

**12 November 2024**

**Strategy update: DCC to focus on Energy sector**

DCC is today announcing an update to the Group's strategy, which will simplify the Group's operations, maximise shareholder value and accelerate the growth of each of the Group's three divisions.

**Summary actions**

- DCC believes that its energy business and related opportunity in energy transition presents the largest growth opportunity, at strong returns, available to the Group.
- Reflecting the scale of this opportunity, DCC announces today that it will focus the Group on the energy sector.
- Consequently, DCC:
  - Has begun preparations for the sale of DCC Healthcare, expected to complete in 2025; and
  - Will review its strategic options for DCC Technology, following completion of its value enhancing operational improvement programme, within the next 24 months.
- DCC anticipates that surplus cash arising from the simplification of the Group will be returned to shareholders, while maintaining a strong, investment-grade balance sheet.

Today's announcement demonstrates the Board's continued focus on active capital allocation, delivering value for stakeholders and ensuring that the Group's strategy maximises the growth opportunities available to each DCC business.

An update on the actions above will be provided to the market when appropriate.

**Donal Murphy, Chief Executive of DCC plc, said today:**

"We are announcing decisive actions today to simplify our Group, pursue our largest growth and returns opportunity and unlock substantial shareholder value, from positions of strength. This aligns with our philosophy of disciplined capital allocation.

In the energy sector we are building a unique, multi-energy, sustainable business focused on supporting our customers with their energy transition. Our strategy will deliver strong profit growth, high returns and a significant reduction in our customers carbon emissions.

Our Healthcare and Technology divisions have a long and successful heritage in DCC. They are high-quality businesses, led by strong, entrepreneurial management teams. Our actions are designed to ensure that these businesses and our people have the best opportunity to grow and progress."

**Background and actions**

In May 2022 DCC updated the strategy for its Energy division, focusing on the 2030 objectives of doubling profits while significantly reducing its customers' carbon emissions. The two key components of the strategy are to reduce the carbon intensity of essential liquid fuels and to build leading electron-based energy management capability. The strategy aligns with the positive structural trends of secure, affordable, efficient, and lower-carbon energy usage.

Since 2022, DCC has made excellent progress, delivering strong organic growth in biofuels and building enhanced capability in new energies, such as on-site power. DCC's proven M&A approach has accelerated the strategy over the same period, deploying c.£650<sup>1</sup> million of capital at attractive returns.

DCC Energy represents 74%<sup>1</sup> of the Group's operating profits and delivers 18.7% return on capital employed, the highest return of the Group's three divisions. DCC Energy is a business of real scale, with market leading positions in 12 countries. The business supports the needs of 10 million customers annually, across commercial, industrial, domestic and transport energy uses. It has a near 50-year heritage in the off-grid sector, bringing energy, and the capability to consume it, to customers' sites. The business has a competitive advantage in solving the transition needs of our customers, founded on relationships that typically last for more than a decade. The business has already made significant progress in reducing the carbon intensity of our customers' energy: In 2024 35%<sup>1</sup> of DCC Energy's profits came from renewable products and services (SRO)<sup>2</sup> and 42% came from lower carbon<sup>2</sup> liquid gas.

Given the growth opportunity and the acceleration of DCC's Energy strategy and the relative size of the Group's other divisions, the Board today is announcing the following actions:

- **DCC Healthcare** - the Healthcare division has grown strongly over the last decade. It has market-leading positions across both its patient health and consumer health businesses. Each of these businesses play in attractive end markets with significant consolidation opportunities. After careful consideration, the Board believes that a sale of the division has the clear potential to enhance the focus and success of the business, while unlocking substantial value for DCC's shareholders. Advisors have been appointed and preparations for a sale have begun.
- **DCC Technology** - the Technology division has also grown strongly over the last decade and provides products and services across three product areas: Pro Tech, Life Tech and Info Tech. DCC Technology is a global leader in Pro Tech; and both Pro Tech and Life Tech have a particularly strong operational footprint in North America. This footprint is currently being integrated and once completed (c.18 months) is expected to deliver material financial and operational improvements. The Info Tech business has operated in a challenging market in Europe in recent years but has improved its profitability through an operational improvement programme. Given the potential for further improvements in profitability, DCC commits to reviewing its strategic options for DCC Technology within the next 24 months.

**Note:** This announcement contains inside information for the purposes of the UK version of Regulation (EU) No. 596/2014 on Market Abuse.

<sup>1</sup> For, or at, the year ended 31 March 2024

<sup>2</sup> Services, renewables & other (SRO) ≤10kgCO<sub>2</sub>e/GJ. Lower carbon ≤65kgCO<sub>2</sub>e/GJ. Carbon intensity value is from use of product sold.

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J.P. Morgan Cazenove is acting as financial adviser on the proposed sale of DCC Healthcare.

## Presentation: Strategy update and interim results - audio webcast and conference call details

Group management will host a live audio webcast and conference call of the presentation at 09.00 GMT today. The slides for this presentation can be downloaded from DCC's website, [www.dcc.ie](http://www.dcc.ie).

The access details are as follows:

Ireland: +353 (0) 1 691 7842

UK: +44 (0) 203 936 2999

International: +44 (0) 203 936 2999

Passcode: 337425

Webcast link: <https://www.investis-live.com/dcc/67068eabb2cedb000e392a82/hjdtw>

This report, presentation slides and a replay of the audio will be made available at [www.dcc.ie](http://www.dcc.ie).

## About DCC plc

### Invest in what the world needs

DCC is a leading international energy, 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 21 countries across four continents, empowering our 16,700 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 2024, DCC generated revenues of £19.9 billion and adjusted operating profit of £682.8 million. DCC has an excellent record, delivering compound annual growth of 14% in adjusted operating profit and unbroken dividend growth of 13% while maintaining high returns on capital employed over 30 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.

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