RNS Number : 4873Z
DCC PLC
16 May 2023

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Preliminary statement of results for the year ended 31 March 2023

DCC Delivers Strong Growth, Continued Development and Progress in Sustainability

- Strong growth in adjusted operating profit, up 11.3% (7.8% on a constant currency basis), ahead of market consensus expectations. Growth driven by DCC Energy and acquisitions completed in the current and prior year
- Free cash flow conversion of 87%, another year of very strong cash generation
- Propose to increase the total dividend for the year by 6.5%, DCC's 29th consecutive year of dividend growth
- Increased share of services and renewable operating profit within DCC Energy from 22% to 28% and reduced Scope 3 carbon emissions by 5.0%
- Committed £360 million to 19 acquisitions during the period, including DCC Healthcare's acquisition of Medi-Globe and DCC Energy's acquisition of PVO
- Notwithstanding the uncertain economic environment, DCC expects that the year ending 31 March 2024 will be another year of operating profit growth and continued development activity

Donal Murphy, Chief Executive, commented:

"DCC delivered strong growth in a volatile macro environment, demonstrating the resilience of our diverse business and the commitment of our teams throughout the Group. In line with our capital allocation priorities, we committed £360 million to new acquisitions during the period, bringing our spend in the last three years to £1.3 billion. This has increased our scale and geographic reach in the healthcare and technology sectors. We also accelerated DCC Energy's services and renewable offering through 10 acquisitions since we launched our '*Leading with Energy*' strategy a year ago, complementing our organic initiatives to bring cleaner energy to our customers. We have exciting growth platforms to invest in what the world needs: cleaner and reliable energy, lifelong health and progressive technology."

Financial Highlights	**2023**	**2022**	**% change**	**% change CC[1]**
Revenue	**£22.205bn**	**£17.732bn**	**+25.2%**	**+23.2%**
Adjusted operating profit[2]	**£655.7m**	**£589.2m**	**+11.3%**	**+7.8%**
DCC Energy	£457.8m	£407.1m	+12.4%	+10.0%
DCC Healthcare	£91.8m	£100.4m	-8.6%	-11.1%
DCC Technology	£106.1m	£81.7m	+29.9%	+19.7%
Adjusted earnings per share[2]	**456.3p**	**430.1p**	**+6.1%**	**+3.0%**
Dividend per share	**187.21p**	**175.78p**	**+6.5%**	
Free cash flow[3]	**£570.4m**	**£382.6m**		
Return on capital employed[4]	**15.1%**	**16.5%**		

[1] Constant currency ('CC') represents the retranslation of foreign denominated current year results at prior year exchange rates

[2] Excluding net exceptionals and amortisation of intangible assets

[3] After net working capital and net capital expenditure and before net exceptionals, interest and tax payments

[4] Excluding the impact of IFRS 16 Leases. Current year ROCE including the impact of IFRS 16 Leases is 14.2%

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Presentation of results - video webcast and conference call details

Group and divisional management will host an in-person analyst presentation at the London Stock Exchange at 10.00 a.m. BST today. The presentation will also be made available via live video webcast and conference call. The access details are as follows:

Ireland: +353 (0) 1 691 7842

UK: +44 (0) 20 3936 2999

International: +44 (0) 20 3936 2999

Passcode: 684408

Webcast link: https://www.investis-live.com/dcc/642ec59263f9f8130091a0c1/tqiu

This report, presentation slides and a recording of the webcast will be made available at www.dcc.ie.

About DCC plc

DCC is a leading international sales, marketing and support services group. We provide solutions the world needs across three transformative sectors: energy, healthcare and technology; where we acquire, improve and grow diverse businesses. We bring our growth mindset to our businesses in 22 countries across four continents, empowering our 16,000 employees to create long term value - for our shareholders, customers, society and the planet.

Headquartered in Dublin, DCC plc is listed on the London Stock Exchange and is a constituent of the FTSE 100. In our financial year ended 31 March 2023, DCC generated revenues of £22.2 billion and adjusted operating profit of £655.7 million. DCC has an excellent record, delivering compound annual growth of 14% in adjusted operating profit and generating an average return on capital employed of approximately 19% over 29 years as a public company.

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Forward-looking statements

This announcement contains some forward-looking statements that represent DCC's expectations for its business, based on current expectations about future events, which by their nature involve risk and uncertainty. DCC believes that its expectations and assumptions with respect to these forward-looking statements are reasonable, however because they involve risk and uncertainty as to future circumstances, which are in many cases beyond DCC's control, actual results or performance may differ materially from those expressed in or implied by such forward-looking statements.

GROUP & DIVISIONAL PERFORMANCE REVIEW

A summary of the Group's results for the year ended 31 March 2023 is as follows:

	2023 £'m	2022 £'m	**% change**
Revenue	**22,205**	17,732	**+25.2%**
Adjusted operating profit[1]			
DCC Energy	**457.8**	407.1	**+12.4%**
DCC Healthcare	**91.8**	100.4	**-8.6%**
DCC Technology	**106.1**	81.7	**+29.9%**
Group adjusted operating profit[1]	**655.7**	589.2	**+11.3%**
Finance costs (net) and other	**(81.4)**	(53.8)	
Profit before net exceptionals, amortisation of intangible assets and tax	**574.3**	535.4	**+7.3%**
Net exceptional charge before tax and non-controlling interests	**(31.6)**	(45.3)	
Amortisation of intangible assets	**(111.1)**	(84.4)	
Profit before tax	**431.6**	405.7	**+6.4%**
Taxation	**(84.8)**	(79.7)	
Profit after tax	**346.8**	326.0	
Non-controlling interests	**(12.8)**	(13.6)	
Attributable profit	**334.0**	312.4	
Adjusted earnings per share[1]	**456.3p**	430.1p	**+6.1%**
Dividend per share	**187.21p**	175.78p	**+6.5%**
Operating cash flow	**785.5**	560.6	
Free cash flow[2]	**570.4**	382.6	
Net debt at 31 March (excl. lease creditors)	**(767.3)**	(419.9)	
Lease creditors	**(346.6)**	(336.7)	
Net debt at 31 March (including lease creditors)	**(1,113.9)**	(756.6)	
Total equity at 31 March	**3,058.3**	2,970.6	
Return on capital employed (excl. IFRS 16)	**15.1%**	16.5%	
Return on capital employed (incl. IFRS 16)	**14.2%**	15.3%	

Return on capital employed (incl. IFRS 16)	14.2%	15.3%

[1] Excluding net exceptionals and amortisation of intangible assets

[2] After net working capital and net capital expenditure and before net exceptionals, interest and tax payments

INCOME STATEMENT REVIEW

Group revenue

Group revenue increased by 25.2% (23.2% on a constant currency basis) to £22.2 billion, driven by the higher energy commodity prices that prevailed during the year and the impact that this had on DCC Energy's revenues.

Revenue in DCC Energy was £16.1 billion, an increase of 30.8% (29.8% on a constant currency basis). With like-for-like volumes modestly behind the prior year, the significant increase in revenue was as a result of the higher wholesale cost of energy commodities during the year.

DCC Healthcare recorded revenues of £821.5m, an increase of 7.4% (4.3% on a constant currency basis). The constant currency growth was driven by the acquisition of Medi-Globe during the second half of the year and organically revenues declined by 2.2%.

Revenue in DCC Technology was £5.3 billion, an increase of 13.3% (8.5% on a constant currency basis). The increase was driven by the acquisition of Almo which completed in December 2021. Organically revenue declined by 5.1%, reflecting weaker demand for consumer products in Europe.

Group adjusted operating profit

Group adjusted operating profit increased by 11.3% to £655.7 million. The impact on reported Group adjusted operating profit of foreign exchange (FX) translation, M&A growth and organic growth was as follows:

Period	FX translation	M&A	Organic	Reported growth
2023	**+3.5%**	**+7.6%**	**+0.2%**	**11.3%**
2022	-4.0%	+9.0%	+6.1%	11.1%
5-year average	-0.2%	+8.5%	+3.4%	11.8%

Average sterling exchange rates weakened against most relevant currencies during the year, including the US dollar and euro, a reversal of what was experienced in the prior year. The net impact of currency translation in the current year was a benefit of 3.5%, or £20.7 million, in the reported growth in adjusted operating profit.

Acquisitions completed in the prior year (most materially Almo) and in the current year (principally Medi-Globe and PVO) contributed 7.6% of the reported operating profit growth.

Set against very strong prior year comparatives, organic operating profit growth was modest, and was driven by the strong organic performance of DCC Energy. As reported during the year, DCC Healthcare and DCC Technology experienced more difficult market conditions and declined organically. The inflationary environment was a significant feature of the year across each division, with the overall organic profit growth achieved despite the 8.0% (or £130.2 million) increase in the Group's like for like overhead cost base. Further commentary on the trading performances of each of the three divisions is detailed below.

DIVISIONAL PERFORMANCE REVIEWS

DCC Energy	2023	2022	% change	*% change CC*
Volumes (billion litre equivalent)[1]	**15.5bn**	15.9bn	**-2.1%**	
Gross profit	**£1.566bn**	£1.356bn	**+15.5%**	***+13.5%***
Operating profit	**£457.8m**	£407.1m	**+12.4%**	***+10.0%***
Operating profit per litre	**2.95ppl**	2.57ppl		
Return on capital employed excl. IFRS 16	**19.0%**	18.6%		
Return on capital employed incl. IFRS 16	***17.6%***	*17.1%*		

- Excellent trading performance, with operating profit increasing by 12.4% (10.0% constant currency). Both our Solutions and Mobility businesses recorded strong growth. Organic operating profit grew 8.3% and ROCE increased to 19.0%.
- Announced and implemented our *'Leading with Energy'* strategy during the year. Fabian Ziegler joined as

CEO on 1 November 2022 and new divisional and regional management organisation established.

- Completed 18 acquisitions during the period, most of which broaden our service and renewable offering for customers in line with strategy. Increased share of operating profit from Services and Renewables to 28%, up from 22% in the prior year, as a result of very strong organic profit growth and acquisition activity. Increased our operating profit to carbon emissions ratio by 18%, while lowering our Scope 3 customer emissions by 5.0%.

[1] Billion litres equivalent provides a standard metric for the different products and solutions that DCC Energy sells. Metric tonnes and kilowatts of power are converted to litres. Separately, much of the services and renewables that DCC Energy provides do not have associated volumes such as solar installations, heat pump solutions, fleet services, energy efficiency services, lubricants and refrigerants.

DCC Energy Solutions	**2023**	2022	**% change**	***% change CC***
Volumes (billion litre equivalent)	**10.9bn**	11.2bn	**-2.3%**	
Operating profit	**£335.7m**	£305.9m	**+9.7%**	***+6.7%***
Operating profit per litre	**3.07ppl**	2.74ppl		

DCC Energy Solutions performed very well during the year and grew operating profit by 9.7% (6.7% constant currency). Half of the operating profit growth was organic, despite the pervasive inflationary cost pressures and the milder than average winter conditions, which impacted demand. There are four operating regions within DCC Energy Solutions: continental Europe, UK & Ireland, North America and the Nordic region. All regions performed strongly during the year.

In continental Europe, we recorded good profit growth and experienced robust demand from customers, despite high and volatile wholesale energy prices and the headwind of milder weather. Government efforts across the region to lower energy consumption, given energy security concerns, also influenced demand. In France, our business performed strongly, albeit it saw lower demand for lower carbon LPG, natural gas and power given the headwinds mentioned above. The business saw strong demand for solar solutions and completed further bolt-on acquisitions which have broadened regional coverage. The wholesale cost of natural gas and power was very volatile and made for a challenging trading environment in this segment, but the business managed this challenge very well. The Austrian business had an excellent year, where it benefited from good demand and our strong supply position.

We also delivered strong growth in the UK & Ireland. With weaker demand for traditional fuel products, the profit growth in the year was driven by good demand for our energy services and renewables (particularly in Ireland), as well as good demand for lower carbon products, such as LPG. We rolled out Hydrotreated Vegetable Oil (HVO) biofuel across our UK & Ireland fuel network and we are using the fuel to power our own truck fleet. This creates strong visibility with our own customers. Demand increased for HVO from customers across the UK & Ireland, including from large commercial customers such as data centres.

In North America we achieved strong profit growth during the year, despite the weather being warmer than average. We continued to invest in the operating and management infrastructure in the region. This will provide the capacity to further develop our presence in the region in the future.

In the Nordics, our business recorded good growth, driven by the provision of solutions to commercial and industrial customers. We delivered renewable Dimetyl Ether (rDME, a drop-in renewable replacement for LPG) to our first customers in the region during the year and our aviation business recovered as travel resumed. We continue to lead in the region in sustainable aviation fuel initiatives.

DCC Energy Mobility	**2023**	2022	**% change**	***% change CC***
Volumes (billion litre equivalent)	**4.6bn**	4.7bn	**-1.8%**	
Operating profit	**£122.1m**	£101.2m	**+20.6%**	***+20.1%***
Operating profit per litre	**2.65ppl**	2.16ppl		

DCC Energy Mobility grew operating profit by 20.6% (20.1% constant currency), almost all of which was organic. There was significant volatility in the wholesale price of fuels in all markets during the year. We experienced supply disruption due to the energy crisis and industrial action at various refineries in France. Against this backdrop we continued to make good progress in adding further capability to the business, increasing our offerings in renewable fuels and fleet solutions and investing in locations where we see an EV charging opportunity.

In France, our business recorded strong profit growth. Volumes were robust, despite the market experiencing supply disruption through the year due to industrial unrest. We also fully integrated the adjacent Luxembourg network which has brought a strong convenience capability. Our business also had a very strong year in the UK market. We saw strong growth in demand for our range of HGV services, where we continue to expand our truck-stop network and grew our tech-enabled parking and services offering for customers. The company-owned and operated retail network in the UK also performed strongly and saw good growth in non-fuel income. In Scandinavia, we delivered a robust performance. Operating profit declined in Sweden, following a very strong performance in the prior year, but we saw good growth in Norway and a robust performance in Denmark.

We continued our focus on organic development during the year to improve our offering to our retail and fleet customers. Our locations offering EV charging increased from 55 to 98. We continued to roll out biofuel at the pump for HGVs in the Nordics and we opened our first purpose-built mobility hub at Mandal in southern Norway.

DCC Healthcare	**2023**	2022	**% change**	***% change CC***
Revenue	**£821.5m**	£765.2m	**+7.4%**	***+4.3%***
Gross profit	**£220.3m**	£207.0m	**+6.4%**	***+3.8%***
Operating profit	**£91.8m**	£100.4m	**-8.6%**	***-11.1%***
Operating margin	**11.2%**	13.1%		
Return on capital employed excl. IFRS 16	**13.0%**	20.5%		
Return on capital employed incl. IFRS 16	***12.5%***	*19.2%*		

- Following excellent performance in recent years, more challenging year for DCC Healthcare. Operating profit declined by 8.6% (11.1% constant currency).

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- Driven by significant customer and retailer destocking in DCC Health & Beauty Solutions, operating profit declined 18.7% organically. DCC Vital traded modestly ahead of expectations. DCC Healthcare operating profit was 11.3% ahead of FY20 organically.
- Continued to make significant strategic progress during the year. DCC Vital's acquisition of Medi-Globe was the highlight and the division's largest to date. We also invested to grow organically across gummy and effervescent formats in DCC Health & Beauty Solutions. We are well positioned to resume our track record of growth.

Divisional revenue

DCC Healthcare recorded revenues of £821.5 million, up 7.4% (4.3% constant currency). The constant currency growth was driven by the acquisition of Medi-Globe which completed in October 2022. Revenues declined by 2.2% organically, principally due to less demand for Covid related products in DCC Vital and lower demand from customers in DCC Health & Beauty Solutions.

DCC Vital

DCC Vital performed robustly and in line with expectations during the year. The anticipated reduction in Covid-related sales was offset by a good trading performance across the business, particularly in our British medical devices and primary care operations. We ensured that rising product costs were recovered in the market.

Primary care recorded strong revenue and profit growth in both Britain and Germany. While patient visits to surgeries remain below pre-pandemic levels, activity continues to improve. In medical devices, underlying trading in recurring product sales was strong despite activity levels in the UK and Irish healthcare systems being constrained by staffing challenges. As expected, in medical devices we experienced less demand for Covid-related products. Following the expansion of our primary care business into continental Europe in 2020 through the acquisition of Wörner, our medical devices platform completed the material acquisition of Medi-Globe. Medi-Globe, headquartered in Germany, has a strong position in minimally invasive devices for gastroenterology and urology. It has performed in line with expectations since acquisition and the integration of the business is progressing well.

DCC Health & Beauty Solutions

DCC Health & Beauty Solutions experienced a very challenging year, following record organic growth in recent years. We entered the year with strong demand from customers, while managing labour and supply chain challenges. As the year progressed, demand from customers weakened substantially and our order books declined in the US and particularly in Europe. This was driven by destocking throughout the supply chain, with retailers and our customers seeking to reduce inventory levels, as experienced by the broader market. Despite this we recorded good sales growth in effervescent products for leading US nutritional brands. In recent months we have seen order books stabilise and expect that order books will grow as destocking unwinds during the year.

The nutrition market has been a long-term growth market and is projected to grow strongly in the future, benefiting from the secular trend of increasing consumer interest in improving health and wellbeing. We continue to invest in growing our capacity and capability and will have our gummy production commercialised in the US and Europe in the coming year. We are also expanding capacity in our effervescent facility, to ensure we can meet increasing customer demand for this product format.

DCC Technology	**2023**	2022	**% change**	***% change CC***
Revenue	**£5.264bn**	£4.644bn	**+13.3%**	***+8.5%***
Gross profit	**£618.4m**	£474.5m	**+30.3%**	***+24.9%***
Operating profit	**£106.1m**	£81.7m	**+29.9%**	***+19.7%***
Operating margin	**2.0%**	1.8%		
Return on capital employed excl. IFRS 16	**8.7%**	9.1%		
Return on capital employed incl. IFRS 16	***8.3%***	*8.5%*		

- Operating profit increased by 29.9% (19.7% constant currency), driven by the prior year acquisition of Almo. Almo performed in line with expectations in the second half of the year.
- Organic operating profit declined by 16.9%, driven by weak demand for consumer technology products, particularly in Europe. Demand for B2B technology products was generally robust. UK performance improved following a difficult prior year.
- North American Pro Tech (Pro Audio and AV) performed strongly. Successful integration in first quarter of recently acquired Almo's AV business with our existing US AV business has created the largest specialist AV distributor in the region.

Divisional revenue

DCC Technology recorded revenues of £5.264 billion, up 13.3% (8.5% constant currency), with the growth driven by the acquisition of Almo. Organically, revenues declined by 5.1% due to weak demand in Europe, including in the UK.

North America

In North America, we have a leading market position across the sales, marketing and distribution of 'Pro Tech' and 'Life Tech' technology products.

Our North American Pro Tech (Pro Audio and AV) operations grew strongly during the year. Business investment and

Our North American Pro Tech (Pro Audio and AV) operations grew strongly during the year. Business investment and demand for these products held up well, despite the inflationary environment and higher interest rates. We saw strong performances from the hospitality and entertainment sectors in particular. We integrated Almo's AV business with our existing business in the first quarter of FY23 without disruption to create the region's largest specialist distributor of AV equipment.

Performance of our Life Tech (lifestyle and home comfort technology) operations in the region was mixed. Premium appliance categories performed well, with good underlying demand. Consumers in this segment are less impacted by cost of living pressures. Demand for appliances, music and consumer products weakened as the year progressed, with softer consumer confidence impacting demand and dealers cautious with regards to their inventory holding. As previously reported, our online fulfilment segment within Almo, which provides Life Tech products to etailers and online services for traditional retailers, experienced reduced demand for air conditioning and other home comfort equipment during the first half of the financial year. We are focused on delivering increased contribution from this segment going forward.

Europe

As in North America, performance in Europe was mixed. Our consumer-focused businesses in continental Europe experienced very weak demand during the year. The rise in the cost of living impacted consumer demand for technology products. As a result, we recorded revenue and operating profit declines. Conversely, our Pro Tech businesses in Europe performed well. There was good post-Covid recovery in our continental European AV business, with good growth in Germany and Italy and general B2B demand was robust.

Our business in Ireland performed well and recorded another year of good profit growth. In the UK we delivered an improved performance this year. Although the technology market in the UK was difficult, driven by a weak economic outlook and our UK revenues declined, the operational and cost performance of the business was much improved year on year following a very difficult prior year. Our UK business, which operates predominantly in the high volume, lower margin 'Info Tech' market, is well placed to continue to improve and is a key focus to drive an improvement in divisional return on capital employed (ROCE).

Finance costs (net) and other

Net finance costs and other, which includes the Group's net financing costs, lease interest and the share of profit/loss of associated businesses, increased to £81.4 million (2022: £53.8 million). The increase in the year primarily reflects increased net financing costs due to higher average gross debt and the increasing interest rate environment.

The Group's average gross debt (including private placement notes and the Group's revolving credit facility), increased versus the prior year, reflecting the substantial acquisition activity of the Group in the current and prior year and the weakening of sterling against the euro and US dollar. This accounted for approximately £11 million of the cost increase in the year.

The substantial change in the global interest rate environment from summer 2022 onwards impacted the cost of the floating rate element of the Group's gross debt, offset somewhat by an increased return on the Group's gross cash. During the year approximately 64% of the Group's gross debt was at floating rates. The net impact of the increased interest rate environment accounted for approximately £15 million. Presently, approximately 45% of the Group's gross debt is at floating rates.

Average net debt, excluding lease creditors, was £1.0 billion, compared to an average net debt of £428 million in the prior year, and reflects the very substantial acquisition activity during the prior and current years. Interest was covered 11.2 times[1] by Group adjusted operating profit before depreciation and amortisation of intangible assets (2022: 16.1 times).

[1] Using the definitions contained in the Group's lending agreements

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

Profit before net exceptional items, amortisation of intangible assets and tax increased by 7.3% to £574.3 million.

Net exceptional charge and amortisation of intangible assets

The Group incurred a net exceptional charge after tax and non-controlling interests of £28.7 million (2022: net exceptional charge of £43.8 million) as follows:

	£'m
Adjustments to contingent acquisition consideration	(8.5)
Restructuring and integration costs and other	(13.4)
Acquisition and related costs	(10.6)
IAS 39 mark-to-market gain	0.9
	(31.6)
Tax and non-controlling interest attaching to exceptional items	2.9
Net exceptional charge	**(28.7)**

There was a net cash outflow of £23.8 million relating to exceptional items.

Adjustments to contingent acquisition consideration of £8.5 million reflects movements in provisions associated with the expected earn-out or other deferred arrangements that arise through the Group's corporate development activity. The charge in the year primarily reflects an increase in contingent consideration payable in respect of an acquisition in DCC Energy where the trading performance has been very strong and ahead of expectations.

Restructuring and integration costs and other of £13.4 million relates to the restructuring and integration of operations across a number of businesses and acquisitions. The significant items during the year were primarily within DCC Energy and include costs related to a realignment of the organisation structures in the UK and France to reflect acquisitions and the changing operational environment.

Acquisition and related costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £10.6 million.

The level of ineffectiveness calculated under IAS 39 on the hedging instruments related to the Group's US private placement debt is charged or credited as an exceptional item. In the year ended 31 March 2023, this amounted to an exceptional non-cash gain of £0.9 million. The cumulative net exceptional credit taken in respect IAS 39 ineffectiveness is £1.4 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 charge for the amortisation of acquisition-related intangible assets increased to £111.1 million from £84.4 million in the prior year reflecting acquisitions completed during the second half of the prior year and in the current year.

Profit before tax

Profit before tax increased by 6.4% to £431.6 million.

Taxation

The effective tax rate for the Group increased to 19.3% (2022: 18.3%). The Group's effective tax rate is influenced by the geographical mix of profits arising in any year and the tax rates attributable to the individual territories. The increase in the year was driven by the expansion of the Group in recent years into certain higher tax geographies and the increasing corporate tax rate environment generally.

Adjusted earnings per share

Adjusted earnings per share increased by 6.1% (3.0% on a constant currency basis) to 456.3 pence, reflecting the increase in profit before exceptional items and goodwill amortisation.

Dividend

The Board is proposing a 6.0% increase in the final dividend to 127.17 pence per share, which, when added to the interim dividend of 60.04 pence per share, gives a total dividend for the year of 187.21 pence per share. This represents a 6.5% increase over the total prior year dividend of 175.78 pence per share. The dividend is covered 2.4 times by adjusted earnings per share (2022: 2.4 times). It is proposed to pay the final dividend on 20 July 2023 to shareholders on the register at the close of business on 26 May 2023.

Over its 29 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual rate of 13.5%.

CASH FLOW, CAPITAL DEPLOYMENT & RETURNS AND CAPITAL EMPLOYED ("ROCE")

Cash flow

The Group generated very strong operating and free cash flow during the year as set out below:

Year ended 31 March	2023 £'m	2022 £'m
Group operating profit	**655.7**	589.2
Increase in working capital	**(14.0)**	(168.7)
Depreciation (excluding ROU leased assets) and other	**143.8**	140.1
Operating cash flow (pre add-back for depreciation on ROU leased assets)	**785.5**	560.6
Capital expenditure (net)	**(206.6)**	(170.8)
	578.9	389.8
Depreciation on ROU leased assets	**75.2**	67.8
Repayment of lease creditors	**(83.7)**	(75.0)
Free cash flow	**570.4**	382.6
Interest and tax paid, net of dividend from equity accounted investments	**(155.0)**	(114.2)
Free cash flow (after interest and tax)	**415.4**	268.4
Acquisitions	**(340.5)**	(720.1)
Dividends	**(178.0)**	(167.5)
Exceptional items/disposals	**(23.8)**	(29.5)
Share issues	**0.3**	0.4
Net outflow	**(126.6)**	(648.3)
Opening net debt	**(756.6)**	(150.2)
Translation and other	**(230.7)**	41.9
Closing net debt (including lease creditors)	**(1,113.9)**	(756.6)
Analysis of closing net debt (including lease creditors):		
Net debt at 31 March (excluding lease creditors)	**(767.3)**	(419.9)
Lease creditors at 31 March	**(346.6)**	(336.7)
	(1,113.9)	(756.6)

Free cash flow generation and conversion

The Group's free cash flow amounted to £570.4 million versus £382.6 million in the prior year. The conversion of adjusted operating profit into free cash flow was strong at 87%.

The material components of the conversion of adjusted operating profit to free cash flow are set out below.

Working Capital

There was a modest increase in working capital during the year of £14.0 million (2022: £168.7 million), a strong performance given the continued volatile supply chain environment. Working capital decreased in DCC Technology driven by a focus on reducing inventory levels through the year. This strong working capital performance in DCC Technology was achieved despite a decrease in the utilisation of supply chain financing as set out below. There was a net investment in working capital across both DCC Healthcare and DCC Energy. The prior year-end saw energy prices at an elevated position following the beginning of the conflict in Ukraine and so the fall in energy prices towards the end of this financial year led to an increase in working capital in DCC Energy as the division has a negative working capital profile.

DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain higher volume supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2023 decreased by £16.9 million to £151.1 million (2022: £168.0 million). Supply chain financing had a positive impact on Group working capital days of 2.3 days (31 March 2022: 2.3 days).

The absolute value of working capital in the Group at 31 March 2023 was £274.4 million. Overall working capital days were 4.1 days sales, compared to 2.8 days sales in the prior year, reflecting the mix impact of acquisition activity during the year in DCC Energy and DCC Healthcare.

Net capital expenditure

As illustrated in the table below, net capital expenditure amounted to £206.6 million for the year (2022: £170.9 million) and was net of disposal proceeds of £22.6 million (2022: £23.5 million). The level of net capital expenditure reflects continued investment in organic initiatives across the Group, supporting the Group's continued growth and development. Net capital expenditure for the Group exceeded the depreciation charge of £144.4 million (excluding right-of-use leased assets) in the period by £62.1 million.

	2023 **£'m**	2022 £'m
DCC Energy	**173.1**	135.8
DCC Healthcare	**24.6**	24.3
DCC Technology	**8.9**	10.8
Total	**206.6**	170.9

Capital expenditure in DCC Energy primarily comprised expenditure on tanks, cylinders, depot infrastructure and installations and the continued rollout of 'Click and Collect' services, supporting new and existing customers in Energy Solutions. There was also continued development spend in relation to the Avonmouth LPG storage facility in the UK which is now substantially complete and will be operational in the coming months. In Mobility, there was investment in retail sites and upgrades across the business, including adding further lower emission product capability such as EV fast charging and related services in the Nordics.

In DCC Healthcare, the capital expenditure primarily related to increased manufacturing capability and capacity across DCC Health & Beauty Solutions. The business has been investing in adding gummy capability in Europe and the US and will have commercial production in both regions in the coming financial year. In addition, the business has also been investing to increase capacity at its effervescent facility in Minnesota.

Capital expenditure in DCC Technology included a new fleet of electric forklift trucks in North America along with warehouse and IT developments across the division as part of the programme of continuous system improvement.

Total cash spend on acquisitions for the year ended 31 March 2023

The total cash spend on acquisitions in the year was £318.5 million. The spend primarily reflects acquisitions committed to and completed during the current year, but also includes DCC Energy's investment in Frijsenborg Biogas in Denmark and a small DCC Healthcare bolt-on in Germany which were announced in the prior year Results Announcement in May 2022. Payment of deferred and contingent acquisition consideration previously provided amounted to £22.0 million.

Committed acquisitions

DCC has committed £361.7 million to new acquisitions since the prior year Results Announcement. An analysis of these commitments by division is set out below:

	2023 **£'m**	2022 £'m
DCC Energy	**137.3**	93.0
DCC Healthcare	**224.4**	10.1
DCC Technology	**-**	500.3
Total	**361.7**	603.4

As can be seen from the table above, DCC continues to be very active from a development perspective, committing approximately £360 million to 19 new acquisitions during the period. Recent acquisition activity of the Group includes:

DCC Healthcare

Medi-Globe

In October 2022, DCC Healthcare completed the acquisition of Medi-Globe Technologies GmbH ("Medi-Globe"), an international medical devices business focused on minimally invasive procedures. The acquisition was based on an enterprise value of approximately €245 million (£213 million) on a cash-free, debt-free basis.

Medi-Globe, founded in 1990, is involved in the development, manufacture and distribution of single-use devices for endoscopy in diagnostic and therapeutic procedures. The business has grown organically and through bolt-on acquisitions to become a leading global player in its focus areas of gastroenterology and urology. These are large and growing therapeutic areas, benefiting from strong demographic and treatment trends. Medi-Globe has revenues of approximately €120 million (£104 million) and employs approximately

600 people. Its products are sold to hospitals and procurement organisations in over 120 countries through direct sales operations in Germany, France, Austria, Netherlands, Czechia and Brazil, and an international network of distributors.

DCC Energy

Accelerating cleaner energy offerings

As set out in its '*Leading with Energy*' strategy, DCC Energy has been adding complementary capabilities to accelerate the decarbonisation offering it has for customers. During the period DCC Energy completed 10 transactions which have contributed to this enhanced service offering and contribute to the increasing share of the division's profits which come from non-fossil energy products and services. The largest of these transactions was the acquisition of PVO, which is set out in further detail below. In addition, the division completed the following acquisitions:

- In May 2023, DCC Energy completed the acquisitions of AEI, a leading solar installation and services business in Ireland, and Hafod Renewables, a supplier and installer of renewable energy sources in the UK and O'sitoit, a solar installer in central and eastern France.
- In February 2023, DCC Energy completed the acquisition of Søberg Energi in Denmark, a nationwide energy services business.
- DCC Energy acquired solar installer Sys EnR in France in January 2023. Sys EnR provides design, construction and maintenance services for solar panel and solar thermal installations.
- In October 2022, DCC Energy completed the acquisition of Freedom Heat Pumps, a distributor of air source heat pumps and accessories in the UK.
- In June 2022, DCC Energy acquired Protech Group, which provides a range of renewable and energy efficient heating solutions to commercial and industrial customers across the UK.

PVO

In November 2022, DCC completed the acquisition of PVO International BV ("PVO"), a leading distributor of solar panels, invertors, batteries and accessories used in the commercial, industrial and domestic energy sectors across continental Europe. PVO was established in 2014 and has grown rapidly to become one of the leading solar solutions suppliers in Europe, with a market-leading position in the Benelux, and growing positions in eight other European countries including Germany, Poland and Finland. The business is headquartered in Rosmalen, the Netherlands, and employs approximately 50 people. PVO is an excellent strategic fit for DCC. It will leverage PVO's established market position in the fast-growing solar PV market and DCC Energy's knowledge and experience in transitioning customers to cleaner energy products and services including solar solutions. The majority of the consideration for PVO was payable in cash on completion, followed by earn out payments over three years based on PVO's future trading.

DCC Energy bolt-ons

DCC Energy also completed a number of small complementary bolt-on acquisitions in the period in Norway, Denmark, Germany and Sweden as well as a lubricants business in Ireland.

Return on capital employed

The creation of shareholder value through the delivery of consistent, sustainable long-term returns well in excess of its cost of capital is one of DCC's core strategic aims. The return on capital employed by division was as follows:

	2023 excl. IFRS 16	2022 excl. IFRS 16	***2023 incl. IFRS 16***	*2022 incl. IFRS 16*
DCC Energy	**19.0%**	18.6%	***17.6%***	*17.1%*
DCC Healthcare	**13.0%**	20.5%	***12.5%***	*19.2%*
DCC Technology	**8.7%**	9.1%	***8.3%***	*8.5%*
Group	**15.1%**	16.5%	***14.2%***	*15.3%*

The Group continued to generate strong returns on capital employed, notwithstanding the substantial increase in the scale of the Group in recent years. The decrease in return on capital employed versus the prior year primarily reflects the substantial acquisition spend during the prior and current years of a cumulative £1.1 billion, primarily in DCC Healthcare and DCC Technology, which had a dilutive impact on Group returns. In the current year it also reflects the organic decline in operating profit in DCC Healthcare and DCC Technology, which we expect will recover in the coming years.

Financial strength

DCC has always maintained a strong balance sheet and it remains an important enabler of the Group's strategy. A strong balance sheet provides many strategic and commercial benefits, including enabling DCC to take advantage of acquisitive or organic development opportunities as they arise. At 31 March 2023, the Group had net debt (including lease creditors) of £1.1 billion, net debt (excluding lease creditors) of £767.3 million, cash resources (net of overdrafts) of £1.4 billion and total equity of £3.1 billion.

Substantially all of the Group's term debt has been raised in the US private placement market and has an average maturity of 5.0 years. Post the year-end, in April 2023, DCC repaid £223.3 million of maturing US private placement notes.

Sustainability

DCC's ambition is to reduce the carbon intensity of the Group and to make progress across four sustainability pillars: climate change and energy transition, safety and environmental protection, people and social, and governance and compliance.

Last year, the Group set a revised increased target to reduce Scope 1 and 2 carbon emissions by 50% by 2030, having achieved the previous interim target ahead of expectations. During the current year DCC lowered its Scope 1 and 2 emissions by 9.3%.

The vast majority of the Group's Scope 3 carbon emissions derive from DCC Energy's sales of products to customers. In the year, DCC Energy reduced these emissions by 5.0%. DCC's progress towards net zero has been rewarded by CDP with an improved B rating for the Group.

Related to Scope 3, the Group increased the renewable content of energy supplied to customers (in GigaJoules (GJ)) to 6.3%, up from 4.0% in 2022 and 3.2% in 2019. This figure is a subset of the very low or zero carbon sales of the Group.

DCC Energy's operating profit share of services and renewables (with less than 10kg of CO_2e per GJ sold) increased by six percentage points to 28% from 22% in 2022. This broader category adds operating profit from services such as solar installations and other very low or zero carbon services to DCC Energy's profit from sales of renewable energy (viz. 6.3% GJ share above). Due to strong growth in operating profit and the 5.0% decline in Scope 3 carbon emissions, DCC Energy's operating profit to carbon ratio increased by 18%.

Looking at sustainability beyond climate change and energy transition, DCC retained an AAA rating from MSCI, remaining among the top 10% of peer companies.

	2023	2022	**% change**	**% change vs. 2019 baseline**
Scope 1 & 2 carbon emissions ($mtCO_2e$, Group)	**0.078**	0.086	**-9.3%**	**-32.8%**
Customer Scope 3 carbon emissions ($mtCO_2e$, DCC Energy)	**39.1**	41.2	**-5.0%**	**-5.9%**
Renewable share of energy sold (GJ)	**6.3%**	4.0%		

Annual General Meeting

The Company's Annual General Meeting will be held at 2.00pm on Thursday 13 July 2023 at the Powerscourt Hotel, Powerscourt Estate, Enniskerry, Co. Wicklow, A98 DR12.

GROUP INCOME STATEMENT

For the year ended 31 March 2023

		2023			2022		
		Pre exceptionals	**Exceptionals (note 5)**	**Total**	Pre exceptionals	Exceptionals (note 5)	Total
	Note	**£'000**	**£'000**	**£'000**	£'000	£'000	£'000
Revenue	**4**	**22,204,846**	**-**	**22,204,846**	17,732,020	-	17,732,020
Cost of sales		**(19,800,114)**	**-**	**(19,800,114)**	(15,694,347)	-	(15,694,347)
Gross profit		**2,404,732**	**-**	**2,404,732**	2,037,673	-	2,037,673
Administration expenses		**(629,510)**	**-**	**(629,510)**	(517,128)	-	(517,128)
Selling and distribution expenses		**(1,157,642)**	**-**	**(1,157,642)**	(965,489)	-	(965,489)
Other operating income/(expenses)		**38,082**	**(32,528)**	**5,554**	34,178	(46,534)	(12,356)
Adjusted operating profit		**655,662**	**(32,528)**	**623,134**	589,234	(46,534)	542,700
Amortisation of intangible assets		**(111,146)**	**-**	**(111,146)**	(84,340)	-	(84,340)
Operating profit	**4**	**544,516**	**(32,528)**	**511,988**	504,894	(46,534)	458,360
Finance costs		**(96,735)**	**-**	**(96,735)**	(77,205)	-	(77,205)
Finance income		**16,111**	**892**	**17,003**	23,075	1,192	24,267
Share of equity accounted investments' (loss)/profit after tax		**(692)**	**-**	**(692)**	314	-	314

Profit before tax		**463,200**	**(31,636)**	**431,564**	451,078	(45,342)	405,736
Income tax expense		**(87,526)**	**2,764**	**(84,762)**	(81,235)	1,501	(79,734)
Profit after tax for the financial year		**375,674**	**(28,872)**	**346,802**	369,843	(43,841)	326,002
Profit attributable to:							
Owners of the Parent		**362,683**	**(28,661)**	**334,022**	356,214	(43,841)	312,373
Non-controlling interests		**12,991**	**(211)**	**12,780**	13,629	-	13,629
		375,674	**(28,872)**	**346,802**	369,843	(43,841)	326,002
Earnings per ordinary share							
Basic earnings per share	**6**			**338.40p**			316.78p
Diluted earnings per share	**6**			**338.04p**			316.36p
Basic adjusted earnings per share	**6**			**456.27p**			430.11p
Diluted adjusted earnings per share	**6**			**455.79p**			429.55p

GROUP STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2023

	2023 £'000	2022 £'000
Group profit for the financial year	**346,802**	326,002
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Currency translation	**43,280**	26,549
Movements relating to cash flow hedges	**(164,422)**	88,776
Movement in deferred tax liability on cash flow hedges	**30,374**	(16,138)
	(90,768)	99,187
Items that will not be reclassified to profit or loss		
Group defined benefit pension obligations:		
- remeasurements	**2,811**	(748)
- movement in deferred tax asset	**(800)**	210
	2,011	(538)
Other comprehensive income for the financial year, net of tax	**(88,757)**	98,649
Total comprehensive income for the financial year	**258,045**	424,651
Attributable to:		
Owners of the Parent	**243,242**	411,485
Non-controlling interests	**14,803**	13,166
	258,045	424,651

GROUP BALANCE SHEET

As at 31 March 2023

	Note	**2023 £'000**	2022 £'000
ASSETS			
Non-current assets			
Property, plant and equipment		**1,354,806**	1,253,349
Right-of-use leased assets		**336,221**	327,551
Intangible assets and goodwill		**2,957,629**	2,634,449
Equity accounted investments		**47,789**	26,843
Deferred income tax assets		**69,053**	54,494
Derivative financial instruments	9	**89,199**	118,578
		4,854,697	4,415,264

Current assets			
Inventories		**1,192,803**	1,133,666
Trade and other receivables		**2,312,269**	2,508,613
Derivative financial instruments	**9**	**59,258**	107,361
Cash and cash equivalents	**9**	**1,421,749**	1,394,272
		4,986,079	5,143,912
Total assets		**9,840,776**	9,559,176
EQUITY			
Capital and reserves attributable to owners of the Parent			
Share capital		**17,422**	17,422
Share premium		**883,669**	883,321
Share based payment reserve	**8**	**54,596**	47,436
Cash flow hedge reserve	**8**	**(48,280)**	85,768
Foreign currency translation reserve	**8**	**128,529**	87,272
Other reserves	**8**	**932**	932
Retained earnings		**1,941,223**	1,783,033
Equity attributable to owners of the Parent		**2,978,091**	2,905,184
Non-controlling interests		**80,219**	65,379
Total equity		**3,058,310**	2,970,563
LIABILITIES			
Non-current liabilities			
Borrowings	**9**	**1,933,759**	1,933,482
Lease creditors	**9**	**275,388**	273,164
Derivative financial instruments	**9**	**40,585**	10,330
Deferred income tax liabilities		**263,623**	259,796
Post employment benefit obligations	**10**	**(11,721)**	(7,745)
Provisions for liabilities		**301,067**	284,191
Acquisition related liabilities		**86,172**	72,650
Government grants		**446**	356
		2,889,319	2,826,224
Current liabilities			
Trade and other payables		**3,279,898**	3,468,705
Current income tax liabilities		**85,324**	59,963
Borrowings		**320,856**	67,668
Lease creditors	**9**	**71,158**	63,538
Derivative financial instruments	**9**	**42,341**	28,634
Provisions for liabilities		**52,349**	50,279
Acquisition related liabilities		**41,221**	23,602
		3,893,147	3,762,389
Total liabilities		**6,782,466**	6,588,613
Total equity and liabilities		**9,840,776**	9,559,176
Net debt included above (excluding lease creditors)	**9**	**(767,335)**	(419,903)

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Attributable to owners of the Parent						
	Share capital £'000	**Share premium £'000**	**Retained earnings £'000**	**Other reserves (note 8) £'000**	**Total £'000**	**Non-controlling interests £'000**	**Total equity £'000**
At 1 April 2022	**17,422**	**883,321**	**1,783,033**	**221,408**	**2,905,184**	**65,379**	**2,970,563**
Profit for the financial year	-	-	**334,022**	-	**334,022**	**12,780**	**346,802**
Other comprehensive income:							
Currency translation	-	-	-	**41,257**	**41,257**	**2,023**	**43,280**
Group defined benefit pension obligations:							
- remeasurements	-	-	**2,811**	-	**2,811**	-	**2,811**
- movement in deferred tax asset	-	-	**(800)**	-	**(800)**	-	**(800)**
Movements relating to cash flow hedges	-	-	-	**(164,422)**	**(164,422)**	-	**(164,422)**
Movement in deferred tax liability on cash flow hedges	-	-	-	**30,374**	**30,374**	-	**30,374**
Total comprehensive income	-	-	**336,033**	**(92,791)**	**243,242**	**14,803**	**258,045**
Re-issue of treasury shares	-	**348**	-	-	**348**	-	**348**
Share based payment	-	-	-	**7,160**	**7,160**	-	**7,160**
Dividends	-	-	**(177,843)**	-	**(177,843)**	**(129)**	**(177,972)**
Non-controlling interest arising on acquisition	-	-	-	-	-	**166**	**166**
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

At 31 March 2023	**17,422**	**883,669**	**1,941,223**	**135,777**	**2,978,091**	**80,219**	**3,058,310**

GROUP STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2022

	Attributable to owners of the Parent						
	Share capital £'000	Share premium £'000	Retained earnings £'000	Other reserves (note 8) £'000	Total £'000	Non-controlling interests £'000	Total equity £'000
At 1 April 2021	17,422	882,924	1,631,797	115,291	2,647,434	58,210	2,705,644
Profit for the financial year	-	-	312,373	-	312,373	13,629	326,002
Other comprehensive income:							
Currency translation	-	-	-	27,012	27,012	(463)	26,549
Group defined benefit pension obligations:							
- remeasurements	-	-	(748)	-	(748)	-	(748)
- movement in deferred tax asset	-	-	210	-	210	-	210
Movements relating to cash flow hedges	-	-	-	88,776	88,776	-	88,776
Movement in deferred tax liability on cash flow hedges	-	-	-	(16,138)	(16,138)	-	(16,138)
Total comprehensive income	-	-	311,835	99,650	411,485	13,166	424,651
Re-issue of treasury shares	-	397	-	-	397	-	397
Share based payment	-	-	-	6,467	6,467	-	6,467
Dividends	-	-	(160,599)	-	(160,599)	(6,909)	(167,508)
Non-controlling interest arising on acquisition	-	-	-	-	-	912	912
At 31 March 2022	17,422	883,321	1,783,033	221,408	2,905,184	65,379	2,970,563

GROUP CASH FLOW STATEMENT

For the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Cash flows from operating activities			
Profit for the financial year		**346,802**	326,002
Add back non-operating expenses/(income):			
- tax		**84,762**	79,734
- share of equity accounted investments' loss/(profit)		**692**	(314)
- net operating exceptionals		**32,528**	46,534
- net finance costs		**79,732**	52,938
Group operating profit before exceptionals		**544,516**	504,894
Share-based payments expense		**7,160**	6,467
Depreciation (including right-of-use leased assets)		**219,681**	205,780
Amortisation of intangible assets		**111,146**	84,340
Profit on disposal of property, plant and equipment		**(12,346)**	(8,916)
Amortisation of government grants		**(114)**	(20)
Other		**4,654**	4,614
Increase in working capital		**(13,951)**	(168,726)
Cash generated from operations before exceptionals		**860,746**	628,433
Exceptionals		**(23,780)**	(30,270)
Cash generated from operations		**836,966**	598,163
Interest paid (including lease interest)		**(82,576)**	(70,103)
Income tax paid		**(97,485)**	(76,292)
Net cash flows from operating activities		**656,905**	451,768
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		**22,643**	23,524
Government grants received in relation to property, plant and equipment		**216**	-
Disposal of equity accounted investments		**-**	772
Interest received		**15,535**	22,759
		38,394	47,055
Outflows:			

Outflows:			
Purchase of property, plant and equipment		**(229,440)**	(194,353)
Acquisition of subsidiaries	11	**(318,486)**	(668,123)
Payment of accrued acquisition related liabilities		**(21,987)**	(52,006)
		(569,913)	(914,482)
Net cash flows from investing activities		**(531,519)**	(867,427)
Financing activities			
Inflows:			
Proceeds from issue of shares		**348**	397
Net cash inflow on derivative financial instruments		**-**	30,936
Increase in interest-bearing loans and borrowings		**603,054**	372,426
		603,402	403,759
Outflows:			
Repayment of interest-bearing loans and borrowings		**(393,469)**	(149,182)
Net cash outflow on derivative financial instruments		**(57,902)**	-
Repayment of lease creditors		**(74,219)**	(65,580)
Dividends paid to owners of the Parent	7	**(177,843)**	(160,599)
Dividends paid to non-controlling interests		**(129)**	(6,909)
		(703,562)	(382,270)
Net cash flows from financing activities		**(100,160)**	21,489
Change in cash and cash equivalents		**25,226**	(394,170)
Translation adjustment		**19,376**	3,878
Cash and cash equivalents at beginning of year		**1,326,604**	1,716,896
Cash and cash equivalents at end of year		**1,371,206**	1,326,604
Cash and cash equivalents consists of:			
Cash and short-term bank deposits		**1,421,749**	1,394,272
Overdrafts		**(50,543)**	(67,668)
		1,371,206	1,326,604

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 March 2023

1. Basis of Preparation

The financial information, from the Group Income Statement to note 15, contained in this preliminary results statement has been derived from the Group financial statements for the year ended 31 March 2023 and is presented in sterling, rounded to the nearest thousand. The financial information does not include all the information and disclosures required in the annual financial statements. The Annual Report will be distributed to shareholders and made available on the Company's website www.dcc.ie. It will also be filed with the Companies Registration Office.

The auditors have reported on the financial statements for the year ended 31 March 2023 and their report was unqualified. The financial information for the year ended 31 March 2022 represents an abbreviated version of the Group's statutory financial statements on which an unqualified audit report was issued, and which have been filed with the Companies Registration Office.

The financial information presented in this report has been prepared in accordance with the Listing Rules of the Financial Services Authority and the accounting policies that the Group has adopted for the year ended 31 March 2023.

2. Accounting Policies

The following changes to IFRS became effective for the Group during the year but did not result in material changes to the Group's consolidated financial statements:

- Property, Plant and Equipment: Proceeds before Intended Use - Amendments to IAS 16
- Onerous Contracts - Cost of Fulfilling a Contract - Amendments to IAS 37
- Annual Improvements to IFRS Standards 2018-2020
- Reference to the Conceptual Framework - Amendments to IFRS 3

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. These include:

- Presentation of Financial Statements - Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates & Errors)
- Income Taxes - Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)
- Leases - lease liability in a sale and leaseback (Amendments to IFRS 16)
- Initial Application of IFRS 17 and IFRS 9 (Amendments to IFRS 17 Insurance Contracts)
- IFRS 17 Insurance Contracts

The impact of these new standards is not expected to result in net material changes to the Group's consolidated financial statements.

3. Reporting Currency

The Group's financial statements are presented in sterling, denoted by the symbol '£'. Results and cash flows of operations based in non-sterling countries have been translated into sterling at average rates for the 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	
	2023 Stg£1=	2022 Stg£1=	**2023 Stg£1=**	2022 Stg£1=
Euro	**1.1597**	1.1750	**1.1374**	1.1820
Danish krone	**8.6304**	8.7400	**8.4719**	8.7918
Swedish krona	**12.4772**	12.0190	**12.8304**	12.2187
Norwegian krone	**11.8985**	11.8654	**12.9595**	11.4787
US dollar	**1.2101**	1.3694	**1.2369**	1.3122
Hong Kong dollar	**9.4837**	10.6580	**9.7096**	10.2740

4. Segmental Reporting

DCC is an international sales, marketing and support services group headquartered in Dublin, Ireland. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker ('CODM'). The CODM has been identified as Mr. Donal Murphy, Chief Executive and his executive management team.

As disclosed on pages 22 to 27 of the Group's 2022 Annual Report, the Group has organised all its energy activities (previously DCC LPG and DCC Retail & Oil) into one division, DCC Energy, with effect from 1 April 2022. The CODM assesses performance and makes decisions on the allocation of resources based on the financial information of DCC Energy which is considered to be one segment based on the Group's management structure and the internal reporting of financial information. Consequently, the Group now reports DCC Energy as a separate segment and comparative segmental data has been restated. The adjusted operating profit of Energy Solutions represents approximately 73% of the segment's adjusted operating profit in the current year and Energy Mobility represents approximately 27%.

The Group is organised into three operating segments (as identified under IFRS 8 Operating Segments) and generates revenue through the following activities:

DCC Energy comprises Energy Solutions and Energy Mobility. The Energy Solutions business is focused on reducing the complexity of energy transition and delivering affordable energy solutions. The Energy Mobility business is focused on developing multi-energy networks and services for people and businesses on the move. DCC Energy is accelerating the net zero journey of energy consumers by leading the sales, marketing and distribution of low carbon energy solutions.

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

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

The chief operating decision maker monitors the operating results of segments separately 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') and return on capital employed. 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.

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

(a) By operating segment

	Year ended 31 March 2023			
	DCC Energy £'000	**DCC Healthcare £'000**	**DCC Technology £'000**	**Total £'000**
Segment revenue	**16,119,452**	**821,527**	**5,263,867**	**22,204,846**
Adjusted operating profit	**457,815**	**91,742**	**106,105**	**655,662**
Amortisation of intangible assets	**(68,731)**	**(9,318)**	**(33,097)**	**(111,146)**
Net operating exceptionals (note 5)	**(21,603)**	**(4,367)**	**(6,558)**	**(32,528)**
Operating profit	**367,481**	**78,057**	**66,450**	**511,988**

	Year ended 31 March 2022 (Restated)			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment revenue	12,322,589	765,213	4,644,218	17,732,020
Adjusted operating profit	407,132	100,415	81,687	589,234
Amortisation of intangible assets	(55,667)	(6,092)	(22,581)	(84,340)
Net operating exceptionals (note 5)	(16,687)	(6,540)	(23,307)	(46,534)
Operating profit	334,778	87,783	35,799	458,360

(b) By geography

The Group has a presence in 22 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 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 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*	
	2023 £'000	2022 £'000	**2023 £'000**	2022 £'000
Republic of Ireland	**2,255,595**	1,609,797	**230,304**	254,453
United Kingdom	**7,562,103**	6,632,084	**1,319,398**	1,264,586
France	**3,706,272**	3,251,238	**981,757**	950,929
United States	**2,189,358**	1,301,893	**939,232**	871,143
Rest of World	**6,491,518**	4,937,008	**1,225,754**	901,081
	22,204,846	17,732,020	**4,696,445**	4,242,192

** Non-current assets comprise property, plant and equipment, right-of-use leased assets, intangible assets and goodwill and equity accounted investments*

Disaggregation of revenue

The following table disaggregates revenue by primary geographical market, major revenue lines and timing of revenue recognition. The use of revenue as a metric of performance in the Group's Energy segment is of limited relevance due to the influence of changes in underlying energy product costs on absolute revenues. Whilst changes in underlying energy product costs will change percentage operating margins, this has little relevance in the downstream energy distribution market in which this segment operates where profitability is driven by absolute contribution per tonne/litre of product sold, and not a percentage margin. Accordingly, management review geographic volume performance rather than geographic revenue performance for this segment as country-specific GDP and weather patterns can influence volumes. The disaggregated revenue information presented below for DCC Healthcare and Technology, which can also be influenced by country-specific GDP movements, is consistent with how revenue is reported and reviewed internally.

As mentioned above, the Group has organised all of its energy activities (previously DCC LPG and DCC Retail & Oil) into one reportable segment, DCC Energy, with effect from 1 April 2022. The Group will now report disaggregated revenue across DCC Energy's two major revenue lines, energy solutions and energy mobility. Comparative data has been restated accordingly.

	Year ended 31 March 2023			
	DCC Energy £'000	**DCC Healthcare £'000**	**DCC Technology £'000**	**Total £'000**
Republic of Ireland (country of domicile)	**1,688,901**	**110,766**	**455,928**	**2,255,595**
United Kingdom	**5,358,282**	**399,599**	**1,804,222**	**7,562,103**
France	**3,360,372**	**24,173**	**321,727**	**3,706,272**
North America	**311,521**	**175,757**	**1,875,842**	**2,363,120**
Rest of World	**5,400,376**	**111,232**	**806,148**	**6,317,756**
Revenue	**16,119,452**	**821,527**	**5,263,867**	**22,204,846**
Products transferred at point in time	**16,119,452**	**821,527**	**5,263,867**	**22,204,846**
Energy solutions products and services	**9,996,896**	**-**	**-**	**9,996,896**
Energy mobility products and services	**6,122,556**	**-**	**-**	**6,122,556**
Medical and pharmaceutical products	**-**	**448,931**	**-**	**448,931**
Nutrition and health & beauty products	**-**	**372,596**	**-**	**372,596**
Technology products and services	**-**	**-**	**5,263,867**	**5,263,867**
Revenue	**16,119,452**	**821,527**	**5,263,867**	**22,204,846**

	Year ended 31 March 2022 (Restated)			
	DCC Energy £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Republic of Ireland (country of domicile)	1,094,400	117,405	397,992	1,609,797
United Kingdom	4,229,986	419,088	1,983,010	6,632,084
France	2,900,787	-	350,451	3,251,238
North America	261,559	148,318	1,035,055	1,444,932
Rest of World	3,835,857	80,402	877,710	4,793,969
Revenue	12,322,589	765,213	4,644,218	17,732,020
Products transferred at point in time	12,322,589	765,213	4,644,218	17,732,020
Energy solutions products and services (restated)	7,306,762	-	-	7,306,762
Energy mobility products and services (restated)	5,015,827	-	-	5,015,827
Medical and pharmaceutical products	-	407,672	-	407,672

Medical and pharmaceutical products		407,672		407,672
Nutrition and health & beauty products	-	357,541	-	357,541
Technology products and services	-	-	4,644,218	4,644,218
Revenue	12,322,589	765,213	4,644,218	17,732,020

5. Exceptionals

	2023 £'000	2022 £'000
Adjustments to contingent acquisition consideration	**(8,523)**	(19,864)
Restructuring and integration costs and other	**(13,401)**	(16,736)
Acquisition and related costs	**(10,604)**	(9,934)
Net operating exceptional items	**(32,528)**	(46,534)
Mark to market of swaps and related debt	**892**	1,192
Net exceptional items before taxation	**(31,636)**	(45,342)
Income tax credit attaching to exceptional items	**2,764**	1,501
Net exceptional items after taxation	**(28,872)**	(43,841)
Non-controlling interest share of net exceptional items after taxation	**211**	-
Net exceptional items attributable to owners of the Parent	**(28,661)**	(43,841)

Adjustments to contingent acquisition consideration of £8.523 million reflects movements in provisions associated with the expected earn-out or other deferred arrangements that arise through the Group's corporate development activity. The charge in the year primarily reflects an increase in contingent consideration payable in respect of an acquisition in DCC Energy where the trading performance has been very strong and ahead of expectations.

Restructuring and integration costs and other of £13.401 million relates to the restructuring and integration of operations across a number of businesses and acquisitions. The significant items during the year were primarily within DCC Energy and include costs related to a realignment of the organisation structures in the UK and France to reflect acquisitions and the changing operational environment.

Acquisition and related costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £10.604 million (2022: £9.934 million).

The level of ineffectiveness calculated under IAS 39 on the hedging instruments related to the Group's US private placement debt is charged or credited as an exceptional item. In the year ended 31 March 2023, this amounted to an exceptional non-cash gain of £0.892 million (2022: non-cash gain of £1.192 million). The cumulative net exceptional credit taken in respect IAS 39 ineffectiveness is £1.429 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.

There was a related income tax credit of £2.764 million and non-controlling interest credit of £0.211 million in relation to certain exceptional charges.

6. Earnings per Ordinary Share

	2023 £'000	2022 £'000
Profit attributable to owners of the Parent	**334,022**	312,373
Amortisation of intangible assets after tax	**87,690**	67,919
Exceptionals after tax (note 5)	**28,661**	43,841
Adjusted profit after taxation and non-controlling interests	**450,373**	424,133

Basic earnings per ordinary share	**2023 pence**	2022 pence
Basic earnings per ordinary share	**338.40p**	316.78p
Amortisation of intangible assets after tax	**88.84p**	68.88p
Exceptionals after tax	**29.03p**	44.45p
Adjusted basic earnings per ordinary share	**456.27p**	430.11p
Weighted average number of ordinary shares in issue (thousands)	**98,707**	98,610

Basic earnings per share is calculated by dividing the profit attributable to owners of the Parent 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.

Diluted earnings per ordinary share	**2023 pence**	2022 pence
Diluted earnings per ordinary share	**338.04p**	316.36p
Amortisation of intangible assets after tax	**88.74p**	68.79p
Exceptionals after tax	**29.01p**	44.40p
Adjusted diluted earnings per ordinary share	**455.79p**	429.55p
Weighted average number of ordinary shares in issue (thousands)	**98,811**	98,739

The earnings used for the purposes of the diluted earnings per ordinary share calculations were £334.022 million (2022: £312.373 million) and £450.373 million (2022: £424.133 million) for the purposes of the adjusted diluted earnings per ordinary share calculations.

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2023 was 98.811 million (2022: 98.739 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:

	2023 '000	2022 '000
Weighted average number of ordinary shares in issue	**98,707**	98,610
Dilutive effect of options and awards	**104**	129
Weighted average number of ordinary shares for diluted earnings per share	**98,811**	98,739

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. 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.

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.

7. Dividends

Dividends paid per ordinary share are as follows:	**2023 £'000**	2022 £'000
Final - paid 119.93 pence per share on 21 July 2022 (2022: paid 107.85 pence per share on 22 July 2021)	**118,715**	105,417
Interim - paid 60.04 pence per share on 9 December 2022 (2022: paid 55.85 pence per share on 10 December 2021)	**59,128**	55,182
	177,843	160,599

The Directors are proposing a final dividend in respect of the year ended 31 March 2023 of 127.17 pence per ordinary share (£125.577 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

8. Other Reserves

For the year ended 31 March 2023

	Share based payment reserve £'000	**Cash flow hedge reserve £'000**	**Foreign currency translation reserve £'000**	**Other reserves £'000**	**Total £'000**
At 1 April 2022	**47,436**	**85,768**	**87,272**	**932**	**221,408**
Currency translation	**-**	**-**	**41,257**	**-**	**41,257**
Movements relating to cash flow hedges	**-**	**(164,422)**	**-**	**-**	**(164,422)**
Movement in deferred tax liability on cash flow hedges	**-**	**30,374**	**-**	**-**	**30,374**
Share based payment	**7,160**	**-**	**-**	**-**	**7,160**
At 31 March 2023	**54,596**	**(48,280)**	**128,529**	**932**	**135,777**

For the year ended 31 March 2022

	Share based payment reserve £'000	Cash flow hedge reserve £'000	Foreign currency translation reserve £'000	Other reserves £'000	Total £'000
At 1 April 2021	40,969	13,130	60,260	932	115,291
Currency translation	-	-	27,012	-	27,012
Movements relating to cash flow hedges	-	88,776	-	-	88,776
Movement in deferred tax liability on cash flow hedges	-	(16,138)	-	-	(16,138)
Share based payment	6,467	-	-	-	6,467
At 31 March 2022	47,436	85,768	87,272	932	221,408

9. Analysis of Net Debt

	2023 £'000	2022 £'000
Non-current assets		
Derivative financial instruments	**89,199**	118,578
Current assets		
Derivative financial instruments	**59,258**	107,361
Cash and cash equivalents	**1,421,749**	1,394,272
	1,481,007	1,501,633
Non-current liabilities		
Derivative financial instruments	**(40,585)**	(10,330)
Bank borrowings	**(35,168)**	(388,660)
Unsecured Notes	**(1,898,591)**	(1,544,822)
	(1,974,344)	(1,943,812)
Current liabilities		
Bank borrowings	**(50,543)**	(67,668)
Derivative financial instruments	**(42,341)**	(28,634)
Unsecured Notes	**(270,313)**	-
	(363,197)	(96,302)
Net debt (excluding lease creditors)	**(767,335)**	(419,903)
Lease creditors (non-current)	**(275,388)**	(273,164)
Lease creditors (current)	**(71,158)**	(63,538)
Total lease creditors	**(346,546)**	(336,702)
Net debt (including lease creditors)	**(1,113,881)**	(756,605)

An analysis of the maturity profile of the Group's net cash/(debt) (including lease creditors) at 31 March 2023 is as follows:

As 31 March 2023	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Cash and short-term deposits	1,421,749	-	-	-	1,421,749
Overdrafts	(50,543)	-	-	-	(50,543)
Cash and cash equivalents	1,371,206	-	-	-	1,371,206
Bank borrowings	-	-	(35,168)	-	(35,168)
Unsecured Notes	(270,313)	(333,207)	(616,508)	(948,876)	(2,168,904)
Derivative financial instruments - Unsecured Notes	47,032	39,761	13,500	(569)	99,724
Derivative financial instruments - other	(30,115)	(4,078)	-	-	(34,193)
	1,117,810	(297,524)	(638,176)	(949,445)	(767,335)
Lease creditors	(71,158)	(57,675)	(103,126)	(114,587)	(346,546)
Net debt (including lease creditors)	**1,046,652**	**(355,199)**	**(741,302)**	**(1,064,032)**	**(1,113,881)**

The Group's Unsecured Notes fall due between 25 April 2023 and 4 April 2034 with an average maturity of 5 years at 31 March 2023. The full fair value of a hedging derivative is allocated to the time period corresponding to the maturity of the hedged item.

10. Post Employment Benefit Obligations

The Group's defined benefit pension schemes' assets were measured at fair value at 31 March 2023. The defined benefit pension schemes' liabilities at 31 March 2023 were updated to reflect material movements in underlying assumptions. The Group's post employment benefit obligations moved from a net asset of £7.745 million at 31 March 2022 to a net asset of £11.721 million at 31 March 2023. The movement in the net asset position primarily reflects an actuarial gain on liabilities arising from an increase in the discount rates used to value these liabilities.

11. Business Combinations

A key strategy of the Group is to create and sustain market leadership positions through acquisitions in markets it currently operates in, together with extending the Group's footprint into new geographic markets. In line with this strategy, the principal acquisitions completed by the Group during the period, together with percentages acquired, were as follows:

- The acquisition by DCC Healthcare in October 2022 of 100% of Medi-Globe Technologies GmbH ("Medi-Globe"), an international medical devices business focused on minimally invasive procedures. Medi-Globe, founded in 1990, is involved in the development, manufacture and distribution of single-use devices for endoscopy in diagnostic and therapeutic procedures. The business has grown organically and through bolt-on acquisitions to become a leading global player in its focus areas of gastroenterology and urology. These are large and growing therapeutic areas, benefiting from strong demographic and treatment trends. Its products are sold to hospitals and procurement organisations in over 120 countries through direct sales operations in Germany, France, Austria, Netherlands, Czechia and Brazil, and an international network of distributors; and

- The acquisition by DCC Energy in November 2022 of PVO International BV ("PVO"), a leading distributor of solar panels, invertors, batteries and accessories used in the commercial, industrial and domestic energy sectors across continental Europe. PVO was established in 2014 and has grown rapidly to become one of the leading solar solutions suppliers in Europe, with a market-leading position in the Benelux, and growing positions in eight other European countries including Germany, Poland and Finland. The business is headquartered in Rosmalen, the Netherlands, and employs approximately 50 people. PVO is an excellent strategic fit for DCC. It will leverage PVO's established market position in the fast-growing solar PV market and DCC Energy's knowledge and experience in transitioning customers to cleaner energy products and services including solar solutions.

DCC Energy also completed a number of small complementary bolt-on acquisitions in the period in the UK, France, Ireland, Norway, Denmark, Germany and Sweden.

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 2023 £'000	Total 2022 £'000
Assets		
Non-current assets		
Property, plant and equipment	**6,273**	63,173
Right-of-use leased assets	**5,856**	32,060
Intangible assets	**131,453**	257,290
Equity accounted investments	**18,909**	-
Deferred income tax assets	**2,291**	15,644
Total non-current assets	**164,782**	368,167
Current assets		
Inventories	**53,329**	254,522
Trade and other receivables	**36,760**	200,443
Total current assets	**90,089**	454,965
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	**(38,112)**	(64,694)
Provisions for liabilities	**(161)**	(7,336)
Lease creditors	**(3,933)**	(24,255)
Total non-current liabilities	**(42,206)**	(96,285)
Current liabilities		
Trade and other payables	**(65,775)**	(229,336)
Provisions for liabilities	**(149)**	(91)
Current income tax (liabilities)/assets	**(10,023)**	2,539
Lease creditors	**(2,166)**	(7,563)
Total current liabilities	**(78,113)**	(234,451)
Identifiable net assets acquired	**134,552**	492,396
Non-controlling interests arising on acquisition	**(166)**	(912)
Goodwill	**230,754**	224,020
Total consideration	**365,140**	715,504
Satisfied by:		
Cash	**319,463**	681,456
Net cash and cash equivalents acquired	**(977)**	(13,333)
Net cash outflow	**318,486**	668,123
Acquisition related liabilities	**46,654**	47,381
Total consideration	**365,140**	715,504

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)	**31,696**	**133,086**	**164,782**
Current assets	**99,625**	**(9,536)**	**90,089**

Non-current liabilities	(4,195)	(38,011)	(42,206)
Current liabilities	(75,941)	(2,172)	(78,113)
Identifiable net assets acquired	51,185	83,367	134,552
Non-controlling interest arising on acquisition	(166)	-	(166)
Goodwill arising on acquisition	314,121	(83,367)	230,754
Total consideration	**365,140**	**-**	**365,140**

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 2024 Annual Report as stipulated by IFRS 3.

The principal factors contributing to the recognition of goodwill on business combinations entered into by the Group are the expected profitability of the acquired business and the realisation of cost savings and synergies with existing Group entities.

None of the goodwill recognised in respect of acquisitions completed during the financial year is expected to be deductible for tax purposes.

Acquisition related costs included in other operating expenses in the Group Income Statement amounted to £10.604 million.

No contingent liabilities were recognised on the acquisitions completed during the year or the prior financial years.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions completed during the year range from nil to £91.1 million.

The business combinations completed during the year contributed £168.918 million to revenues and £8.874 million to profit after tax. Had all the business combinations effected during the year occurred at the beginning of the year, total Group revenue for the year ended 31 March 2023 would have been £22.409 billion and total Group profit after tax would have been £347.089 million.

12. Seasonality of Operations

The Group's operations are significantly second half weighted primarily due to a portion of the demand for DCC Energy's products being weather dependent and seasonal buying patterns in DCC Technology.

13. Related Party Transactions

There have been no related party transactions or changes in related party transactions that could have a material impact on the financial position or performance of the Group during the 2023 financial year.

14. Events after the Balance Sheet Date

There were no other material events subsequent to 31 March 2023 which would require disclosure in this Report.

15. Board Approval

This report was approved by the Board of Directors of DCC plc on 15 May 2023.

SUPPLEMENTARY FINANCIAL INFORMATION

For the year ended 31 March 2023

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	2023 £'000	2022 £'000
Operating profit	**511,988**	458,360
Net operating exceptional items	**32,528**	46,534
Amortisation of intangible assets	**111,146**	84,340
Adjusted operating profit ('EBITA')	**655,662**	589,234

Adjusted operating profit before depreciation ('EBITDA')

Definition

EBITDA represents earnings before net interest, tax, depreciation on property, plant and equipment, 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	2023 £'000	2022 £'000
Adjusted operating profit ('EBITA')	**655,662**	589,234
Depreciation of property, plant and equipment	**144,443**	137,976
EBITDA	**800,105**	727,210

Net interest before exceptional items

Definition

The Group defines net interest before exceptional items as the net total of finance costs and finance income before interest related exceptional items as presented in the Group Income Statement.

Calculation	2023 £'000	2022 £'000
Finance costs before exceptional items	**(96,735)**	(77,205)
Finance income before exceptional items	**16,111**	23,075
Net interest before exceptional items	**(80,624)**	(54,130)

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. To maintain comparability with the definitions contained in the Group's lending arrangements, EBITDA and net interest exclude the impact of IFRS 16.

Calculation	2023 £'000	2022 £'000
EBITDA	**800,105**	727,210
Less: impact of IFRS 16	**(6,041)**	(6,728)
EBITDA for covenant purposes	**794,064**	720,482
Net interest before exceptional items	**(80,624)**	(54,130)
Less: impact of IFRS 16	**9,577**	9,473
Net interest for covenant purposes	**(71,047)**	(44,657)
EBITDA interest cover (times)	**11.2x**	16.1x

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 adjusted operating profit less net interest before exceptional items.

Calculation	2023 £'000	2022 £'000
Adjusted operating profit	**655,662**	589,234
Net interest before exceptional items	**(80,624)**	(54,130)
	575,038	535,104
Income tax expense	**84,762**	79,734
Income tax attaching to net exceptionals	**2,764**	1,501
Deferred tax attaching to amortisation of intangible assets	**23,456**	16,421
Total income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets	**110,982**	97,656
Effective tax rate (%)	**19.3%**	18.3%

Dividend cover

Definition

The dividend cover ratio measures the Group's ability to pay dividends from earnings.

Calculation	**2023 pence**	2022 pence
Adjusted earnings per share	**456.27**	430.11
Dividend	**187.21**	175.78
Dividend cover (times)	**2.4x**	2.4x

Constant currency

Definition

The translation of foreign denominated earnings can be impacted by movements in foreign exchange rates versus sterling, the Group's presentation currency. In order to present a better reflection of underlying performance in the period, the Group retranslates foreign denominated current year earnings at prior year exchange rates.

Revenue (constant currency)	**2023 £'000**	2022 £'000
Revenue	**22,204,846**	17,732,020
Currency impact	**(366,289)**	-
Revenue (constant currency)	**21,838,557**	17,732,020

Adjusted operating profit (constant currency)		
Adjusted operating profit	**655,662**	589,234
Currency impact	**(20,746)**	-
Adjusted operating profit (constant currency)	**634,916**	589,234

Adjusted earnings per share (constant currency)		
Adjusted profit after taxation and non-controlling interests	**450,373**	424,133
Currency impact	**(13,174)**	-
Adjusted profit after taxation and non-controlling interests (constant currency)	**437,199**	424,133
Weighted average number of ordinary shares in issue ('000)	**98,707**	98,610
Adjusted earnings per share (constant currency)	**442.93p**	430.11p

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	**2023 £'000**	2022 £'000
Purchase of property, plant and equipment	**229,440**	194,353
Government grants received in relation to property, plant and equipment	**(216)**	-
Proceeds from disposal of property, plant and equipment	**(22,643)**	(23,524)
Net capital expenditure	**206,581**	170,829

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 repayment of lease creditors (including interest) and net capital expenditure.

Calculation	**2023 £'000**	2022 £'000
Cash generated from operations before exceptionals	**860,746**	628,433
Repayment of lease creditors	**(83,796)**	(75,053)
Net capital expenditure	**(206,581)**	(170,829)
Free cash flow	**570,369**	382,551

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 (excluding interest relating to lease creditors), income tax paid, dividends received from equity accounted investments and interest received. As noted in the definition of free cash flow, interest amounts relating to the repayment of lease creditors has been deducted in arriving at the Group's free cash flow and are therefore excluded from the interest paid figure in arriving at the Group's free cash flow (after interest and tax payments).

Calculation	**2023 £'000**	2022 £'000
Free cash flow	**570,369**	382,551
Interest paid (including interest relating to lease creditors)	**(82,576)**	(70,103)
Interest relating to lease creditors	**9,577**	9,473
Income tax paid	**(97,485)**	(76,292)
Interest received	**15,535**	22,759
Free cash flow (after interest and tax payments)	**415,420**	268,388

Free cash flow (after interest and tax payments)	**415,420**	268,388

Cash conversion ratio

Definition

The cash conversion ratio expresses free cash flow as a percentage of adjusted operating profit.

Calculation	2023 £'000	2022 £'000
Free cash flow	**570,369**	382,551
Adjusted operating profit	**655,662**	589,234
Cash conversion ratio	**87%**	65%

Return on capital employed ('ROCE')

Definition

ROCE represents adjusted operating profit expressed as a percentage of the average total capital employed.

The Group adopted IFRS 16 Leases on the transition date of 1 April 2019 using the modified retrospective approach, meaning that comparatives were not restated. To assist comparability with prior years, the Group presents ROCE excluding the impact of IFRS 16 ('ROCE excl. IFRS 16') as well as ROCE including the impact of IFRS 16 ('ROCE incl. IFRS 16'). Total capital employed (excl. IFRS 16) represents total equity adjusted for net debt/cash (including lease creditors), goodwill and intangibles written off, right-of-use leased assets, acquisition related liabilities and equity accounted investments whilst total capital employed (incl. IFRS 16) includes right-of-use leased assets.

Similarly, adjusted operating profit is presented both excluding and including the impact of IFRS 16. Net operating exceptional items and amortisation of intangible assets are excluded to assess the underlying performance of our operations. In addition, neither metric forms part of Director or management remuneration targets.

ROCE (excl. IFRS 16)

Calculation	2023 £'000	2022 £'000
Total equity	**3,058,310**	2,970,563
Net debt (including lease creditors)	**1,113,881**	756,605
Goodwill and intangibles written-off	**657,959**	546,813
Right-of-use leased assets	**(336,221)**	(327,551)
Equity accounted investments	**(47,789)**	(26,843)
Acquisition related liabilities (current and non-current)	**127,393**	96,252
Total capital employed (excl. IFRS 16)	**4,573,533**	4,015,839
Average total capital employed (excl. IFRS 16)	**4,294,686**	3,541,266
Adjusted operating profit	**655,662**	589,234
Less: impact of IFRS 16 on operating profit	**(6,041)**	(6,728)
Adjusted operating profit	**649,621**	582,506
Return on capital employed (excl. IFRS 16)	**15.1%**	16.5%

ROCE (incl. IFRS 16)

Calculation	2023 £'000	2022 £'000
Total capital employed	**4,573,533**	4,015,839
Right-of-use leased assets	**336,221**	327,551
Total capital employed (incl. IFRS 16)	**4,909,754**	4,343,390
Average total capital employed (incl. IFRS 16)	**4,626,572**	3,859,473
Adjusted operating profit	**655,662**	589,234
Return on capital employed (incl. IFRS 16)	**14.2%**	15.3%

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	2023 £'000	2022 £'000
Net cash outflow on acquisitions during the year	**318,486**	668,123
Cash outflow on acquisitions which were committed to in the previous year	**(26,059)**	(114,658)
Acquisition related liabilities arising on acquisitions during the year	**46,654**	47,381
Acquisition related liabilities which were committed to in the previous year	**(431)**	(21,510)
Amounts committed in the current year	**23,060**	24,100
Committed acquisition expenditure	**361,710**	603,436

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 government grants).

Calculation	2023 £'000	2022 £'000
Inventories	**1,192,803**	1,133,666
Trade and other receivables	**2,312,269**	2,508,613
Less: interest receivable	**(558)**	(170)
Trade and other payables	**(3,279,898)**	(3,468,705)
Less: interest payable	**25,231**	13,981
Less: amounts due in respect of property, plant and equipment	**24,492**	18,850
Less: government grants	**31**	16
Net working capital	**274,370**	206,251

Working capital (days)

Definition

Working capital days measures how long it takes in days for the Group to convert working capital into revenue.

Calculation	2023 £'000	2022 £'000
Net working capital	**274,370**	206,251
March revenue	**2,068,648**	2,267,233
Working capital (days)	**4.1 days**	2.8 days

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