruments and consumer electronics	Canada	91
Stampede Presentation Products, Inc.	55 Woodridge Drive, Amherst, NY 14228, USA	Sales, marketing and distribution of professional audiovisual products and solutions	USA	100
Exertis Arc Telecom Limited	Unit No. 702, X3 Building, Jumeirah Lake Towers, Dubai, UAE	Sales, marketing and distribution of technology products	Ireland and operating in Dubai	100
Exertis CapTech AB	Aminogatan 17, SE- 43153 Mölndal, Göteborg, Sweden	Sales, marketing and distribution of technology products	Sweden	100
CUC SAS (trading as Exertis Connect)	Zone Industrielle Buchelay 3000, BP 1126, 78204 Mantes en Yvelines Cedex, France	Sales, marketing and distribution of technology products and connecting solutions	France	100
Go Telecom BV (trading as Exertis Go Connect)	Laan Van Kopenhagen 100, 3317 DM Dordrecht, The Netherlands	Sales, marketing and distribution of unified communications and audio visual products	The Netherlands	100

Principal Subsidiaries, Joint Ventures and Associates (continued)

DCC Technology continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Exertis France SAS	5 Rue Pleyel, 93200 Saint Denis, France	Sales, marketing and distribution of technology peripherals and accessories	France	100
Exertis Supply Chain Services Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Provision of supply chain management and outsourced procurement services	Ireland	100

DCC Healthcare

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Healthcare Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100

DCC Vital

DCC Vital Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Holding company for the operations of the DCC Vital group of companies	Ireland	100
Fannin Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Sales, marketing and distribution of medical and pharmaceutical products to healthcare providers	Ireland	100
Kent Pharmaceuticals Limited	Joshna House, Crowbridge Road, Orbital Park, Ashford, Kent TN24 0GR, England	Sales, marketing and distribution of pharmaceuticals to hospital and community pharmacies in Britain	Britain	100
Williams Medical Supplies Limited	Craiglas House, The Maerdy Industrial Estate, Rhymney, Gwent NP22 5PY, Wales	Sales, marketing and distribution of medical supplies and services to UK healthcare market, primarily GPs and primary care organisations	Britain	100
Fannin (UK) Limited	Westminster Industrial Estate, Repton Road, Measham, Swadlincote, Derbyshire DE12 7DT, England	Sales, marketing and distribution of medical devices to healthcare providers	Britain	100
Medisource Ireland Limited	Unit 24-26 Bullford Business Campus, Kilcoole, Co. Wicklow, Ireland	A leading provider of Exempt Medicinal Products ('EMP') in Ireland	Ireland	87
Squadron Medical Limited	Greaves Close, Markham Vale, Chesterfield, Derbyshire S44 5FB, England	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100
The TPS Healthcare Group Limited	27-35 Napier Place, Wardpark, North Cumbernauld, Glasgow G68 0LL, Scotland	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100
Athlone Laboratories Limited	Ballymurray, Co. Roscommon, Ireland	Manufacture and supply of oral beta lactam antibiotics for the British, Irish and international markets	Ireland	100

DCC Healthcare continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
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Health & Beauty Solutions

DCC Health & Beauty Solutions	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Outsourced solutions for the health and beauty industry	Britain	100
Elite One Source Nutritional Services, Inc.	1001 South 3rd Street West, Missoula, MT 59801, USA	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	USA	100
EuroCaps Limited	Crown Business Park, Duketown, Tredegar, Gwent NP22 4EF, Wales	Development and contract manufacture of nutritional products in softgel capsule format	Britain	100
Thompson & Capper Limited	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	Britain	100
Vitamex Manufacturing AB	Box 715, SE-601 16 Norrköping, Sweden	Sales and technical support office	Sweden	100
Laleham Health and Beauty Limited	Sycamore Park, Mill Lane, Alton, Hampshire GU34 2PR, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100
Design Plus Holdings Limited	Rowan House, 3 Stevant Way, White Lund, Morecambe, Lancashire LA3 3PU, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100

Joint Venture

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
KSG Dining Limited	McKee Avenue, Finglas, Dublin 11, Ireland	Restaurant and hospitality service provider	Ireland	47.5

Associates

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Geogaz Lavera SA	2 Rue des Martinets, 92500 Rueil Malmaison, Paris, France	Owns and operates an LPG storage facility	France	25
Norgal (GIE)	Route de la Chimie, 76700 Gonfreville L'Orcher, France	Receiving, storage and distribution site for LPG products	France	18

Shareholder Information

Share Listing

DCC's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority ('UKLA Official List') and are traded solely on the London Stock Exchange in sterling.

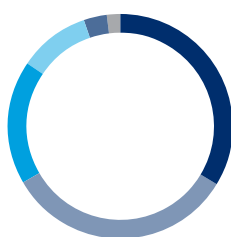
Share Price Data	2019 £	2018 £
Share price at 13 May	64.86	72.20
Market capitalisation at 13 May	6,373m	6,442m
Share price at 31 March	66.35	65.60
Market capitalisation at 31 March	6,519m	5,853m
Share price movement during the year		
– High	75.65	77.55
– Low	55.55	64.75

DCC plc's ordinary share price information can be accessed on the Company's website under the 'Investors' tab.

Shareholdings as at 31 March 2019

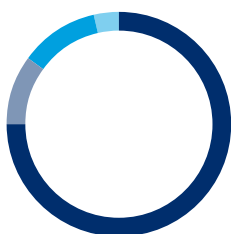
By location

- North America **33.82%**
- UK **32.91%**
- Continental Europe **17.88%**
- Ireland **10.25%**
- Asia/Rest of World **3.30%**
- Retail **1.84%**



By size of holding

- Over 250,000 **75.18%**
- 100,001-250,000 **10.08%**
- 10,000-100,000 **11.28%**
- Less than 10,000 **3.46%**



Geographic division¹

	Number of shares ²
North America	33,233,998
UK	32,339,650
Continental Europe	17,569,635
Ireland	10,073,314
Asia/Rest of World	3,245,328
Retail ³	1,796,298
Total	98,258,223

Range of shares held	Number of accounts	% of accounts	Number of shares ²
Over 250,000	67	1.90	73,874,186
100,001-250,000	60	1.70	9,900,453
10,000-100,000	322	9.12	11,081,820
Less than 10,000	3,081	87.28	3,401,764
Total	3,530	100	98,258,223

Notes:

1. This represents the best estimate of the number of shares controlled by fund managers resident in the relevant geographic regions.
2. Excludes 3,075,681 shares held as Treasury Shares.
3. Retail includes shareholdings of less than 5,000 shares.

Details of shareholdings in excess of 3% in the Company are set out on page 121.

Dividends

DCC normally pays dividends twice yearly, in July and in December, to shareholders on the register of members on the record date for the dividend. An interim dividend of 44.98 pence per share was paid on 12 December 2018.

Subject to shareholders' approval at the Annual General Meeting, a final dividend of 93.37 pence per share will be paid on 18 July 2019 to shareholders on the register of members at the close of business on 24 May 2019.

Dividends are declared in sterling and shareholders have the option to elect to receive dividends in either sterling or euro. Shareholders may also elect to receive dividend payments by electronic funds transfer directly into their bank accounts, rather than by cheque. Shareholders should contact the Company's Registrar for details of these options.

The Company is obliged to deduct Dividend Withholding Tax ('DWT') at the standard rate of income tax in Ireland (currently 20%) from dividends paid to its shareholders, unless a particular shareholder is entitled to an exemption from DWT and has completed and returned to the Company's Registrar a declaration form claiming entitlement to the particular exemption. Exemption from DWT may be available to shareholders resident in another EU Member State or in a country with which the Republic of Ireland has a double taxation agreement in place and to non-individual shareholders resident in Ireland (for example companies, pension funds and charities).

The Irish Revenue Commissioners have published a tax and duty manual entitled 'Dividend Withholding Tax' details of which were updated in February 2019 and can be obtained by contacting the Company's Registrar.

CREST

DCC is a member of the CREST share settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of paper share certificates. Shareholders should consult their stockbroker if they wish to hold shares in electronic form.

Where shares are held in CREST, dividends are automatically paid in sterling unless a currency election is made. CREST members should use the facility in CREST to make currency elections. Such elections must be made in respect of entire holdings as partial elections are not permissible.

Financial Calendar

14 May 2019	Final results announcement for 2019
23 May 2019	Ex-dividend date – final dividend
24 May 2019	Record date – final dividend
12 July 2019	Interim Management Statement
12 July 2019	Annual General Meeting
18 July 2019	Proposed payment date – final dividend
12 November 2019	Interim results announcement
December 2019	Proposed payment date – interim dividend
February 2020	Interim Management Statement

Annual General Meeting, Electronic Proxy Voting and CREST Voting

The 2019 Annual General Meeting will be held at The InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland on Friday 12 July 2019 at 11.00 a.m. The Notice of Meeting together with an explanatory letter from the Chairman and a Form of Proxy accompany this Report.

Shareholders may lodge a Form of Proxy for the 2019 Annual General Meeting via the internet. Shareholders who wish to submit their proxy in this manner may do so by accessing the Company's Registrar's website www.eproxyappointment.com and following the instructions which are set out on the Form of Proxy or in the email broadcast that you will have received if you have elected to receive communications via electronic means.

CREST members who wish to appoint a proxy or proxies via the CREST electronic proxy appointment service should refer to the notes in the Notice of Annual General Meeting or on the Form of Proxy.

DCC Website

Our corporate website, www.dcc.ie, provides access to share price information through downloadable reports and interactive share price tools. The site also provides access to information on the Group's activities, results, annual reports, stock exchange announcements and investor presentations.

Electronic Communications

Following the introduction of the Transparency Regulations 2007, and in order to adopt a more environmentally friendly and cost-effective approach, the Company provides information concerning the Company (such as the Annual Report and Notice of Annual General Meeting) to shareholders electronically via DCC's website and only sends a printed copy to those shareholders who specifically request a copy. Shareholders who receive information electronically will continue to receive certain communications by post (such as share certificates, dividend cheques, dividend payment vouchers and tax vouchers). Shareholders who wish to alter the method by which they receive communications should contact the Company's Registrar.

Registrar

All administrative queries about the holding of DCC shares should be addressed to the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, Ireland.

Tel: + 353 1 247 5698
 Fax: + 353 1 447 5571
www.investorcentre.com/ie/contactus

Investor Relations

For investor enquiries please contact Mandy O'Sullivan, Director, Investor Relations and Corporate Finance, DCC plc, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Tel: + 353 1 2799 400
 email: investorrelations@dcc.ie

Corporate Information

Company Secretary

Ger Whyte

Registered and Head Office

DCC House
Leopardstown Road
Foxrock
Dublin 18
Ireland

Auditor

KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Registrar

Computershare Investor Services
(Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
Ireland

Bankers

Allied Irish Banks
Bank of Ireland
Bank of America Merrill Lynch
Barclays
BayernLB
BNP Paribas
Danske Bank
Deutsche Bank
HSBC
ING Bank
J.P. Morgan
KBC Bank
MUFG Bank
Nordea
Rabobank
Royal Bank of Scotland Group
Société Générale
Standard Chartered Bank

Solicitors

William Fry
2 Grand Canal Square
Dublin 2
Ireland

Pinsent Masons
1 Park Row
Leeds LS1 5AB
England

Stockbrokers

Davy
49 Dawson Street
Dublin 2
Ireland

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP
England

Website

www.dcc.ie

Independent Limited Assurance Report to DCC plc

EY ('we') were engaged by DCC plc ('DCC') to provide limited assurance over selected Subject Matter Information for the year end 31 March 2019.

Subject Matter Information

The scope of our work includes only the information included within the Responsible Business Report ('the Report') of the DCC Annual Report and Accounts for the year ended 31 March 2019 marked with the symbol Δ ('the Subject Matter Information') and is limited to Scope 1 and Scope 2 greenhouse gas emissions (GHGs).

Respective responsibilities

DCC management is responsible for the collection and presentation of the information within the Report. DCC management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error. DCC management is also responsible for selecting and/or developing objective Carbon Reporting Criteria ('Reporting Criteria'), and for measuring and reporting the Subject Matter Information in accordance with the Reporting Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Subject Matter Information has been prepared in accordance with the Reporting Criteria and to report to DCC in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Assurance Standards

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other Than Audits or Reviews of Historical Financial Information (ISAE 3000). The Subject Matter Information has been evaluated against the following criteria:

- **Completeness:** Whether all material data sources have been included and that boundary definitions have been appropriately interpreted and applied.
- **Consistency:** Whether the DCC scope and definitions for the Subject Matter Information have been consistently applied to the data.
- **Accuracy:** Whether the data has been accurately collated by DCC management, and whether there is supporting information for the data reported by operations to DCC management.

Summary of work performed

The procedures we performed were based on our professional judgement and included, but are not limited to, the following:

- Interviewed management to understand the key processes, systems and controls in place for the preparation of Subject Matter Information.
- Performed a review of the data management system, tested reasonableness of emission factors applied, reviewed alignment with the Reporting Criteria and conducted analytical review procedures over Subject Matter Information.
- Undertook site visits to two DCC operations to understand the process of data collection and reporting from site level to head office.
- Agreed sample selection to supporting documentation, and re-performed calculations.
- Assessed the appropriateness of the Reporting Criteria for Subject Matter Information.
- Reviewed the Report for the appropriate presentation of the Subject Matter Information, including the discussion of limitations and assumptions relating to the data presented.

Limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance (as set out in ISAE 3000) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement and therefore a lower level of assurance is provided.

Completion of our testing activities has involved placing reliance on DCC's controls for managing and reporting Subject Matter Information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at DCC beyond those used for the Subject Matter Information.

The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with DCC management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may exist.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria, which were applied by management.

Our independence

We have implemented measures to comply with IFAC Code of Ethics for Professional Accountants¹. We also adhere to the professional competence rules as articulated in the ISQC (UK & Ireland) 1: Quality control for firms that perform audits and reviews of financial statements and other assurance and related service engagements².

Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements) as well as applicable legal and regulatory requirements.

Ernst & Young

Dublin,

13 May 2019

¹ International Federation of Accountants: The International Code of Ethics for Professional Accountants

² Financial Reporting Council International Standard on Quality Control 1 (ISQC1)

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.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Operating profit	Income Statement	369,025	295,228
Net operating exceptional items	Income Statement	28,185	45,113
Amortisation of intangible assets	Income Statement	63,312	43,059
Adjusted operating profit – continuing	Income Statement	460,522	383,400
Adjusted operating profit – discontinued	Note 2.10	–	981
Adjusted operating profit (EBITA)		460,522	384,381

Adjusted operating profit before depreciation ('EBITDA')

Definition

EBITDA represents earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items. This metric is used to compare profitability between companies by eliminating the effects of financing, tax environments, asset bases and business combinations history. It is also utilised as a proxy for a company's cash flow.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Adjusted operating profit (EBITA)	Per above	460,522	384,381
Depreciation	Note 2.3	109,626	93,722
Adjusted operating profit before depreciation (EBITDA)		570,148	478,103

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.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Finance costs before exceptional items	Income Statement	(83,595)	(73,156)
Finance income before exceptional items	Income Statement	36,980	37,421
Net interest – continuing		(46,615)	(35,735)
Net interest – discontinued	Note 2.10	–	(16)
Net interest		(46,615)	(35,751)

Interest cover – EBITA Interest Cover**Definition**

The EBITA interest cover ratio measures the Group's ability to pay interest charges on debt from operating profits.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
EBITA – continuing	Per above	460,522	383,400
Net interest – continuing	Per above	(46,615)	(35,735)
EBITA interest cover (times)		9.9x	10.7x

Interest cover – EBITDA Interest Cover**Definition**

The EBITDA interest cover ratio measures the Group's ability to pay interest charges on debt from cash flows.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
EBITDA	Per above	570,148	478,103
Net interest	Per above	(46,615)	(35,751)
EBITDA interest cover (times)		12.2x	13.4x

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.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Adjusted operating profit	Per above	460,522	384,381
Net interest	Per above	(46,615)	(35,751)
Earnings before taxation		413,907	348,630
Income tax expense	Note 2.9	56,302	23,882
Exceptional deferred tax	Note 2.9	(685)	25,407
Deferred tax attaching to amortisation of intangible assets		14,747	9,814
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets – continuing		70,364	59,103
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets – discontinued		–	164
Total Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets		70,364	59,267
Effective tax rate (%)		17.0%	17.0%

Adjusted earnings per share**Definition**

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact of net exceptional items and amortisation of intangible assets.

Calculation	Reference in Financial Statements	2019 pence	2018 pence
Adjusted earnings per share – continuing	Note 2.12	358.16	317.45
Adjusted earnings per share – discontinued	Note 2.12	–	0.90
Adjusted earnings per share		358.16	318.35

Alternative Performance Measures (continued)

Dividend cover

Definition

The dividend cover ratio measures the Group's ability to pay dividends from earnings.

Calculation	Reference in Financial Statements	2019 pence	2018 pence
Adjusted earnings per share – continuing	Note 2.12	358.16	317.45
Dividend	Note 2.11	138.35	122.98
Dividend cover (times)		2.6x	2.6x

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.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Purchase of property, plant and equipment	Group Cash Flow Statement	182,311	152,997
Proceeds from disposal of property, plant and equipment	Group Cash Flow Statement	(8,810)	(7,617)
Net capital expenditure		173,501	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.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Cash generated from operations before exceptionals	Group Cash Flow Statement	607,505	473,434
Net capital expenditure	Per above	(173,501)	(145,380)
Free cash flow		434,004	328,054

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.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Free cash flow	Per above	434,004	328,054
Interest paid	Group Cash Flow Statement	(78,031)	(69,900)
Income tax paid	Group Cash Flow Statement	(34,500)	(65,437)
Dividends received from equity accounted investments	Group Cash Flow Statement	420	1,980
Interest received	Group Cash Flow Statement	34,831	37,399
Free cash flow (after interest and tax payments)		356,724	232,096

Cash conversion ratio

Definition

The cash conversion ratio expresses free cash flow as a percentage of adjusted operating profit.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Free cash flow	Per above	434,004	328,054
Adjusted operating profit	Per above	460,522	384,381
Cash conversion ratio (%)		94%	85%

Net debt/EBITDA

Definition

The net debt to earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items ('EBITDA') ratio is a measurement of leverage, and shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Net debt	Note 3.11	18,425	542,662
EBITDA	Per above	570,148	478,103
Net debt/EBITDA (times)		<0.1x	1.1x

Net debt/total equity

Definition

The net debt/total equity percentage is a measure of financial leverage and illustrates the relative proportion of debt that has been used to finance the Group's assets.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Net debt	Note 3.11	18,425	542,662
Total equity	Group Balance Sheet	2,433,527	1,677,917
Net debt/total equity (%)		0.8%	32.3%

Return on capital employed ('ROCE') – continuing

Definition

ROCE represents adjusted operating profit (continuing) expressed as a percentage of the average total continuing capital employed. Total continuing capital employed represents total equity adjusted for net debt/cash, goodwill and intangibles written off, acquisition related liabilities and equity accounted investments. 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.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Total equity	Group Balance Sheet	2,433,527	1,677,917
Net debt	Note 3.11	18,425	542,662
Goodwill and intangibles written off		333,439	271,399
Equity accounted investments	Group Balance Sheet	(24,233)	(24,461)
Acquisition related liabilities (current and non-current)	Note 3.14	101,410	97,853
		2,862,568	2,565,370
Average total capital employed		2,713,969	2,190,043
Adjusted operating profit – continuing	Per above	460,522	383,400
Return on capital employed (%) – continuing		17.0%	17.5%

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 year.

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Net cash outflow on acquisitions during the year	Group Cash Flow Statement	266,525	664,109
Cash outflow on acquisitions which were committed to in the previous year		(14,750)	(341,253)
Acquisition related liabilities arising on acquisitions during the year	Note 3.14	29,946	27,840
Acquisition related liabilities which were committed to in the previous year		(4,099)	(13,404)
Amounts committed in the current year		90,700	18,000
Committed acquisition expenditure		368,322	355,292

Alternative Performance Measures (continued)

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).

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Inventories	Note 3.4	678,006	530,473
Trade and other receivables	Note 3.5	1,517,507	1,426,217
Less: interest receivable		(193)	(126)
Trade and other payables	Note 3.6	(2,218,838)	(2,063,260)
Less: interest payable	Note 3.6	5,058	4,775
Less: amounts due in respect of property, plant and equipment	Note 3.6	2,831	10,671
Less: government grants	Note 3.6	11	9
Net working capital		(15,618)	(91,241)

Working capital (days)

Definition

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

Calculation	Reference in Financial Statements	2019 £'000	2018 £'000
Net working capital	Per above	(15,618)	(91,241)
March revenue		1,343,551	1,418,988
Working capital (days)		(0.4 days)	(2.0 days)

5 Year Review

Group Income Statement Year ended 31 March	2015 £'m	2016 £'m	2017 £'m	2018 £'m	2019 £'m
Revenue	10,749.4	10,601.1	12,445.0	13,121.7	15,226.9
Adjusted operating profit	228.2	300.5	363.6	384.4	460.5
Exceptional items	(8.7)	(14.6)	(36.3)	(15.3)	(28.2)
Amortisation of intangible assets	(25.4)	(31.6)	(39.2)	(43.0)	(63.2)
Operating profit	194.1	254.3	288.1	326.1	369.1
Finance costs (net)	(31.3)	(38.4)	(22.0)	(35.5)	(42.3)
Share of equity accounted investments	0.5	0.5	0.7	0.4	0.7
Profit before tax	163.3	216.4	266.8	291.0	327.5
Income tax expense	(18.9)	(35.4)	(49.1)	(24.1)	(56.4)
Non-controlling interests	–	(3.0)	(1.5)	(5.1)	(8.5)
Profit attributable to owners of the Parent Company	144.4	178.0	216.2	261.8	262.6
Earnings per share					
– basic (pence)	171.97p	202.64p	243.64p	293.83p	280.14p
– basic adjusted (pence)	209.19p	257.14p	303.68p	318.35p	358.16p
Dividend per share (pence)	84.54p	97.22p	111.80p	122.98p	138.35p
Dividend cover (times)	2.5x	2.6x	2.7x	2.6x	2.6x
Interest cover (times)*	7.8 x	10.4x	11.3x	10.8x	9.9x
* excludes exceptional items.					
Group Balance Sheet As at 31 March	2015 £'m	2016 £'m	2017 £'m	2018 £'m	2019 £'m
Non-current and current assets:					
Property, plant and equipment	464.7	739.5	750.0	933.0	996.5
Intangible assets	759.2	1,297.1	1,422.6	1,953.8	2,069.6
Equity accounted investments	5.0	22.1	24.9	24.5	24.2
Cash/derivatives	1,499.4	1,407.5	1,340.1	1,150.0	1,765.6
Other assets	1,189.5	1,331.3	1,894.8	1,982.8	2,221.7
Total assets	3,917.8	4,797.5	5,432.4	6,044.1	7,077.6
Equity	987.0	1,350.5	1,507.7	1,677.9	2,433.5
Non-current and current liabilities:					
Borrowings/derivatives	1,471.8	1,462.0	1,474.8	1,692.7	1,784.0
Retirement benefit obligations	10.2	0.3	–	(0.3)	(1.4)
Other liabilities	1,448.8	1,984.7	2,449.9	2,673.8	2,861.5
Total liabilities	2,930.8	3,447.0	3,924.7	4,366.2	4,644.1
Total equity and liabilities	3,917.8	4,797.5	5,432.4	6,044.1	7,077.6
Net cash/(debt) included above	30.0	(54.5)	(121.9)	(542.7)	(18.4)
Group Cash Flow Year ended 31 March	2015 £'m	2016 £'m	2017 £'m	2018 £'m	2019 £'m
Operating cash flow	377.8	411.7	546.9	473.3	607.5
Capital expenditure	79.4	134.2	131.4	145.4	173.5
Acquisitions	123.5	394.0	262.4	691.0	296.8
Other Information	2015	2016	2017	2018	2019
Return on capital employed (%)	18.9%	21.0%	19.8%	17.5%	17.0%
Working capital (days)	(4.9)	(3.9)	(3.3)	(2.0)	(0.4)

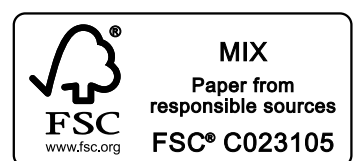
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