DCC

DCC plc Annual Report and Accounts 2018

Delivering on our strategic objectives while creating new platforms for growth

Read more: **Strategy** on **page 2**

Read more: **Chief Executive's Review** on **page 8**

Donal Murphy
Chief Executive

Strategic Report

Governance

Financial Statements

Supplementary Information

DCC at a Glance

DCC at a Glance

DCC is a leading international sales, marketing and support services group. The Group is organised and managed across four divisions and employs over 11,000 people in 15 countries.

LPG

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

Share of Group adjusted operating profit 44%

Volume (tonnes) 19.8% ↑	Operating profit 4.4% ↑
1.9m	£167.5m

Customers	Trucks	Employees	Facilities
720k	1,500	2,600	170

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

Read more: **Operating Review** on **page 42**

Retail & Oil

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

Share of Group adjusted operating profit 30%

Volume (litres) 6.4% ↑	Operating profit 20.4% ↑
12.3bn	£113.8m

Customers	Trucks	Employees	Locations
900k	1,300	3,500	1,400

Principal operating locations
Britain, Denmark, Norway, France, Sweden, Ireland, Austria and Germany.

Read more: **Operating Review** on **page 48**

Healthcare

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

Share of Group adjusted operating profit 14%

Revenue 1.6% ↑	Operating profit 11.0% ↑
£514.6m	£54.3m

Customers	SKUs	Employees	CMO Facilities
15k+	40k+	2,200	6

Principal operating locations
Britain, Ireland, the USA and Sweden.

Read more: **Operating Review** on **page 54**

Technology

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

Share of Group adjusted operating profit 12%

Revenue 14.7% ↑	Operating profit 16.3% ↑
£3.1bn	£47.8m

Customers	Brands	Employees	Capacity (m²)
45k	400+	2,700	100k+

Principal operating locations
Britain, Ireland, France, Sweden, Germany, the Netherlands, Belgium, UAE, Spain and Norway with offices in Poland, China and the USA.

Read more: **Operating Review** on **page 62**

Our Strategy

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

Market leading positions

DCC aims to be the number one or two operator in each of its chosen markets.

Operational excellence

DCC strives to be the most efficient business in each of the sectors in which it operates.

Extend our geographic footprint

We develop our businesses to enter new geographic markets on a selective basis in the coming years.

Development of our people

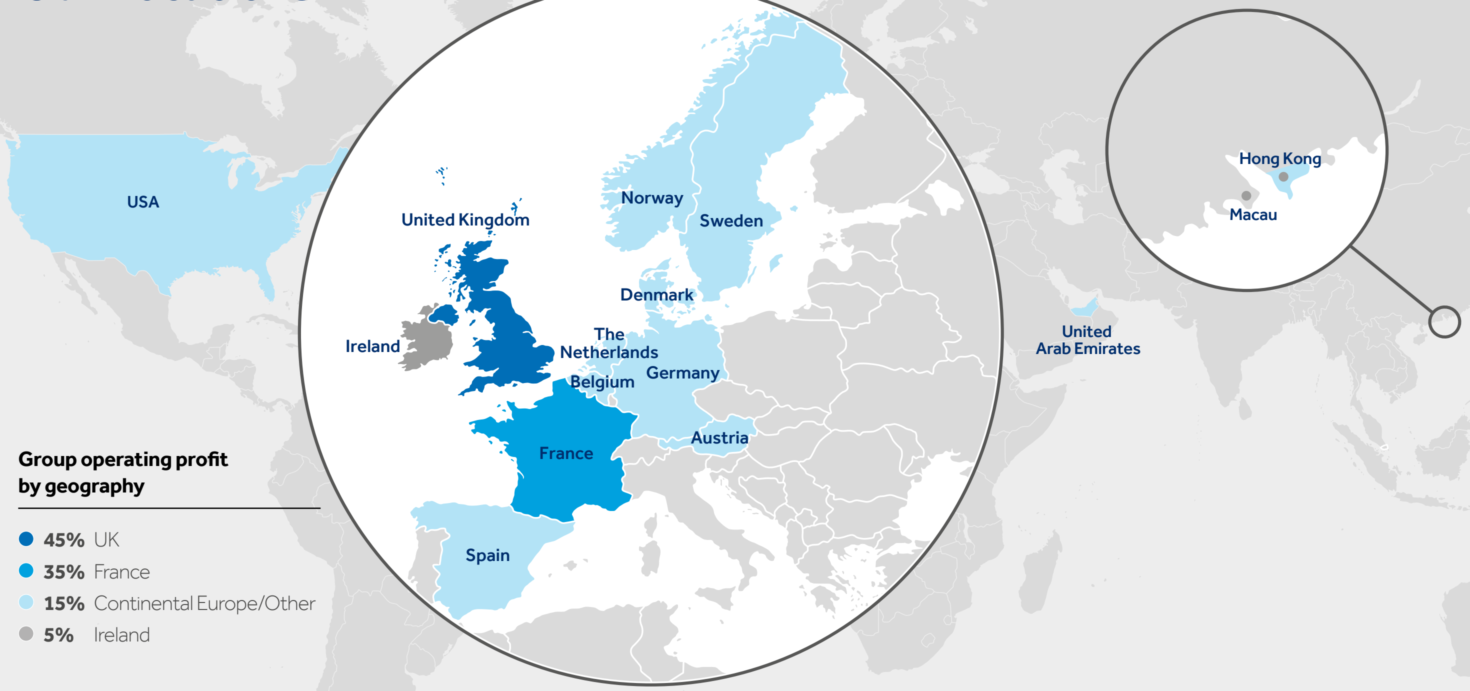
Developing and investing in our employees has long been recognised as fundamental to DCC's success.

Financial discipline

In pursuing our strategic objectives, we will only do so in the context of maintaining relatively low levels of financial risk in the Group.

Read more: **Strategy** on **page 2**

Our Locations



Group operating profit by geography

- **45%** UK
- **35%** France
- **15%** Continental Europe/Other
- **5%** Ireland

Highlights of the Year

A year of strong growth and record development spend

The year ended 31 March 2018 has been another year of strong growth for the Group, with each division recording good growth in operating profit. It was also a record year of development for the Group with the highest level of acquisition spend in DCC's history. The results reflect the continued successful execution of our strategy, and in particular:

- All divisions recorded good profit growth with Group adjusted operating profit[1,2] 11.1% ahead of the prior year at £383.4 million
- Adjusted earnings per share[1,2] up 10.8% to 317.5 pence
- Good cash flow performance, with conversion of adjusted operating profit[1,2] to free cash flow of 85%
- Return on capital employed[1] of 17.5%
- Acquisitions completed across all four divisions, including DCC's first entry into the large US markets for LPG and Health & Beauty Solutions
- A proposed 10% increase in the final dividend, the 24th consecutive year of dividend growth since DCC listed in 1994

Outlook

The Group expects that the year ending 31 March 2019 will be another year of profit growth and development.

Revenue[1] 16.3% ↑

£14.3bn

Adjusted operating profit[1,2] 11.1% ↑

£383.4m

Adjusted EPS[1,2] 10.8% ↑

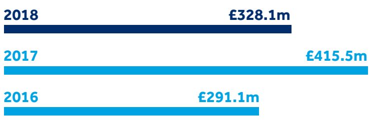
317.45p

Dividend per share 10.0% ↑

122.98p

Free cash flow

£328.1m



Return on capital employed[1]

17.5%

1. Continuing operations (i.e. excluding DCC Environmental).
2. All references to 'adjusted operating profit' and 'adjusted earnings per share' included in the Strategic Report are stated excluding net exceptionals and amortisation of intangible assets. Other 'Alternative Performance Measures' ('APMs') are detailed on pages 215 to 220.

Read more: **KPIs** on **page 12**

Strategy
Sustainable Growth

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

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

Strategic Priorities

Strategy in action

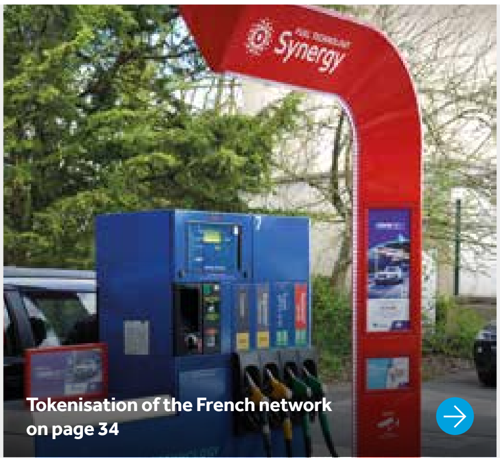
Market leading positions

DCC aims to be the number one or two operator in each of its chosen markets. This is achieved through a consistent focus on increasing market shares organically and via value enhancing acquisitions. We have a long and successful track record of acquisitions which have strengthened our market positions and generated attractive returns on capital invested.


LPG acquisitions on page 32

Operational excellence

DCC strives to be the most efficient business in each of the sectors in which it operates. We continuously benchmark our businesses against those specific KPIs we judge are important indicators in our drive for superior returns on capital in the short, medium and longer term.



Tokenisation of the French network on page 34

Extend our geographic footprint

In recent years we have been expanding certain of the Group's businesses into Continental European markets we believe provide good opportunity for future growth. We will look to further develop our businesses in these markets and to enter new geographic markets on a selective basis in the coming years.


Healthcare's first US acquisition on page 36

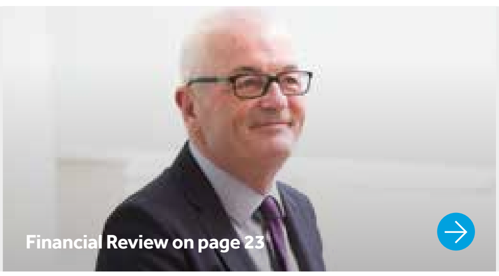
Development of our people

Developing and investing in our employees has long been recognised as fundamental to DCC's success. The devolved nature of our management structure requires unique leadership capability and skills and we believe our people are a key differentiator for us. We commit significant resources to ensure we attract, develop and retain our people ensuring a pipeline of talent to deliver the Group's strategy over the longer term.


People development on page 40

Financial discipline

In pursuing our strategic objectives, we will only do so in the context of maintaining relatively low levels of financial risk in the Group. We believe that this not only provides the greatest likelihood of generating value for shareholders in the long-term but also leaves the Group best placed to react quickly to commercial opportunities as they arise.


Financial Review on page 23

Examples of Progress in 2018	Priorities for 2019
• The Group maintained or increased market share in the primary markets in which it operates. • Each division completed significant acquisitions including Retail West, Shell Hong Kong & Macau and TEGA in DCC LPG, Esso Retail Norway in DCC Retail & Oil, Elite in DCC Healthcare and MTR in DCC Technology. These businesses are market leaders with returns on capital employed above the Group's cost of capital.	• The Group will continue to pursue growth organically and through value enhancing acquisitions.
• DCC LPG launched a number of new product offerings to suit its customers' ever changing needs. These included a natural gas and electricity B2C offering in the French market which required the creation of a new customer online portal and an online ordering platform. Also in France the division expanded its rollout of the 'Click and Collect' option for propane cylinders. • DCC Retail & Oil completed the integration of Esso Retail Norway into the retail hub based in Drogheda and also launched tokenisation in France. • DCC Healthcare delivered strong organic growth in its nutritional contract manufacturing business through a continued focus on and investment in its capabilities in the provision of complex and difficult to manufacture product formulations. It continues to streamline its activities, focusing its portfolio, integrating recently acquired businesses and driving further operational efficiency across back-office operations. • DCC Technology's UK warehouse in Lancashire is now operational and the business has made excellent progress in consolidating its warehousing and selling its old warehouse infrastructure. Construction has also been completed on the new warehouses in France and Sweden.	• DCC LPG is currently reviewing options to improve security of supply and logistics capability across all regions in which it operates. This includes expanding tank capacity at storage sites and increasing the use of telemetry on customers tanks. • DCC Retail & Oil will focus on its depot optimisation programme in Britain along with restructuring and consolidation of its businesses in Sweden. The division will also focus on ERP implementation in its Fuelcards business. • DCC Healthcare continues to progress a number of investment projects across our manufacturing facilities in Britain and the US, adding new capacity, product capability and driving further operational efficiency. The division will also continue to focus on further streamlining its portfolio and operations. • In DCC Technology the final stage of the new ERP system in the UK will allow for the implementation of new warehouse automation, thereby leading to increased operational efficiency.
• During the year, DCC LPG completed acquisitions in the US, Asia and Germany, consistent with the Group's ambition to build a substantial presence in the global LPG market. • DCC Retail & Oil completed its first acquisition in Norway, in line with the strategy of building positions in new geographies with strong local market shares. • DCC Healthcare also completed its first acquisition in the US.	• The acquisitions completed during the year in new geographies will provide further opportunities for both organic and acquisitive growth for the Group. • The Group remains disciplined in its ambition to enter new geographic markets and the development strategy remains unchanged.
• During the year we rolled out numerous connected approaches to talent management initiatives such as performance management. • Our senior executive development programme enabled the senior management teams across the Group to align on a consistent performance management approach for FY2018 which was underpinned by DCC's leadership competency framework. • This tailored approach to personal development planning focused on ensuring that we continue to develop organisation capability that delivers on the Group's strategic priorities.	• We will continue to support the businesses for the next cycle of growth through the provision of value-added talent management which will leverage the strength of DCC's diversity and encourage and support talent development at all levels of the organisation.
• As a result of the continued strong cash flow performance, DCC's financial position remains very strong. At 31 March 2018, the Group had net debt of £543 million, total equity of £1.7 billion, cash resources, net of overdrafts, of £964 million and a further £400 million of undrawn committed debt facilities. • The Group's outstanding term debt at 31 March 2018 had an average maturity of 6.3 years. • At 31 March 2018, the Group's net debt: EBITDA was 1.1 times, reflecting the large acquisition spend in the second half of the financial year.	• The maintenance of a strong and liquid balance sheet to take advantage of opportunities as they arise will remain an integral part of the Group's strategy.

Business Model

How we create, sustain and share value

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

Strategic framework

Market leading positions

Operational excellence

Extend our geographic footprint

Development of our people

Financial discipline

Read more: **Strategy** on **page 2**

Our core values

Safety
For us, safety comes first

Integrity
Our business is built on trust

Partnership
We are stronger together

Excellence
We are driven to excel in everything we do

Read more: **Chairman's Statement** on **page 6**

Inputs

People
We employ over 11,000 highly talented and committed people across 15 countries.

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

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

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

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

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

Creating value

We leverage our key differentiators to create value

Strategic
- Consistent strategic direction
- Disciplined capital allocation
- Devolved management structure
- Talent development and retention

Financial
- Focus on cash generation and ROCE
- Ability to identify, execute and integrate acquisitions

Operational
- Cash generative businesses
- Strong, empowered management teams
- Best practice in governance and compliance
- Robust risk management
- Strong supplier and customer relationships

Outputs

Returns for stakeholders and capital for reinvestment

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

Dividend to shareholders **£110m** (2017: £99m)

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

Employee costs **£461m** (2017: £466m)

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

Goods, services and interest **£13.6bn** (2017: £11.7bn)

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

Corporate taxes **£49m** (2017: £47m)

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

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

Retained for reinvestment **£190m** (2017: £186m)

Chairman's Statement

Good earnings growth across our four divisions and global geographical footprint extended

John Moloney
Chairman

Dear Shareholder,

Performance

2018 was a strong year of growth and development for the Group, with adjusted operating profits up 11.1% and adjusted earnings per share up by 10.8%, both on a continuing basis.

Return on capital employed, a key metric for the Group, was 17.5%. The strong conversion of adjusted operating profits to free cash flow continued, at 85%, with net debt at the year end of £543 million and total equity of £1.7 billion.

Strategy

Our core strategy continues to be to build an international business of scale that is sustainable and cash generative and which provides our shareholders with returns on capital employed substantially ahead of our cost of capital. The Strategy in Action section on pages 32 to 41 illustrates how this strategy was executed during the year.

It has been a record year of development in DCC, with over £670 million of acquisition capital spent across our four divisions.

The acquisition activity during the year saw the Group enter new geographies and included the acquisition of the Retail West LPG business, DCC's first acquisition in the large US LPG market, the acquisition of Elite One Source, DCC's first acquisition in the US Health & Beauty sector, and the acquisition of the TEGA LPG and refrigerant gas distribution business in Germany. In addition, the acquisition of Shell's LPG business in Hong Kong and Macau, DCC's first material step to Asia, and the acquisition of Esso's retail network in Norway, completed during the year.

On 30 May 2017, DCC disposed of its Environmental division, at an enterprise value of £219 million, on a debt-free, cash-free basis. This disposal brought a sharpened strategic focus to the Group which has been further shaped by splitting DCC Energy into two separate divisions, DCC LPG and DCC Retail & Oil.

DCC is now actively deploying capital across each of our four divisions.

Dividend and TSR

The Board is recommending a final dividend of 82.09 pence per share. This brings the total dividend per share for the year ended 31 March 2018 to 122.98 pence per share, up 10% on the previous year. We have now completed 24 years of uninterrupted dividend growth since DCC became a publicly listed company in 1994.

It is also worth noting that, taking account of growth in our share price and dividends paid, the total return to shareholders in the last ten years has been 594%.

Board Composition and Renewal

Board composition and renewal continues to be an important area of focus and is key to the Group's success.

I am delighted to welcome Mark Ryan, who was co-opted to the Board on 13 November 2017. Mark is a highly experienced board director and business leader who has successfully operated at senior management level both in Ireland and internationally. Mark has also joined the Audit Committee.

Values

DCC's values of safety, integrity, partnership and excellence define how DCC's businesses operate. These values, which are summarised in the table opposite, have been communicated Group wide and are promoted by the Group's management teams to guide our employees in the way we do business.

Our People

We recognise the dedication and hard work of the people throughout the Group and I would like to thank them all for their achievements this year, which contributed greatly to the Group's continued success.

I am pleased to note that Donal Murphy has made a seamless transition into the role of Chief Executive and, on behalf of the Board, I would like to thank him and his executive leadership team for their ongoing commitment and achievements in the year ended March 2018.

Looking ahead

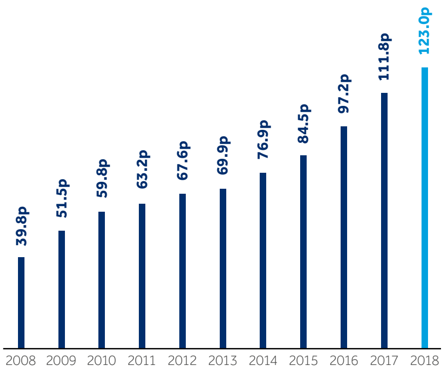
DCC is well positioned, in terms of strategy, management, resources and ambition, to continue to deliver real value to its shareholders.

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

John Moloney
Chairman
14 May 2018

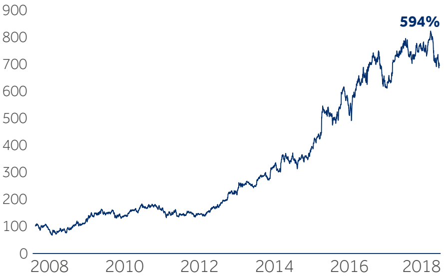
Dividend (pence)

Years ended 31 March



Total Shareholder Return ('TSR')

TSR over 10 years: 594%



The chart above shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2008.

Our values

SAFETY

For us, safety comes first

Our first priority is the safety of our employees, contractors, customers and other persons who may be affected by our business activities. Safety is a key focus for Board and management across our supply chains and in particular with regard to our 11,000 employees across over 400 sites. Trends in the last financial year showed further improvement.

INTEGRITY

Our business is built on trust

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

PARTNERSHIP

We are stronger together

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

EXCELLENCE

We are driven to excel in everything we do

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

Chief Executive's Review

Excellent year of growth and development

Donal Murphy
Chief Executive

It is pleasing to report, in my first year as Chief Executive, that the year ended 31 March 2018 has been a year of strong growth and of record development for DCC.

Performance Highlights

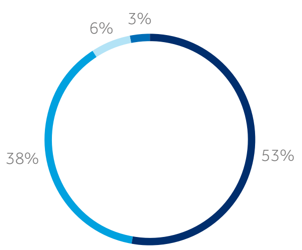
- Strong performance for the year with all four divisions recording good profit growth. Group adjusted operating profit on continuing activities increased by 11.1% (8.6% on a constant currency basis) to £383.4 million.
- Adjusted earnings per share on a continuing basis was up 10.8% (8.3% ahead on a constant currency basis) to 317.5 pence.
- Good cash flow performance, with free cash flow conversion of approximately 85%.
- Return on capital employed was 17.5%.
- A proposed 10% increase in the final dividend, which will see the total dividend for the year increase by 10% to 122.98 pence.

The results reflect the continued successful execution of our strategy in significantly growing our operating profits, converting those profits into cash and redeploying capital into our LPG, Retail & Oil, Healthcare and Technology businesses.

We had another successful year from a trading perspective, delivering good organic growth within the existing business. It was a record year of development for the Group, with approximately £670 million of capital spent on acquisitions, the highest level of spend in DCC's history.

FY18 Acquisition Spend

Record year of development in DCC – Approximately £670 million spent on new acquisitions



The acquisition activity during the year demonstrates DCC's ability to acquire and integrate businesses in our existing markets to strengthen our market positions, build scale and to increase our relevance and service offerings to both our customers and suppliers. It also reflects our strategy to extend our geographic footprint as evidenced by DCC LPG's first acquisitions in the US and Asia and DCC Healthcare's entry into the US market. These acquisitions provide additional platforms for organic and acquisitive growth for the Group into the future.

Our underlying trading performance reflected themes consistent with recent years. In our LPG business, we delivered strong volume growth in the industrial and commercial sectors, where we continue to lead the industry in the conversion of existing oil users to LPG. We also launched a natural gas and electricity offering to consumers in France, an important development for our Butagaz business there. Although a nascent activity, we are encouraged by the early progress in what is a very large energy sector.

DCC Retail & Oil had an excellent year and delivered strong organic profit growth. The business benefited modestly from a marginally colder than average winter in Britain. We continue to broaden the base of the business in Britain and made good progress in developing additional value-added services, such as telemetry, and also selling increased volumes of premium products. In addition, the continued expansion of the business into lubricants, aviation and the unmanned retail market is encouraging for the future. The other notable performance during the year was that of our Danish business, where the team delivered an excellent performance and where the business has benefited from the investments undertaken in previous years to broaden its base into the aviation, marine, agricultural and retail markets.

DCC Healthcare and DCC Technology also generated strong growth during the year. DCC Healthcare delivered strong organic growth in medical devices and nutritional products and the business also benefited from the prior year acquisition of Medisource. DCC Technology, while also benefiting from acquisitions, drove strong growth in the UK, Ireland and the Nordics, driven by market share gains in key product categories such as audio visual, home automation, enterprise software, components and gaming.

Chief Executive's Review (continued)

Development Highlights
We have split our Energy division into two divisions, DCC LPG and DCC Retail & Oil, and now operate through four divisions; DCC LPG, DCC Retail & Oil, DCC Healthcare and DCC Technology. We have very clear development strategies for each of our four divisions and during the year spent approximately £670 million on corporate development across all of our divisions. The highlights of this activity have been:

DCC LPG

The acquisition of Retail West in the US, based on an enterprise value of US$200 million (£152 million).

The acquisition represents DCC LPG's entry into the US market and is a further significant step in DCC's strategy to build a global LPG business over time. The US is one of the world's largest LPG markets and is an attractive and growing market. It is also highly fragmented, with over 4,000 LPG distribution businesses operating in the market. The acquisition of Retail West will provide DCC with a substantial, high-quality presence in the US with leading market positions in a number of states. The business has an excellent customer base, a strong and well-invested operational infrastructure and an experienced management team.

The acquisition of TEGA, an LPG and refrigerant gas distribution business in Germany.

TEGA, which is headquartered in Würzburg, employs approximately 100 people across five operating sites, largely in southern Germany. TEGA has revenue of c.€75 million evenly split between LPG and refrigerants. The business supplies approximately 35,000 tonnes of LPG annually to 15,000 domestic and commercial customers. It also supplies refrigerant gases to wholesalers and end-users for use in air-conditioning, commercial cooling systems and refrigerators. The business will continue to be led by its existing, highly experienced management team.

The acquisition of the trade and assets of the LPG distribution business of Countrywide Farmers plc in Britain, for a total cash consideration of £28.75 million.

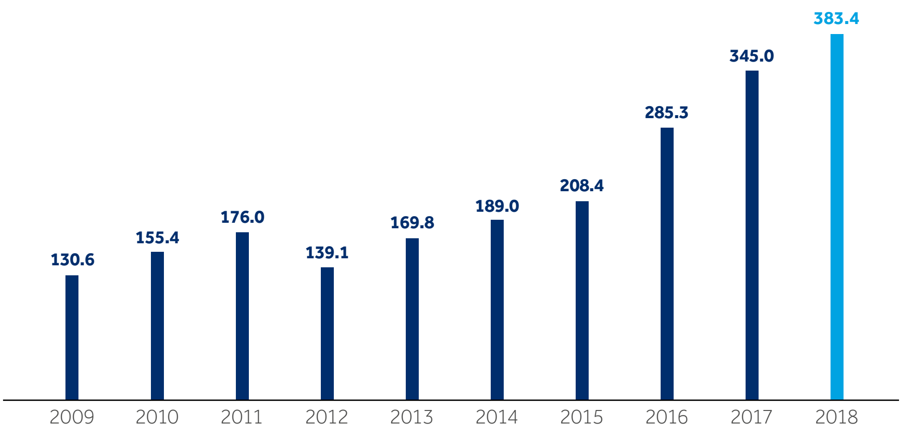
The business supplies bulk and cylinder LPG to domestic, agricultural and commercial customers in Britain and sells approximately 20,000 tonnes of LPG annually.

The completion in January 2018 of the acquisition of Shell's LPG business in Hong Kong and Macau.

The business provides LPG in bulk, cylinder and autogas formats to domestic, commercial and industrial customers. The acquisition is consistent with DCC LPG's ambition to build a substantial presence in the global LPG market. The acquisition represents a further strengthening of DCC's relationship with Shell and gives DCC LPG a strong market position in Hong Kong and Macau and a platform for development in the growing LPG market in Asia.

Adjusted operating profit* (£'m) – years ended 31 March

2018: £383.4m +11.1%



*continuing operations.

DCC Retail & Oil

The completion in October 2017 of the acquisition of Esso Retail in Norway.

The acquisition is another significant step for DCC in building its retail petrol station business in Europe. The business in Norway comprises 142 company-operated sites (127 retail service stations and 15 unmanned stations) and has contracts to supply 108 Esso-branded dealer stations. The business has now been fully integrated into DCC's retail operating infrastructure.

The acquisition of SNAP, an end-to-end transaction processing and payment system for HGV fleets.

The business facilitates cashless payments through licence plate recognition for services to HGV fleets at truck stops. The business, although modest, is growing strongly and will be complementary to the existing retail and oil businesses.

DCC Healthcare

The acquisition of Elite One Source for an enterprise value of $50 million (£35 million).

The acquisition is the first step by DCC Health & Beauty Solutions into the growing US market, the world's leading healthcare and dietary supplements market. Elite is a provider of contract manufacturing and related services to leading specialist brands in the US consumer healthcare market. The business, led by an experienced management team, employs 180 people and operates from well-invested facilities which comply with FDA cGMP and Health Canada standards and are certified by leading third party regulatory bodies.

DCC Technology

The acquisition of MTR, a fast-growing UK-based provider of second lifecycle solutions for mobile and tablet devices.

MTR provides a broad range of services to retailers, mobile handset manufacturers and insurance companies to source and refurbish mobile phones and tablets for resale to customers in the UK and abroad. The acquisition advances the DCC Technology strategy of expanding its service proposition to vendors and customers and provides access to the high growth second lifecycle solutions market.

DCC remains ambitious to continue the growth and development of its business in existing and new geographies and retains a strong, well-funded and liquid balance sheet.

DCC continues to invest in its infrastructure to optimise our cost base and drive excellence in our service propositions.

Last year, DCC Technology successfully completed the construction and commenced the commissioning of its new, purpose built 450,000 sq.ft. UK national distribution centre in the north of England. The facility is now fully operational.

DCC Technology has also invested in a new distribution centre for our Nordic business and will shortly move to a new distribution centre in France.

In addition, DCC Technology continues to invest in a new and innovative ERP system which will enable it to significantly enhance its service offering for its customers and suppliers.

People and Values

DCC's core values, developed over the past forty years, of safety, integrity, partnership and excellence, have helped to create a growth focused and entrepreneurial culture which encourages and enables our people to develop their businesses. This represents a key competitive advantage for DCC.

As we expand into new geographies and business sectors, these core values, which are part of the Group's DNA, will remain constant and will bind us together.

I want to thank each of the Group's 11,146 employees for their dedication to performing better every day and driving long-term growth in stakeholder value.

Outlook

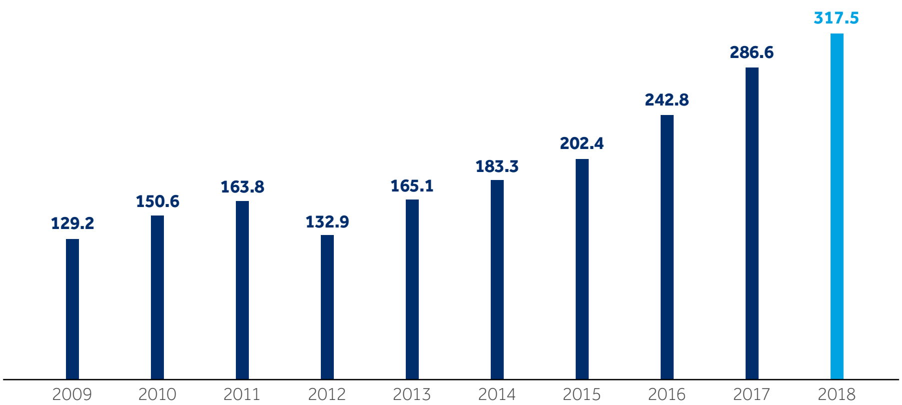
The Group continues to have the opportunity, ambition and capacity for further development across each of our divisions, supported by a strong and liquid balance sheet.

We expect that the year ending 31 March 2019 will be another year of profit growth and development for the Group.

Donal Murphy
Chief Executive
14 May 2018

Adjusted earnings per share* (pence) – years ended 31 March

2018: 317.5p +10.8%



*continuing operations.

Key Performance Indicators

Measuring our financial progress

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

Strategic Linkages Market leading positions | Operational excellence | Extend our geographic footprint | Development of our people | Financial discipline | R Linked to Directors' Remuneration

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

Read more: **Financial Review** on **page 23**

FY18 Performance	FY18 Comment	FY19 Outlook and Aims
2018 17.5% 2017 20.3%	ROCE on continuing operations of 17.5% is significantly in excess of our cost of capital. The decrease in the Group ROCE versus the prior year principally reflects the impact of the substantial acquisition spend during the year as the Group entered new geographies.	The achievement of returns on capital employed in excess of the Group's cost of capital will continue to be a key focus in order to ensure the efficient generation of cash to fund organic growth, acquisitions and dividend growth.
2018 £383.4m 2017 £345.0m **2018 v 2017: +11.1%**	All four divisions recorded profit growth versus the prior year. DCC LPG recorded profit growth of 4.4%, despite the anticipated headwind of a rising cost of product and continued organic investment in its B2C natural gas and electricity offering in France. DCC Retail & Oil was 20.4% ahead of the prior year; organic growth accounted for approximately half of the overall growth and was complemented by acquisitions. DCC Healthcare's operating profit was 11.0% ahead of the prior year, reflecting good growth in both pillars. Operating profit in DCC Technology was 16.3% ahead of the prior year, mainly reflecting a very strong organic performance in the UK and Ireland.	The Group anticipates that the year ending 31 March 2019 will be another year of profit growth and development.
2018 317.5p 2017 286.6p **2018 v 2017: +10.8%**	The increase in adjusted EPS was primarily driven by the factors mentioned under the adjusted operating profit KPI.	The Group expects that the year ending 31 March 2019 will be another year of growth in adjusted earnings per share.
2018 £328.1m 2017 £415.5m	The Group generated strong free cash flow of £328.1m during the year, following an excellent performance in the prior year, and was driven by adjusted operating profit of £384.4m. Working capital management remained strong and net capital expenditure amounted to £146.7 million for the year (2017: £131.4 million), reflecting the increased scale of the Group and a number of investments being undertaken to support continued growth and development.	Cash generation and working capital management will remain a key focus of the Group.
2018 £355.3m 2017 £553.9m	The Group committed to acquisition expenditure of £355.3m during the year which principally comprised Retail West (£152m), TEGA (£75m), Elite (£35m), Countrywide (£29m), and MTR (£27m). The cash spend on acquisitions in the year of £670m includes £368m on acquisitions which were committed to in prior years.	The Group will continue to pursue attractive opportunities in our traditional markets as well as looking to extend our business into selected new geographic markets. We continue to pursue a strong pipeline of opportunities but acquisition targets must meet our demanding criteria and we will remain disciplined in our approach to acquisition spend.

Key Performance Indicators (continued)

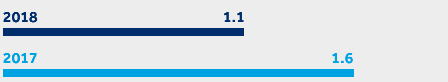
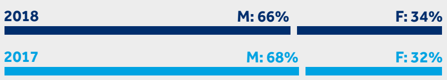
Measuring our non-financial progress

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

Strategic Linkages — Market leading positions; Operational excellence; Extend our geographic footprint; Development of our people; Financial discipline

Financial KPIs	Description	Strategic Linkage
Health and Safety	Lost Time Injury Frequency Rate ('LTIFR') measures the number of lost time injuries per 200,000 hours worked. Lost Time Injury Severity Rate ('LTISR') measures the number of calendar days lost per 200,000 hours worked.	The safety of our employees and the wider community is central to everything we do. A continually improving occupational and process safety culture is a key element in delivering on our strategic objectives.
Gender diversity	The percentage split of the overall workforce between female and male employees.	The Group benefits from attracting and developing a workforce with diverse skills, qualities and experiences.
Greenhouse gas emissions	Total Scope 1 and 2 greenhouse gas emissions expressed in kilotonnes (kts) of CO_2e.	The Group relies on the availability of raw materials and natural resources and is committed to running our businesses in an environmentally responsible manner.

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

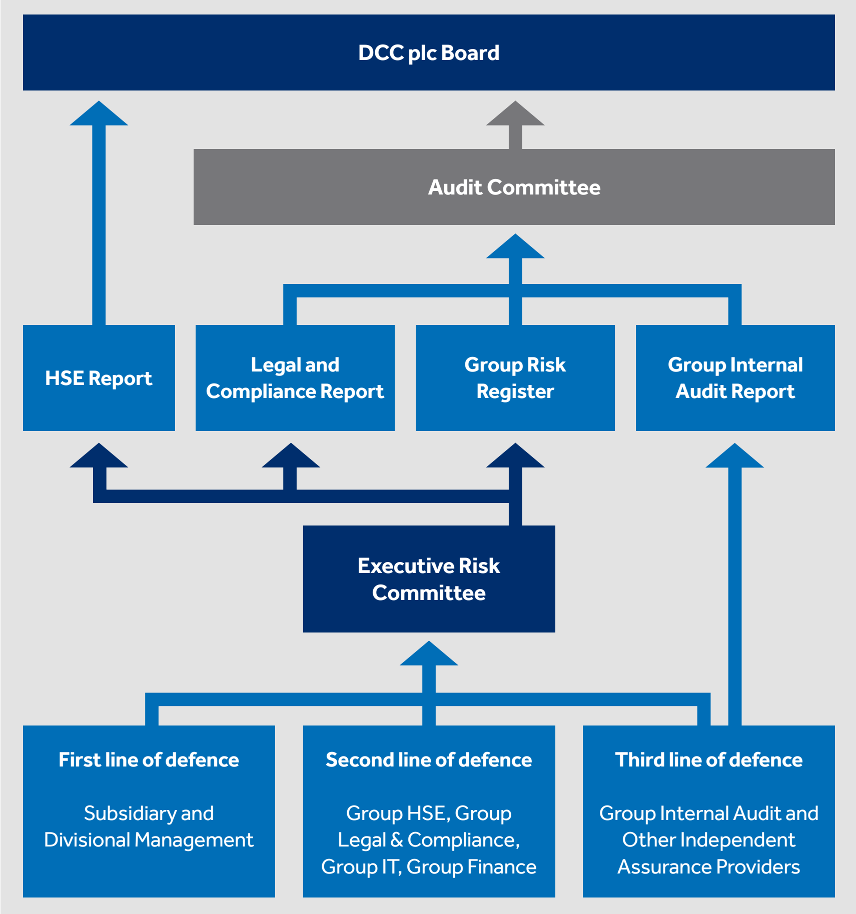
FY18 Performance	FY18 Comment	FY19 Outlook and Aims
LTIFR 	The LTIFR decreased versus the prior year reflecting ongoing actions to raise risk awareness, act on unsafe condition reports and deliver regular training and Safety F1rst initiatives.	The Group will continue to focus on promoting a strong safety culture across our businesses and ensure appropriate risk control measures are in place and operating effectively. LTI rates are targeted to improve as a result.
LTISR 	The LTISR increased compared to the prior year primarily due to a relatively small number of accidents that required extended recovery periods.	
	At 31 March 2018, female employees accounted for 34% of the overall workforce, 17% of senior management and 30% of Board members.	The Group will continue to focus on actions which will improve the gender diversity of our workforce. We are committed to better gender balance at all levels of the organisation and actively support the development of our high potential female talent.
	The disposal of the Environmental division in May 2017 has reduced DCC's Scope 1 and 2 greenhouse gas emissions by approximately 20% compared to the prior year. Investments in energy efficiency, consolidation of warehousing, optimisation of vehicle routing and ongoing decarbonisation of national electricity grids have also contributed to a reduction in emissions.	The Group will continue to identify energy saving opportunities and monitor greenhouse gas emissions from its operations.

Risk Report

Identify, assess and manage risk

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

Risk Management Framework



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

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

The Risk Appetite Statement and the Risk Management Policy are reviewed by the Board at least annually to ensure that they remain current.

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

Risk Management Framework
The risk management framework has been designed using a 'three lines of defence' model. The first line comprises subsidiary and divisional management, who have day-to-day responsibility for designing, implementing and maintaining effective internal controls within individual subsidiaries and divisions. The second line comprises Group oversight functions which provide expertise in regard to the management of specific risks, in particular health, safety and environmental ('HSE'), IT, legal & compliance and finance. The third line of defence principally comprises Group Internal Audit and also includes the external auditors and specialist third party auditors/regulators.

The detailed roles and responsibilities assigned under the risk management framework are summarised below.

Board
As noted earlier, the Board is responsible for approving the Group's Risk Appetite Statement and the Risk Management Policy.

The Board monitors the Group's risk management and internal control activities through the receipt, at each Board meeting, of a risk report which focuses on the principal risks, as set out in the Group Risk Register, on emerging risks, on current risk mitigation activities and on developments in risk management practice. The Board also receives a briefing from the Chairman of the Audit Committee on its current risk and internal control activities.

In addition, recognising that health and safety is a very significant risk area for the Group, particularly in the LPG and Retail & Oil divisions, the Board takes particular responsibility for this area through direct quarterly reporting to it by the Head of Group Sustainability, who is responsible for the Group HSE function.

The Board also considers the annual review of the effectiveness of the Group's risk management and internal control systems, which is undertaken jointly by Enterprise Risk Management and Group Internal Audit and reviewed in detail by the Audit Committee.

Audit Committee
The Audit Committee is responsible for assisting the Board by taking delegated responsibility for risk identification and assessment and for reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.

It fulfils its responsibilities by oversight of the Group Risk Register, including principal risks, emerging risks and risk mitigation activities and by reviewing regular reports from Group Internal Audit and from second line providers, including the Executive Risk Committee and Group Legal & Compliance.

The Chairman of the Audit Committee reports to the Board at each Board meeting on its activities, both in regard to audit matters and risk management.

The Audit Committee also reports to the Board on the detailed work done by management in respect of the annual assessment of the operation of the Group's risk management and internal control systems.

Further detail on the activities of the Audit Committee is set out in its Report on page 87

Executive Risk Committee
The Executive Risk Committee is chaired by the Chief Executive and comprises senior Group and divisional management. Its responsibilities are to analyse on a continuous basis the principal risks facing the Group, the controls in place to manage those risks and the related monitoring procedures and to consider any emerging risks which impact on the Group's risk environment and controls.

The Executive Risk Committee maintains the Group Risk Register and the Integrated Assurance Report (as detailed under the Risk Register Process) and reports on changes to these to the Audit Committee.

The Executive Risk Committee also evaluates all audit reports prepared by Group Internal Audit, Group HSE and Group Legal & Compliance and ensures prompt action is taken to address control weaknesses highlighted by these reports, prior to these reports being considered by the Audit Committee or the Board as appropriate.

Subsidiary and Divisional Management
Subsidiary and divisional management are responsible for day-to-day risk management activity. Each subsidiary is required to maintain a risk register, which is reviewed and updated at each monthly management meeting, attended by both subsidiary and divisional management. Divisional management consider the subsidiary risk registers in preparing and updating divisional risk registers.

Subsidiary and divisional management are also responsible for designing, implementing and maintaining effective internal controls to address the risks on their risk registers.

Group Oversight Functions
Group HSE
The Group HSE function operates a risk based HSE audit programme which provides independent assurance on the key HSE management processes and controls that are in place in the Group's businesses.

The Group HSE function also facilitates the exchange of best practice and supports the HSE working groups (organised around key areas, including transport safety and process safety) in setting objectives and developing appropriate HSE standards. As mentioned earlier, the Board receives direct reports on the management of HSE risks.

Further detail on HSE risk management is set out in the Responsible Business Report on page 68

Group Legal & Compliance
The Group maintains a structured compliance programme which is designed to provide reasonable assurance that all of its operations comply with applicable legal and ethical standards.

The directors of each Group subsidiary are primarily responsible for ensuring that their business complies with applicable legal and ethical standards. The Group Legal & Compliance function assists them in this through the identification of relevant compliance risks and the development and implementation of suitable controls, such as policies, training and audits to mitigate those risks. More detail on the compliance programme is contained in the Corporate Governance Statement on page 82.

The Group Legal & Compliance function carries out compliance audits in Group subsidiaries and reports on these to the Audit Committee.

Further detail on compliance risk is set out in the Corporate Governance Statement on page 82

Group IT
The Group IT function is responsible for setting the Group's IT strategy for major IT projects and for managing IT security risks.

The Group's IT Security Advisor provides ongoing technical support, including managing cybersecurity and Payment Card Industry Data Security Standards ('PCI DSS') requirements, and is also responsible for user security training and network penetration testing.

The Group's Project Management Office provides support to key projects and change management programmes.

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

Group Internal Audit
Group Internal Audit is responsible for reviewing the risk management and internal control processes and identifying areas for improvement and providing independent and objective assurance on risk matters to senior management and the Audit Committee. Group Internal Audit develops an annual, risk based internal audit programme, which is approved by the Audit Committee.

Group Internal Audit incorporates a dedicated IT Assurance function which is focused on ensuring the Group Information Security Policy and related IT Standards are consistently applied and key risks with respect to IT, cybersecurity and business continuity are regularly reviewed. It also plays a role in IT project assessment and provides data analytics support to risk and control reviews performed by Group Internal Audit.

Further detail on the Group Internal Audit function is set out on page 89

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

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

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

Risk Report (continued)

Subsidiary
As noted earlier, each subsidiary is required to maintain a risk register, which is reviewed and updated at each monthly management meeting, attended by both subsidiary and divisional management. Control improvements identified by management as part of the risk register process are formally monitored through an online Group audit management system. Each subsidiary also completes a half-yearly online risk survey as an additional review of current and emerging risk trends.

Division
Divisional management are responsible for regularly reviewing the subsidiary risk registers and updating the divisional risk registers, which are submitted to the Executive Risk Committee at each meeting.

Group
The Group Risk Register is maintained by the Executive Risk Committee and is regularly updated to reflect any significant changes noted in the reviews of divisional risk registers or in Group level risks.

The principal risks to the attainment of the Group's strategic priorities, which were confirmed by the risk register process, are set out on pages 19 to 22.

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

The Group Risk Register and the IAR are then reviewed by the Audit Committee and the Board, as noted earlier.

Reporting
Formal risk reporting timetables and structures are in place across the Group and, in particular, from the Executive Risk Committee and the second line of defence functions to the Audit Committee and Board, by way of the Legal and Compliance report and the quarterly HSE report respectively, and from Group Internal Audit to the Audit Committee.

Going Concern and the Viability Statement

Going Concern and the Viability Statement
In accordance with the relevant provisions set out in the UK Corporate Governance Code, the Board has taken account of the principal risks and uncertainties, as set out in the table on pages 19 to 22, in considering the statements to be made in regard to the going concern basis of accounting and the viability statement. These statements are set out below:

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

The financial position of the Company, its cash flows, liquidity position and borrowing facilities are described in the Financial Review on page 23. In addition, note 5.7 to the financial statements include the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

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

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

Viability Statement
The Directors confirm that they have a reasonable expectation that the Group will continue to operate and meet its liabilities, as they fall due, for the next three years to 31 March 2021. The Directors' assessment has been made with reference to the resilience of the Group and its strong financial position, the Group's current strategy, the Board's risk appetite and the Group's principal risks and how these are managed, as described in the Strategic Report.

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

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

This review and analysis also considers the principal risks facing the Group, as described on pages 19 to 22 and the potential impacts these risks would have on the Group's business model, future performance, solvency or liquidity over the assessment period.

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

Principal Risks and Uncertainties

The principal risks and uncertainties which have the potential, in the short to medium term, to have a significant impact upon the Group's strategic objectives are set out below, together with an indication of the particular strategic priorities to which they relate, the principal mitigation measures and any movement or development in the risk or the mitigation in the past year.

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

The mitigation measures that are maintained in relation to these risks are designed to provide a reasonable and not an absolute level of protection against the impact of the events in question.

The Board has reviewed the principal risks and considers that while there has not been a significant change in these risks in the past year, they do continue to evolve, taking account, in particular, of the growth in the scale of the Group, geographic expansion, regulatory change and significant projects.

Brexit and DCC

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

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

The Board, having considered these updates, has concurred with the conclusion that the short and medium-term impact of Brexit remains uncertain and most likely issues will arise that have not been contemplated or foreseen. However, at this stage, the Board believes that DCC is not likely to be materially directly impacted by Brexit in the short or medium term and that any trading or other impacts can be managed.

Strategic Linkages

- Market leading positions
- Operational excellence
- Extend our geographic footprint
- Development of our people
- Financial discipline

Risk	Impact	Principal Mitigation Measures	Movement and Development
1. Environmental 2. Major HSE incident	The Group is subject to HSE laws, regulations and standards across multiple jurisdictions. The principal risks faced relate to: • fire, explosion or multiple vehicle accident resulting in one or more fatalities; • an incident resulting in significant environmental damage or compliance breach; and • a HSE or security event requiring the activation of our crisis management plan and/or business continuity plans. Such risks may give rise to legal liability, significant costs and damage to the Group's reputation.	HSE management systems are appropriate to the nature and scale of the risks. There is a strong focus on process safety and ongoing communication with the relevant safety authorities, particularly within the LPG and Retail & Oil divisions. Emergency response and business continuity plans are in place to minimise the impact of any significant incidents. Inspection and auditing processes in relation to HSE management systems are conducted by subsidiary management, by the Group HSE function and by external assurance providers, as appropriate. Insurance cover is maintained at Group level for all significant insurable risks.	While there have been no significant changes to the assessment of these risks, management continue to improve HSE practices, including an update of the Group Health & Safety Policy, further rollout of the Safety First initiative and process safety standards. Detailed HSE due diligence was completed in respect of the agreements to acquire the Retail West, Hong Kong and Macau and TEGA LPG businesses.

Risk Report (continued)

Principal Risks and Uncertainties (continued)

Risk	Impact	Principal Mitigation Measures	Movement and Development
3. Compliance with legal and ethical standards 4. Product integrity	A material failure to comply with applicable legal and ethical standards or to ensure that products sold by Group businesses are safe and compliant with applicable legal and regulatory standards could result in penalties, costs, reputational harm and damage to relationships with suppliers or customers.	The Group promotes a culture of compliance and 'Doing the Right Thing' in all activities. A Code of Conduct is in place and is supported by more detailed policies where needed, including a Supply Chain Integrity Policy and an Anti-Bribery and Corruption Policy. Training programmes are provided for employees on key compliance risks. All employees can raise concerns, using the Group's whistleblowing facilities. The Group Legal & Compliance function performs compliance audits and a range of compliance controls are reviewed by Group Internal Audit as part of their audits. Businesses in the Group operates quality management systems and quality assurance processes, which are subject to regulatory review, and meet licensing requirements for all manufacturing and product processing facilities.	Group businesses have prepared for the General Data Protection Regulation ('GDPR') which comes into force on 25 May 2018. There have been no other significant changes to legal and ethical standards/regulations impacting on the Group during the year. As the Group expands geographically, we are taking account of the compliance requirements in new territories.
5. Acquisitions 6. Project/Change management	A failure to identify, execute or properly integrate acquisitions or to complete change management programmes or other significant projects could impact on profit targets and impede the strategic development of the Group.	Group and divisional management teams engage in a continuous and active review of potential acquisitions. All potential acquisitions are subject to an assessment of their ability to generate a return on capital employed well in excess of the cost of capital and of their strategic fit within the Group. The Group conducts a stringent internal evaluation process and external due diligence prior to completing any acquisition. Performance against original acquisition proposals is formally reported to the Board on an annual basis and account is taken of learnings. Projects and change management programmes are resourced by dedicated and appropriately qualified internal personnel, supported by external expertise, and are subject to oversight by the Group Chief Information Officer and the IT Assurance function, by divisional and Group management and by the Audit Committee.	While acquisitions, change management programmes and projects continue, no significant changes to the overall assessment of these risks are considered necessary. It has been an active period of corporate development, with £670 million committed to acquisitions, including the Group's first acquisitions in the US. A large scale project in Exertis UK to enhance the core ERP system is in progress. A central Project Management Office has been established to enhance the support provided to key projects and change management programmes.
7. Loss of significant customer or supplier	Certain Group subsidiaries derive a significant part of their revenue from key suppliers and customers and the loss of any of those relationships would have a material financial impact on those businesses.	The Group as a whole trades with a very broad supplier and customer base. Close commercial relationships exist with all our suppliers and customers and there is a constant focus on providing a value added service to them.	There have been no significant changes to supplier/customer concentrations during the year and no significant change to the assessment of this risk.

Strategic Linkages: Market leading positions; Operational excellence; Extend our geographic footprint; Development of our people; Financial discipline

Risk	Impact	Principal Mitigation Measures	Movement and Development
8. IT system failure/ Cybercrime	Maintaining adequate IT systems and infrastructure to support growth and development may be affected by accidental exposure or deliberate theft of sensitive information, loss of service or system availability, significant system changes or upgrades and cybercrime.	Dedicated IT personnel in Group subsidiaries implement IT standards and oversee IT security and are provided with technical expertise and support. Cybersecurity reviews are performed by a dedicated internal IT Assurance team and external technical experts to provide independent assurance. Business continuity, IT disaster recovery and crisis management plans are in place and regularly tested.	Although the IT system failure and cybercrime risks continue to evolve, the Group has strengthened its mitigation measures and no significant change to the assessment of the risk is required. IT standards and policies have been updated to reflect recent changes in the underlying best practice frameworks on which they are based. Following an external review of the Group's business continuity, IT recovery and crisis management plans last year, updates to the plans in place across the Group are being made to ensure they continue to meet best practice.
9. Ability to secure/retain management resource	The Group's devolved management structure has been fundamental to the Group's success. A failure to attract, retain or develop high quality entrepreneurial management throughout the Group could impact on the attainment of strategic objectives.	The Group maintains a constant focus on this area with structured succession planning, management development and remuneration programmes, incorporating long and short-term incentives. A graduate recruitment programme is also in place. These programmes are reviewed regularly by Group Human Resources, divisional management, the Chief Executive and the Board.	There have been no significant changes to the overall assessment of this risk. Senior management changes have been successfully completed during the year in a number of larger subsidiaries.
10. Financial reporting	The Group is exposed to liquidity, foreign exchange, commodity and interest rate risk, as well as ongoing demands for credit. Failure to accurately report or forecast financial results through error or fraud could damage the Group's reputation.	The Group's financial position remains strong with significant cash resources and relatively long-term debt maturities. There is a continued focus on working capital management, cash generation and managing supplier and customer relationships. Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board. Standard reporting packs are prepared, including weekly forecasts and monthly submissions, and are subject to review by local, divisional and Group management as well as Group Internal Audit.	There have been no significant changes to the overall assessment of this risk. The Group has continued its programme of replacing legacy systems with appropriate enhanced financial reporting systems.

Risk Report (continued)

Principal Risks and Uncertainties (continued)

Strategic Linkages Market leading positions | Operational excellence | Extend our geographic footprint | Development of our people | Financial discipline

Risk	Impact	Principal Mitigation Measures	Movement and Development
11. Changing market dynamics 12. Extreme weather 13. Relevant implications of climate change	External factors outside of the direct influence of the Group, including economic cycles, technological changes and weather, can significantly impact on performance. Demand for some of the products sold by the Group, most notably heating products in the LPG and Retail & Oil divisions, is directly related to weather conditions. The inherent uncertainty of weather conditions therefore presents a risk to profits generated. Certain implications of climate change, such as changes in policy, regulation, technologies and consumer preference, are emerging risks which have the potential to impact on demand for the Group's products and to result in increased costs.	The impact of these external factors is mitigated through a focus on strong financial management, a broad spread of products and customers across the divisions and careful geographical expansion. The Group is focused on expanding its operations in the non-heating segments of the market. The Group maintains a close focus on policy, regulatory, technological and consumer preference developments in the sectors in which it operates.	There have been no significant changes in the external factors that may impact on the Group. The Group continues to monitor the specific implications of climate change which may impact on its businesses, which are considered to be emerging risks. The Group has continued to expand its operations in the non-heating segments of the market and geographically.

Financial Review

Consistent strategy, proven business model

DCC has been building steadily for 41 years with a consistent strategy and deploying a proven business model. Our overall objective is to continue to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of our cost of capital.

DCC has continued to deliver on this overall objective in the year ended 31 March 2018 whilst maintaining a strong, liquid and conservatively financed balance sheet

We remain ambitious to grow our business further in the coming year to 31 March 2019, both organically and by way of acquisition, and to grow our dividend to shareholders whilst maintaining our financial strength.

Fergal O'Dwyer
Chief Financial Officer

Financial Review (continued)

Highlights of 2018

Revenue – continuing[1] +16.3% ↑

£14,265m

(2017: £12,270m)

Adjusted operating profit[2] – continuing[1] +11.1% ↑

£383.4m

(2017: £345.0m)

Adjusted EPS[2] (pence) – continuing[1] +10.8% ↑

317.45p

(2017: 286.59p)

Currency

With approximately 45% of the Group's revenue and approximately 55% of the Group's adjusted operating profits generated outside of the UK, the weakening of sterling against most currencies has had a positive translation impact on the Group's reported results, increasing both revenue from continuing operations and adjusted operating profits from continuing operations by 2.5%. To facilitate comparability, most percentage variances versus the prior year will be expressed both on a reported basis and on a constant currency basis (which retranslates current year metrics at prior year exchange rates).

Revenue/Volumes – Continuing Operations

Revenue from continuing operations increased by 16.3% (13.8% ahead on a constant currency basis) to £14.3 billion.

DCC LPG volumes increased by 19.8% to 1.9 million tonnes, driven by the acquisitions of Gaz Européen in the prior year and Shell Hong Kong & Macau in January 2018. On a like-for-like basis, volumes were 4.7% ahead of the prior year. DCC LPG's revenue increased by 30.8% (up 26.2% on a constant currency basis).

Volumes in DCC Retail & Oil increased by 6.4% to 12.3 billion litres, reflecting the acquisitions of Dansk Fuels in the prior year and Esso Retail Norway in October 2017. Volumes were in line with the prior year on an organic basis. DCC Retail & Oil's revenues increased by 15.8% (up 13.3% on a constant currency basis).

Revenue excluding DCC LPG and DCC Retail & Oil increased by 12.6% (11.1% ahead on a constant currency basis) to £3.6 billion, approximately half of which was organic.

Adjusted Operating Profit – Continuing Operations

Group adjusted operating profit from continuing operations increased by 11.1% to £383.4 million (8.6% ahead on a constant currency basis); approximately one third of the constant currency adjusted operating profit growth was organic. The average sterling/euro translation rate for the year of 1.1366 was 4.9% weaker than the average of 1.1956 in the prior year.

Adjusted operating profit in DCC LPG was 4.4% ahead of the prior year (1.0% ahead on a constant currency basis), despite the anticipated headwind of a rising cost of product and continued organic investment in its B2C natural gas and electricity offering in France. DCC LPG benefited from the acquisition of Shell Hong Kong & Macau and strong organic growth from the business in Britain, where further progress was achieved in converting

Table 1: Trading Overview

	2018 £'m	2017 £'m	Change on prior year %
Revenue (continuing)	**14,264.6**	12,269.8	+16.3%
Adjusted operating profit			
DCC LPG	**167.5**	160.4	+4.4%
DCC Retail & Oil	**113.8**	94.5	+20.4%
DCC Healthcare	**54.3**	49.0	+11.0%
DCC Technology	**47.8**	41.1	+16.3%
Group adjusted operating profit (continuing)	**383.4**	345.0	+11.1%
Share of equity accounted investments' profit after tax	**0.4**	0.7	
Finance costs (net)	**(35.8)**	(31.9)	
Profit before net exceptionals, amortisation of intangible assets and tax (continuing)	**348.0**	313.8	+10.9%
Net exceptional items after tax and non-controlling interests	**11.4**	(24.8)	
Amortisation of intangible assets	**(43.0)**	(39.2)	
Profit before tax from continuing operations	**316.4**	249.8	+26.6%
Taxation	**(49.3)**	(44.1)	
Profit after tax	**267.1**	205.7	+29.8%
Profit after tax from discontinued operations	**0.8**	15.2	
Non-controlling interests	**(6.1)**	(4.7)	
Net earnings	**261.8**	216.2	+21.1%
Adjusted earnings per share – total (pence)	**318.35p**	303.68p	+4.8%
Adjusted earnings per share – continuing (pence)	**317.45p**	286.59p	+10.8%

1. Excluding DCC Environmental which was disposed of in May 2017.
2. Excluding net exceptionals and amortisation of intangible assets.

Table 2: Revenue (Continuing Operations)

	2018			2017			Growth		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 £'m	H2 £'m	FY £'m
DCC LPG	**502.0**	**901.8**	**1,403.8**	367.9	705.3	1,073.2	+36.5%	+27.9%	+30.8%
DCC Retail & Oil	**4,331.6**	**4,931.2**	**9,262.8**	3,750.9	4,250.0	8,000.9	+15.5%	+16.0%	+15.8%
DCC Healthcare	**245.0**	**269.6**	**514.6**	244.3	262.3	506.6	+0.3%	+2.8%	+1.6%
DCC Technology	**1,370.9**	**1,712.5**	**3,083.4**	1,144.2	1,544.9	2,689.1	+19.8%	+10.9%	+14.7%
Total	**6,449.5**	**7,815.1**	**14,264.6**	5,507.3	6,762.5	12,269.8	+17.1%	+15.6%	+16.3%
Constant currency	**6,234.3**	**7,733.7**	**13,968.0**	5,507.3	6,762.5	12,269.8	+13.2%	+14.4%	+13.8%
Weighting %	**45.2%**	**54.8%**	**100.0%**	44.9%	55.1%	100.0%			

Table 3: Adjusted Operating Profit (Continuing Operations)

	2018			2017			Growth		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 £'m	H2 £'m	FY £'m
DCC LPG	**44.1**	**123.4**	**167.5**	37.0	123.4	160.4	+19.2%	+0.0%	+4.4%
DCC Retail & Oil	**42.2**	**71.6**	**113.8**	39.0	55.5	94.5	+8.0%	+29.0%	+20.4%
DCC Healthcare	**22.0**	**32.3**	**54.3**	19.8	29.2	49.0	+11.6%	+10.6%	+11.0%
DCC Technology	**14.2**	**33.6**	**47.8**	11.3	29.8	41.1	+25.8%	+12.8%	+16.3%
Total	**122.5**	**260.9**	**383.4**	107.1	237.9	345.0	+14.4%	+9.7%	+11.1%
Constant currency	**117.4**	**257.1**	**374.5**	107.1	237.9	345.0	+9.7%	+8.1%	+8.6%
Weighting %	**32.0%**	**68.0%**	**100.0%**	31.0%	69.0%	100.0%			

oil customers to LPG in the commercial and industrial sectors.

In DCC Retail & Oil, adjusted operating profit was 20.4% ahead of the prior year (18.0% ahead on a constant currency basis). Approximately half of the constant currency growth was organic and broadly based, with good profit growth across the division. The business in Britain benefited from a marginally colder than average winter, which drove a modest increase in heating demand. In Denmark, the business delivered strong organic growth and also benefited from the integration of the Dansk Fuels acquisition, completed in the prior year.

Adjusted operating profit in DCC Healthcare was 11.0% ahead of the prior year (10.6% ahead on a constant currency basis) and approximately half of the constant currency growth was organic. DCC Vital performed strongly, driven by the first full year contribution from Medisource, which completed in January 2017, as well as good organic growth in medical devices. DCC Health & Beauty Solutions benefited modestly from the acquisition of Elite One Source in January 2018 and continued to deliver strong organic growth in nutritional products.

In DCC Technology, adjusted operating profit was 16.3% ahead of the prior year (15.5% ahead on a constant currency basis), reflecting a very strong organic performance in the UK and Ireland, particularly in audio visual, components and gaming, and the benefit of the acquisitions of Hammer and MTR. In France, the B2B business again delivered good growth. The French consumer products business remained very challenging and a programme to significantly reduce costs while improving its logistics and operational efficiency is being implemented. The Nordics business again delivered strong growth in IT and audio visual products and benefited in particular from continued investment in building out its presence in Norway.

The Group's operating margin on a continuing basis (excluding amortisation of intangible assets and net exceptionals) was 2.7%, compared to 2.8% in 2017, however it is important to note that this measurement of the overall Group operating margin is of limited relevance due to the influence of changes in oil product costs on the percentage. Whilst changes in oil product costs will change percentage operating margins, this has little relevance in the downstream energy market in which DCC LPG and DCC Retail & Oil operate, where profitability is driven by absolute contribution per litre/tonne of product sold and not by a percentage margin. Excluding DCC LPG and DCC Retail & Oil, the operating margin on a continuing basis for the Group's other divisions was 2.8%, the same as in 2017.

An analysis of the revenue and adjusted operating profit performance for the first half, the second half and the full year ended 31 March 2018 is set out in Tables 2 and 3.

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

The compound annual growth rate ('CAGR') in DCC's adjusted operating profits, from continuing operations, over the last 24 (since the company became a public company), 15 and 10 years is as follows:

	CAGR %
24 years (i.e. since 1994)	**14.4%**
15 years (i.e. since 2003)	**14.0%**
10 years (i.e. since 2008)	**14.8%**

Finance Costs (net)

Net finance costs increased to £35.8 million (2017: £31.9 million) and reflects an increase in the Group's gross debt due primarily to the drawdown in September 2017 of a new £450 million US private placement debt issuance. It also reflects the higher average net debt during the year of £467 million compared to £301 million during the prior year. The average net debt increased due to the record level of acquisition spend of approximately £670 million during the year.

Financial Review (continued)

Interest was covered 13.4 times by Group adjusted operating profit before depreciation and amortisation of intangible assets (2017: 14.2 times).

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

Profit before net exceptional items, amortisation of intangible assets and tax increased by 10.9% to £348.0 million (8.4% ahead on a constant currency basis).

Net exceptional credit and amortisation of intangible assets

The Group incurred a net exceptional credit after tax and non-controlling interests of £11.4 million as follows:

	£'m
Profit on disposal of discontinued operations	29.8
Acquisition and related costs	(12.8)
Restructuring costs	(33.2)
IAS 39 mark-to-market gain and other	1.2
Tax and non-controlling interests	26.4
Net exceptional credit	**11.4**

The profit on disposal of discontinued operations relates to the gain recorded on the profitable sale of DCC's environmental division, which completed on 31 May 2017. Acquisition and related costs include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities and amounted to £12.8 million.

Restructuring costs amounted to £33.2 million and principally reflect the costs associated with the Group's focus on increasing the efficiency of its operating infrastructure and sales platforms. The majority of the charge relates to the Retail & Oil division where a large project to bring greater efficiency and reduced capital expenditure over time to the UK business' nationwide depot network infrastructure is underway and the project will result in a material reduction in the number of depot locations. An element of the charge also relates to the integration and restructuring costs associated with the prior year acquisition of Dansk Fuels in Denmark.

The other material element of the restructuring charge relates to the ongoing optimisation of DCC Technology's logistics and related infrastructure. In the UK, the new national distribution centre is now operational and a number of the existing locations have transferred into the new infrastructure. The remaining existing locations will transition during the coming year and the majority of the legacy locations have now been sold successfully. A programme to significantly reduce costs whilst improving the logistics and operational efficiency of DCC Technology's French consumer business is ongoing. This project will also deliver a consolidation of two existing warehouses into one new facility. Finally, the business in the Nordics has recently commissioned its new national distribution centre and it is now operational.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long-term interest and cross currency interest rate derivatives, to both fixed and floating-rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt is charged or credited as an exceptional item. In the year ended 31 March 2018, this amounted to an exceptional non-cash gain of £0.3 million.

Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £5.3 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 tax and non-controlling interests credit of £26.4 million principally reflects the impact of the recent reduction of the statutory corporation tax rate in France and a corresponding reduction in the Group's deferred tax liabilities associated with the Group's brand and other intangible assets in France.

The charge for the amortisation of acquisition related intangible assets increased to £43.0 million from £39.2 million in the prior year, with the increase principally reflecting acquisitions completed in the current and prior year.

Profit before tax

Profit before tax increased by 26.6% to £316.4 million.

Taxation

The effective tax rate for the Group decreased to 17.0% from 17.5% in the prior year. The decrease primarily reflects reductions in certain territorial tax rates and the change in the geographical mix of earnings.

The Group's tax strategy is to:

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

Discontinued operations

The Group's discontinued operations represent the activities of DCC Environmental which was disposed of in May 2017.

Non-Controlling Interest

The non-controlled element of the Group's consolidated profit after tax (and before exceptional items) amounted to £6.1 million (2017: £4.7 million) and primarily relates to the profit share of the Group's partners in its Danish Retail & Oil activities.

Adjusted Earnings Per Share

Adjusted earnings per share on a continuing basis increased by 10.8% (8.3% on a constant currency basis) to 317.5 pence.

Total adjusted earnings per share also increased by 4.8% (2.5% on a constant currency basis) to 318.4 pence.

Table 4: Reconciliation of Adjusted Earnings from continuing operations to Profit Attributable to Shareholders

	2018 £'m	2017 £'m	Change on prior year %
Adjusted earnings (continuing)	**282.9**	254.3	+11.2%
Amortisation of intangible assets (net of tax)	**(33.3)**	(28.5)	
Adjusted earnings relating to activities disposed of	**0.8**	15.2	
Exceptional items (net of tax)	**11.4**	(24.8)	
Profit attributable to shareholders	**261.8**	216.2	+21.1%

	2018 pence	2017 pence	Change on prior year %
Adjusted EPS (continuing)	**317.45**	286.59	+10.8%
Amortisation of intangible assets (net of tax)	**(37.31)**	(32.08)	
Adjusted earnings relating to activities disposed of	**0.90**	17.09	
Exceptional items (net of tax)	**12.79**	(27.96)	
Basic EPS	**293.83**	243.64	+20.6%

Highlights of 2018

Dividend per share (pence) +10.0%

122.98p

(2017: 111.80p)

Return on total capital employed[1]

17.5%

(2017: 20.3%)

Free cash flow[2]

£328.1m

(2017: £415.5m)

Free cash flow conversion

85%

(2017: 114%)

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

The compound annual growth rate ('CAGR') in DCC's total adjusted earnings per share over the last 24, 15 and 10 years is as follows:

	CAGR %
24 years (i.e. since 1994)	**12.5%**
15 years (i.e. since 2003)	**11.2%**
10 years (i.e. since 2008)	**10.6%**

Dividend

The Board is recommending an increase of 10.0% in the final dividend to 82.09 pence per share, which, when added to the interim dividend of 40.89 pence per share, gives a total dividend for the year of 122.98 pence per share. This represents a 10.0% increase over the total prior year dividend of 111.80 pence per share. The dividend is covered 2.6 times by adjusted earnings per share on a continuing basis (2.6 times in 2017). It is proposed to pay the final dividend on 19 July 2018 to shareholders on the register at the close of business on 25 May 2018.

Over its 24 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual rate of 14.5%.

Return on Capital Employed

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

	2018 %	2017 %
DCC LPG	**17.4%**	22.9%
DCC Retail & Oil	**18.7%**	19.8%
DCC Healthcare	**16.7%**	17.5%
DCC Technology	**16.1%**	17.1%
Group – continuing	**17.5%**	20.3%

The decrease in the return on capital employed versus the prior year principally reflects the impact of the substantial acquisition spend during the year as the Group entered new geographies.

Cash Flow

Operating cash flow was £473.4 million compared to £546.9 million in the prior year. Working capital increased by £13.8 million (£7.3m increase on a continuing basis). Overall working capital days were negative 2.0 days sales, compared to negative 3.3 days sales in the prior year, reflecting the acquisition during the year of businesses with positive working capital characteristics. DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2018 increased on the prior year and supply chain financing had a positive impact on Group working capital days of 4.0 days (31 March 2017: 4.2 days) or £202.1 million (2017: £165.6 million).

Net capital expenditure amounted to £145.3 million for the year (2017: £131.4 million) and was net of disposal proceeds of £7.6 million. The increased level of gross capital expenditure reflects the increased scale of the Group and a number of investments being undertaken to support continued growth and development. In the current year, the principal items included ongoing investment in new retail sites and site upgrades in the Retail & Oil division, investment to support the organic volume growth being achieved in the LPG division, and the completion of the new national distribution centres and related infrastructure in the Technology division. The net capital expenditure exceeded the depreciation charge in the year by £51.7 million.

The Group's free cash flow amounted to £328.1 million, an 85% conversion of adjusted operating profit into free cash flow.

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

Total cash spend on acquisitions for the year ended 31 March 2018

The total cash spend on acquisitions completed in the year was £691.0 million and included the payment of deferred and contingent acquisition consideration previously provided of £26.9 million.

Acquisition activity

Committed acquisition expenditure in the period amounted to £355.3 million. An analysis by division is shown below:

	Acquisitions £'m
DCC LPG	**250.8**
DCC Retail & Oil	**27.9**
DCC Healthcare	**43.7**
DCC Technology	**32.9**
TOTAL	**355.3**

DCC LPG

Retail West

On 7 November 2017, DCC LPG announced that it had reached agreement with NGL Energy Partners LP ('NGL') to acquire its Retail West LPG division, Hicksgas LLC ('Retail West' or 'the business'). The acquisition completed on 31 March 2018.

Financial Review (continued)

Headquartered in Illinois, Retail West has been in business for over 70 years and employs 390 people. It sells approximately 130,000 tonnes (assuming normal winter weather conditions) of LPG annually from 43 customer service locations and 58 satellite facilities. The business trades under three prominent regional brands, Hicksgas, Pacer Propane and Propane Central, and a number of smaller, local brands. Retail West has leading market positions in Illinois, Indiana and Kansas and also operates in seven other states across the Mid-West and North-West regions. The acquisition represents DCC LPG's entry into the US market and is a further significant step in DCC's strategy to build a global LPG business over time. The US is one of the world's largest LPG markets and is an attractive and growing market. It is also highly fragmented, with over 4,000 LPG distribution businesses operating in the market. The acquisition of Retail West will provide DCC with a substantial, high-quality presence in the US with leading market positions in a number of states. The business has an excellent customer base, a strong and well-invested operational infrastructure and an experienced management team.

TEGA

On 4 January 2018, DCC LPG announced it had reached agreement with Linde AG to acquire Tega-Technische Gase und Gasetechnik GmbH, its LPG and refrigerant gas distribution business in Germany ('TEGA'). The transaction completed on 31 March 2018.

TEGA, headquartered in Würzburg, employs approximately 100 people across five operating sites, largely in southern Germany. TEGA has revenue of c.€75 million evenly split between LPG and refrigerants. The business supplies c.35,000 tonnes of LPG annually to c.15,000 domestic and commercial customers. It also supplies refrigerant gases to wholesalers and end-users for use in air-conditioning, commercial cooling systems and refrigerators. The business has operated on a standalone basis within The Linde Group and continues to be led by its existing, highly experienced management team.

The acquisition of TEGA provides DCC LPG with a platform in the large, relatively fragmented German LPG market and further strengthens its position in the LPG market in Europe. In addition, it provides an entry into the refrigerant gas market, further enhancing the service capability of the LPG business, following the expansion into medical and aerosol gases in recent years.

Countrywide LPG

On 11 January 2018, DCC LPG announced it had reached agreement with Countrywide Farmers plc to acquire the trade and assets of its liquefied petroleum gas (LPG) distribution business in Britain ('Countrywide LPG'). Countrywide LPG supplies bulk and cylinder LPG to domestic, agricultural and commercial customers in Britain. The business sells approximately 20,000 tonnes of LPG annually. The transaction completed on 28 February 2018 and is currently being held pending merger clearance.

DCC Retail & Oil

Snap

In May 2018, DCC Retail & Oil acquired SNAP, an end-to-end transaction processing and payment system for HGV fleets. The business facilitates cashless payments through licence plate recognition for HGV fleets at truck stops. The business, although modest, is growing strongly and will be complementary to the existing retail and oil businesses.

DCC Healthcare

Elite One Source

On 7 February 2018, DCC Health & Beauty Solutions announced the acquisition of Elite One Source Nutritional Services, Inc ('Elite One Source'), a provider of contract manufacturing and related services to the growing healthcare and dietary supplements market in the US.

Elite One Source focuses on complex-formulation nutritional products in tablet and capsule dosage forms, including organic and probiotic products, across a variety of packaging formats. Its service offering encompasses product development, formulation, manufacturing, packaging and regulatory services. Its customer base includes some of the leading specialist brands in the US consumer healthcare market. Elite One Source's facilities in Missoula, Montana are well-invested with significant scope to expand capacity to meet its organic growth plans.

Table 5: Summary of Cash Flows

	2018 £'m	2017 £'m	**24 years since flotation cumulatively £'m**
Adjusted operating profit (including discontinued operations)	**384.4**	363.6	**3,243.8**
(Increase)/decrease in working capital	**(13.8)**	84.0	**322.3**
Depreciation and other	**102.8**	99.3	**839.9**
Operating cash flow	**473.4**	546.9	**4,406.0**
Capital expenditure (net)	**(145.3)**	(131.4)	**(1,098.7)**
Free cash flow	**328.1**	415.5	**3,307.3**
Interest and tax paid	**(96.0)**	(91.2)	**(724.8)**
Free cash flow (after interest and tax payments)	**232.1**	324.3	**2,582.5**
Acquisitions	**(691.0)**	(262.4)	**(2,729.2)**
Dividends	**(102.9)**	(95.3)	**(864.5)**
Disposals/exceptional items	**147.5**	(31.5)	**340.3**
Share issues (net of buy backs)	**3.3**	2.6	**174.2**
Net outflow	**(411.0)**	(62.3)	**(496.7)**
Opening net debt	**(121.9)**	(54.5)	**(1.6)**
Translation and other	**(9.8)**	(5.1)	**(44.4)**
Closing net debt	**(542.7)**	(121.9)	**(542.7)**
EBITDA	**478.1**	455.6	**4,116.7**
Free cash flow conversion (%)	**85%**	114%	**102%**

Highlights of 2018

Cash acquisition spend

£691.0m

(2017: £262.4m)

Cash balances

£964.3m

(2017: £924.8m)

EBITDA: net interest

13.4 times

(2017: 14.2 times)

The facilities comply with FDA cGMP (current Good Manufacturing Practices) and Health Canada standards and are certified by leading third party regulatory bodies including NSF and USDA Organic. The business is led by an experienced management team and employs 180 people.

The acquisition of Elite One Source provides an entry into the US market, the world's largest healthcare and dietary supplements market. The US is an innovative, high-growth market, with a fragmented contract manufacturing base, which offers DCC significant opportunities for organic and acquisitive growth.

DCC Technology

MTR

In July 2017, DCC Technology acquired MTR Group Ltd ('MTR'), a fast-growing UK-based provider of second lifecycle solutions for mobile and tablet devices.

Based in Harlow, Essex and employing 60 people, MTR provides a broad range of services to retailers, mobile handset manufacturers and insurance companies to source and refurbish mobile phones and tablets for resale to customers in the UK and abroad. In the year ended 30 November 2016, MTR generated service revenues of £11 million. The acquisition of MTR advances the DCC Technology strategy of expanding its service proposition to vendors and customers and provides access to the high growth second lifecycle solutions market.

Hypertec

In March 2018, DCC Technology acquired Hypertec Ltd., a small UK-based distributor of third party and own-brand memory and accessory products. The business generated revenues of £28.3 million in its most recent financial year and employs approximately 50 people.

Disposals

The cash flow on disposals relates to the disposal of DCC's Environmental division on 31 May 2017. Full details of the disposal were set out in DCC's Stock Exchange announcement of 5 April 2017.

Since the year end, DCC Retail & Oil has completed the disposal of both its fuel storage terminal in Belfast to Valero Logistics UK Ltd, a subsidiary of Valero Energy Corporation, and its distribution business in Northern Ireland to Nicholl Fuel Oils Ltd. The distribution business sold approximately 250 million litres of product in the year to 31 March 2018. The sale excludes the retail business in Northern Ireland.

Balance Sheet and Group Financing

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet to enable it to take advantage of development opportunities as they arise. As a result of the continued strong cash flow performance, DCC's financial position remains very strong. At 31 March 2018, the Group had net debt of £542.7 million, total equity of £1.7 billion, cash resources, net of overdrafts, of £964.3 million and a further £400 million of undrawn committed debt facilities. The Group's outstanding term debt at 31 March 2018 had an average maturity of 6.3 years. Substantially all of the Group's debt has been raised in the US Private Placement market with an average credit margin of 1.6% over floating Euribor/Libor.

At 31 March 2018, the Group's Net Debt: EBITDA was 1.1 times, reflecting the large acquisition spend in the second half of the financial year.

Further analysis of the Group's cash, debt and financial instrument balances at 31 March 2018 is set out in notes 3.8 to 3.11 in the financial statements.

Key financial ratios as at 31 March 2018, and the principal financial covenants included in the Group's various lending agreements, are as follows:

Key financial ratios	**2018 Actual**	Lender covenants	2017 Actual
Net debt: EBITDA (times)	**1.1**	3.5	0.3
EBITDA: net interest (times)	**13.4**	3.0	14.2
EBITA: net interest (times) – continuing	**10.7**	3.0	10.8
Total equity (£'m)	**1,677.9**	425.0	1,507.7

Financial Review (continued)

Table 6: Performance Metrics

	2018	2017
Growth (continuing operations):		
Adjusted operating profit growth (%)	**+11.1%**	+20.9%
Adjusted operating profit growth on a constant currency basis (%)	**+8.6%**	+12.8%
Volume growth DCC LPG (%)	**+19.8%**	+34.3%
Volume growth DCC Retail & Oil (%)	**+6.4%**	+7.9%
Revenue growth – excl. DCC LPG & DCC Retail & Oil (%)	**+12.6%**	+9.0%
Adjusted operating profit margin – excl. DCC LPG & DCC Retail & Oil (%)	**2.8%**	2.8%
Adjusted earnings per share growth (%)	**+10.8%**	+18.1%
Adjusted earnings per share growth on a constant currency basis (%)	**+8.3%**	+10.3%
Return:		
Return on capital employed – continuing (%)	**17.5%**	20.3%
Operating cash flow (£'m)	**473.4**	546.9
Free cash flow (£'m)	**328.1**	415.5
Conversion of adjusted operating profits to free cash flow (%)	**85%**	114%
Working capital days (days)	**(2.0)**	(3.3)
Debtor days (days)	**31.2**	31.8
Financial Strength/Liquidity/Financial Capacity for Development:		
EBITA: net interest (times) – continuing	**10.7x**	10.8x
EBITDA: net interest (times)	**13.4x**	14.2x
Cash balances (net of overdrafts and short-term debt) (£'m)	**964.3**	924.8
Net debt (£'m)	**(542.7)**	(121.9)
Net debt as a % of total equity (%)	**32.3%**	8.1%
Net debt: EBITDA (times)	**1.1x**	0.3x

Financial Risk Management

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

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

Foreign Exchange Risk Management

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

A proportion of the Group's profits and net assets are non-sterling and are primarily euro denominated. Sterling weakened against the euro by 2.2% from 1.1689 at 31 March 2017 to 1.1430 at 31 March 2018 and the average sterling exchange rate at which the Group translates its euro denominated operating profits weakened by 4.9% from 1.1956 in FY2017 to 1.1366 in FY2018.

The proportion of the Group's profits denominated in currencies other than sterling is increasing mainly due to acquisitions. Approximately 55% (2017: 50%) of the Group's adjusted operating profit for the year ended 31 March 2018 was denominated in currencies other than sterling, primarily the euro and Scandinavian currencies. DCC does not hedge the translation exposure on the profits of non-sterling subsidiaries on the basis and to the extent that they are not intended to be repatriated. The weakening of the average translation rate of sterling, referred to above, positively impacted the Group's adjusted operating profit by £8.9 million in the year ended 31 March 2018.

DCC has investments in non-sterling, primarily euro denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in (or swapped utilising cross currency interest rate swaps into) the relevant currency or through currency swaps related to intercompany funding, although this hedge is offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The 2.2% weakening in the value of sterling against the euro during the year ended 31 March 2018 referred to above was largely offset by a strengthening in the value of sterling against Scandinavian currencies, resulting in a modest translation gain of £0.7 million on DCC's non-sterling denominated net asset position at 31 March 2018, as set out in the

Group Statement of Comprehensive Income in the financial statements.

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

Commodity Price Risk Management

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

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

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

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

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

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

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

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

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

Credit Risk Management

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

Interest Rate Risk and Debt/ Liquidity Management

DCC maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three months. In addition, the Group maintains both committed and uncommitted credit lines with our relationship banks and borrows at both fixed and floating rates of interest. At 31 March 2018, 86% of the Group's drawn fixed rate borrowings were swapped to floating interest rates, using interest rate and cross currency interest rate swaps which qualify for fair value hedge accounting under IAS 39. The Group mitigates interest rate risk on its borrowings by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

Investor Relations

DCC's senior management team are committed to interacting with the international financial community to ensure a full understanding of DCC's strategic plans and performance against those plans. During the year, the executive management team presented at 10 capital market conferences, conducted 266 institutional investor one-on-one and group meetings and presented to 16 broking firms.

Share Price and Market Capitalisation

The Company's shares traded in the range £64.75 to £77.55 during the year. The share price at 31 March 2018 was £65.60 (31 March 2017: £70.25) giving a market capitalisation of £5.9 billion (2017: £6.2 billion).

Fergal O'Dwyer
Chief Financial Officer
14 May 2018

Strategy in Action
DCC LPG

East and west geographic expansion in DCC LPG

What we did in 2018

Retail West
DCC LPG made its entry in to the very large, fragmented and growing US LPG market through the acquisition of Hicksgas LLC (the Retail West LPG division) from NGL Energy Partners with effect from 31 March 2018.

The business, headquartered in Illinois, has been in existence for over 70 years, employs 390 people and trades under three key regional brands, Hicksgas, Pacer Propane and Propane Central. There is a well-invested asset base supporting the business, comprising a fleet of 150 company owned vehicles, c.100 bulk storage facilities and company ownership of the majority of tanks on customer premises.

Annual sales of c.130,000 tonnes of LPG are made to over 65,000 customers from 43 customer service locations and 58 satellite facilities. The business holds market leading positions in Illinois, Indiana and Kansas and has further operations in seven other states across the Mid-West and North-West regions.

The experienced management team, including the President and COO, Shawn Coady, have all been retained and ensures the business is very well placed to continue its track record of profitable organic growth and to provide a base for further synergistic acquisitions.

Shell Hong Kong and Macau
In January 2018, DCC LPG completed the acquisition of Shell's Hong Kong and Macau LPG business, which will operate under a long-term brand licence agreement with Shell as 'DSG Energy Limited' to distribute c.75,000 tonnes annually of branded LPG.

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

A new headquarters has been established in Kowloon with some key individuals, including the new Managing Director, Samson Lam, transferring from Shell. A significant recruitment and training program has been completed to establish new sales, finance and administration teams to ensure a smooth transition. The business now employs 47 people and has traded strongly since go-live with no disruption to our customers.

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

The Retail West acquisition gives DCC LPG a material footprint in the US and a substantial base for further development in one of the world's largest LPG markets.

The DSG business is ideally positioned in Hong Kong and Macau to expand and develop the business locally but also to provide a platform for longer term growth in the growing and maturing Australasia LPG market.

Market leading positions

Extend our geographic footprint

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


Grand Opening

Strategy in Action
DCC Retail & Oil

Tokenisation of bankcards on our French network

What we did in 2018

The need for paper receipts at our Esso branded service stations in France has been all but removed by making digital receipts available via a web portal or email. The innovative Cardivation technology, developed internally by the Retail & Oil division, saves the business money and enhances the customer experience.

When a customer fills up and pays with a bankcard at a Cardivation activated terminal, a digital copy of their receipt is automatically and anonymously stored ('tokenised').

Through the Club Certas web portal (www.club-certas.com), customers can elect to have receipts automatically sent directly to their phone or computer or they can download specific receipts, making it easy for drivers on business to track travel expenses and reclaim VAT.

For the first time we have a complete picture of how our different customer types are behaving across the network and all data complies fully with the new General Data Protection Regulation (GDPR).

Cardivation also makes it possible for Certas to cost-effectively personalise loyalty rewards.

The Cardivation web portal for digital receipts has enhanced the customer experience and improved operational efficiency in Certas France. The multi-lingual system is fully proven and scalable and there are plans to expand it to Certas service station networks in other countries as well as to external customers as a revenue-generating product.

Strategic linkage
The connection we have created with the customer using a state of the art, internally developed technology, further enhances the customer experience, increasing customer loyalty and thus fuelling organic growth.

Market leading positions

Operating efficiency

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


FUEL TECHNOLOGY
Synergy
7
Gazole
Supreme+ Gazole
Super SP95-E10
Supreme+ SP98
1 BMW X1 !
GRAND JEU !
CCTV
FUEL TECHNOLOGY
Synergy™
Esso

Strategy in Action

DCC Healthcare

DCC Healthcare's first acquisition in the US

What we did in 2018

DCC Health & Beauty Solutions (DCC H&BS) has a strong track record of organic growth and bolt on acquisitions in the European market. Over the last several years DCC H&BS has built an excellent profile with health & beauty brand owners in the European market, other contract manufacturers and acquisition intermediaries. We have ambitious plans to continue our growth record in Europe both organically and by acquisition.

More recently, DCC identified a strengthening deal flow in the US health & beauty contract manufacturing ('CMO') sector with an increasing number of good quality businesses transacting. The US nutritional market has a retail value of c.$40 billion, approximately five times the size of the of the equivalent market in Europe due to higher levels of consumer penetration. The same strong market growth rates being experienced in Europe also prevail in the US market and are projected to continue. The market scale, high levels of innovation and fragmentation of the US contract manufacturing base are attractive to us.

These favourable market dynamics led us to invest time and resources proactively evaluating the US market as a potential growth platform for DCC H&BS with a focus initially on the nutritional sector. With the support of a local market expert, we undertook a market landscaping exercise to build our understanding of local trends and dynamics and to identify a long list of potential acquisition targets.

This evaluation resulted in a strategy to seek to build a group of health & beauty CMO businesses in the US operating in a similar manner to our existing European business i.e. individual facilities with their own specialist focus areas (product or technology)and their own strong local management teams accountable for driving growth at an individual facility level. This would be supported by a small central team focused on oversight and governance, driving cross selling, best practice and other synergies and business development.

Over the last two years, we have spent time building relationships in the US nutritional CMO market, attending industry events and building DCC's profile as a credible acquirer. One of the businesses that we identified as part of our initial research was Elite One Source Nutritional Services ('Elite'). DCC made a direct approach to the shareholders of Elite and during autumn 2017 entered into detailed discussions which culminated in the acquisition of Elite in January 2018.

Strategic linkage
The acquisition of Elite provides DCC with an entry into the US nutritional CMO market. Elite has a specialist focus on complex formulation nutritional products in tablet and capsule formats and is led by a strong management team. This is the first stepping stone in building a larger DCC H&BS business in the US.

Market leading positions

Extend our geographic footprint

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

Strategy in Action
DCC Technology

Expansion of the Exertis service offering

What we did in 2018

In July 2018, DCC Technology acquired MTR, a fast growing UK based provider of second lifecycle solutions for mobile and tablet devices, primarily to the insurance market.

Based in Harlow, Essex, MTR partners with retailers, mobile handset manufacturers and insurance companies to source and refurbish mobile phones and tablets for resale to customers in the UK and abroad. Employing 60 people at the date of acquisition, the business has grown to 77 employees on the back of significant growth in demand for solutions from key vendor partners.

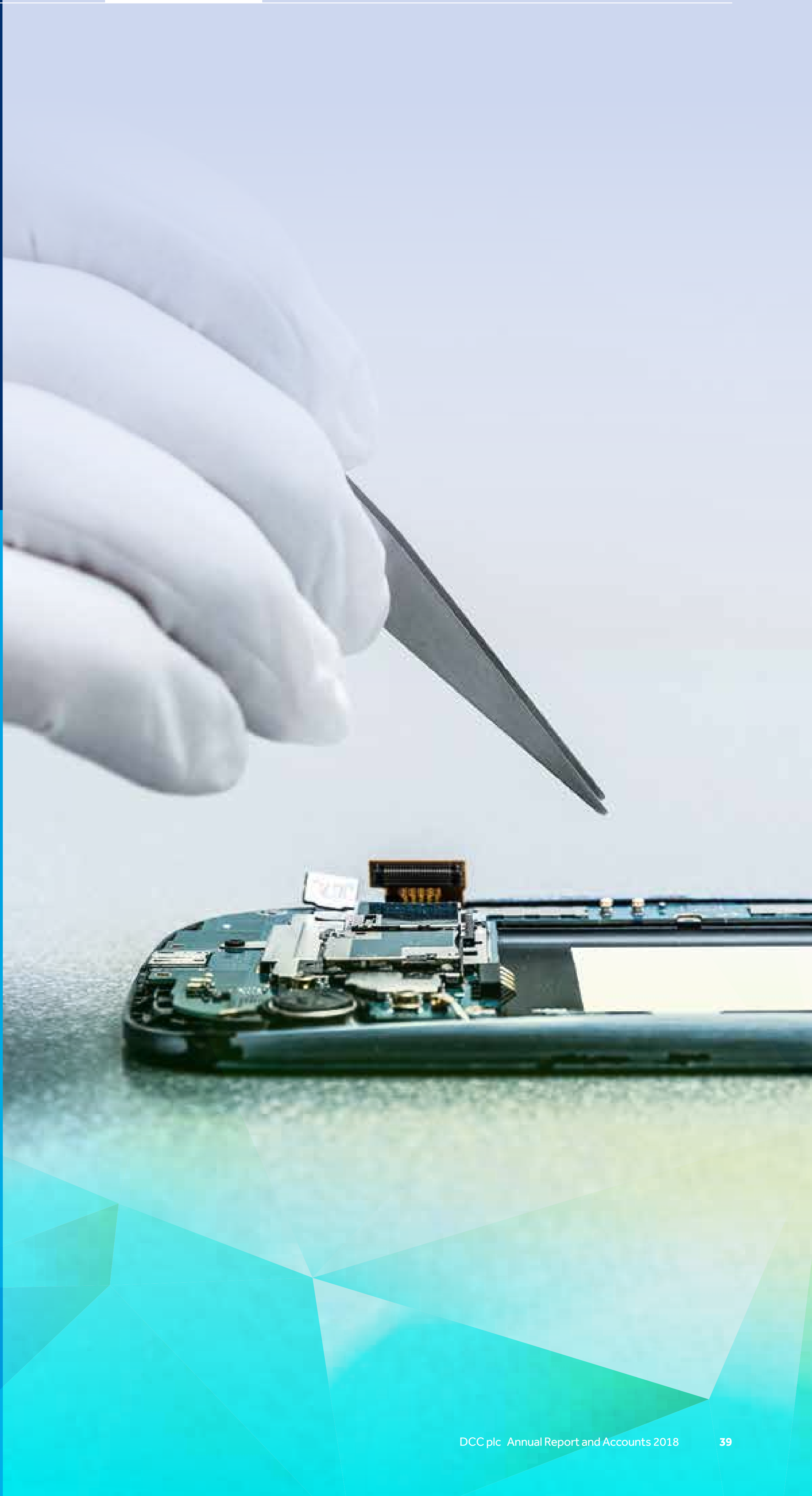
Since completion, DCC Technology has successfully marketed the MTR service offering to a number of UK retail customers, allowing them to create further efficiencies in elements of their reverse logistics processes.

DCC Technology is now investigating methods of replicating the MTR processes and systems across other Exertis locations, allowing the service offering to be rolled out to customers outside the UK. The first step in this development is in Ireland, where we have acquired premises and are beginning the roll out of the IT system.

Strategic linkage
DCC Technology has a leading position in the UK & Ireland market for IT distribution, with a strong presence in mobile distribution. Increasingly, our vendor and customer partners are seeking a variety of value added services from distributors. The acquisition of MTR develops this service offering to both customers and suppliers which will, in turn, help to strengthen our market leading position, in particular with solutions for network operators.

Market leading positions

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



Strategy in Action
People Development

Maria Hadd

Managing Director, Qstar and Swea

I joined the Qstar business, an unmanned retail station chain in Sweden, in 1998 where I built a strong knowledge of the business through holding a number of roles across different functions, including sales, marketing and business development. When Qstar joined the DCC Group in 2014, I transitioned to the Managing Director role and since then, having had prior experience of the bulk industry, I was promoted to become Managing Director of another DCC business, Swea, which distributes bulk fuel to domestic, commercial and industrial customers in Sweden.

Being part of DCC has expedited the growth not only of the Qstar and Swea businesses but it has also offered personal development opportunities. I have been afforded the opportunity to move into a larger role but have remained part of the Qstar business which I am very committed to and proud of. Qstar and Swea have very different business models, being retail and bulk businesses respectively, and this has given my new role a greater breadth of exposure.

DCC has supported me in the transition to this larger leadership role through their Leadership Development programme and the network of support that comes with being part of the DCC Group. I have built strong relationships through DCC and have leveraged other senior leaders' expertise from all across the European market.

DCC's culture balances a strong focus on drive for results together with our values of safety, integrity, partnership and excellence. This, when combined with the autonomy DCC gives its leaders to drive and operate their own businesses, results in strong and open relationships. The sense of ownership and autonomy I have to drive results, with the support of DCC behind me, is something unique.

Paul Mallon

Finance Manager, DSG Energy

I joined DCC's Group Internal Audit function in 2013. That role provided me with exposure to many of DCC's businesses and I gained insights into each of the DCC divisions, whilst establishing relationships with senior management across the Group.

DCC has a track record of accelerating the development of Group Internal Audit personnel through international assignments and promotions into Group, divisional and subsidiary roles.

My first international assignment was as a Finance Manager, based in Paris and working in the LPG and Technology divisions, where I was involved in various operational and developmental projects, involving both local senior management and divisional management. This included working on the overall integration of these businesses.

When DCC completed the acquisition of Shell's LPG business in Hong Kong and Macau, now renamed DSG Energy, I was offered a secondment where my role is to assist with the integration of the business into the Group. Having worked on many integration projects within DCC businesses, I have been able to share my knowledge and experience with the DSG Energy management team.

It is an exciting time to be part of DCC as the Group continues to grow in its existing markets as well as entering new markets in the US and Asia. DCC offers invaluable opportunities to develop your skills and experience as well as the global mind-set and the cross cultural competence needed to operate on an international basis.


Swea energi
QSTAR


DSG
ENERGY

Operating Review

DCC LPG

What we do

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

Key brands

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

* DCC owned brands.
** Operated under a long-term brand licence agreement.

How we do it

Where we do it

France No.2
- No.2 in LPG market

Britain No.2
- No.2 in LPG market

Ireland No.2
- No.2 in LPG market

USA
- Leading player in LPG market

Germany No.3
- No.3 in refrigerants market

Hong Kong and Macau No.1
- No.1 in piped LPG to apartment blocks in Hong Kong
- Leading player in the LPG market in Hong Kong and Macau.

The Netherlands Joint No.1
- Joint No.1 in LPG market

Sweden No.1
- No.1 in LPG market

Norway No.1
- No.1 in LPG market

How we create value

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

Volume (tonnes) 19.8% ↑

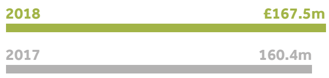
Strategic objective:
Drive increase in sales volumes

1.9m

Adjusted operating profit 4.4% ↑

Strategic objective:
Drive for enhanced operational performance

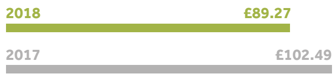
£167.5m



Adjusted operating profit per tonne

Strategic objective:
Grow adjusted operating profit per tonne

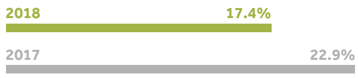
£89.27



Return on capital employed

Strategic objective:
Deliver superior shareholder returns

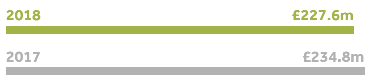
17.4%



Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

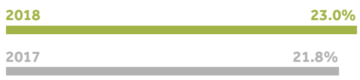
£227.6m



10 year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

23.0%



Operating Review (continued)

DCC LPG (continued)

Performance for the Year Ended 31 March 2018

DCC LPG recorded a good performance, with operating profit increasing by 4.4% (1.0% ahead on a constant currency basis), despite the anticipated headwind of an increasing cost of product and continued organic investment in its B2C natural gas and electricity offering in France. DCC LPG also made excellent progress in expanding its geographic presence, completing the acquisitions of Shell Hong Kong & Macau in January 2018, as well as TEGA in Germany and Retail West in the US, both on 31 March 2018.

The volume growth of 19.8% was driven by the prior year acquisition of Gaz Européen and the acquisition of Shell Hong Kong & Macau. Volumes grew 4.7% on a like-for-like basis, primarily reflecting strong growth in natural gas volumes and continued growth in sales of LPG to industrial and commercial customers.

As anticipated, the operating profit per tonne declined versus the prior year due to a significantly higher cost of product and the mix impact of lower margin natural gas volumes becoming more material.

The French business performed in line with expectations, benefiting from strong cost control and good margin management and the business continues to progress organic new product development and efficiency opportunities. The 'Click & Collect' concept, allowing 24/7 order and collection of cylinders using a mobile application, is being expanded to an increasing number of locations. The business also continues to invest in its B2C offering in natural gas and electricity, launched in the second half of the year, which leverages the existing B2B natural gas operating platform as well as the Butagaz brand, the most recognised gas brand in France.

In Britain, the business delivered strong organic profit growth, despite the impact of supply constraints across the industry in the peak winter season. The business delivered strong volume growth, reflecting its continued focus on converting industrial and commercial users of oil to LPG. In Ireland, the business also benefited from growth in commercial volumes, reflecting continued strong demand from existing and new customers in the sector.

In Asia, Shell Hong Kong & Macau has been successfully integrated into DCC LPG's operations and has performed in line with expectations since acquisition.

Markets and Market Position

LPG

DCC LPG supplies LPG (propane and butane) in both cylinder and bulk formats to commercial, domestic, agricultural and industrial customers across eight countries in Europe (including the newly acquired TEGA business in Germany). The geographical footprint has recently expanded beyond Europe with the recently acquired Shell business in Hong Kong & Macau and the newly acquired US based Hicksgas ('Retail West') business.

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

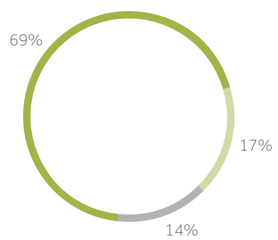
Natural Gas and Electricity

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

Industrial

The newly acquired TEGA business supplies both LPG and refrigerant gases, further expanding the industrial gas portfolio which already includes Flogas Britain's medical gas operations and the sale of LPG as an aerosol propellant in Benegas.

LPG volumes by geography



- Continental Europe/Other
- Britain
- Ireland

France

Butagaz is the second largest LPG distribution business in France where the market size is approximately 2 million tonnes. Butagaz has a market share of approximately 25% and operates from 46 depots nationally, distributing to 250,000 customers, 16,000 points of sale (cylinder resellers) and 10,000 B2B cylinder customers. We estimate that Butagaz cylinders are used by approximately 4 million end user customers annually. Butagaz has a strong supply base and sources LPG from a number of supply points across France and also from Belgium, Spain and Germany. The business has an experienced management team and a high quality sales, marketing and operating infrastructure.

Gaz Européen was acquired in January 2017 and was soon relocated to the same offices as Butagaz in Paris. The business is a specialist retailer of natural gas, focused on supplying energy management companies, apartment blocks (with collective heating systems), public authorities and the service sector in France. In October 2017 the business launched 'Butagaz Natural Gas and Electricity', a new natural gas and electricity offering for domestic consumers to leverage the strength of the Butagaz brand and the combined Gaz Européen and Butagaz experienced management teams. Gaz Européen supplies approximately 6.4 TwH of natural gas to c.10,000 sites across France.

Britain

Flogas Britain is the clear number two LPG distributor in Britain with a market share of c.30% of the addressable market of approximately 880,000 tonnes, served through a nationwide infrastructure of 57 operating locations. Flogas has successfully grown the LPG market by switching oil consumers in several industrial sectors to LPG, and by supplying LPG to support the generation of biomethane which is injected into the gas grid. In addition to LPG, the business has continued to develop its position as the leading distributor of liquefied natural gas ('LNG') as an energy solution primarily to large industrial businesses, and continues to grow its position as a distributor of natural gas to smaller commercial customers. Flogas Britain distributes medical gas to regional health authorities and also distributes a wide range of LPG fuel appliances such as mobile heaters and barbecues, as well as renewable products.

Following the completion of recent acquisitions, DCC LPG has operations across ten countries and is very well placed to continue its development in existing territories, in both LPG and related adjacencies, as well as further developing its geographic footprint.

Case study:

Gaz Européen acquisition and leveraging the Butagaz brand for B2C

DCC completed its largest acquisition to date in November 2015 when it acquired the French based Butagaz LPG business from Shell. The transaction provided DCC with a substantial presence in the French LPG market, an experienced management team and a high-quality sales, marketing and operating infrastructure.

One of the key strengths identified during the acquisition of Butagaz was its brand recognition amongst French gas consumers generally.

Butagaz identified that more than 10 years after the natural gas and electricity markets opened to competition in France, a significant majority of French households were still contracted to former monopolies under regulated tariffs despite other more competitive alternatives. Consumers were either unaware that more competitive offerings were available or they had concerns about the quality and reliability of these suppliers.

Butagaz believed that its 85 years of experience in marketing high quality energy services to the residential consumer, underpinned by its well recognised brand, could be leveraged to develop a successful offering in the complementary natural gas and electricity markets.

In January 2017, Gaz Européen, a supplier of natural gas to property management and co-op organisations in France, was acquired. By June 2017, Gaz Européen launched an electricity offering initially to these same customers before extending the offer to all B2B customers. A new natural gas and electricity offering for private individual consumers was developed and launched as 'Butagaz Natural Gas and Electricity' in October 2017.

The natural gas and electricity offering to businesses continues to grow strongly and the new private consumer offering has been well received with significant growth targeted for FY2019.

Operating Review (continued)
DCC LPG (continued)

Ireland
Flogas Ireland, operating in both the Republic of Ireland and Northern Ireland, is the number two LPG distributor in Ireland and has continued to grow organically to an estimated 42% share of the addressable market of approximately 215,000 tonnes. The business operates from six depots throughout the country including three importation facilities. Similar to Flogas Britain, the business has successfully generated organic growth by moving industrial energy consumers across to LPG.

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

Flogas Ireland has organically developed a natural gas business and in the year to 31 March 2018 supplied 2.1 TwH (FY17: 1.9 TwH) of natural gas to approximately 48,000 customers across the island of Ireland. The business is a leading supplier of natural gas to SME customers as well as a modest position in the domestic supply sector. Flogas Ireland also provides a dual fuel offering to its commercial customers through its electricity business.

USA
DCC LPG completed the acquisition of Hicksgas LLC ('Retail West' division) from NGL Energy Partners on 31 March, 2018. The business is headquartered in Illinois employing 390 people. Annual sales of 130,000 tonnes of LPG are made to over 65,000 customers from 43 customer service locations and 58 satellite facilities with market leading positions in three states and further operations in seven other states across the Mid-West and North-West regions.

The business trades under three key regional brands, Hicksgas, Pacer Propane and Propane Central and has a well-invested asset base supporting the business through a fleet of 150 company owned vehicles and 100 bulk storage facilities.

Germany
On 31 March 2018 DCC LPG completed the acquisition of the LPG and refrigerant gas distribution business Tega-Technische Gase und Gasetechnik GmbH in Germany ('TEGA'). The business is headquartered in Würzburg and employs c.100 people across five operating sites, largely in southern Germany.

This acquisition provides an opportunity to gain a material foothold in the fragmented German LPG market and is a first step into the evolving refrigerants market. Annual revenues of c.€75 million are evenly split between LPG and refrigerants. The LPG business supplies c.35,000 tonnes annually to c.15,000 domestic and commercial customers. The refrigerant gases are supplied to wholesalers and end-users for use in air-conditioning, commercial cooling systems and refrigerators. The business operated previously on a standalone basis within the Linde Group and the highly experienced management team has been retained post completion to continue to grow and develop the business.

Hong Kong and Macau
In January 2018, DCC LPG completed the acquisition of Shell's LPG business in Hong Kong & Macau. The business was renamed as 'DSG Energy Limited' and continues to distribute Shell branded LPG, under a long-term brand licence agreement with Shell. Based out of a new headquarters in Kowloon, the business employs 47 people and is supplied via the Shell terminal and filling plant on Tsing Yi Island and distributes c.75,000 tonnes of Shell branded LPG annually.

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

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

Sweden & Norway
In Sweden and Norway, Flogas operates from eight third party operated locations which include three key importation facilities. Flogas is the market leader in both these markets, distributing LPG to large steel and industrial customers as well as residential heating, and has 44% and 41% market shares in Sweden and Norway respectively. The addressable market is estimated to be approximately 350,000 tonnes in Sweden and 205,000 tonnes in Norway.

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

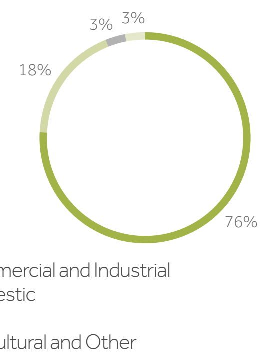
- target oil to LPG conversions;
- target market share gains on a segment by segment basis, particularly commercial bulk, refrigerants and industrial gases;
- cross sell complementary green/renewable energy products;
- optimise efficient use of assets across our businesses;
- leverage our strong brands by selling add-on/related products e.g. natural gas, LNG; and
- expand into new geographies.

DCC LPG will further leverage our strong market positions in LPG by driving organic profit growth on a sector by sector basis. Building on recent success, we will continue to target growth by promoting LPG to industrial and commercial entities looking to switch to more environmentally friendly and competitively priced energy sources. We will also seek to expand into related product areas as demonstrated by the recent acquisition of TEGA's refrigerants business and into new geographic markets, as the recently completed acquisition of DSG Energy (Hong Kong & Macau), Retail West (USA) and TEGA (Germany) demonstrate.

Operationally, the division will continue to look to develop innovative solutions to drive efficiencies and growth such as the 'Click & Collect' cylinder collection solution in Butagaz, the new B2C offering in Gaz Européen and further expansion into new adjacencies such as refrigerants in TEGA.

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

LPG volumes by customer type



Suppliers

As with its customer base, DCC LPG's supplier portfolio is broadly based. The top five suppliers represent less than 50% of total volumes supplied with no one individual supplier accounting for more than 20% of volumes supplied in the current year. The major suppliers to the division are Esso, BP, Gunvor, Philips66, Shell, Sinopec, Statoil, Total and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have continued to strengthen these relationships during the year.

Our People

DCC LPG's business is focused on developing processes and practices that ensure the well-being, development and engagement of our people and to ensure that we deliver the service levels expected by our customers in a safe way, every day. DCC LPG continues to invest in both developing our highly experienced and ambitious management teams and also in providing increased opportunities through our expanding geographic footprint.

DCC LPG currently employs 2,619 people.

Health & Safety

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

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

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

Key Risks

DCC LPG sold 1.9 million tonnes of product during the year ended 31 March 2018 and the businesses operate with inherent risks to the environment and people. Ensuring that our businesses maintain rigorous health and safety standards is one of our core business principles. Our focus is on reinforcing the 'Safety F1rst' programme and to continually drive improvement through robust audit and review processes, quarterly communications campaigns and enhanced reporting structures.

DCC LPG's expansion in to new territories including Hong Kong (DSG Energy), the US (Retail West) and Germany (TEGA) increases the already broad customer base and reduces the concentration on a single geographical location. The expanded geographical spread brings new challenges from a cultural, governance and regulatory perspective but also mitigates the impact from localised economic cycles or changes to the market dynamics, including increased taxation of fossil fuels.

A significant proportion of DCC LPG's volumes and margins are generated through the sale of heating dependent products. Whilst localised weather events can result in disruption to supply as well as cost of product and volume volatility, the increased geographical spread mitigates the risk at a divisional level. The TEGA industrial/refrigerant gas business expands the non-heating product offering and provides management expertise for further industrial gas growth.

Cognisant of the fact that it has been a record year of acquisition activity in DCC LPG, DCC Group management resources have been made available to the recently acquired businesses. This 'in country' support provides assistance to the businesses and facilitates the sharing of best practice whilst also allowing the Group to monitor progress towards a successful integration process.

Environment

DCC LPG recognises the reality of climate change and the challenges arising from changing weather patterns and more frequent weather events. Government responses to climate change include levies and taxes on carbon emissions, incentives for renewables and energy efficiency technologies and setting long-term carbon reduction targets. At the same time, economies rely on fossil fuel derived energy to function and grow. DCC LPG is committed to assisting our customers to reduce their environmental impact. This is being achieved through offering our customers cleaner, more efficient fuels and innovative solutions, enabling customers to monitor their own energy use and quantify carbon emissions.

All unplanned releases have the potential to cause local damage so in the event of any unplanned release occurring, immediate action is taken to minimise the impact on the surroundings and to identify the root causes of any incidents. No significant unplanned releases occurred in the year.

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

DCC LPG will further leverage our strong market positions in LPG by driving organic profit growth on a sector by sector basis. Building on recent success, we will continue to target growth by promoting LPG to industrial and commercial entities looking to switch to more environmentally friendly and competitively priced energy sources.

Operating Review

DCC Retail & Oil

What we do

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

Key brands

Retail Brands
Esso, Gulf, Shell, Qstar*, Great Gas*.

Fuel Card Brands
BP, Diesel Direct, Esso, Fastfuels, Gulf, Shell, Qstar*.

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

* DCC owned brands.

How we do it

Where we do it

Britain — No.1

- No.1 in oil distribution
- Leading operator of unmanned retail petrol stations
- Leading reseller of fuel cards

Denmark — No.2

- No.2 in oil distribution
- Leading operator of retail petrol stations

Norway — No.3

- No.3 operator of retail petrol stations

France — No.1

- No.1 operator of unmanned retail petrol stations

Sweden — No.1

- No.1 in oil distribution
- Leading operator of unmanned retail petrol stations

Austria — No.2

- No.2 in oil distribution

Ireland

- Leading player in oil distribution

How we create value

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

Volume (litres) 6.4% ↑

Strategic objective:
Drive increase in sales volumes

12.3bn litres

2018 12.308bn litres
2017 11.572bn litres

Adjusted operating profit 20.4% ↑

Strategic objective:
Drive for enhanced operational performance

£113.8m

2018 £113.8m
2017 £94.5m

Adjusted operating profit per litre

Strategic objective:
Grow adjusted operating profit per litre

0.92 pence

2018 0.92p
2017 0.82p

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

18.7%

2018 18.7%
2017 19.8%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£162.4m

2018 £162.4m
2017 £146.6m

10 year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

13.9%

2018 13.9%
2017 17.9%

Operating Review (continued)

DCC Retail & Oil (continued)

Performance for the Year Ended 31 March 2018

DCC Retail & Oil had an excellent year, with operating profit increasing to £113.8 million, 20.4% ahead of the prior year (18.0% ahead on a constant currency basis). The strong performance reflects organic profit growth across all territories and acquisitions completed in the current and prior year.

DCC Retail & Oil sold 12.3 billion litres of product during the year, an increase of 6.4% over the prior year, driven by the prior year acquisition of Dansk Fuels and the acquisition of Esso Retail Norway in October 2017. Organic volumes were in line with the prior year.

In the UK and Ireland, the business delivered strong organic profit growth and benefited modestly from good heating oil demand following a marginally colder than average winter. The business continues to make good progress in developing its business in differentiated premium products, cross-selling value added products and services, such as telemetry, and developing in adjacent product areas such as lubricants and aviation. The business also continued its plans to organically invest in developing an unmanned retail network in the UK and Ireland and now has 39 unmanned sites, with a pipeline of further sites under consideration.

The Fuel Card business performed well, delivering organic profit growth whilst also expanding its operations organically into the German and French markets during the year.

In May 2018, DCC Retail & Oil acquired SNAP, an end-to-end transaction processing and payment system for HGV fleets. The business facilitates cashless payments through licence plate recognition for services to HGV fleets at truck stops. The business, although modest, is growing strongly and will be complementary to the existing retail and oil businesses.

A strong performance in the Danish business reflected organic growth in commercial, agricultural and domestic volumes and a full year's contribution from Dansk Fuels, which has been fully integrated. The Danish business now has leading market positions across the domestic, agricultural, commercial and aviation markets, in addition to operating 144 retail sites under the Shell brand. In France, the business delivered good profit growth while operating in a more competitive environment and continued to invest in both its customer proposition and upgrading its sites. In October 2017, DCC Retail & Oil completed, ahead of schedule, the acquisition of Esso's retail network in Norway. The business has now been integrated into DCC Retail & Oil's retail operating infrastructure, enabling management to commence driving improvements in what is a difficult market environment. The businesses in both Sweden and Austria performed well during the year.

Following a strategic review of the market position and invested capital of the business in Northern Ireland, DCC Retail & Oil completed the sale of its fuel storage terminal and distribution business in Northern Ireland in April 2018. The business sold approximately 250 million litres of volume in the year ended 31 March 2018.

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

Markets and Market Position

Retail and Fuel Card

The Retail business operates 1,038 retail petrol stations in France, Sweden, Norway, Denmark, Ireland and Britain and is one of the leading resellers of branded fuel cards in Britain.

Retail – Norway

In October 2017, DCC Retail & Oil announced that it had completed the acquisition of Esso's retail petrol station network in Norway ('Esso Retail Norway'). Following a successful integration of the business into the retail hub based in Drogheda, north of Dublin, Ireland, the business began trading for the final five months of FY2018. The acquisition represented DCC Retail & Oil's second major acquisition from Esso, following on from the acquisition of the French retail station network in 2015. The Esso network in Norway comprises 117 company-operated stations with convenience stores operated in partnership with Norgesgruppen, the largest grocery retailer and wholesaler in Norway, and an unmanned network of 21 stations. The business has contracts to supply a further 114 Esso branded dealer-owned stations, selling approximately 600 million litres per annum.

The network is the third largest in the market with 4 key players including Circle K, St1, Uno-X and Esso Retail Norway where we have approximately 20% market share based on retail volume.

Retail – France

The Esso Retail France business comprises the Esso unmanned retail petrol station network (272 stations), the Esso motorway concessions network (46 stations) and supply to a further 66 Esso branded dealer owned stations and sells approximately 1.7 billion litres of diesel and petrol to consumers across France. The business operates from its office in Paris with pricing, supply and back office support provided by the retail hub based in Drogheda, north of Dublin, Ireland.

Hypermarkets have a strong presence in the French retail market with a combined market share of approximately 60% and Total is the largest individual network in the market with an estimated 24% market share. Esso Retail France's market share in terms of volumes is approximately 4%, however it is the market leader in France in terms of unmanned petrol stations.

Retail – Sweden

Trading under the Qstar brand, DCC Retail & Oil sells approximately 360 million litres of product per annum. Qstar provides national coverage through a network of 335 unmanned forecourts which is complemented by an additional 44 dealer-operated retail petrol stations trading under the Bilisten and Pump brands.

The Qstar network is the fifth largest petrol retailer in Sweden and holds approximately 14% of the total share of sites in the market. The four largest players (Circle K, Preem, St1 and OKQ8) hold a combined market share of approximately 80% in terms of site numbers.

Retail – Denmark

The Danish Shell-branded retail petrol network includes 51 unmanned sites operated under the Shell Express brand, 60 company-operated sites under the 7-Eleven brand, 33 company-owned sites operated by franchisees and contracts to supply 82 dealer owned sites. The business was fully integrated into DCC's pricing, supply and back office hub in Drogheda, Ireland during the first half of FY2018. The business sells approximately 490 million litres of diesel and petrol to consumers across Denmark.

Circle K is the largest player in the Danish retail market with a market share of c.32%. DCC Retail & Oil is the fifth largest player in the Danish market with a market share of 11%.

Fuel Card – Britain

DCC Retail & Oil is one of the leading resellers of branded fuel cards in Britain. The business sells approximately 1 billion litres of transport fuels annually and provides its customers with access to the breadth of the British retail petrol station and bunker networks through its portfolio of fuel cards under the BP, Esso, Shell, Texaco, Allstar and Diesel Direct brands. The business continues to expand in Britain, opening its sixth sales office in Halifax during the year and recently opened a new sales office in Essen, in Germany. As well as selling fuel cards, which are an essential tool for commercial organisations to manage their transport fuel costs, DCC also provides an innovative range of value added services to help further minimise spend on transport fuels.

Oil

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

Oil – Britain

DCC Retail & Oil has been the consolidator of what was, and continues to be, a highly fragmented oil distribution market in Britain. DCC Retail & Oil first entered the market in September 2001 with the acquisition of BP's business in Scotland and since then has acquired and integrated 39 businesses including the oil distribution businesses of Shell (2004), Chevron Texaco (2008) and Total (2011). DCC Retail & Oil has grown to become, by far, the largest oil distributor in Britain. DCC's addressable market in Britain comprises transport fuels and heating oils to commercial, industrial, domestic, agricultural and dealer-owned petrol stations and is estimated to be approximately 35 billion litres. In the year ended 31 March 2018, DCC Retail & Oil's oil distribution business in Britain sold 5.4 billion litres of product, giving it a market share of approximately 15%.

The total retail petrol station market in Britain is approximately 36 billion litres with 44% of volumes sold through supermarket sites, 18% through company-owned and operated stations and 38% through independent dealer owned stations. DCC Retail & Oil operates in the independent dealer-owned segment of the retail market and now has approximately 460 Gulf branded retail sites to which DCC supplies in Britain. DCC Retail & Oil has a market share of c.3% of the total market and supplies to approximately 11% of the dealer network.

Case study:

Cold Weather Priority initiative in Certas UK

According to the National Institute of Clinical Excellence (NICE), there are around 40,000 'excess' or avoidable winter deaths in the UK each year and that over 80% of these deaths occurred in people aged 75 and over.

The Cold Weather Priority ('CWP') scheme identifies people who may be susceptible to colder conditions, enabling fuel suppliers across the UK to know exactly who may be at risk, allowing them to take proactive steps to ensure fuel deliveries to these customers in times of fuel shortages or extreme cold weather conditions. Importantly, it costs customers absolutely nothing to be part of the CWP initiative.

CWP addresses a fundamental societal need, to protect those most vulnerable in the coldest conditions. Off grid fuel is delivered in batches and it is vital to ensure that those most in need do not run dry. The initiative itself identifies this group and places flags on the core business systems by which orders are taken, routed and processed. We have ensured that CWP is fully compliant with all data protection legislation, that customer consent to CWP is obtained and that we provide such customers wherever possible with relevant associated services such as tank telemetry for automatic fuel level readings.

The objective of CWP is to assist in reducing the number of excess winter deaths by ensuring that deliveries of fuel are prioritised to the most vulnerable. We have also worked collaboratively with the National Fire Chiefs' Council to build into CWP, referrals to local Fire and Rescue services for their 'Safe & Well' visits, adding another layer of care for this group.

Operating Review (continued)

DCC Retail & Oil (continued)

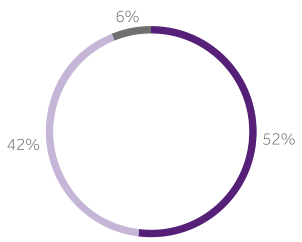
Oil – Continental Europe

DCC's Swedish oil distribution business, Swea, is the market leader in Sweden with a share of approximately 18% of the addressable market which is estimated at 2 billion litres. The addressable oil distribution market in Austria is estimated at 5 billion litres and DCC's subsidiary, Energie Direct, is number two in this market with a share of 17%. In Denmark, the addressable oil distribution market is estimated at 2 billion litres, of which DCC Energi Danmark has a market share of 24% making it the number two oil distributor. DCC Energi Danmark is also the second largest operator in the Danish aviation market, operating in 7 of the 8 largest Danish airports, with a market share of 19%.

Oil – Ireland

Emo Oil is one of the leading oil distributors in the Republic of Ireland with a market share of 8%. DCC's addressable oil market in Ireland is estimated to be 6.5 billion litres. In April 2018, DCC Retail & Oil completed the disposal of its Northern Irish oil distribution activities. The decision to exit its oil distribution activities in Northern Ireland was made following a strategic review of the business. DCC will continue to operate and supply its network of Emo branded retail petrol stations in the Northern Irish market.

Retail & oil total volumes by business type



- Retail
- Fuel Card
- Oil

The Retail business has been significantly strengthened by acquisitions over the last three years including Esso's retail petrol station networks in Norway and France, and Shell's retail petrol station network in Denmark.

Strategy and Development

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

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

Retail and Fuel Card

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

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

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

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

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

In Fuel Card, DCC Retail & Oil is continuing to target high levels of organic growth through our extensive telesales team and by cross selling fuel cards to our broad oil distribution customer base. The Fuel Card business has expanded its customer offering by providing innovative products to customers such as 'CO_2Count' and 'Mileage Capture' which provide customers with key information on fuel consumption and emissions to allow them to better manage their businesses.

Oil

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

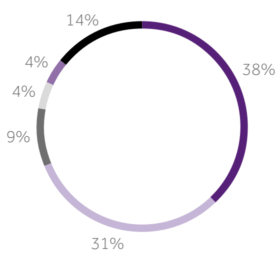
- continuing to consolidate existing oil markets to drive greater customer density and logistics efficiencies;
- focusing on the non-heating dependent segments of the market;
- expanding sales of differentiated products; cross sell add-on products and services e.g. lubricants, heating services;
- optimising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

DCC Retail & Oil's strategy for oil distribution in Britain is to continue to grow its market share (currently 15%) to in excess of 20% of its addressable market. Key to achieving this target is growth in transport fuels with a particular focus on retail petrol stations (where the business has been actively rolling out the Gulf brand in both the dealer and unmanned networks and now has 460 Gulf branded sites supplied) and the marine and aviation sectors.

Customers

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

Retail & oil total volumes by customer type



- Commercial & industrial
- Retail
- Domestic
- Agricultural
- Marine
- Other

Suppliers

As with its customer base, DCC Retail & Oil's supplier portfolio is broadly based. The top five suppliers represent approximately 58% of total volumes supplied with no one individual supplier accounting for more than 17% of volumes supplied in the current year. The major suppliers to the division are BP, Essar, Esso, Ineos, Greenergy, Mabanaft, OMV, Philips66, Shell, St1, Statoil, Total, Preem and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have continued to strengthen these relationships during the year.

Our People

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

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

DCC Retail & Oil currently employs 3,550 people.

Health & Safety

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

All Retail & Oil businesses use DCC's 'Safety F1rst' initiative to raise safety awareness and promote safe behaviours.

Key Risks

DCC Retail & Oil sold 12.3 billion litres of product during the year ended 31 March 2018 and the businesses operate with inherent risks to the environment and people. Ensuring that our businesses maintain rigorous health, safety and environmental standards is one of our core business principles. Having rolled out our Safety F1rst campaign across the business, the focus is now on reinforcing the programme through quarterly communications campaigns to ensure we drive continued improvement and maintain momentum.

DCC Retail & Oil has a broad customer base across a number of geographies and many of the economies in which the division operates have recovered since the financial crisis. However, a deterioration in this economic recovery and its impact on consumer spending and confidence is a key risk faced by the business.

A significant proportion of DCC Retail & Oil's volumes and margins are generated through the sale of heating dependent products and, accordingly, the division can be impacted by significant movements in weather conditions. The strategic focus has been to reduce the heating dependence of the division through the development of the non-heating segments of the business while also ensuring that investors have a clear understanding of the heating dependencies in the business. The acquisitions of the Esso retail petrol station networks in France and Norway, Qstar in Sweden, and the Shell retail petrol station business in Denmark have been key building blocks in this strategy.

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

- a low cost retail platform;
- investment in high quality retail assets;
- partnerships with world class brands;
- a well-balanced network comprising urban, rural and HGV/motorway sites; and
- a track record of margin management

all leave the Group well positioned to deliver strong and sustainable returns on its invested capital despite the potential impact on demand.

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

Environment

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

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

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

DCC Retail & Oil has been highly acquisitive over the last number of years and ensuring the smooth integration of these acquisitions is critical to the success of the division.

Operating Review

DCC Healthcare

What we do

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

DCC Vital

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

Key Brands (own and third party)

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

* DCC owned brands.

DCC Health & Beauty Solutions

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

Key Brands

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

How we do it

DCC Vital

Our suppliers

Third party brand owners

Own brand products

Our activities

Sales marketing and distribution

Portfolio development

Procurement

Vendor management

Supply chain management and logistics services

Our customers

Hospitals

Pharma retailers and wholesalers

Primary care (GPs and Community Care)

DCC Health & Beauty Solutions

Our services

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

Our customers

Health & beauty brand owners

Specialist health & beauty retailers

Direct sales/ mail order companies

Where we do it

Principal operating locations based in Britain, Ireland and USA, servicing domestic and international customers.

Britain **No.1**

- No.1 supplier to GPs
- No.1 in health & beauty contract manufacturing

Ireland **No.1**

- No.1 supplier of devices and pharma to hospitals

How we create value

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

Revenue 1.6% ↑

Strategic objective:
Drive for enhanced operational performance

£514.6m

2018 £514.6m
2017 £506.5m

Adjusted operating profit 11.0% ↑

Strategic objective:
Drive for enhanced operational performance

£54.3m

2018 £54.3m
2017 £49.0m

Operating margin

Strategic objective:
Grow operating margin

10.6%

2018 10.6%
2017 9.7%

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

16.7%

2018 16.7%
2017 17.5%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£46.5m

2018 £46.5m
2017 £56.6m

10 year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

15.2%

2018 15.2%
2017 14.0%

Operating Review (continued)

DCC Healthcare (continued)

Performance for the Year Ended 31 March 2018

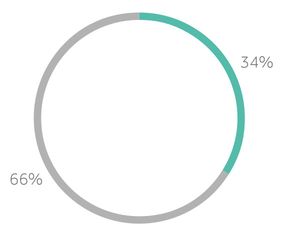
DCC Healthcare again delivered strong growth, with operating profit increasing by 11.0% (10.6% ahead on a constant currency basis), with approximately half of the growth being organic. The business continued to improve its operating margin and also completed the acquisition of Elite One Source in January 2018, its first acquisition in the large and growing health supplements market in the US.

DCC Vital performed very strongly and benefited from the prior year acquisition of Medisource and good organic growth in medical devices. In the British primary care sector, DCC Vital enhanced its position as the market leader in the supply of medical consumables and equipment to GP surgeries with the completion of two small complementary bolt-on acquisitions. The integration of both acquisitions into DCC Vital's existing infrastructure is progressing to plan. DCC Vital's pharma activities also performed well, benefiting from the strength of its supply chain for certain essential medicines. A strong performance in the Irish business reflected a full year contribution from Medisource, acquired in January 2017, and continued strong growth in the supply of medical devices to the hospital and community care sectors. DCC Vital's operating margin was further enhanced by exiting the supply of certain low value commodity products into hospitals in Britain, continuing the product portfolio streamlining of prior years.

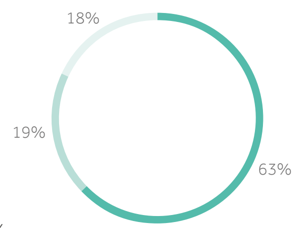
DCC Health & Beauty Solutions generated excellent organic growth in the nutrition sector and benefited from the acquisition of Elite One Source in January 2018, which has performed in line with expectations since acquisition. The organic growth was driven by the continued focus on complex product formulations, particularly soft gels, and benefited from increasing end-user demand for nutritional products in DCC Health & Beauty Solutions' key markets of Europe, the US and Asia. In the beauty sector, while the overall performance was held back somewhat due to destocking by certain customers, the business benefited from excellent growth in sachet filling and also generated a number of new business development opportunities during the second half of the year.

DCC Health & Beauty Solutions is continuing to progress a number of investment projects across its manufacturing facilities in Britain and in its recently acquired facilities in the US, which will add new capacity and product capability, enhancing its ability to meet the growing market demand for its services.

Revenue by business



Revenue by geography



Markets and Market Position

DCC Vital – sales, marketing and distribution to healthcare providers

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

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

While maintaining our market leading position as a third-party distributor of medical devices in Ireland, DCC Vital continues to strengthen its offering of own brand products which now account for approximately 40% of DCC Vital's gross profit generated from medical devices. The acquisition of the Skintact and Espiner brands in recent years has provided DCC Vital with a base from which to develop its portfolio of own brand medical devices and to grow its sales in Britain and internationally. DCC Vital has successfully launched own brand IV products in the UK market and is seeking US FDA approval in order to launch the Espiner minimally invasive surgery products in the US market.

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

DCC Vital is the market leader in the supply of medical consumables, equipment and services to GPs in Britain and has a growing presence in the developing community healthcare sector. DCC Vital services a customer base of some 9,000 GP surgeries and other primary healthcare providers through a highly effective telesales and e-commerce based customer contact centre in Wales, in addition to field based engineers and key account managers. During the year, DCC Vital further strengthened its leadership in GP supplies with the acquisition of two small complementary businesses (On Call Medical and Surgery Express). These acquisitions are being integrated into DCC Vital's existing GP supplies activities, expanding its customer base and enhancing its product offering, as well as generating cost synergy opportunities. DCC Vital has continued to build market share in the provision of medical supplies to GPs in Ireland, leveraging the commercial and operational strengths of the British business.

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

DCC Vital also has a leadership position in the specialist procurement and sale of exempt medicinal products ('EMPs') in Ireland, following the acquisition of Medisource in 2017. EMPs are pharmaceutical products which are imported into a market with the authorisation of the relevant regulatory authority (the Health Products Regulatory Authority in Ireland) in order to meet requirements of specific patients where no suitable licensed product is available in that market. The products are typically licensed in another jurisdiction. Medisource has performed well since acquisition, maintaining its leadership position in Ireland which is based on its excellent customer service and strong network of international suppliers.

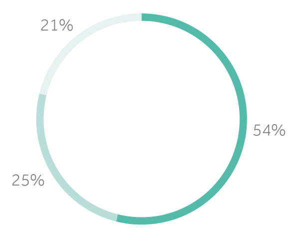
DCC Vital has the most comprehensive sales channel coverage in the British and Irish healthcare markets selling into the hospital, retail pharmacy, GP and community care channels. DCC Vital's unrivalled market coverage enables the business to provide holistic solutions to addressing the healthcare market in Britain and Ireland. DCC Vital is also a leading provider of value added logistics services in Britain, providing innovative stock management and distribution services to hospitals and healthcare brand owners/manufacturers, focused principally on operating theatre supplies.

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

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

Competitors in this market sector include global healthcare companies as well as a large number of smaller pharmaceutical, medical and surgical brand owners, manufacturers and distributors.

DCC Vital gross profit by channel



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

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

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

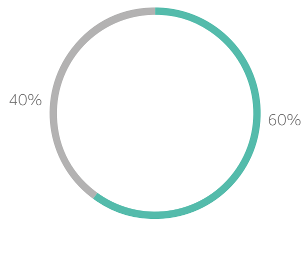
DCC Health & Beauty Solutions has capability across a wide variety of product formats (tablets, soft gels, capsules, creams and liquids) and packaging formats (pots, blisters, sachets, bottles, tubes, pumps and sprays). The business operates five Good Manufacturing Practice ('GMP') certified facilities in Britain, four of which are licensed by the Medicines and Healthcare products Regulatory Agency ('MHRA') and following the acquisition of Elite, one facility in Missoula, Montana. The US facility complies with FDA cGMP (current Good Manufacturing Practices) and Health Canada standards and is also certified by leading third party regulatory bodies including NSF and USDA Organic. Elite's facility is well-invested with significant scope to expand capacity to meet its organic growth plans. DCC continually invests in its manufacturing facilities to expand capacity and enhance its service offering to customers.

Operating Review (continued)
DCC Healthcare (continued)

DCC Health & Beauty Solutions has built a reputation for providing a highly responsive and flexible service to its customers and for assisting customers in rapidly bringing new products from marketing concept through to finished, shelf-ready products. The business has strong market shares in Britain, Scandinavia and Benelux and is building market share in Continental Europe (especially in Germany, France and Poland) and now in the US.

Our competitors include Catalent, Aenova, IVC Brunel and Ayanda in nutrition in Europe and LF Beauty and Swallowfield in creams and liquids in Britain.

DCC Health & Beauty Proforma revenue by product category



In January 2018, DCC Health & Beauty Solutions entered the US market through the acquisition of Elite One Source Nutritional Services, Inc ('Elite'), a leading provider of contract manufacturing and related services to the healthcare and dietary supplements market in the US.

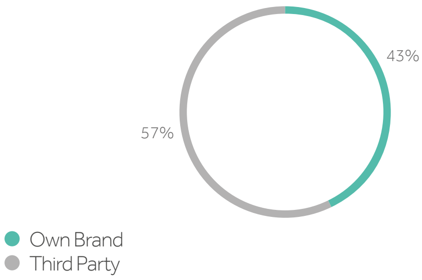
Strategy and Development

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

DCC Vital

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

DCC Vital gross profit by brand



Our ongoing targeted acquisition activity, with strong valuation discipline and integration execution, has resulted in a significant expansion of DCC Vital's market coverage in Britain and a broader product portfolio, together with profit growth and increased returns on capital.

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

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

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

DCC Health & Beauty Solutions

DCC Health & Beauty Solutions has an excellent track record of growth, the majority of which has been organically driven. The scale of the business has increased significantly over the last number of years with operating profits more than doubling over the last 4 years. Operating margins have grown consistently as the business focuses on higher value, more complex products.

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

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

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

Customers

DCC Vital services in excess of 15,000 customers across all channels to market (public and private hospitals, procurement groups, retail pharmacies, pharma wholesalers, community healthcare providers and GPs) in Britain and Ireland as well as international distributors. DCC Vital has significantly enhanced its market coverage in recent years to offer unmatched primary and secondary care access in Britain and Ireland.

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

DCC Healthcare has a broad customer base and its ten largest customers account for approximately 22% of revenue in the year ended 31 March 2018.

Suppliers

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

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

DCC Healthcare's supplier portfolio is broadly based with the top ten suppliers representing approximately 20% of purchases in the year ended 31 March 2018.

Our People

DCC Healthcare employs 2,176 people, predominantly based in Britain, Ireland and the US, led by strong, entrepreneurial management teams. Developing and investing in our people is a critical enabler of DCC Healthcare's strategy. DCC Healthcare is focused on developing talent and actively supports, and has benefited from, the DCC Graduate Programme. Ongoing training and development is particularly essential in the highly regulated healthcare sector. We continually invest in ensuring that our people are experts in their respective product or service areas, and are fully conversant with the relevant regulatory frameworks within which the business operates. DCC Healthcare's businesses conduct local training programmes with an emphasis on driving performance improvement in these businesses. Training focuses on safety, supervisory, environmental, technical and leadership skills. These training programmes are reviewed on an ongoing basis to ensure they meet the changing business environment and continue to deliver value.

Continuous improvement in our safety performance is a key priority within DCC Healthcare, Safety is embedded in everything we do within our operations and driving a culture of 'safety first' across our business is a key objective for all our employees. There is ongoing employee engagement within each business including regular 'safety conversations' across each of the sites, processes to identify and minimise risks, increased near miss reporting by employees and monitoring of safety performance and objectives at management meetings. Safety F1rst (the brand used across our business to support safety communication) has clear leadership from the top and buy-in across the businesses. Safety is a key theme in our monthly reporting and senior management across all our businesses are actively involved in the safety programme including participating in regular management safety 'walk-arounds' in their businesses.

Key Risks

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

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

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

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

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

Operating Review (continued)
DCC Healthcare (continued)

Environment
DCC Healthcare is focused on improving the environmental sustainability of its businesses and range of products and services. Many of our customers monitor our progress in this area and are keen to see their business and brands share in the successes we have delivered, particularly in the area of carbon footprint reduction, use of products that are sourced from sustainable sources and reduced waste to landfill. DCC Healthcare has continued to progress energy management initiatives, particularly at our contract manufacturing sites, including the installation of wind turbines at one of our sites, installation of LED lighting across a number of sites and the optimisation of cleaning water temperatures. We have also undertaken a number of projects to install voltage optimisation technology in some of our manufacturing sites. This technology allows us to regulate, clean and condition the incoming power supply in order to reduce the voltage supplied to the optimum level for the on-site electrical equipment. All of these projects will deliver further reductions in carbon emissions, energy use and costs. Our contract manufacturing business continues to enhance its procurement capability of sustainable ingredients and now sources raw materials certified by Friends of the Sea and the Marine Stewardship Council and glycerol from sustainable palm oil.

DCC Healthcare is focused on improving the environmental sustainability of its businesses and range of products and services.

Case study:
Growing our own brand offering

DCC Vital has a strong track record of growth in the sales, marketing and distribution of medical and diagnostic products.

DCC Vital represents many leading medical device brands in the UK and Ireland, whilst also offering a range of own Fannin brand products.

Following a market review, DCC Vital identified an opportunity to enter the Intravenous ('IV') and Gravity Blood Set segment of the UK market. This segment was traditionally dominated by leading international medical device manufacturers. Working with a manufacturing partner with the appropriate expertise and high quality standards, DCC Vital developed a complete product range which met the requirements of NHS healthcare professionals and offered a strong economic value proposition. DCC Vital's strength in regulatory affairs meant that CE mark approval was achieved promptly.

Coincidently, the Fannin IV and Gravity Blood Set range was launched at a time when a brand leader was experiencing supply issues. A robust supply chain, the ability to move quickly and the capacity to invest in inventory allowed DCC Vital to capitalise on this opportunity and build market share rapidly. In-depth market knowledge, combined with strong relationships with NHS Trusts has ensured continued market share growth and now in excess of 100 hospitals and private healthcare groups in the UK are using these products. Since launch, the product offering has been further expanded in response to patient and customer needs.

Operating Review

DCC Technology

What we do

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

Key brands

Acer, Apple, Asus, Dell, Epson, Huawei, Intel, Lenovo, LG, Logitech, Microsoft, MSI, Netgear, Nokia, Plantronics, Samsung, Seagate, Sonos, Toshiba and Western Digital.

How we do it

Our suppliers

400+ Global technology brands and manufacturers

exertis

DCC Technology activities and services

- Proactive sales & marketing
- Category, product & technical expertise
- Product sourcing, website & category management
- product lifecycle solutions
- End-user fulfilment, white label services & in-store product positioning
- Kitting, localisation & customisation of products
- Demand & logistics management, including import/export
- Stock hubbing, bundling & returns management

Our customers

- Retail
- Etailers
- Resellers
- Value added resellers

Where we do it

Principal operating locations: Britain, Ireland, France, Sweden, Germany, the Netherlands, Belgium, UAE, Spain and Norway. Further global supply chain capability is enhanced with offices in Poland, China and the USA.

UK and Ireland — No.2

- No. 2 distributor of technology products

France — No.7

- Leading player in distribution of technology products

Sweden — No.3

- No. 3 distributor of technology products

Europe — No.4

- No. 4 distributor of technology products

UAE

- Expanding share of technology distribution market

How we create value

- Proactive sales and marketing approach to a very broad customer base across a number of countries.
- Excellent supplier portfolio.
- Agile, responsive and service-focused.
- Cost-effective and tailored solutions for customers and suppliers.
- Technical, supply chain and value-added services expertise.
- Financial strength.

Revenue — 14.7% ↑

Strategic objective:
Drive for enhanced operational performance

£3.1bn

2018 £3.1bn
2017 £2.7bn

Adjusted operating profit — 16.3% ↑

Strategic objective:
Drive for enhanced operational performance

£47.8m

2018 £47.8m
2017 £41.1m

Operating margin

Strategic objective:
Grow operating margin

1.6%

2018 1.6%
2017 1.5%

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

16.1%

2018 16.1%
2017 17.1%

Operating cash flow

Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£42.2m

2018 £42.2m
2017 £81.8m

10 year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

6.4%

2018 6.4%
2017 7.5%

Operating Review (continued)

DCC Technology (continued)

Performance for the Year Ended 31 March 2018

DCC Technology achieved very strong operating profit growth of 16.3% (15.5% ahead on a constant currency basis), reflecting acquisitions completed in the current and prior year and organic profit growth in the UK, Ireland and the Nordics.

In the UK, DCC Technology's largest market, the business achieved very strong revenue and profit growth, driven by market share gains and growth in key product categories including audio visual, components and gaming. The business continued to invest in both its product and service capability to allow it to take advantage of growth opportunities in audio visual, home automation, enterprise software and consumer product solutions.

Hammer, acquired in December 2016, achieved strong growth in sales of server and storage products into key markets, including the datacentre market. The acquisition of MTR, in July 2017, has allowed DCC Technology to enhance its service offering in the mobile market, strengthening its relationships with key vendor and retail partners. The business has performed very strongly since acquisition and provides a platform to extend its service offering outside of the UK. In February 2018, DCC Technology acquired Hypertec, a small specialist distributor of own-brand and third party memory and accessory products to reseller customers in the UK.

The new UK national distribution centre is now operational and the business has successfully disposed of most of its original warehousing. The associated project to upgrade its enterprise management system, which will significantly enhance the capability of the business to service its customers and suppliers, is progressing well and is scheduled to be completed by the end of the year.

The Irish business delivered strong organic profit growth as it benefited from a good performance in the enterprise segment and the continued development of its service proposition, including device life cycle management.

In France, the B2B segment performed strongly as it benefited from expansion of its audio visual offering and strong organic growth in its core cabling business. The French consumer products business remained very challenging and a programme to significantly reduce costs, while improving its logistics and operational efficiency, has been implemented. In the Nordics, the business experienced very strong organic growth and continues to benefit from investments made to broaden the reach of the business in Norway, Denmark and Finland. The business is making a significant investment in warehousing capacity to support future growth, in particular in audio visual and IT products.

The business in the Middle East generated very strong revenue and profit growth reflecting further development of its relationships with key retailers in the region. Supply Chain Services continues to invest in its global service offering and also acts as an essential centre of expertise, supporting the broader DCC Technology business.

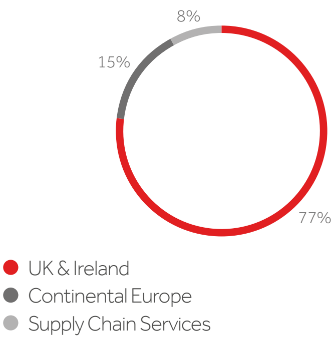
Markets and Market Position

DCC Technology partners with many of the world's leading technology brands to market and sell a range of consumer, business and enterprise technology products and services to a very wide customer base of retailers, etailers and resellers, primarily in the UK, France, Ireland, Sweden, Benelux, Germany, Norway, Spain and the Middle East. The business also has operations in Poland, China and the USA and increasingly our strong relationships with suppliers and customers allows us to win business on a pan-European or indeed global basis.

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

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

Revenue by business unit



The performance in the current year, together with recent investments made in its service offering and infrastructure, leaves DCC Technology well positioned to drive further growth in both its existing and new markets.

Case study:

Expansion of Exertis' AV offering across Europe

Exertis is a leading technology distributor of consumer, business and enterprise products from established and emerging technology brands that provide solutions for diverse markets which include IT, mobile, gaming and AV.

Exertis' goal is to become the number one audio-visual ('AV') distributor of choice in Europe for vendors, systems integrators and resellers by expanding our geographic reach and leveraging our professional AV capabilities and technical expertise within this rapidly growing technology sector.

Exertis has already established a strong market position for AV in the UK and Ireland, Nordics and France and is well positioned to expand our business in this sector into the DACH, Benelux, Iberia and other European territories. In addition, further expansion of the team in the Nordics with planned investment in Finland, Norway and Denmark is underway to capitalise on growth opportunities.

Partnering with the majority of mainstream AV vendors such as Samsung, LG, NEC, Philips and Epson and other complementary vendors, Exertis is able to take advantage of the convergence of IT and AV markets by providing a complete end-to-end solution which caters for the different needs of key vertical markets like retail, hospitality and transport.

Furthermore, customers of Exertis can take advantage of a comprehensive range of logistical, financial and supply chain services that can support both vendor partners and resellers in the provision of AV projects and solutions.

Operating Review (continued)
DCC Technology (continued)

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

Exertis' principal addressable markets are the retail and reseller channels for consumer and business technology products in the UK, Ireland, France, Sweden, Norway, Benelux, Germany and Spain. The value of the technology distribution market in these territories is estimated to be €50 billion.

During the year, Exertis acquired MTR, a fast growing UK based provider of second lifecycle solutions for mobile and tablet devices. Based in Harlow, Essex and employing 77 people, MTR partners with retailers, mobile handset manufacturers and insurance companies to source and refurbish mobile phones and tablets for resale to customers in the UK and abroad. The acquisition of MTR advances the DCC Technology strategy of expanding its service proposition to vendors and customers and provides access to the high growth second lifecycle solutions market. DCC Technology also acquired Hypertec, a small specialist distributer of own-brand and third party memory and accessory products to reseller customers in the UK.

DCC Technology is the fourth largest distributor of technology products in Europe with leading positions in the UK & Ireland, France and the Nordic region.

DCC Technology will grow organically by attracting new suppliers, opening new channels and routes to market for our suppliers' products and by continuing to develop value added services.

Strategy and Development

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

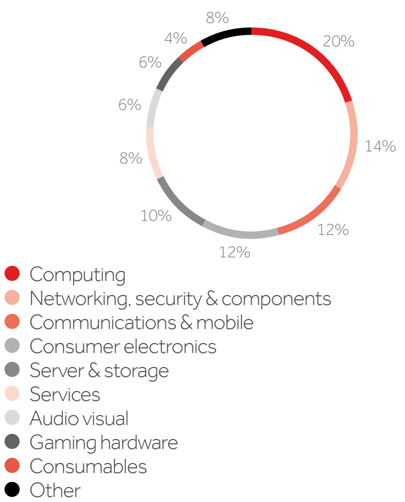
DCC Technology's principal medium-term strategic objectives are focused on:

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

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

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

Revenue by product type



Customers

The business has a very broad customer base, selling to approximately 45,000 customers. In the year ended 31 March 2018 the largest customer accounted for approximately 9% of revenues and the ten largest customers accounted for 36% of total revenues.

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

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

Suppliers

DCC Technology has a diverse supplier base and partners with hundreds of suppliers including many of the world's leading technology brands such as Acer, Apple, Asus, Dell, Epson, Huawei,Intel, Lenovo, LG, Logitech, Microsoft, MSI, Netgear, Nokia, Plantronics, Samsung, Seagate, Sonos, Toshiba and Western Digital. The largest supplier accounted for 8% of total revenues in the year ended 31 March 2018 and the top ten suppliers represented 42% of total revenues.

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

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

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

Our People

Exertis employs 2,707 people in 15 countries and recognises that they are fundamental to the continued success of the business. At all levels, employees are encouraged to adopt a service-oriented approach to meeting the demands of suppliers and customers.

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

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

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

DCC Technology has a diverse supplier base and partners with hundreds of suppliers including many of the world's leading technology brands. The business adopts a proactive approach to the identification and recruitment of new suppliers and technologies and seeks to position itself as the obvious choice for owners of growing brands to access the retail and reseller channels.

Key Risks

DCC Technology faces a number of strategic, operational, compliance and financial risks. The business interacts with a broad range of suppliers and customers with whom we have built excellent commercial relationships. However, the business would be significantly impacted by a decline in demand for particular technology products or the loss of a small number of key suppliers or customers. DCC Technology's market leading position in geographic and product areas strengthened by ongoing acquisition activity helps to mitigate margin erosion in what is a competitive environment. The potential impact from Brexit has been considered as part of the ongoing strategic plans.

In the UK, Exertis is upgrading its IT system. A project steering committee is overseeing the upgrade which is being run by experienced project managers. To ensure that the operations of the business are not adversely affected, a phased project completion approach is being taken. A number of other entities in the division are investing in additional warehouse space to facilitate future growth. Successful project management of the move to new premises will ensure a positive impact for customers and suppliers.

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

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

Responsible Business Report

Creating sustainable value

Conducting our operations responsibly, in line with societal expectations and good practice, is critical to achieving our strategic objective of building a sustainable business and delivering long-term value to shareholders.

Introduction

The EU Non-Financial Reporting Directive (2014/95) has been transposed into Irish legislation and requires large organisations to identify and report on those non-financial areas which are material to their business performance, including environmental matters, social and employee matters, diversity, respect for human rights and bribery and corruption. This Responsible Business Report, and other sections of the Annual Report, address the requirements of the legislation.

An internal materiality assessment of non-financial topics was completed in the reporting period, with support from KPMG. Materiality was determined by a range of factors including regulatory requirements, internal risk assessment processes, stakeholder interest and management experience of the business sectors in which we operate. Overall, the assessment supported the Directors' view that the non-financial topics currently reported on in the Annual Report are the most material issues at a Group level. Our objective is to continually improve our reporting on these topics (taking note of external standards such as GRI) to provide stakeholders with concise, relevant information on our Group-led policies, initiatives and outcomes.

Other non-financial areas (for example waste management, water use and conflict minerals) are more effectively managed at a local business level, as determined by their industry practice and operating environment.

Safety

Safety is a core value of DCC. Nothing we do is so important that it cannot be done safely, every time. Group-wide tools, such as our Safety F1rst programme, support the development of a positive and proactive safety culture, reinforced by appropriate safety management systems and processes in each business.

The Group Health & Safety Policy was revised and substantially expanded in 2017 to include a series of expectations in key areas including leadership, risk management, training and learning from events. The Policy is available on our website www.dcc.ie. Individual business safety management systems are aligned with the Policy and form the basis of the Group H&S audit programme.

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

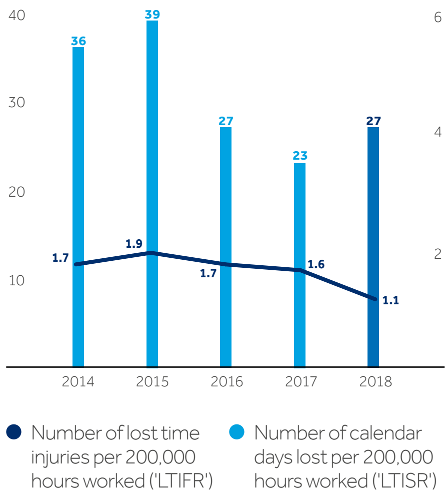
In September 2017, the DCC HSE Conference brought together over sixty H&S professionals and managing directors from around the Group to discuss and review medium-term strategic H&S objectives and initiatives.

Performance

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

In the reported period the frequency of lost time injuries ('LTI') decreased significantly. The majority of employee LTIs occur from slips/trips/falls and manual handling. Increasing risk awareness and raising unsafe condition reports are key tools to accident prevention and are promoted by the businesses in regular briefings, training and communications. The LTI severity rate (as measured by the number of days out of work) increased compared to the prior year – primarily due to a relatively small number of accidents that required extended recovery periods.

Lost Time Injury ('LTI')



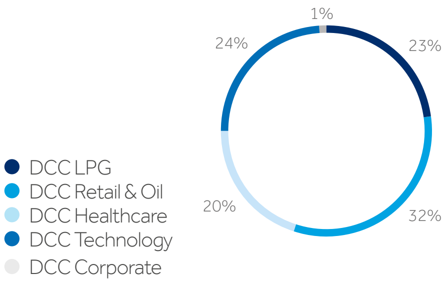
Process Safety

Storing and transporting hazardous products in the LPG and Retail & Oil divisions requires a particular focus on process safety management, defined as preventing the release of hazardous products during a process (e.g. unloading, storing, loading) which could cause catastrophic harm to people or the environment. This risk is managed through detailed risk analysis, asset management, high reliability engineering controls, employee awareness training and the use of specific leading indicators. Senior management receive regular external training on process safety leadership to ensure understanding of the risks, controls and monitoring systems in place.

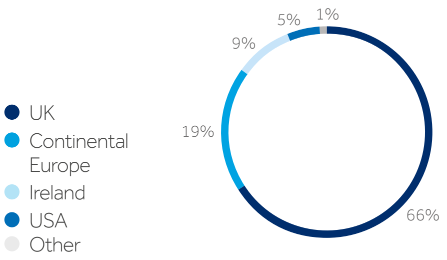
People

DCC's success has been founded on delivering performance and growth through our people. At 31 March 2018 we employed 11,146 people.

DCC employees by division



DCC employees by geographic area



Talent Development

DCC is committing significant resources to ensure we have the current and future leadership talent in place to support our ambitious growth plans and meet our strategic objectives.

Senior Leadership Talent

Leadership development at divisional and Group levels focuses on building organisational capability to deliver the Group's strategy through the next cycle of growth. Our approach centres on developing leadership capacity to perform in increasingly complex, larger scale global operations. See Strategy in Action, page 40.

Executive development in DCC brings acute focus to personal leadership and actively involves the business to ensure focused development and application of learning back in the business. We leverage the strengths and identify areas of growth for our senior talent against the DCC leadership competencies and through set objectives that are aligned to both personal development and the Group's overall strategy.

Nominations to our executive leadership programme are connected to the annual succession process which identifies the next generation of leadership talent for the Group. This integration with succession planning ensures we develop a pipeline of talent to meet current and future business needs.

International Leadership Pipeline

Working in another market offers an invaluable opportunity as it accelerates the development of the global mindset and cross-cultural skills needed to operate internationally. We actively identify and develop talent that can facilitate growth in new markets and support our geographic expansion. See Strategy in Action, page 40. We offer rewarding career and personal development experiences at different operating locations throughout the Group and the number of available international opportunities continues to expand.

Graduates

The DCC Graduate Programme is an integral part of the Group talent initiative. It aims to create a pipeline of high potential, internationally mobile, early career talent for the Group.

DCC is a fast-paced environment, and graduates on our two year programme gain unrivalled on-the-job experience through placements in our international operations where they learn about the diversity of the markets in which we operate. Graduates are supported through targeted learning modules and ongoing coaching and mentoring as they transition from full-time education to the full-time working environment.

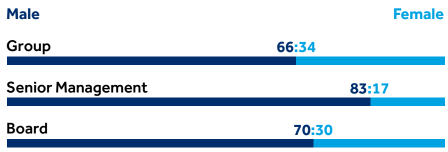
Local Skills Based Training Support

DCC encourages and supports talent development at all levels in the organisation. Our operating companies conduct local training programmes, often led by local dedicated Learning and Development departments, with an emphasis on driving performance improvement in the business. Development programmes are tailored to individual business needs and the market in which they operate, which allows our employees to develop to their full potential and creates real value for both the business and the broader Group. These training programmes are reviewed on an ongoing basis to ensure they meet the changing business environment.

Diversity and Inclusion

DCC recognises the variety of characteristics which make individuals unique and the benefits of a workforce with diverse skills, qualities and experience. Taking account of the DCC Group Diversity and Equal Opportunities Policy, our individual businesses continue to focus on ways to increase the diversity of our workforce. All recruitment, selection and promotion decisions are made on individual merit.

Gender diversity



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

Rewarding Employees Fairly

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

Under new legislation, UK employers with more than 250 employees are required to publish key metrics on their Gender Pay Gap. Our affected UK businesses have published individual reports as required by legislation.

Responsible Business Report (continued)

Environment

Businesses have a responsibility to manage their activities to support long-term environmental sustainability.

Within DCC, businesses minimise the environmental impact of their operations with appropriate management systems and processes. In some cases, management systems are certified to the ISO14001 standard where there is a business case for doing so. Hazardous and non-hazardous waste is managed in accordance with EU and local legislation relating to, for example, waste packaging, waste electrical and electronic equipment and batteries. At a Group level, water use is not material. Within the Health & Beauty manufacturing businesses, waste process water is managed to ensure appropriate treatment and discharge under local consents.

Within the Retail & Oil businesses, oil spills and leaks present a potential risk to the environment. Continuous improvements in driver awareness to highlight potential spill risks (in particular at domestic customer sites) and monitoring of underground tanks and pipelines reduces the likelihood of any uncontrolled releases or loss of containment during storage or delivery of oil products. In the event of a spill, clean up and remediation activities are undertaken to contain and remove contamination.

Climate Change

The physical and transitional impacts of climate change bring both risks and opportunities for all businesses and these are highlighted in the Risk Report on page 22.

Since 2010, DCC has reported carbon emissions data to CDP and will continue to use the CDP's reporting process as a benchmarking tool and to identify opportunities for improvement and best practice. In 2018, CDP has aligned its questionnaire with the voluntary recommendations arising from the Financial Stability Board's Task Force on Climate-related Financial Disclosures.

Greenhouse Gas Emissions

Energy data (transport fuels, heating fuels and electricity use) is reported by all DCC businesses and converted into greenhouse gas ('GHG') emissions using CDP accredited software.

The divestment of the Environmental division in May 2017 has reduced DCC's Scope 1 and 2 GHG emissions by approximately 20% compared to the prior year. Investments in energy efficiency (see case study), consolidation of warehousing, optimisation of vehicle routing and ongoing decarbonisation of the electricity grid – in particular in the UK – have contributed to a reduction in emissions. Organic growth, acquisitions and, in some areas, increasing heating requirements due to colder weather contributed to an increase in greenhouse gas emissions. Overall, on a continuing business basis, Group GHG emissions have decreased by 5% against the prior year.

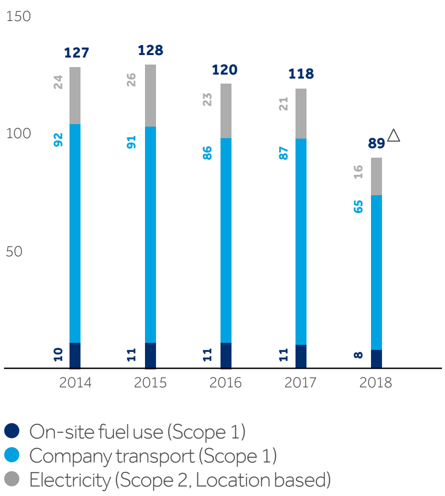
Scope 2 (indirect GHG emissions from use of electricity) is reported using location based electricity grid factors. We will update internal systems in order to report market based Scope 2 emissions for FY2019.

The combined effect of an increase in Group revenues and the decrease in absolute greenhouse gas emissions, has reduced the relative intensity metric by 34% against the prior year.

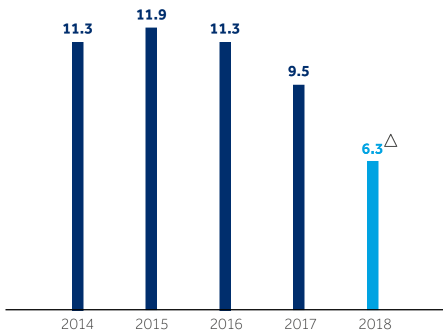
KPMG has undertaken limited assurance over selected data marked with the △ symbol within this report in relation to Scope 1 and Scope 2 greenhouse gas emissions and their assurance opinion is set out on page 214.

Performance

Absolute CO_2e emissions (000's tonnes) by source



DCC Group carbon intensity (tonnes CO_2e/£m Revenue)[1]



1. Continued and discontinued operations.

Case study: Certas Energy France

Certas Energy France operate 270 unmanned Esso Express forecourts across France. In 2017, in partnership with their energy provider, EDF, Certas began a programme to install over 3,000 energy efficient lighting units across the portfolio, including canopy lights, fascia signs, general site lighting and pole signage. Using state of the art LED lighting technology, energy efficiency gains of 80% are expected, saving costs and reducing carbon emissions. Motion detection sensors allow the LEDs to partially dim in off peak times, returning to full light when a customer is detected.

Additional benefits include reduced maintenance requirements due to the long life of new bulbs and a 33% increase in lumen output on sites enhancing the brand image and security.

Human Rights
DCC is committed to conducting all our activities in accordance with high standards of business conduct. We have set out specific standards on human rights in our Code of Conduct and in our Supply Chain Integrity Policy.

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

DCC has issued a statement under section 54 of the Modern Slavery Act 2015 covering the year ended 31 March 2018. A number of DCC Group businesses are subject to that reporting provision in their own right and have issued statements on their own websites.

Supply Chain Integrity
DCC adopted a Supply Chain Integrity Policy in 2016 which sets out specific steps that businesses in the Group must take to assess risks (including product safety failures and human rights abuses) arising within their supply chains. The Policy is available on our website, www.dcc.ie. The key steps that Group businesses are required to take under the Policy are:

- To have a suitable process to assess their supply relationships from the perspective of both product quality and supplier integrity;
- To carry out additional due diligence where this risk assessment requires; and
- To maintain, where needed, suitable preventative controls to ensure, insofar as practicable, that human rights abuses and other compliance breaches do not arise.

In the year under review, we made some improvements in our internal reporting to assist Group businesses in assessing and controlling relevant supply chain risks. We will make further improvements in this area in 2019.

Anti-Bribery and Corruption
DCC has a detailed Anti-Bribery and Corruption Policy in place, which states that no employee or representative of any Group business is to offer or accept any bribe, including small facilitation payments, or engage in any other form of corrupt practice. The Policy is available on our website, www.dcc.ie. The Policy is provided to every employee of the Group as part of their induction and training on the key provisions of the Policy is also provided to relevant employees.

In addition to prohibiting involvement in bribery or other forms of corruption, the Policy requires that every business in the Group:

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

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

Community Engagement
DCC plc continues its long-term partnership with Social Entrepreneurs Ireland ('SEI'), an Irish not-for-profit organisation that supports people with new solutions to Ireland's biggest social problems. SEI provides structured technical and practical support to social entrepreneurs to scale up and increase their impact. DCC is the lead sponsor of the annual awardee selection process and employees participate in the assessment of applicants' proposals.

DCC businesses support local communities and national organisations both financially and practically with volunteer days, sponsorship, fund raising and hands-on education programmes.

Case study:
CyberSafeIreland, SEI Awardee

Today's children are growing up in an increasingly more connected world and are fluent in the use of technology in a way that their parents will never be. They are not, however, equipped with the skills needed to navigate the online world safely and responsibly.

CyberSafeIreland, a 2016 Social Entrepreneurs Ireland awardee, believes that the solution lies in education. It focuses on children in primary schools, aged between 8 and 13, a time when they first start to use smartphones, tablets and access online content independently. Through interactive, fun workshops, children engage with important topics such as peer pressure and equipping themselves with key information to more safely navigate today's connected world.

Through the Awards programme, which includes the provision of both financial and non-financial assistance, Social Entrepreneurs Ireland has supported CyberSafeIreland to further develop its organisation, focus on its business model and long-term strategy and also significantly increase its social impact. To date CyberSafeIreland has engaged almost 11,500 children and, with its increased capacity and refined strategy, aims to reach at least 200,000 families over the next three years.

Governance

In this section

Chairman's Introduction

The Board acknowledges that good governance is key to the continuing success of DCC and is committed to ensuring that the Group's values and high standards are set from the top and are embedded at all levels of the DCC Group.

Dear Shareholder

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

On behalf of the Board, I am pleased to report full compliance by DCC with the 2016 version of the UK Corporate Governance Code ('the Code'), which applied to DCC for the year ended 31 March 2018.

The Nomination and Governance Committee has been monitoring the FRC's review of the Code and the changes set out in the proposed revised Code. Once published, the revised Code will first apply to DCC for the financial year ending 31 March 2020.

Highlights

The highlights of the year from a governance perspective include Chief Executive succession, the appointment of a new non-executive Director and the completion of an externally facilitated Board evaluation process.

Chief Executive Succession

On 14 July 2017, Donal Murphy, then an executive Director and Managing Director of DCC Energy, DCC's largest division, succeeded Tommy Breen as Chief Executive. Full details of this change were set out in last year's Annual Report. It is pleasing to note that the transition of Chief Executive has been seamless and effective.

Board Changes

On an ongoing basis, I seek to ensure we have the right balance of skills, knowledge and experience on the Board, taking account of the growth in the scale of the Group and geographic expansion, and also the ability to meet vacancies as they arise.

Mark Ryan joined the Board on 13 November 2017 and is a highly experienced board director and business leader who has successfully operated at senior management level in Ireland and internationally.

Board Diversity

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

We are also conscious of the merits of gender diversity on the Board, which comprised at least 30% female Directors during the year under review.

Board Effectiveness

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

I am pleased to report that the results of the review were positive. Following consideration by the Board and Committees of the report from Independent Audit, and the results of the other elements of the evaluation process, a number of actions were agreed which will be implemented during the current year. These are designed to continue to drive Board effectiveness in DCC as the Group continues to develop.

All action items arising from the 2017 evaluation were substantially completed during the year ended 31 March 2018.

More information on the 2018 process can be found on page 83 of the Corporate Governance Statement.

Board Development

As part of their ongoing development, the non-executive Directors made a number of site visits to Group subsidiaries during the year ended March 2018, both on a group and individual basis. The Directors also undertook external training and development courses relevant to their roles as non-executive Directors and Committee members.

The Directors are also encouraged to undertake training provided to Group management and employees, including in relation to the Group's Code of Conduct and IT security.

Independence and Re-Election

There are currently eight non-executive Directors and two executive Directors on our Board. We recently conducted our annual review of the independence of non-executive Directors and are satisfied that each of the non-executive Directors is independent. Further detail on the independence of non-executive Directors is set out on page 81.

As noted in the Code, the test is not appropriate to myself, but I did fulfil the independence requirements up to the date of my appointment as Chairman.

In accordance with the Code and our practice, all of the Directors will be presenting themselves for re-election at the 2018 Annual General Meeting.

Board Committees

Our Board Committees have continued to perform effectively. You will find, on pages 84 to 115, individual reports, introduced by the Chairman of each Committee, giving details of their activities during the year.

Priorities for the Year Ahead

The governance priorities for the coming year include Board renewal, consideration of the proposed revised Code and DCC's response, and a focus on diversity, both at Board and management levels.

Conclusion

I hope that the detailed information included in the following sections clearly demonstrates our commitment to ongoing excellence in corporate governance.

John Moloney
Chairman
14 May 2018

Board of Directors

Committee Membership Key:

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

1 R
Emma FitzGerald (age 51)
Non-executive Director

Nationality
British

Date of appointment
Joined the Board in December 2016.

Expertise
Dr. FitzGerald was an executive director of Severn Trent plc until December 2017. She was previously CEO of Gas Distribution at National Grid plc (2013 to 2015). Prior to joining National Grid, she had a 20-year career with Royal Dutch Shell plc, where she held a variety of general management roles in China, Asia and Europe. These included the positions of Vice President Global Retail Network, Shell International, Managing Director, Shell China/Hong Kong Lubricants and Managing Director, Shell Gas UK (LPG). She is also an association member of BUPA, a member of the International Advisory Panel of the Prime Ministers Office of the Singapore Government and part of the Oxford Sciences Innovation Advisory Board. Until December 2015, she was a non-executive director of Alent plc (2012 to 2015), formerly Cookson Group plc (2011 to 2012).

2 N R
John Moloney (age 63)
Non-executive Chairman

Nationality
Irish

Date of appointment
Joined the Board in February 2009 and appointed non-executive Chairman in September 2014.

Expertise
Mr. Moloney has extensive top management and board level experience internationally and domestically in the dairy, meat and nutritionals sectors, covering processing, marketing and distribution. He was Group Managing Director of Glanbia plc until November 2013, having previously held a number of roles with that organisation including CEO Agribusiness and CEO Food Ingredients. He also worked with the Department of Agriculture and Food and in the meat industry in Ireland. He currently serves as chairman of Coillte Teo (the Irish State Forestry Company) and is a non-executive director of Greencore Group plc, Smurfit Kappa plc and a number of private companies.

3
Fergal O'Dwyer (age 58)
Chief Financial Officer

Nationality
Irish

Date of appointment
Joined the Board in February 2000.

Expertise
Mr. O'Dwyer has worked in DCC in senior management positions for over 27 years and during that time has worked on a range of financial management, treasury, strategic, capital deployment and development matters. He joined DCC in 1989 and was appointed Chief Financial Officer in 1994, having worked in that role in the lead up to DCC's flotation in that year. Prior to joining DCC, he previously worked with KPMG and Price Waterhouse in audit and corporate finance.

4
Donal Murphy (age 52)
Chief Executive

Nationality
Irish

Date of appointment
Joined the Board in December 2008.

Expertise
Mr. Murphy joined DCC in 1998 and has held a number of senior leadership roles across the Group. He was Managing Director of DCC Technology from 2004 to 2006 and Managing Director of DCC Energy from 2006 until 2017. He led the very significant growth of the Energy division and its transition from a small UK and Irish business to a substantial international business operating in ten countries. In July 2017, Mr. Murphy was appointed Chief Executive, following Mr. Tommy Breen's retirement from this position.

5 N R
Pamela Kirby (age 64)
Non-executive Director

Nationality
British

Date of appointment
Joined the Board in September 2013.

Expertise
Dr. Kirby has significant knowledge of the international healthcare sector, having worked in the pharmaceutical industry for more than 25 years. She held senior UK and global management positions in AstraZeneca PLC and in F. Hoffman-La Roche Ltd., where she was Director of Global Strategic Marketing. Dr. Kirby was CEO of Quintiles Transnational Corporation based in the USA. She is currently a non-executive director of Victrex plc, Hikma Pharmaceuticals plc, Reckitt Benckiser Group plc and a member of the supervisory board of Akzo Nobel N.V. She was previously a non-executive director of Novo Nordisk A/S, Informa plc and Smith and Nephew plc.

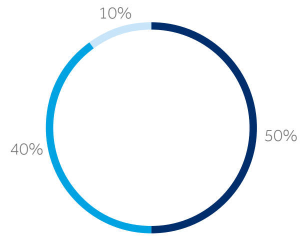
Board diversity, by gender

30% female

3 female 7 male

Nationality

- Irish (5)
- British (4)
- French (1)



6 (A)

Mark Ryan (age 59)
Non-Executive Director

Nationality
Irish

Date of appointment
Joined the Board in November 2017.

Expertise
Mr. Ryan is a highly experienced board director and business leader who has successfully operated at senior management level in Ireland and internationally. Mark was Country Managing Director of Accenture in Ireland between 2005 and 2014. During his career with Accenture, he served in numerous management and executive roles in delivering major strategy, IT and business change programmes for Accenture's clients locally and internationally. He also worked for Accenture in the USA and the UK during his career. Mark is a Science graduate of Trinity College Dublin and a member of the Institute of Directors. He is a non-executive director of Wells Fargo Bank International, Immedis, Econiq and is chairman of Blueface.

7 (A)

David Jukes (age 59)
Non-executive Director

Nationality
British

Date of appointment
Joined the Board in March 2015.

Expertise
Mr. Jukes has almost 40 years of international chemical distribution experience. In May 2018, he was appointed President, CEO and a director of Univar Inc. He previously served as President and Chief Operating Officer of Univar, with overall responsibility for managing Univar's commercial and supply chain operations globally. Prior to this, he was Executive Vice President of Univar and President of Univar USA and Latin America (2016 to 2017) and President of Univar EMEA and APAC (2011 to 2016). From July 2009 to January 2011, Mr. Jukes served as Vice President, Sales and Marketing Univar EMEA and from 2002 to 2009 as Chief Executive of Distrupol Europe, Univar UK, Ireland and the Nordics. Prior to joining Univar, Mr. Jukes was Senior Vice President of Global Sales, Marketing and Industry Relations for Omnexus, a plastics industry consortium e-commerce platform and VP Business Development for Ellis & Everard Plc.

8 (A)

Jane Lodge (age 63)
Non-executive Director

Nationality
British

Date of appointment
Joined the Board in October 2012.

Expertise
Ms. Lodge was a senior audit partner with Deloitte, where she spent over 25 years advising multinational manufacturing companies including businesses in the food and automotive sectors. Her extensive experience with manufacturing companies and her strategic work with Deloitte has given her a strong international business perspective. She has very strong and recent financial skills to bring to the Audit Committee. She was a member of the CBI Manufacturing Council until 2011. She is currently a non-executive director of Devro plc, Costain Group PLC, Sirius Minerals plc and Bakkavor Group plc and of a number of private companies.

9 (A)

Cormac McCarthy (age 55)
Non-executive Director

Nationality
Irish

Date of appointment
Joined the Board in May 2016.

Expertise
Mr. McCarthy was Chief Financial Officer ('CFO') of Paddy Power plc, an international multi-channel betting and gaming group, having joined the company in 2011 as a non-executive director and being appointed CFO in 2012. Following the successful completion of the merger of Paddy Power plc and Betfair Group plc, he stepped down as CFO of Paddy Power plc in February 2016. Mr. McCarthy was previously Chief Executive of Ulster Bank (a subsidiary of Royal Bank of Scotland) from 2004 to 2011, during which time he also served in various roles within Royal Bank of Scotland, including Deputy Chief Executive of their retail division in the UK (2010 to 2011) and Chief Executive of their retail and commercial division in Europe and the Middle East (2007 to 2009). He is chairman of University College Dublin Foundation Limited.

10 (R) (N)

Leslie Van De Walle (age 62)
Non-executive Director
Senior independent Director

Nationality
French

Date of appointment
Joined the Board in November 2010.

Expertise
Mr. Van de Walle has a very wide range of international senior management business experience, as well as experience as a non-executive director, in the oil and gas sector, in the food and drinks industry, in manufacturing, in building materials and in the insurance sector. He is a former Chief Executive Officer of Rexam plc and previously held a number of senior executive roles in Royal Dutch Shell plc, including Executive Vice President of Retail for Oil Products and Head of Oil Products, Shell Europe. He has also held senior management positions with Cadbury Schweppes plc and United Biscuits plc where he was CEO. He is currently non-executive director of Crest Nicholson Holdings plc and HSBC UK Bank plc, is a former non-executive chairman of SIG plc and Robert Walters plc and a former non-executive director of Cape plc and Aviva plc.

Senior Management

Group

Chief Executive	Donal Murphy
Chief Financial Officer	Fergal O'Dwyer
Company Secretary & Head of Enterprise Risk Management	Ger Whyte
Head of Group HR	Nicola McCracken
Chief Information Officer	Peter Quinn
Head of Group Strategy & Development	Clive Fitzharris
Head of Capital Markets	Kevin Lucey
Head of Group Financial Planning & Control	Conor Murphy
Managing Director, DCC Corporate Finance	Michael Scholefield
Head of Group Accounting	Gavin O'Hara
Head of Group Legal & Compliance	Darragh Byrne
Head of Group Internal Audit	Caroline Davis
Head of Group Sustainability	John Barcroft
Head of Group Tax	Yvonne Divilly
Head of Group Treasury	Niall Kelly

DCC LPG

Managing Director	Henry Cubbon
Finance Director	Stephen Johnston
Director of Corporate Development	Tom McElwee
Managing Director, Butagaz	Emmanuel Trivin
Managing Director, Flogas Britain	Lee Gannon
Managing Director, Flogas Ireland	John Rooney
Managing Director, DSG Energy	Samson Lam
Managing Director, DCC Propane	Shawn Coady
Managing Director, TEGA	Jürgen Zöller
Managing Director, Flogas Scandinavia	Thomas Edvardsen
Managing Director, Benegas	Bauke van Kalsbeek

DCC Retail & Oil

Managing Director	Eddie O'Brien
Finance & Development Director	Daire Keating
Finance & Development Director	Morgan McElligott
Managing Director, Certas Energy UK	Steve Taylor
Managing Director, Fuel Card Services	Denise Frost
Managing Director, Certas Energy Norway	Lars Østbye
Managing Director, Certas Energy France	Laurent de Seré
Managing Director, DCC Energi Danmark	Christian Heise
Managing Director, Qstar Retail	Maria Hadd
Managing Director, Energie Direct (Austria & Bavaria)	Hans-Peter Hintermayer
Managing Director, Swea Energi	Maria Hadd
Managing Director, Oil Ireland	Martin Clancy
Managing Director, Card Network Solutions	Ben Jordan

DCC Healthcare

Managing Director	Conor Costigan
Finance & Development Director	Redmond McEvoy
Managing Director, DCC Vital	Harry Keenan
Managing Director, DCC Health & Beauty Solutions	Stephen O'Connor

DCC Technology

Managing Director	Tim Griffin
Finance & Development Director	Stephen Casey
Managing Director, Exertis Distribution	Gerry O'Keeffe
Managing Director, Exertis Supply Chain Services	Neal Johnston

Corporate Governance Statement

This statement describes DCC's governance principles and practices.

For the year ended 31 March 2018, DCC's corporate governance practices were subject to the 2016 version of the UK Corporate Governance Code, which was issued by the FRC in April 2016 ('the Code').

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

DCC plc – Corporate Governance Framework

Board of Directors

Nomination and Governance Committee

- Responsible for considering the composition and structure of the Board and succession planning
- Reviewing leadership needs of the organisation, both executive and non-executive
- Monitoring the Company's compliance with corporate governance, best practice and legal, regulatory and listing requirements

Further details of the activities of the Nomination and Governance Committee are set out in its Report on pages 84 to 86.

Audit Committee

- Assisting the Board in assessing the principal risks facing the Company and monitoring risk management and internal control systems
- Monitoring the integrity of the Group's financial statements, including reviewing significant financial reporting judgements contained in them
- Review the operation of the Group Internal Audit function

Further details of the activities of the Audit Committee are set out in its Report on pages 87 to 91.

Remuneration Committee

- Responsible for determining the Remuneration Policy
- Responsible for determining the remuneration packages of the Chairman, executive Directors and Senior Management
- Oversight of other remuneration structures
- Operation of the Company's long term incentive schemes

Further details of the activities of the Remuneration Committee are set out in the Remuneration Report on pages 92 to 115.

Chief Executive

The Chief Executive is responsible for:

- day-to-day management of the running of the Group's operations and for the implementation of Group strategy and policies agreed by the Board.
- playing a key role in the process for the setting and review of strategy.
- instilling the Company's values, culture and standards, which include appropriate corporate governance, throughout the Group.

In executing his responsibilities, the Chief Executive is supported by the Chief Financial Officer and the Company Secretary, who, together with the Chief Executive, are responsible for ensuring that high quality information is provided to the Board on the Group's financial and strategic performance.

Executive Risk Committee

The responsibilities of the Executive Risk Committee are set out in the Risk Report on page 17.

Senior Management Group

Supports the Chief Executive in executing his responsibilities and reports to the Chief Executive at weekly management meetings.

Board Activities

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

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

Operational and Financial Performance
- Received reports from the Chief Executive at every meeting in respect of operational and financial performance and outlook
- External briefings on relevant topics
- Approved the Group Budget for the year to 31 March 2019 including capital expenditure
- Approved the Group's Annual Report and Accounts, Interim Report and Half Year Group Accounts and Interim Management Statements

Leadership and Employees
- Reviewed the Board's composition, diversity and succession plans
- Ensured smooth transition of succession of the Chief Executive
- Considered detailed presentations from the Chief Executive and Group HR on the Talent Strategy and Roadmap, to ensure the appropriate focus on management development and succession planning
- Supported the professional development of the Board members and senior management
- Approved the appointment of Mark Ryan as a non-executive Director and as a member of the Audit Committee

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

Shareholder Engagement/Investor Relations
- Received regular Investor Reports during the year and briefings from the Company's brokers
- Discussed a presentation on Market Perception and Investor Focus
- Ensured consultation with larger shareholders and proxy advisory agencies in relation to changes to Remuneration Policy and Chief Executive succession remuneration arrangements

Governance
- Received a report at each meeting from the Chairman of the Nomination and Governance Committee on its activities
- Discussed the latest regulatory changes including the proposed changes to the UK Corporate Governance Code
- Conducted an externally facilitated Board evaluation process
- Received updates on corporate regulatory matters
- Received training on the new Group Code of Conduct which was introduced during the year

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

The Board of Directors

Role

The Board of DCC currently comprises the non-executive Chairman, seven other non-executive Directors and two executive Directors, including the Chief Executive. It is collectively responsible for the long-term success of the Group. Its role is to provide leadership, to oversee management and to ensure that the Company provides its stakeholders with a balanced and understandable assessment of the Group's current position and prospects.

The Board's leadership responsibilities, in the interest of delivering long-term value to shareholders, involve working with management to set corporate values and to develop strategy, including deciding which risks it is prepared to take in pursuing its strategic objectives. Its oversight responsibilities involve it in constructively challenging the management team in relation to operational aspects of the business, including approval of budgets, and probing whether risk management and internal controls are sound. It is also responsible for ensuring that accurate, timely and understandable information is provided about the Group to shareholders, debt providers and regulators.

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

The Board has delegated some of its responsibilities to Committees of the Board. The composition and activities of these Committees are detailed in their individual reports on pages 84 to 115. The Board receives reports at its meetings from the Chairmen of each of the Committees on their current activities.

The main areas where decisions remain with the Board are summarised on page 80.

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

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

Corporate Governance Statement (continued)

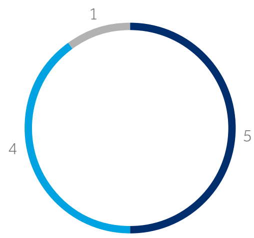
Board of Directors: Attendance at meetings during the year ended 31 March 2018:

	Board	Audit Committee	Remuneration Committee	Nomination and Governance Committee
Meetings held during the year ended 31 March 2018	10	4	6	6
John Moloney	10	–	6	6
Tommy Breen[1]	3	–	–	–
Emma FitzGerald	10	–	6	–
David Jukes	9	3	–	–
Pamela Kirby	10	–	6	6
Jane Lodge	10	4	–	–
Cormac McCarthy	10	4	–	–
Donal Murphy	10	–	–	–
Fergal O'Dwyer	10	–	–	–
Mark Ryan[2]	3	–	–	–
Leslie Van De Walle	10	4	6	6

1. Tommy Breen retired as Chief Executive and Director at the conclusion of the AGM on 14 July 2017.
2. Mark Ryan was appointed as non-executive Director on 13 November 2017.

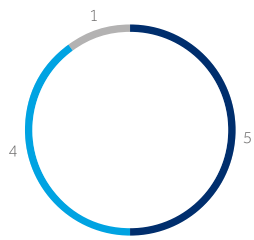
Both Mr. Breen and Mr. Ryan attended all meetings held during their period as Directors.

Geographic location of Directors (as at 31 March 2018)



- Ireland 50%
- UK 40%
- USA 10%

Nationality of Directors (as at 31 March 2018)



- Irish 50%
- British 40%
- French 10%

Schedule of Matters Reserved for the Board

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

The schedule includes the matters set out below:

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

Chairman

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

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

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

Senior Independent Director

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

The Senior Independent Director chairs meetings of the Board if the Chairman is unavailable or is conflicted in relation to any agenda item. He also leads the annual Board evaluation process, as detailed under 'Board Performance Evaluation' on page 83.

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

Company Secretary

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

Board Meetings

A schedule of Board and Committee meetings is circulated to the Board for the following two years, which includes the key agenda items for each meeting. Board papers are circulated electronically in the week preceding the meeting. During the year ended 31 March 2018, the Board held ten meetings, one of which was held at Butagaz in Paris and two meetings took place in London.

Individual attendance at Board meetings and attendance at Committee meetings is set out in the table on page 80. There is regular contact as required between meetings in order to progress the Group's business.

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

A two-day Board meeting each December is principally focused on strategy and three-year plans. During the year under review, the Board devoted substantial time outside its December meeting to strategic development issues, including an overall strategy update in Healthcare, specific reviews of the French LPG, natural gas and retail operations and of the overall talent strategy for the Group.

The Board schedule includes a significant agenda item on succession planning and management talent development. The Chief Executive and the Head of Group HR brings a detailed plan and gap analysis covering leadership development and succession plans, which is presented to the Board, discussed and approved.

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

Appointment of Directors
The Nomination and Governance Committee formally agrees criteria for new non-executive Director appointments, including experience of the industry sectors and geographies in which the Group operates and professional background, and has regard to the need for a balance in relation to diversity, including gender. The detailed appointment process is set out in the Nomination and Governance Committee Report on page 85.

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

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

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

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

Details of the length of tenure of each Director on the Board are set out on page 82.

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

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

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

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

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

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

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

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

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

Directors' Compliance Statement
The Directors have drawn up a Compliance Policy Statement as defined in section 225(3)(a) of the Irish Companies Act 2014. Arrangements and structures have been put in place that are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations. These arrangements and structures were reviewed during the financial year to ensure they remained appropriate and comprehensive. The Directors' Compliance Statement is set out in full in the Report of the Directors on page 119.

Nomination and Governance Committee
The Nomination and Governance Committee is responsible for considering the size, composition and structure of the Board and succession planning requirements, reviewing leadership needs and for monitoring the Company's compliance with corporate governance, legal and best practice requirements. Further details of the activities of the Nomination and Governance Committee are set out in its Report on pages 84 to 86.

Audit Committee
The primary functions of the Audit Committee are to assist the Board in fulfilling its financial and risk oversight responsibilities and to monitor the integrity of the Group's financial statements. Further details of the activities of the Audit Committee are set out in its Report on pages 87 to 91.

Remuneration Committee
The Remuneration Committee is responsible for determining the Remuneration Policy, conditions of employment for executive Directors and senior management and

Corporate Governance Statement (continued)

operation of the Company's long term incentive schemes. Further details of the activities of the Remuneration Committee are set out in the Remuneration Report on pages 92 to 115.

Chief Executive

The Chief Executive has day-to-day management responsibility for the running of the Group's operations and for the implementation of Group strategy and policies agreed by the Board. The Chief Executive also has a key role in the process for the setting and review of strategy.

The Chief Executive instils the Company's values, culture and standards, which include appropriate corporate governance, throughout the Group. In executing his responsibilities, the Chief Executive is supported by the Chief Financial Officer and the Company Secretary, who, together with the Chief Executive, are responsible for ensuring that high quality information is provided to the Board on the Group's financial and strategic performance.

Executive Director and Senior Management Group

The Senior Management Group including Mr. O'Dwyer supports the Chief Executive in devising and executing strategy and in overseeing the operational performance of the whole business.

Executive Risk Committee

The responsibilities of the Executive Risk Committee are set out in the Risk Report on page 17.

Remuneration

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

As the Remuneration Policy remains unchanged, it will not be put to shareholders at the 2018 AGM.

Share Ownership and Dealing

Details of the Directors' interests in DCC shares are set out in the Remuneration Report on page 109.

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

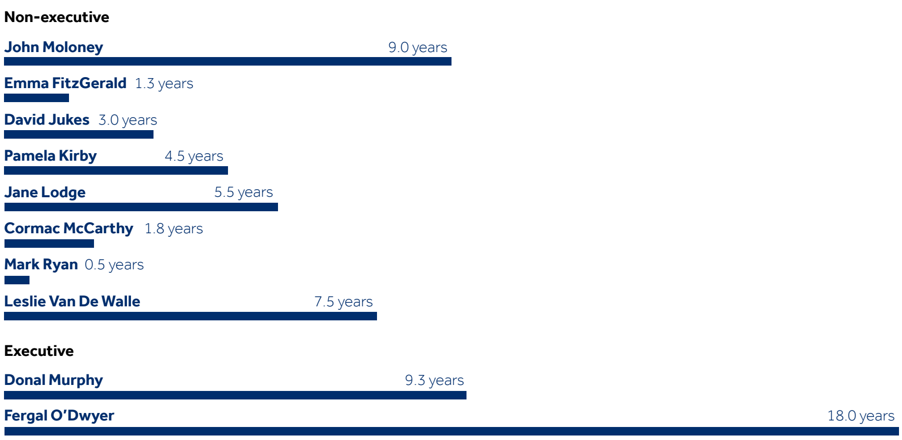
In addition, the Dealing Code specifies preferred periods for share dealing by Directors and relevant executives, being the four 21-day periods following the updating of the market on the Group's trading position through the preliminary results announcement in May, the Interim Management Statement in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

Risk Management and Internal Control

The Board is responsible for the Group's system of risk management and internal control. It is designed to manage rather than eliminate the risk of failure to achieve business objectives and provides reasonable but not absolute assurance against material misstatement or loss. Details in relation to the Group's risk management structures are set out in the Risk Report on page 16.

The Board has delegated responsibility for the detailed monitoring of the effectiveness of this system to the Audit Committee. Details in relation to the Audit Committee's work in this regard are set out in the Audit Committee Report on page 88.

Length of Tenure on Board



The Board itself receives a Risk Report at each meeting, which focuses on principal risks, emerging risks and risk mitigation activities. In addition, the Chairman of the Audit Committee reports to the Board at each meeting on the activities of the Committee.

In accordance with the revised guidance, entitled 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the FRC in September 2014, which applied to the financial year ended 31 March 2018, the Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, that it has been in place for the year under review and up to the date of approval of the financial statements and that this process is regularly reviewed by the Board.

The Board has considered a report from the Audit Committee on the conduct of and the findings and agreed actions from the annual assessment of risk management and internal control. Further details on this annual assessment are set out in the Risk Report on page 17 and in the Audit Committee Report on page 88.

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

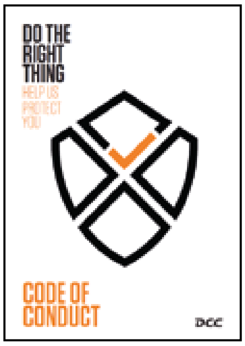
Compliance

Compliance Programme

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

Code of Conduct

A new Group Code of Conduct, which is available on our website www.dcc.ie, was introduced in 2017. The Code sets out the general standards that are expected of directors, managers and employees across the Group in a range of areas, including anti-bribery and corruption, protection of personal information and competition law. The Code is available in all of the major languages used across the Group. A copy of the Code is provided to every employee in the Group. Its use is supported by training and related internal communications.



Compliance Policies and Training

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

Whistleblowing

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

The Audit Committee has oversight responsibility for the Group's whistleblowing facilities and how they operate. This is referred to on page 91, as part of the Audit Committee Report.

Compliance Auditing

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

World's Most Ethical Certification

Following an application made in late 2017, DCC was recognised by Ethisphere as one of the World's Most Ethical Companies® for 2017. This is the fourth year in which DCC has achieved this certification. It reflects the Group's commitment to high standards of business conduct – consistent with DCC's core value of integrity – and how that commitment is translated into practice through compliance policies and procedures.

Board Performance Evaluation

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

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

The various phases of the external performance evaluation process which commenced in early March 2018 and concluded in May are set out below:

- The Chairman spoke with each of the Directors to appraise their individual performance and to enquire if they had any views they wished to express on the performance of any other Director. The Chairman prepared a short report on individual Director performance.
- An experienced evaluator from Independent Audit conducted a confidential and open interview with each Director and with regular attendees at Board or Committee meetings. He also observed an Audit Committee meeting and a Board meeting.
- Leslie Van de Walle, as Senior Independent Director, spoke with each of the Directors to seek their views on John Moloney's performance as Chairman, taking into account the views of the executive Directors.
- The non-executive Directors assessed the performance of the executive Directors.
- Each of the Remuneration Committee, the Audit Committee and the Nomination and Governance Committee reviewed their own performance taking account of the Independent Audit findings.
- At the Board meeting on 14 May, the Board considered a report from Independent Audit and Independent Audit attended to facilitate a discussion on their report.
- Following this discussion, the Board formally concluded on its own performance, on the performance of Committees and on the performance of individual Directors, including the Chairman. A number of actions, primarily derived from Independent Audit's report, were agreed which will be implemented by the Chairman during the year.

Relations with Shareholders

DCC recognises the importance of communications with shareholders. Presentations are made to both existing and prospective institutional shareholders, principally after the release of the interim and annual results. DCC issues an Interim Management Statement twice yearly, typically in February and July. Major acquisitions are also notified to the market, and the Company's website, www.dcc.ie, provides the full text of all press releases. The website also contains annual and interim reports and incorporates investor presentations.

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

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

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

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

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

The Company's AGM provides shareholders with the opportunity to question the Chairman, the Committee Chairmen and the Board. Further details on the Company's AGM is set out in the Report of the Directors on page 117.

Report of the Directors

For the purposes of the European Communities (Directive 2006/46/EC) Regulations 2009, details of substantial shareholdings in the Company and details in relation to the purchase of the Company's own shares are set out in the Report of the Directors on pages 116 to 119.

Compliance Statement

DCC has complied, throughout the year ended 31 March 2018, with the provisions set out in the Code.

John Moloney, Donal Murphy
Directors
14 May 2018

Nomination and Governance Committee Report

John Moloney
Chairman, Nomination and Governance Committee

The Nomination and Governance Committee is focused on ensuring that the Board and senior management have the skills, knowledge and experience to meet the evolving needs of the Group and ensuring compliance with corporate governance best practice.

As Chairman of DCC's Nomination and Governance Committee, I am pleased to present the report of the Committee for the year ended 31 March 2018.

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

This report sets out the Nomination and Governance Committee's key areas of focus for the year ended 31 March 2018, as well as the Committee's priorities for the year ending 31 March 2019.

Key Areas of Focus in 2018

Succession planning was a key area of focus for the Committee in the past year, culminating with the appointment of Donal Murphy as the successor as Chief Executive to Tommy Breen, who retired from that position at the conclusion of the Annual General Meeting on 14 July 2017.

The Committee also seeks to maintain the optimum balance of background and experience on our Board. This year, the Committee undertook a process which led to the recommendation to the Board that Mark Ryan be appointed as a new non-executive Director of the Company on 13 November 2017. Mark is a highly experienced international board director and business leader.

The Committee is cognisant of all elements of diversity, including gender diversity, on the Board, and this is dealt with on page 86 of this Report.

The Committee also had oversight of the annual evaluation of Board performance, which was externally facilitated this year, and is described in detail on page 83 of the Corporate Governance Statement.

Priorities for the Year Ahead

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

The Committee is also responsible for monitoring the Company's compliance with corporate governance best practice. In this regard, we will also be monitoring changes resulting from the FRC's review of the UK Corporate Governance Code, in particular the proposed changes in regard to board and management diversity, director independence, promotion of culture and effective engagement with stakeholders, including employees.

On behalf of the Nomination and Governance Committee.

John Moloney
Chairman, Nomination and Governance Committee
14 May 2018

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

Composition

The Nomination and Governance Committee comprises John Moloney (Chairman) and two independent non-executive Directors, Pamela Kirby and Leslie Van de Walle. Each member's length of tenure at 31 March 2018 is set out in the table below. Biographical details for the members of the Committee are set out on page 74.

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

Meetings

The Nomination and Governance Committee met six times during the year ended 31 March 2018 and there was full attendance by all members of the Committee.

Typically, the Chief Executive is invited to attend all meetings of the Committee and other executives and external advisors are invited to attend as necessary.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

Board Composition and Renewal

At each of its meetings, the Nomination and Governance Committee considers the composition of the Board to ensure it has the appropriate combination of skills, knowledge and experience, taking account of the development of the Group and of the length of tenure of the existing non-executive Directors.

Appointment of Non-executive Director

Mark Ryan was appointed as a non-executive Director on 13 November 2017, following a formal internal process.

At the commencement of the process, the Nomination and Governance Committee agreed with the Board on a set of skills and other criteria required of potential non-executive Director candidates.

Following a series of interviews with the Chairman and other Board members, it was agreed that Mark had a balance of skills, knowledge and experience which matched the requirements set. The Committee then recommended his appointment to the Board, following which Mark was appointed as a non-executive Director.

Mark was subsequently appointed as a member of the Audit Committee, replacing Leslie Van de Walle, on 10 April 2018.

The Committee has recently commenced a process to identify further non-executive Director candidates, again on the basis of an agreed skill set requirement, taking account of the need for Board renewal, planned retirements and developments in the Group's business.

The Committee and the Board are satisfied that the internal formal process is comprehensive in nature and has been effective in securing appropriate candidates. On that basis, they do not believe it is necessary at this point to utilise an external search consultancy or open advertising in the recruitment processes.

Reappointment of Non-executive Directors

During the year, David Jukes and John Moloney each completed terms as non-executive Directors. After detailed consideration, including of performance and independence, the Committee made recommendations to the Board and the Board requested that they both serve additional terms.

The length of tenure of the Directors on the Board is set out on page 80. The length of tenure of members of Board Committees is dealt with in the individual Committee reports.

Succession Planning

The Committee has particular regard to the leadership needs of the organisation and gives full consideration to succession planning for Directors, in particular the Chairman, the Chief Executive and Chief Financial Officer, taking into

Length of Tenure on Nomination and Governance Committee as at 31 March 2018

Role and Responsibilities

Board Composition and Renewal

- Regularly review the structure, size and composition (including the skills, knowledge and experience) required of the Board compared to its current position and make recommendations to the Board with regard to any changes.
- Before making a nomination, to evaluate the balance of skills, knowledge, independence and experience on the Board, and, in the light of this evaluation, to prepare a description of the role and capabilities required for a particular appointment.
- Make recommendations to the Board as regards the reappointment of non-executive Directors at the conclusion of their specified term of office and the re-election of all Directors by shareholders at the Annual General Meeting.
- Keep under review the Board Diversity Policy and the setting of measurable objectives for implementing the Policy.

Leadership Needs

- Give consideration to succession planning for Directors, in particular the Chairman and the Chief Executive.
- Keep under review the leadership needs of the organisation, both executive and non-executive, with a view to ensuring the continued ability of the organisation to compete effectively in the marketplace.

Corporate Governance

- Monitor the Company's compliance with corporate governance best practice and with applicable legal, regulatory and listing requirements (including but not limited to the Companies Acts, the UK Listing Authority's Listing Rules and the UK Corporate Governance Code) and recommend to the Board such changes or additional action as the Committee deems necessary.
- Advise the Board of significant developments in the law and practice of corporate governance.
- Oversee the conduct of the annual evaluation of Board, Committee and individual Director performance.

Nomination and Governance Committee Report (continued)

account Group strategy, as well as the challenges and opportunities facing the Group and the skills and expertise required.

The Committee also has oversight of Group management talent development programmes and reviews these with the Chief Executive and the Head of Group HR before they are presented to the Board.

France Advisory Board

During the year the Board decided that, as the France Advisory Board had achieved its objectives, as outlined in last year's Annual Report, it should be wound down and be replaced by direct interaction between the members of the Advisory Board and the Group's French management teams.

Diversity

In reviewing the composition of the Board and giving consideration to the appointment of new non-executive Directors, the Committee takes into account the benefits of diversity of skills, experience, business background and geographical location, as well as gender diversity. For the year under review, the Board comprised at least 30% female Directors.

Board diversity was a regular agenda item at Committee meetings during the year. A Board Diversity Policy, developed by the Committee and approved by the Board in 2013, is available on the Company's website, www.dcc.ie.

A Group Diversity and Equal Opportunities Policy Statement, developed by Group Human Resources, has also been implemented in Group subsidiaries.

Corporate Governance

The Committee advises the Board on significant developments in the law and practice of corporate governance and monitors the Company's compliance with corporate governance best practice, with particular reference to the UK Corporate Governance Code. The Committee recommends any necessary action required to be adopted and implemented by the Board in respect of the Code, with particular reference to any revisions to the Code.

The Committee has reviewed the Company's corporate governance practices against the Code issued in April 2016, which applied to the financial year ended 31 March 2018, and can confirm full compliance with the Code.

The FRC has undertaken a fundamental review of the UK Corporate Governance Code. The review has been wide-ranging, with the structure, content and the balance of Principles and Provisions all being considered. The Committee has reviewed the proposed revised Code, with particular reference to board and management diversity, director independence, promotion of culture and effective engagement with stakeholders, in particular employees. The revised Code is due to be published in June 2018 and the Committee will, after publication, report to the Board on how DCC will comply when the new Code takes effect, in DCC's case for the financial year ending 31 March 2020.

The Nomination and Governance Committee reviewed and approved the Corporate Governance Statement in the Annual Report and other material being made public in respect of the Company's corporate governance.

Annual Evaluation of Performance

The Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In 2018, this process was externally facilitated in accordance with the Code. The conclusion from this process was that the performance of the Committee and of the Chairman of the Committee was satisfactory and that no changes were necessary to the Committee's Terms of Reference.

Full details of this process are set out in the Corporate Governance Statement on page 83.

Reporting

The Chairman of the Nomination and Governance Committee reports to the Board at each meeting on the activities of the Committee.

The Chairman of the Nomination and Governance Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Audit Committee Report

Jane Lodge
Chairman, Audit Committee

The Audit Committee is focused on maintaining sound risk management and internal control systems across the Group.

As Chairman of DCC's Audit Committee, I am pleased to present the report of the Committee for the year ended 31 March 2018.

This report sets out the Audit Committee's principal activities and key areas of focus, as set out on page 88, during the year ended 31 March 2018, as well as the Committee's priorities for the year ending 31 March 2019.

The Committee is responsible for assisting the Board in regard to the assessment of the principal risks facing the Company, including reviewing the Group's risk management and internal control systems.

The work done by the Committee in this regard, encompassing ongoing monitoring and the review of effectiveness, is detailed on page 88.

The Committee is also responsible for monitoring the integrity of the Group's financial statements and in assisting the Board in determining that the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy. The work done in this regard is set out on page 90.

The Audit Committee considered the requirements of the Irish Companies Act 2014 in relation to the Directors' Compliance Statement, and is satisfied that appropriate steps have been taken to ensure full compliance by DCC with these requirements.

Our engagement with the Group Internal Audit function and external auditors is detailed on pages 89 and 91.

Priorities for the Year Ahead

The Committee's key priorities for the coming year will include oversight of the acquisition integration and other projects in progress across the Group, IT and cyber security, interaction with the new Head of Group Internal Audit and the completion of actions arising from the external Board and Committee evaluation process.

The Board, the Audit Committee and Group management are fully committed to continuous improvement of risk and financial management across the Group.

On behalf of the Audit Committee

Jane Lodge
Chairman, Audit Committee
14 May 2018

Terms of Reference

The responsibilities of the Audit Committee are summarised in the table on page 89 and are set out in full in its Terms of Reference, which are available on the DCC website, **www.dcc.ie**.

Audit Committee Report (continued)

Key Areas of Focus in 2018

In addition to the work performed by the Committee in regard to risk management, and the Group's financial statements, the Committee also placed a particular focus on the following:

Action Points Arising from Group Internal Audit reviews

The Committee discussed with executive management and with Group Internal Audit how the process to clear issues arising from Group Internal Audit reviews could be streamlined and improved.

IT Projects

The Committee focused on the criteria to be utilised by IT Assurance, part of the Group Internal Audit function, in assessing critical IT projects across the Group.

Accounting Standards

The Committee considered the timetable for implementation of and the potential impact of the new IFRS 16 – Leases accounting standard on the Group's financial statements, including on the calculation of ROCE.

Head of Group Internal Audit

During the year, the Head of Group Internal Audit, Stephen Johnston, was promoted to the position of Finance Director of DCC LPG, the Group's largest division. The Committee had oversight of the process to recruit Caroline Davis as successor to the position.

Brexit

The Committee considered a series of papers prepared by Fergal O'Dwyer, the Chief Financial Officer, on the potential impact of Brexit on the Group's activities and risk profile.

Composition

The Audit Committee comprises four independent non-executive Directors, Jane Lodge (Chairman), David Jukes, Cormac McCarthy and Mark Ryan. Mark Ryan was appointed as a member of the Audit Committee in place of Leslie Van de Walle on 10 April 2018. Each member's length of tenure at 31 March 2018 is set out in the table below. Biographical details for the members of the Committee are set out on page 74.

The Board is satisfied that the members of the Audit Committee bring a wide range of skills, expertise and experience in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations and that Jane Lodge and Cormac McCarthy meet the specific requirements for recent and relevant financial experience, as set out in the UK Corporate Governance Code ('the Code'). The Board is also satisfied that the Committee, as a whole, has competence relevant to the sectors in which DCC operates.

The Company Secretary is the secretary to the Audit Committee.

Meetings

The Committee met four times during the year ended 31 March 2018 and there was full attendance by all members of the Committee apart from David Jukes, who was unable to attend one meeting.

The Chief Executive, Chief Financial Officer, Head of Enterprise Risk Management, Head of Group Internal Audit, Head of Capital Markets, Head of Group Financial Planning & Control, Head of Group Legal & Compliance and representatives of the external auditor are typically invited to attend all meetings of the Committee. Other Directors and executives are invited to attend as necessary.

The Committee meets separately a number of times each year with the external auditor and with the Head of Group Internal Audit, without other executive management being present.

The Committee also meets in private, as required, to discuss matters in the absence of any invitees.

Risk Management and Internal Control

Details of the Group's system of risk management and internal control are set out in the Risk Report on pages 16 to 23.

At each meeting, the Audit Committee considers:

- The Group Risk Register, the divisional Risk Registers and the Integrated Assurance Report, updated to reflect changes in risk and in assurance activities.
- A report on emerging risks, prepared by an external risk consultancy.
- A report on the activities of the Group Internal Audit ('GIA') function, including company audits, IT assurance reviews and special investigations.
- Report from the Group Legal & Compliance function.

The Chairman of the Audit Committee reported to the Board at each meeting on the Committee's activities in regard to the Group's risk management and internal control systems. The Board also received a summary risk report, prepared by the Head of Enterprise Risk Management, at each Board meeting and received a report on Health, Safety and Environmental matters on a quarterly basis.

Length of Tenure on Audit Committee as at 31 March 2018

Note: Mark Ryan joined the Board on 13 November 2017 and became a member of the Audit Committee on 10 April 2018, replacing Leslie Van de Walle.

The Audit Committee conducted, on behalf of the Board, the annual assessment of the operation of the Group's system of risk management and internal control, as required under the Code. This assessment was based on a detailed review carried out by Enterprise Risk Management and GIA, utilising the risk register process described in the Risk Report on page 17. This review took account of the principal business risks facing the Group, the controls in place to manage those risks (including financial, operational and compliance controls) and the procedures in place to monitor them. Where areas for improvement have been identified the necessary actions in respect of the relevant control procedures have been or are being taken.

The Chairman of the Audit Committee has reported to the Board on the conduct of and the findings and agreed actions from this annual assessment of risk management and internal control.

Group Internal Audit

The Audit Committee approves the annual work programme for the GIA function, ensures that it is adequately resourced and has appropriate standing within the Group.

The Audit Committee receives regular reports from GIA, which includes summaries of the key findings of each audit in the period, special investigations and other projects.

GIA uses the market leading audit management system, Teammate, to prepare workpapers and audit reports and to record and monitor progress with respect to issues arising from audit reviews and related corrective action plans.

The Teammate system is also used as a central platform for all related assurance activities including the recording and monitoring of corrective actions arising from Group HSE, Group Legal & Compliance, external audit and management self-assessment reviews.

The Audit Committee reviews progress on these corrective actions at each of its meetings.

External Quality Assessments ('EQA') by independent external consultants are conducted at least every five years to confirm compliance by the GIA function with the International Professional Performance Framework of the Institute of Internal Auditors. The most recent EQA was completed by Deloitte in 2017. All agreed actions from this review have been completed. An internal review against the same standards is completed on an annual basis. The results of both internal and external reviews are considered by the Audit Committee.

The Audit Committee ensures co-ordination between GIA and the external auditor, KPMG, with four meetings being held each year to maximise the benefits from clear communication and co-ordinated activities.

The Head of Group Internal Audit has direct access to the Chairman of the Audit Committee and the Audit Committee meets with the Head of Group Internal Audit on a regular basis without the presence of management.

IT Assurance

The Chief Information Officer and the Head of IT Assurance presented regular reports to the Committee on progress on major IT projects and the role of IT Assurance in the oversight of these projects.

The Head of IT Assurance reported to each meeting of the Committee on work being undertaken in regard to cyber security, in particular on the use of cyber security related tools and cyber security focused audits. In addition, the Group IT Security Advisor, who is part of the GIA team, provides technical expertise with respect to key areas including IT security and mandatory user awareness training.

A Group Information Security policy has been developed and is underpinned by the IT Standards framework, which is subject to review by the IT Assurance team. Data analytics tools (including ACL and Qlikview) continue to be developed to support the audit process.

Role and Responsibilities

- Monitor the integrity of the Group's financial statements, including reviewing significant financial reporting judgements contained in them.
- Provide advice on whether the Annual Report and Accounts, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Assist the Board in its responsibilities in regard to the assessment of the principal risks facing the Company, the monitoring of risk management and internal control systems, including the review of effectiveness, and the going concern and viability statements.
- Oversee the relationship with the external auditor, including approval of remuneration and terms of engagement.
- Review the effectiveness of the external audit process.
- Make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.
- Ensure the external audit is put to tender at least every ten years.
- Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence.
- Review the operation and effectiveness of the Group Internal Audit function.
- Review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Audit Committee Report (continued)

Financial Reporting and Significant Financial Judgements

In regard to the 2018 Annual Report and Accounts, the Committee assessed whether suitable accounting policies had been adopted and whether management had made appropriate estimates and judgements. The Committee obtained support from the external auditor, in making these assessments.

The Committee paid particular attention to matters it considered to be important by virtue of their impact on the Group's results and particularly those which involved a relatively higher level of complexity, judgement or estimation by management. The table opposite sets out the significant issues considered by the Committee in relation to the financial statements for the year ended 31 March 2018.

Management confirmed to the Committee that they were not aware of any material misstatements in the financial statements and KPMG confirmed that they had found no material misstatement in the course of their work.

Fair, Balanced and Understandable

The Code requires that the Board should present a fair, balanced and understandable assessment of the Company's position and prospects and specifically that they consider that the Annual Report and Accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.

At the request of the Board, the Committee considered whether the 2018 Annual Report and Accounts met these requirements.

The Committee considered and discussed with management the established and documented process put in place by management for the preparation of the 2018 Annual Report and Accounts, in particular planning, co-ordination and review activities. The Committee also noted the formal process undertaken by KPMG. This enabled the Committee, and then the Board, to conclude that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides the necessary information for shareholders to assess performance, business model and strategy.

Going Concern and Viability Statement

The Audit Committee reviewed the draft Going Concern and Viability Statements prior to recommending them for approval by the Board. These statements are included in the Risk Report on page 18.

Significant Issues in relation to the Financial Statements for the year ended 31 March 2018

Goodwill and Intangible Assets

As set out in note 3.2 to the Group financial statements, the Group had goodwill and intangible assets of £1,937.0 million at 31 March 2018. In order to satisfy itself that this balance was appropriately stated, the Committee considered the impairment reviews carried out by management. Impairment reviews are carried out annually using the carrying values of subsidiaries at 31 December and the latest three year plan information.

In performing their impairment reviews, management determined the recoverable amount of each cash generating unit ('CGU'), and compared this to the carrying amount. The recoverable amount of each CGU is defined as the higher of its fair value less costs to sell and its value in use. Management uses the present value of future cash flows to determine the value in use. In calculating the value in use, management judgement is required in forecasting cash flows of CGU's, in determining the long-term growth rate and selecting an appropriate discount rate.

Management reported to the Committee that future cash flows of each CGU had been estimated based on the most up to date three year plan as approved by the Board and discounted using discount rates that reflected the risks associated with each CGU. Sensitivity analysis was considered on the discount rate, cash flows and the long-term growth rate. The Committee considered and discussed with management the key assumptions to understand their impact on the CGU's recoverable amounts. The Committee was satisfied that the significant assumptions used for determining the recoverable amount had been appropriately scrutinised, challenged and were sufficiently robust. The Committee agreed with management's conclusion that the cash flow forecasts supported the carrying value of goodwill and intangible assets.

Business Combinations

As set out in note 5.2 to the Group financial statements, the Group completed a number of acquisitions during the year, the most significant of which were the acquisitions of Esso Retail Norway, Retail West, Shell Hong Kong & Macau and TEGA. The Group committed £691.8 million in total consideration to acquisitions completed during the year. This total consideration was satisfied by a net cash outflow of £664.1 million and acquisition related liabilities of £27.7 million.

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition, being the date the Group obtains control of the acquiree. The application of this method requires certain estimates and assumptions, particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

Management reported to the Committee that in conducting their review of the fair values of the acquired assets and liabilities at the date of acquisition, identifiable net assets of £286.5 million and goodwill of £405.3 million were acquired. Management engaged independent experts to assist with the valuation of intangible assets on the Esso Retail Norway and Shell Hong Kong & Macau acquisitions. In addition, the Committee discussed and agreed with management's recommendations on the estimated useful lives of intangible assets arising on the Group's acquisitions. The Committee considered and discussed with management the key assumptions used in determining the fair value of assets and liabilities acquired and was satisfied that the process and assumptions used in determining the fair values of assets and liabilities had been appropriately scrutinised, challenged and were sufficiently robust. The Committee agreed with management's assessment of the fair values of assets and liabilities acquired through business combinations and was satisfied that the related disclosures required under IFRS 3 were complete, accurate and understandable.

Other Matters

In addition, the Committee has considered and is satisfied with a number of other judgements which have been made by management including revenue recognition, financial instruments, exceptional items, provisioning for impairment of trade receivables and inventories and tax provisioning.

External Auditor

The Audit Committee oversees the relationship with the external auditor, including approval of the external auditor's fee proposals.

The Audit Committee reviewed the full KPMG external audit plan at the meeting held in November 2017 and received an update at the meeting in April 2018, at the commencement of the audit. Following the audit, the Audit Committee met with KPMG to review the findings from their audit of the Group financial statements.

The Audit Committee meets with the external auditors on a regular basis without the presence of management.

In accordance with its Terms of Reference, the Audit Committee is required to make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.

Effectiveness

The Audit Committee reviews the effectiveness of the external audit process.

As part of this process, audit effectiveness questionnaires were completed by Group and subsidiary finance executives and the responses were summarised by management in a report to the Audit Committee. Based on its consideration of this report and its own interaction with KPMG, in the form of reports and meetings, the Audit Committee noted that the overall feedback was positive and that a number of areas for improvement had been agreed. Its conclusions on the effectiveness of the external audit process were reported to the Board.

Independence

The Audit Committee has a process in place to ensure that the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by the external auditor through its annual review of fees paid to the external auditor for audit and non-audit work and seeking confirmation from the external auditor that they are in compliance with relevant ethical and professional guidance and that, in their professional judgement, they are independent from the Group.

The Audit Committee has approved a policy on the employment of employees or former employees of the external auditor. This policy provides that the Chief Executive will consult with the Chairman of the Audit Committee prior to the appointment to a senior financial reporting position, to a senior management role or to a Company officer role of any employee or former employee of the external auditor, where such a person was a member of the external audit team in the previous two years.

Non-Audit Services

The Audit Committee has approved a policy on the engagement of the external auditor to provide non-audit services, which provides that the external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work and are considered to be the most appropriate to undertake such work in the best interests of the DCC Group. The policy also provides that any non-audit work which would result in the aggregate of non-audit fees paid to the external auditor exceeding 50% of annual audit fees must be approved in advance by the Chief Executive and the Chairman of the Audit Committee.

Details of the amounts paid to the external auditor during the year for non-audit services are set out in note 2.3 on page 140. The table below sets out the audit and non-audit fees paid to the external auditor over the five-year period from 2014 to 2018 inclusive (to KPMG for 2016 to 2018 and to PricewaterhouseCoopers for 2014 and 2015).

Governance

Whistleblowing Arrangements

The Audit Committee is responsible for ensuring that the Group maintains suitable whistleblowing arrangements for employees. Those arrangements are outlined in the Corporate Governance Statement on page 83 and are also described in our Code of Conduct which is available on the Company's website, www.dcc.ie. The Committee reviewed the Group's whistleblowing facilities during the year, on the basis of a report from the Head of Group Legal & Compliance, to ensure that they meet the needs of the Group, in particular as it grows and develops into new geographies and areas of activity.

Annual Evaluation of Performance

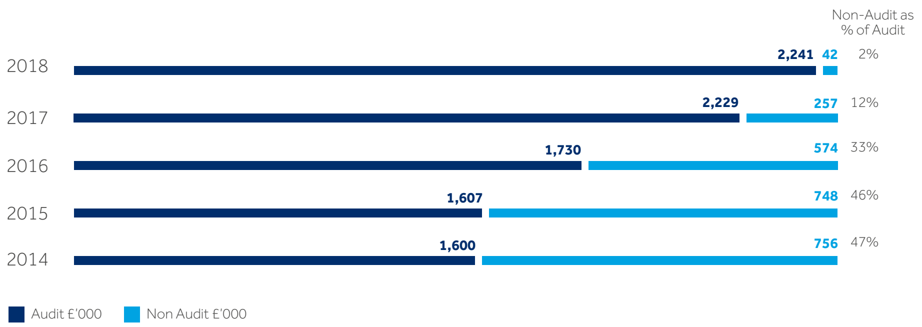
As detailed on page 83, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In 2018, the process was externally facilitated in accordance with the Code. The conclusion from the 2018 process was that the performance of the Committee and of the Chairman of the Committee were satisfactory and no changes were necessary to the Committee's terms of reference. The Committee will focus on agreed actions arising from the external evaluation process.

Reporting

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

The Chairman of the Audit Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Audit vs Non-Audit Fees



Remuneration Report

Chairman's Introduction

As Chairman of DCC's Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 March 2018.

The Report includes the following sections:

- This Chairman's Introduction
- Remuneration at a Glance (page 94)
- Remuneration Policy Report (pages 95 to 102)
- Annual Report on Remuneration (pages 103 to 115)

The purpose of DCC's Remuneration Policy is to incentivise executive Directors and other senior Group executives to create shareholder value. Consequently, their remuneration is weighted towards performance related elements, with targets incentivising delivery of strategy over the short and long term.

Performance for the year ended 31 March 2018

DCC delivered a strong performance in the year ended 31 March 2018.

Group adjusted operating profit from continuing activities was 11.1% ahead of the prior year.

Adjusted earnings per share grew by 10.8% on a continuing basis and it is proposed that the total dividend for the year will be increased by 10.0%.

Return on capital employed, a key metric for DCC, was 17.5% and is again substantially in excess of the Group's cost of capital.

DCC has generated a total shareholder return of 217% over the last five years and 594% over the last ten years as demonstrated in the charts on page 93.

The Group's strong performance is reflected in the executive Directors' short and longer term remuneration, as detailed below.

Bonuses

Annual bonuses for the executive Directors were based on actual performance against targets for growth in Group adjusted earnings per share ('Group EPS') and overall contribution and attainment of personal/strategic objectives.

Strong Group and individual Director performance against these targets has been reflected in bonus outcomes of 151% of salary for each of the current executive Directors, Donal Murphy and Fergal O'Dwyer (compared to maximum potentials of 180%).

In relation to Tommy Breen, the former Chief Executive, his bonus outcome was pro-rated to 44% to reflect time served by him during the financial year.

Further details of the performance targets and achievement against those targets is set on pages 103 to 104.

Composition and Terms of Reference

The Remuneration Committee comprises three independent non-executive Directors, Leslie Van de Walle (Chairman), Emma FitzGerald and Pamela Kirby, and the Chairman of the Board, John Moloney. The members of the Committee have significant financial and business experience, including in the area of executive remuneration. The responsibilities of the Remuneration Committee are summarised in the table on page 113 and are set out in full in its Terms of Reference, which are available on the DCC website, **www.dcc.ie**.

Long Term Incentive Plan

Vesting of Long Term Incentives

In November 2017, the Remuneration Committee determined that 100% of the share options granted in November 2014 under the LTIP would vest in November 2019, based on DCC's performance over the three-year period ended 31 March 2017 under the ROCE, EPS and TSR conditions (this was the same as the estimated vesting of 100% included in last year's Report). The earliest exercise date, taking account of the two-year holding period, will be November 2019.

The extent of vesting of the share options granted in November 2015, which was based on DCC's performance over the three-year period ended 31 March 2018, under the ROCE, EPS and TSR conditions, will be formally determined by the Remuneration Committee in November 2018. It is expected that 100% of the share options granted will vest. The earliest exercise date will be November 2020.

Further details on these vestings are set out on page 105.

Further details in relation to the LTIP are set out on page 97.

Grant of Long Term Incentives

Details of options granted to the executive Directors during the year are set out in the table on page 110. Details of the performance conditions are set out on page 111.

Non-Executive Directors

Taking account of advice from the Company's external remuneration consultants, Willis Towers Watson, on the level of fees in a range of comparable Irish and UK companies, the Board has increased the basic non-executive Director's fee and the Chairman's total fee by 2.5% with effect from 1 April 2018.

Slightly higher increases were agreed for the Senior Independent Director, Chairman of the Remuneration Committee and Chairman of the Audit Committee fees, again based on the fee comparison advice.

Full details of these fees are set out on page 113.

Shareholder Engagement

DCC recognises the importance of engaging with shareholders to understand their views on directors' remuneration. As noted in last year's Report, we had substantial engagement with a number of the Company's major shareholders and with shareholder and proxy voting organisations in early 2017 to hear their views on last year's proposed changes to our remuneration policy, which were related to the transition of Chief Executive. I would like to thank shareholders for their time in engaging with us and for their support for the changes.

Details of shareholders' proxy votes on the 2017 Remuneration Report and Remuneration Policy are set out in the chart below, along with a history of votes on remuneration reports and/or policies since 2009.

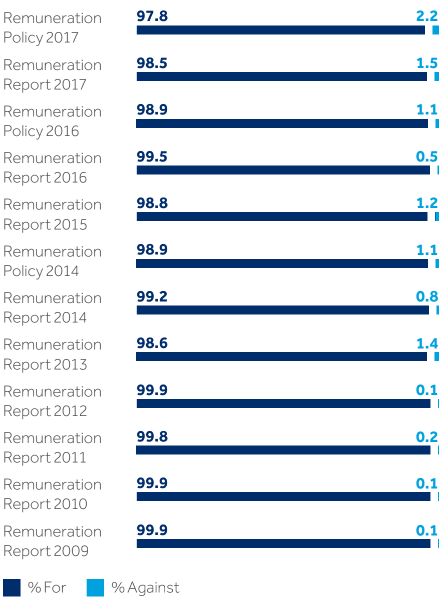
Format of Report and Shareholder Votes

In the UK, the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013 ('the 2013 UK Regulations') require certain disclosures in regard to remuneration and binding shareholder votes on remuneration policy and implementation. While DCC, as an Irish incorporated company, is not subject to the 2013 UK Regulations, we nonetheless recognise that they represent best practice in remuneration reporting and, given our listing on the London Stock Exchange, we continue to substantially apply the 2013 UK Regulations to this report on a voluntary basis.

At the 2018 Annual General Meeting, a resolution on the Remuneration Report (excluding the Remuneration Policy) will again be put to shareholders, on an advisory rather than on a binding basis. As we are not making any changes to Remuneration Policy (which was approved by shareholders last year), we will not be putting this to a shareholder vote.

It is our intention to operate in line with the approved Policy. We welcome and will consider any shareholder feedback on the Remuneration Policy and the 2018 Remuneration Report.

AGM Votes on Directors' Remuneration Report and Policy



Priorities for the Year Ahead

Our priorities for the coming year will include:

- Consideration of remuneration matters contained in the proposed revised UK Corporate Governance Code, in particular in regard to the extension of the oversight role of remuneration committees to include workforce policies and practices.
- Actions and reporting around the gender pay gap and the 'fair pay' agenda.
- Review of the existing parameters and criteria underlying the Company's bonus and long term incentive plans and consideration of other appropriate parameters.

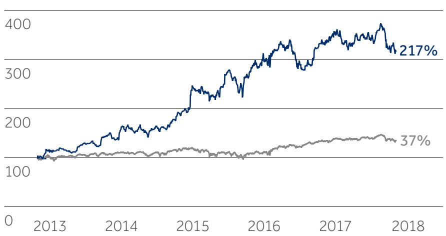
Conclusion

I am satisfied that the Remuneration Committee has implemented the Group's existing Remuneration Policy in the year ended 31 March 2018 in a manner that properly reflects the performance of the Group in the year. I would strongly recommend that shareholders vote in favour of the 2018 Remuneration Report at the 2018 AGM.

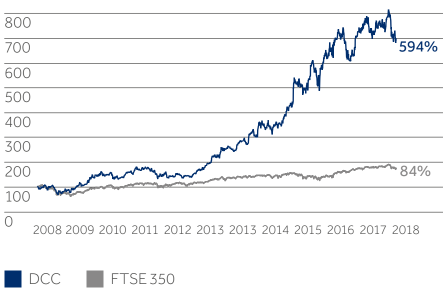
On behalf of the Remuneration Committee

Leslie Van de Walle
Chairman, Remuneration Committee
14 May 2018

DCC's TSR vs the FTSE 350 since 1 April 2013



DCC's TSR vs the FTSE 350 since 1 April 2008



The charts above show the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2013 and 1 April 2008 respectively, relative to the FTSE 350 index.

Remuneration Report (continued)

Remuneration at a Glance

The purpose of DCC's Remuneration Policy is to incentivise executive Directors to create shareholder value. Consequently, their remuneration is weighted towards performance related elements with targets incentivising delivery of strategy over the short and long term.

This overview summarises the current remuneration arrangements and illustrates how the executive Directors' short and long term remuneration for the year ended 31 March 2018 is aligned with and reflects the Company's strong performance during the year.

Salary

	Year ended 31 March 2017 €	Year ended 31 March 2018		Year to 31 March 2019 €
		1 April 2017 to 13 July 2017 €	14 July 2017 to 31 March 2018 €	
Donal Murphy	466,075	480,057	820,000	840,500
Fergal O'Dwyer	466,075	500,000	500,000	512,500

The increases in the salaries of the executive Directors for the year ended 31 March 2018 reflected Company and personal performance and the results of a review of the remuneration policy carried out in early 2017. In Mr. Murphy's case, his salary was changed on his appointment of Chief Executive on 14 July 2017.

The salaries of both executive Directors were increased by 2.5% on 1 April 2018, which is in line with the expected salary inflationary increase of 2% to 3% across the Group.

Annual Bonus

The performance weightings set in respect of the annual bonus for the executive Directors for the year ended 31 March 2018 were as follows:

- 70% based on growth in Group EPS
- 30% based on overall contribution and attainment of personal/strategic objectives

The performance targets, the actual performance achieved and resultant payouts are set out in the table below:

	Target %		Actual %	Max bonus % of salary		Actual bonus % of salary		Actual bonus €'000	
	Minimum	Maximum		Donal Murphy	Fergal O'Dwyer	Donal Murphy	Fergal O'Dwyer	Donal Murphy	Fergal O'Dwyer
Growth in Group adjusted EPS	5.0	12.5	10.8	126.0	126.0	97.4	97.4		
Attainment of personal/strategic objectives	See below			54.0	54.0	54.0	54.0		
TOTAL				**180.0**	**180.0**	**151.4**	**151.4**	**1,241**	**757**

The Remuneration Committee, in determining that there had been full achievement of personal/strategic objectives, considered the factors set out on page 104.

In accordance with the bonus deferral arrangement, 33% of these bonuses, net of tax and social security deductions, will be invested in DCC shares, which will be made available after three years.

Long Term Incentive Plan

The extent of vesting of the LTIP awards granted in November 2015 was based on results for the three year period ended 31 March 2018. The earliest vesting date, taking account of the two-year holding period, is November 2020 (five years after the grant date).

The performance conditions which applied to the 2015 awards, the actual performance under those conditions and the expected vesting are detailed on page 105 and are summarised in the table below.

Conditions	Extent of vesting	Range for minimum to maximum vesting	Actual outcome	Expected vesting
ROCE	Up to 40%	13% to 17%	19.9%	40%
EPS excess over UK RPI	Up to 40%	3% to 7%	9.6%	40%
TSR outperformance of FTSE 350 Index	Up to 20%	At the Index to 8%	15.9%	20%
				100%

Remuneration Policy Report

DCC's Remuneration Policy ('the Policy') is set out below. As an Irish incorporated company, DCC is not required to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote. However, we recognise the need for our remuneration policies, practices and reporting to reflect best corporate governance practice.

As such, we submitted our Remuneration Policy to an advisory, non-binding vote at the 2017 Annual General Meeting ('AGM').

The Company is operating its remuneration arrangements in line with the approved Remuneration Policy, which came into effect from the date of the 2017 AGM on 14 July. As no changes are being made to this Policy, it will not be subject to a shareholder vote at the 2018 AGM.

The Policy is designed and managed to support a high performance and entrepreneurial culture, taking into account competitive market positioning.

The Board seeks to align the interests of executive Directors and other senior Group executives with those of shareholders, within the framework set out in the UK Corporate Governance Code. Central to this policy is the Group's belief in long term, performance based incentivisation and the encouragement of share ownership.

The basic policy objective is to have overall remuneration reflect performance and contribution, while having salary rates and the short-term element of incentive payments at the median of a market capitalisation comparator group.

The Remuneration Committee seeks to ensure:
- that the Group will attract, motivate and retain individuals of the highest calibre;
- that executives are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sectors and geographies within which the Group operates and the markets from which it draws its executives; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages.

DCC's strategy of fostering entrepreneurship requires well designed incentive plans that reward the creation of shareholder value through organic and acquisitive growth while maintaining high returns on capital employed, strong cash generation and a focus on good risk management. The typical elements of the remuneration package for executive Directors are base salary, pension and other benefits, annual performance related bonuses and participation in long term performance plans which promote the creation of sustainable shareholder value.

The Remuneration Committee takes external advice from remuneration consultants on market practice within similar sized UK listed and Irish companies to ensure that remuneration remains competitive and structures continue to support the key remuneration policy objectives. Benchmarking data is used to inform remuneration decisions, but not to drive changes.

Key elements of pay of executive Directors under the Policy are set out in the table below:

Element and link to strategy	Operation	Maximum opportunity
Base Salary		
Attract and retain skilled and experienced senior executives.	Base salaries are reviewed annually on 1 April. The factors taken into account include: • Role and experience • Company performance • Personal performance • Competitive market practice • Benchmarking versus companies of similar size and complexity within UK and Irish markets When setting pay policy, account is taken of movements in pay generally across the Group.	No prescribed maximum base salary or maximum annual increase. General intention that any increases will be in line with the general increase across the Group. Increases may be higher in certain circumstances such as changes in role and responsibility or significant changes in market practice.
Benefits		
To provide market competitive benefits.	Benefits include the use of a company car, life/disability cover, health insurance and club subscriptions.	No maximum level has been set as payments depend on individual Director circumstances.

Remuneration Report (continued)

Element and link to strategy	Operation	Maximum opportunity
Annual Bonus		
To reward the achievement of annual performance targets.	Bonus payments to executive Directors are based upon meeting pre-determined targets for a number of key measures, including Group earnings and overall contribution and attainment of personal/strategic objectives. The personal/strategic targets are focused on areas such as delivery on strategy, organisational development, IT, investor relations, financing, risk management and talent development/succession planning. The measures, their weighting and the targets are reviewed on an annual basis. The current measures for the executive Directors, and their weighting, are set out on page 112. The targets are considered commercially confidential and will not be disclosed on a prospective basis, but, to the extent no longer confidential, will be disclosed retrospectively. Bonus levels are determined by the Committee after the year end based on actual performance achieved. The Committee can apply appropriate discretion in specific circumstances in respect of determining the bonuses to be awarded. In particular, the Committee has the discretion to reduce bonuses in the event that a pre-determined target return on capital employed is not achieved. In regard to the executive Directors, 33% of any bonus earned, once the appropriate tax and social security deductions have been made, will be invested in DCC shares which will be made available to them after three years, or on their employment terminating if earlier, together with accrued dividends. A formal clawback policy is in place for the executive Directors, under which bonuses are subject to clawback for a period of three years in the event of a material restatement of financial statements or other specified events. Further details on clawback policy are set out on page 99. The Committee has discretion in relation to bonus payments to joiners and leavers.	The maximum bonus potential, as a percentage of base salary, for the executive Directors is 200%. The maximum bonus potentials set for each year will be disclosed in the Annual Report on Remuneration. A defined target level of performance has been set for which 50% of maximum bonus is payable.

Element and link to strategy | Operation | Maximum opportunity

Long Term Incentive Plan ('LTIP')

To align the interests of executives with those of the Group's shareholders and to reflect the Group's culture of long term performance based incentivisation.

The LTIP provides for the Remuneration Committee to grant nominal cost (€0.25) options to acquire shares to Group employees, including executive Directors.

The vesting period is normally five years from the date of grant, with the extent of vesting being determined over the first three years, based on the performance conditions set out below.

In addition to the detailed performance conditions, an award will not vest unless the Remuneration Committee is satisfied that the Company's underlying financial performance has shown a sustained improvement in the three-year period since the award date.

The extent of vesting for awards granted to participants will be determined by the Remuneration Committee, in its absolute discretion, based on the performance conditions set out below.

Return on Capital Employed ('ROCE'):
Up to 40% of an award will vest depending on ROCE achieved in excess of the Group's Weighted Average Cost of Capital ('WACC') over a three-year period, with the Remuneration Committee to set a range for threshold and maximum vesting at the time of each award in the light of development activity, including any significant corporate transactions, three-year plans for the Group and prevailing business and economic circumstances.

Percentage excess over WACC	% of total award vesting
Below % set as threshold	0%
As % set as threshold	10%
Between % set as threshold and % set as maximum	10%-40% pro rata
Above % set as maximum	40%

The range set will be disclosed in the Annual Report on Remuneration.

The market value of the shares subject to the options granted in respect of any accounting period may not exceed 200% of base salary.

If, as a result of dealing restrictions, it is not possible to grant options at the normal award date, the Remuneration Committee may grant the options at a later date, as soon as practicable after the dealing restrictions cease to apply.

In these circumstances, the market value used will be the market value at the later award date and the base salary used will be the base salary at the normal award date.

If the later award date occurs in an accounting period subsequent to that in which the normal award date occurred, the award will be treated, for the purposes of the 200% maximum, as having been made in the preceding accounting period.

Remuneration Report (continued)

Element and link to strategy	Operation	Maximum opportunity
Long Term Incentive Plan ('LTIP') continued		

Earnings per Share ('EPS'):
Up to 40% of an award will vest depending on EPS growth over a three-year period starting on 1 April in the financial year in which the award is granted compared with the change in the UK Retail Price Index ('RPI') as follows:

Annualised EPS growth in excess of annualised change in RPI	% if total award vesting
Less than 3%	0%
At 3%	10%
3% – specified maximum %	10%-40% pro rata
Above specified maximum %	40%

The intention is that the specified maximum percentage (level of excess over RPI) will be set at the time of each award in the light of development activity, including any significant corporate transactions, three-year plans for the Group and prevailing business and economic circumstances. The range set will be disclosed in the Annual Report on Remuneration.

Total Shareholder Return ('TSR'):
Up to 20% of an award will vest depending on TSR performance over a three-year period, starting on 1 April in the financial year in which the award is granted, compared with the FTSE 350 Index (the 'Index').

TSR	% of total award vesting
Below the Index	0%
At the Index	5%
Between the Index and 8% p.a. out-performance	5%-20% pro rata
Above 8% p.a. out-performance of the Index	20%

No re-testing of the performance conditions is permitted.

The performance conditions and their relative weighting may be modified by the Remuneration Committee in accordance with the Rules of the LTIP, provided that they remain no less challenging and are aligned with the interests of the Company's shareholders.

A formal clawback policy is in place, under which awards are subject to clawback in the event of a material restatement of financial statements or other specified events. Further details on this clawback policy are set out on page 99.

Pension		
To reward sustained contribution.	The executive Directors are eligible to participate in a defined contribution pension scheme (or receive cash in lieu of contributions to a defined contribution pension scheme).	Pension contributions (paid into the defined contribution scheme or paid as cash in lieu) can be between 15% and 25% of base salary. Existing executive Directors are eligible to receive 15% of base salary. Pensionable salary is defined as base salary.

Element and link to strategy	Operation	Maximum opportunity
Restricted Retirement Stock		
To replace the cash allowance in lieu of defined benefit pension benefits foregone.	A one-off arrangement, commenced in the year to 31 March 2018, for the current CFO, Fergal O'Dwyer, only. The Restricted Retirement Stock is treated as fixed pay and therefore will not be subject to performance targets or leaver provisions and will vest after the CFO retires. (For the avoidance of doubt, if the CFO leaves to take an equivalent role elsewhere, the shares will not vest until DCC is informed of his retirement from any equivalent role.)	Annual award of DCC shares with a value of €575,000. The value of the annual Restricted Retirement Stock award is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution pension payment at 15% of base salary. It is not subject to change and will be fixed until the current CFO's retirement.

Payments from Existing Awards
Subject to the achievement of the applicable performance conditions, executive Directors are eligible to receive payment from any award made prior to the approval and implementation of the Remuneration Policy detailed in this report.

Payments under Legacy Defined Benefit Pension Scheme
Defined benefit pensions were previously provided through an Irish Revenue approved retirement benefit scheme, up to pension caps, as introduced by the Irish Finance Act 2006 and amended by subsequent Acts (see page 104). The executive Directors elected to cease accruing pension benefits at the cap and to receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone. All cash allowances were calculated based on independent actuarial advice, approved by the Remuneration Committee, as the equivalent of the reduction in liability of the Company arising from the pension benefits foregone.

Donal Murphy remained eligible for this cash allowance until his appointment as Chief Executive on 14 July 2017, at which time he became subject to the new pension policy for executive Directors. As noted above, Fergal O'Dwyer's entitlement to this cash allowance was replaced by the Restricted Retirement Stock arrangement.

Tommy Breen remained eligible for this cash allowance up to the date of his retirement on 14 July 2017.

In addition, as noted on page 105, each of the Directors agreed to accept a transfer value in respect of their past service accrued benefits under the defined benefit pension plan.

Clawback Policy
Bonus payments made to executives may be subject to clawback for a period of three years from payment in certain circumstances including:
- a material restatement of the Company's audited financial statements;
- a material breach of applicable health and safety regulations; or
- business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual executive.

The LTIP allows for the giving of discretion to the Remuneration Committee to reduce or impose further conditions on awards prior to vesting in the circumstances as outlined above.

Remuneration Policy for Recruitment of New Executive Directors
In determining the remuneration package for a new executive Director, the Remuneration Committee would be guided by the principle of offering such remuneration as is required to attract, retain and motivate a candidate with the particular skills and experience required for a role, if it considers this to be in the best interests of the Company and the shareholders. The Remuneration Committee will generally set a remuneration package which is in accordance with the terms of the approved Remuneration Policy in force at the time of the appointment, though the Committee may make payments outside of the Policy if required in the particular circumstances and if in the best interests of the Company and the shareholders. Any such payments which relate to the buyout of variable pay (bonuses or awards) from a previous employer will be based on matching the estimated fair value of that variable pay and will take account of the performance conditions and the time until vesting of that variable pay.

Other than in such buyout situations, it is the Company's policy not to offer any additional bonuses or awards on recruitment.

For an internal appointment, any variable pay element awarded in respect of the prior role and any other ongoing remuneration obligations existing prior to appointment would be honoured.

Remuneration Policy for Other Employees
While the Remuneration Committee's specific oversight of individual executive remuneration packages extends only to the executive Directors and a number of senior Group executives, it aims to create a broad policy framework, to be applied by management to senior executives throughout the Group, through its oversight of remuneration structures for other Group and subsidiary senior management and of any major changes in employee benefits structures throughout the Group.

Remuneration Report (continued)

DCC employs approximately 11,000 people in 15 countries. Remuneration arrangements across the Group differ depending on the specific role being undertaken, the industry in which the business operates, the level of seniority and responsibilities, the location of the role and local market practice.

Consultation with Employees
Although the Remuneration Committee does not consult with employees on the Remuneration Policy, it does consider remuneration arrangements and trends across the broader employee population when determining the Policy.

Consultation with Shareholders
The Committee engages in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in policy. The Committee also takes into account the views of shareholder organisations and proxy voting agencies.

The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Report and the Remuneration Policy, as required, to advisory votes at the AGM.

Exit Payments Policy
The provisions on exit in respect of each of the elements of pay are as follows:

Salary and Benefits

Exit payments are made only in respect of base salary for the relevant notice period. The Committee may in its discretion also allow for the payment of benefits (such as payments in lieu of defined contribution pension) for the notice period. In all cases, the notice period applies to both the Company and the executive.

Annual Bonus

The Remuneration Committee can apply appropriate discretion in respect of determining the bonuses to be awarded based on actual performance achieved and the period of employment during the financial year.

In relation to deferred bonuses which have been invested in DCC shares, they will be made available on the participant's cessation date, together with accrued dividends.

Long Term Incentive Plan

To the extent that a share award or option has vested on the participant's cessation date, the participant may exercise the share award or option during a specified period following such date but in no event may the share award or option be exercised later than the expiry date as specified in the award certificate.

In general, a share award or option that has not vested on the participant's cessation date immediately lapses.

The Committee would normally exercise its discretion when dealing with a participant who ceases to be an employee by reason of certain exceptional circumstances e.g. death, injury or disability, redundancy, retirement or any other exceptional circumstances. In such circumstances, any share award or option that has not already vested on the participant's cessation date would be eligible for vesting on a date determined by the Remuneration Committee. The number of shares, if any, in respect of which the share award or option vests would be determined by the Remuneration Committee.

In the event that a participant ceases to be an employee by reason of a termination of his employment for serious misconduct, each share award and option held by the participant, whether or not vested, will automatically lapse immediately upon the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

Pension

The rules of the Company's defined benefit and defined contribution pension schemes contain detailed provisions in respect of termination of employment.

Restricted Retirement Stock

The Restricted Retirement Stock awards made to the CFO will vest in full after his retirement.

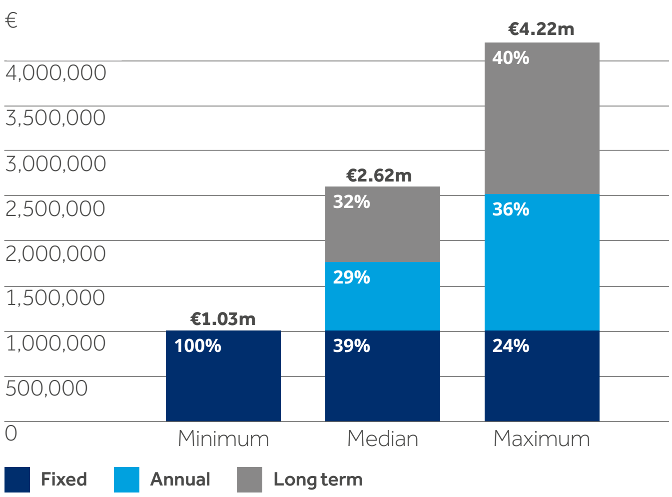
Service Contracts
Donal Murphy has a service agreement with the Company with a notice period of six months. This service agreement provides that either he or the Company could terminate his employment by giving six months' notice in writing. The Company may, at its sole discretion, require that Mr. Murphy, instead of working out the period of notice, cease employment immediately in which case he would receive compensation in the form of base salary only in respect of the notice period. The service contract also provides for summary termination (i.e. without notice) in a number of circumstances, including material breach or grave misconduct. The service agreement does not include any provisions for compensation for loss of office, other than the notice period provisions set out above.

Fergal O'Dwyer has a letter of appointment which provides for a three month notice period.

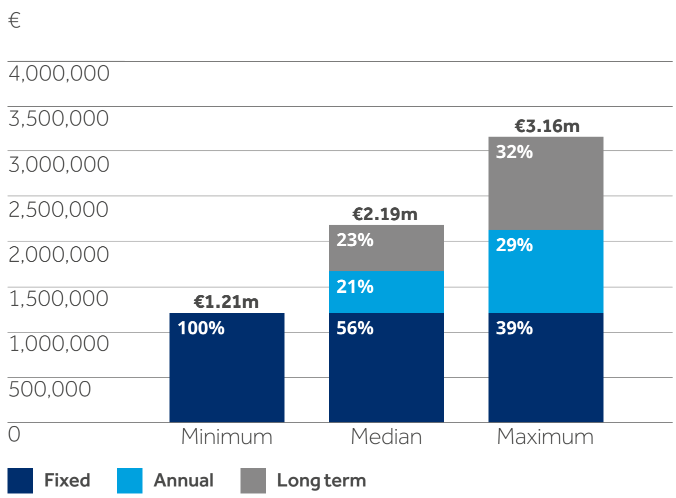
Scenario Charts

Set out below is an illustration of the potential future remuneration that could be received by each executive Director for the year commencing 1 April 2018 at minimum, median and maximum performance. As the Directors are paid in euro, the Remuneration Committee considers it appropriate that the figures disclosed in this report continue to be presented in euro.

Donal Murphy, Chief Executive



Fergal O'Dwyer, Executive Director and Chief Financial Officer



Notes:
1. Fixed pay comprises base salary, benefits, retirement benefit expense and, for Fergal O'Dwyer only, restricted retirement stock.
2. Annual pay comprises bonus. The proposed maximum bonus potentials for the year to 31 March 2019 of 180% of base salary, as set out in the Annual Report on Remuneration, are included in these charts.
3. Long term pay comprises the maximum value of options that can be granted under the DCC plc Long Term Incentive Plan 2009.
4. Total pay for minimum performance comprises fixed pay.
5. Total pay for median performance comprises fixed pay, 50% of maximum bonus potential (annual) and 50% of maximum LTIP value (long).
6. Total pay for maximum performance comprises fixed pay, 100% of maximum bonus potential (annual) and 100% of maximum LTIP value (long).
7. In calculating any value that may be delivered in shares, no account has been taken of any potential increase or decrease in share price.

Share Ownership Guidelines

DCC's remuneration policy has at its core recognition that the spirit of ownership and entrepreneurship is essential to the creation of long term high performance and that share ownership is important in aligning the interests of executive Directors and other senior Group executives with those of shareholders.

A set of share ownership guidelines is in place, effective from 1 April 2011, under which the Chief Executive, other executive Directors and other senior Group executives are encouraged to build, over a five-year period, a shareholding in the Company with a valuation relative to base salary as follows:

Executive	Share ownership guideline
Chief Executive	3 times annual base salary
Other executive Directors	2 times annual base salary
Senior Group executives	1 times annual base salary

The position of the executive Directors and senior Group executives under the Share Ownership Guidelines is reviewed annually by the Remuneration Committee. The position of the executive Directors as at 31 March 2018 is set out in the Annual Report on Remuneration on page 112.

Policy on External Board Appointments

Executive Directors may accept external non-executive directorships with the prior approval of the Board. The Board recognises the benefits that such appointments can bring both to the Company and to the Director in terms of broadening their knowledge and experience. The fees received for such roles may be retained by the executive Directors.

The executive Directors do not currently hold any external board appointments.

Remuneration Report (continued)

Policy for non-executive Directors

Fees	Operation	Maximum Opportunity
The fees paid to non-executive Directors reflect their experience and ability and the time demands of their Board and Board committee duties. A basic non-executive Director fee is paid for Board membership. Additional fees are paid to the members and the chairmen of Board committees, to the Chairman and to the Senior Independent Director. Additional fees may be paid in respect of Company advisory boards.	The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The Chairman absents himself from the Committee meeting while this matter is being considered. The remuneration of the other non-executive Directors is determined by the Chairman and the Chief Executive for approval by the Board. The fees are reviewed annually, taking account of any changes in responsibilities and advice from external remuneration consultants on the level of fees in a range of comparable Irish and UK companies.	No prescribed maximum annual increase. In accordance with the Articles of Association, shareholders set the maximum aggregate ordinary remuneration (basic fees, excluding fees for committee membership and chairman fees). The current limit of €650,000 was set at the 2014 Annual General Meeting. Non-executive Directors do not participate in the Company's LTIP and do not receive any pension benefits from the Company.

Non-executive Directors' Letters of Appointment

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

Annual Report on Remuneration

This section of the Remuneration Report gives details of remuneration outcomes for the year ended 31 March 2018, sets out how DCC's Remuneration Policy, as described on pages 95 to 102, will operate in the year to 31 March 2019 and provides additional information on the operation of the Remuneration Committee.

Remuneration outcomes for the year ended 31 March 2018

The table below sets out the total remuneration and breakdown of the elements received by each serving Director in relation to the year ended 31 March 2018, together with prior year comparatives. An explanation of how the figures are calculated follows the table.

Executive Directors' Remuneration Details

	Salary		Benefits		Bonus		Retirement Benefit Expense		Restricted Retirement Stock		LTIP		Audited Total	
	2018 €'000	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000
Donal Murphy	**722**	466	**61**	42	**1,241**	839	**88**	61	**–**	–	**809**	1,366	**2,921**	2,774
Fergal O'Dwyer	**500**	466	**50**	46	**757**	839	**75**	613	**575**	–	**832**	1,431	**2,789**	3,395
Tommy Breen	**225**	759	**20**	107	**345**	1,366	**388**	762	**–**	–	**1,054**	2,325	**2,032**	5,319
	1,447	1,691	**131**	195	**2,343**	3,044	**551**	1,436	**575**	–	**2,695**	5,122	**7,742**	11,488

Tommy Breen retired as Chief Executive and from the Board on 14 July 2017. As such, the 2018 payments above relate to the period from 1 April 2017 until 14 July 2017.

Salary

The salaries of the executive Directors for the year ended 31 March 2018 represented increases over the prior year as shown in the table below:

	Salary €	Increase %
Donal Murphy	820,000	*
Fergal O'Dwyer	500,000	7.3%
Tommy Breen	781,833	3.0%

* Donal Murphy's salary was increased to €480,057 (+3.0%) on 1 April 2017 and to €820,000 on 14 July 2017, on his appointment as Chief Executive.

Benefits

Benefits include the use of a company car, life/disability cover, health insurance and club subscriptions.

Determination of Bonuses for the year ended 31 March 2018

The table below sets out the actual performance in the year ended 31 March 2018 in terms of growth in Group adjusted earnings per share ('Group EPS') compared to the performance target set for the year.

	Target		
	Minimum	Maximum	Actual
Growth in Group EPS	5%	12.5%	10.8%

The actual increase of 10.8% in Group EPS compared to the range set resulted in the Remuneration Committee determining that there should be payment of 77.3% of the bonuses related to this performance target.

Remuneration Report (continued)

In regard to the achievement of targets set for overall contribution and personal/strategic objectives, the Remuneration Committee considered the following matters:

	Achievements
Donal Murphy	Successful transition to the role of Chief Executive; demonstrated visible leadership of the Group's core values; enhanced communications across the Group; strong progress on management development and succession planning at Group, divisional and subsidiary levels; development of dedicated strategy function; effective co-ordination of strategic developments.
Fergal O'Dwyer	Provided very effective support to Donal Murphy in ensuring smooth transition by him into the Chief Executive role; excellent financial leadership of the Group, in particular with regard to US Private Placement and cash management; increased role in regard to acquisition activity; good progress on management development and succession.

The Remuneration Committee decided that there should be full payment of bonuses related to overall contribution and personal/strategic objectives for Mr. Murphy and Mr. O'Dwyer. In relation to Mr. Breen, the Committee also concluded that his performance against personal/strategic objectives during the period up to 14 July 2017 merited full payment in respect of this element of remuneration.

The resultant bonus payout levels for the year ended 31 March 2018 were as follows:

	Donal Murphy % of Salary		Fergal O'Dwyer % of Salary		Tommy Breen % of Salary	
Component	Max %	Payout %	Max %	Payout %	Max %	Payout %
Group EPS	126.0	97.4	126.0	97.4	36.7	28.4
Contribution and Personal/Strategic	54.0	54.0	54.0	54.0	15.8	15.8
	180.0	151.4	180.0	151.4	52.5	44.2

Mr. Breen's bonus related to his period of service from 1 April 2017 to 14 July 2017.

In the case of Mr. Murphy and Mr. O'Dwyer, 33% of their bonuses, net of tax and social security deductions, will be invested in DCC shares, which will be made available to them after three years, or on their employment terminating if earlier, together with accrued dividends.

As noted in last year's Annual Report on Remuneration, Mr. Breen retired on 14 July 2017 and, to avoid administrative costs, deferral was not applied to his 2017/2018 bonus payment.

Retirement Benefit Expense
Retirement Benefit Expense comprised 15% of salary in the form of a cash allowance, in lieu of contribution to a defined contribution pension scheme, for Donal Murphy and Fergal O'Dwyer and an amount of €388,300 for Tommy Breen, being a cash allowance of €479,300 less the value of a reversal of previously funded benefits of €91,000, for the period 1 April to 14 July 2017 inclusive.

Defined Benefit Pensions
The table below sets out the change in the accrued pension benefits to which current and former executive Directors have become entitled during the year ended 31 March 2018 and the transfer value of the change in accrued benefit, under the Company's defined benefit pension scheme:

	Change in accrued pension benefit (excl inflation) during the year[1] €'000	Transfer value equivalent to the change in accrued pension benefit €'000	Total accrued pension benefit at year end[1] €'000
Donal Murphy	0	0	0
Fergal O'Dwyer	0	0	0
Tommy Breen	(3)	(91)	0
Total	**(3)**	**(91)**	**0**

Note:
1. Figures represent the total accrued pension payable from normal retirement date, based on pensionable service at 31 March 2018, after the reduction in respect of the Irish pension levy.

As previously reported, the Irish Finance Act 2006 established a cap on pension assets by introducing a penalty tax charge on pension assets in excess of the higher of €5 million or the value of individual accrued pension entitlements as at 7 December 2005. The Irish Finance Act 2011 reduced these thresholds to the higher of €2.3 million or the value of individual accrued pension entitlements as at 7 December 2010. As a result of this change the Remuneration Committee decided that the executive Directors, who were then members of the defined benefit pension scheme, would have the option of continuing to accrue pension benefits as previously or to cap their benefits in line with the 2011 limits. All of the executive Directors elected to cap their benefits and receive a taxable non-pensionable cash allowance in lieu of pension benefits foregone.

The current Remuneration Policy, which was approved by shareholders at the AGM on 14 July 2017, ended the practice of paying cash allowances in lieu of defined benefit pension benefits foregone and introduced a cash allowance paid in lieu of defined contribution pension at 15% to 25% of salary, with 15% applying for existing executive Directors, Donal Murphy and Fergal O'Dwyer.

In May 2017, the Company agreed with each of Donal Murphy, Fergal O'Dwyer and Tommy Breen that they would take a transfer value in respect of their past service accrued benefits under the defined benefit pension plan. These transfer values, which were determined on the basis of actuarial advice, were at a discount to the accounting reserve and resulted in a gain to the Company.

Restricted Retirement Stock

Fergal O'Dwyer receives an annual award of DCC shares with a value of €575,000, which do not vest until he retires.

Long Term Incentive Plan

The values of the LTIP as shown in the table on page 103 for 2018 and 2017 relate to awards made in November 2015 and November 2014 respectively.

The vesting criteria which applied to these awards are summarised in the Remuneration Policy Report on pages 95 to 102.

2018 (November 2015 grants)

The LTIP awards granted in November 2015 will vest in November 2020 (five years after the grant date). The extent of vesting will be formally determined by the Committee in November 2018 and will be based on ROCE performance (40% of the total award), EPS performance (40% of the total award) and TSR performance (20% of the total award) over the three-year period ended 31 March 2018.

DCC's average ROCE for the three years ended 31 March 2018 was 19.9%. As this was in excess of the range of 13% – 17% set for minimum to maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

DCC's adjusted EPS increased by 12.3% annualised over the three-year period. UK RPI increased by 2.7% annualised over the same period. As the excess over RPI was greater than the 7% excess set for maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

An analysis was conducted by Willis Towers Watson to measure the level of DCC's TSR performance relative to the FTSE 350 index over the three year period ended 31 March 2018. This analysis showed that DCC's TSR annualised outperformance of the FTSE 350 index was 15.9%. As this was greater than the 8% outperformance set for maximum vesting, 100% of this portion of the award (20% of the total award) will vest.

Consequently, the Group's ROCE, EPS and TSR performance is expected to give rise to a vesting of 100%.

The value of the LTIP for the year ended 31 March 2018 is estimated using the number of options expected to vest in November 2020 and the share price at 31 March 2018 of €74.98 (£65.60) less the amount payable to purchase the shares (i.e. the exercise cost).

In the case of Mr. Breen, the value of his LTIP reflects the expected level of vesting and completed service since the start of the performance period.

2017 (November 2014 grants)

The LTIP awards granted in November 2014 will vest in November 2019 (five years after the grant date). The extent of vesting, which has been determined by the Committee, was based on ROCE performance (40% of the total award), EPS performance (40% of the total award) and TSR performance (20% of the total award) over the three-year period ended 31 March 2017.

DCC's average ROCE for the three years ended 31 March 2017 was 19.9%. As this was in excess of the range of 13% – 17% set for minimum to maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

DCC's adjusted EPS increased by 18.2% annualised over the three-year period. UK RPI increased by 1.9% annualised over the same period. As the excess over RPI was greater than the 7% excess set for maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

An analysis was conducted by Willis Towers Watson to measure the level of DCC's TSR performance relative to the FTSE 350 index over the three year period ended 31 March 2017. This analysis showed that DCC's TSR annualised outperformance of the FTSE 350 index was 27.3%. As this was greater than the 8% outperformance set for maximum vesting, 100% of this portion of the award (20% of the total award) will vest.

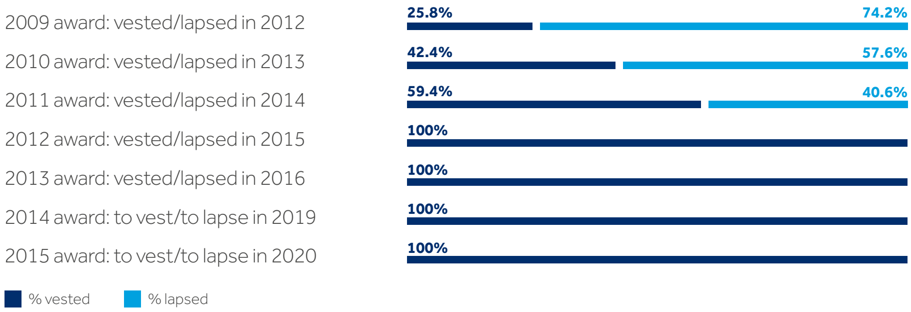
Consequently, the Remuneration Committee determined that 100% of the 2014 awards will vest in November 2019.

The value of the LTIP for the year ended 31 March 2017 is based on the number of options which will vest in November 2019 and the share price at 31 March 2017 of €82.12 (£70.25) less the amount payable to purchase the shares (i.e. the exercise cost).

Remuneration Report (continued)

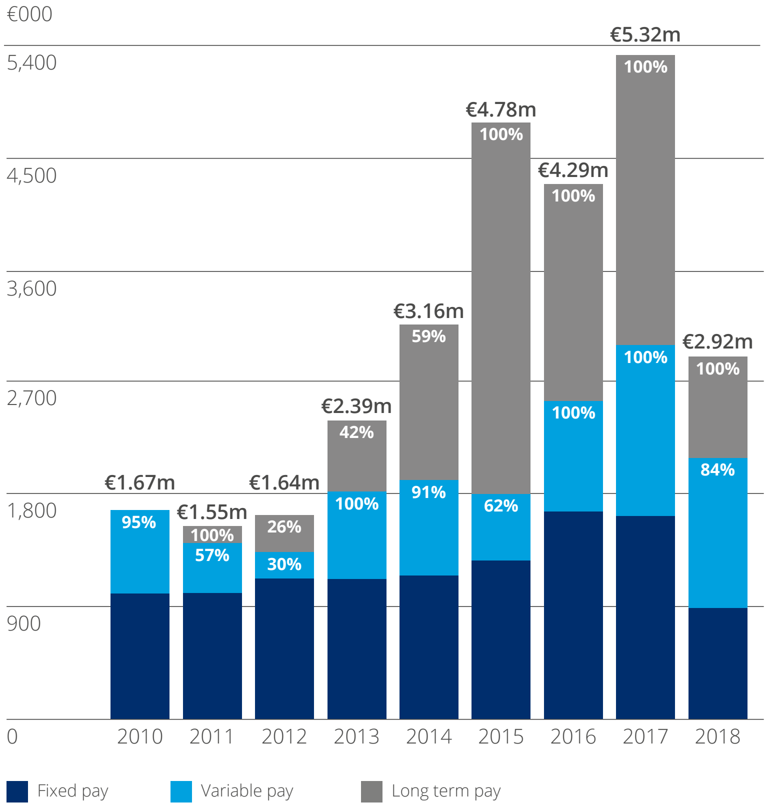
LTIP – Vesting

The extent of vesting of awards made under the LTIP since its introduction in 2009 is set out in the table below.



Chief Executive's Remuneration

The chart below show the total remuneration for the Director undertaking the role of Chief Executive for the nine years from 1 April 2009 to 31 March 2018. The years 2010 to 2017 inclusive relate to Tommy Breen and the year 2018 relates to Donal Murphy.

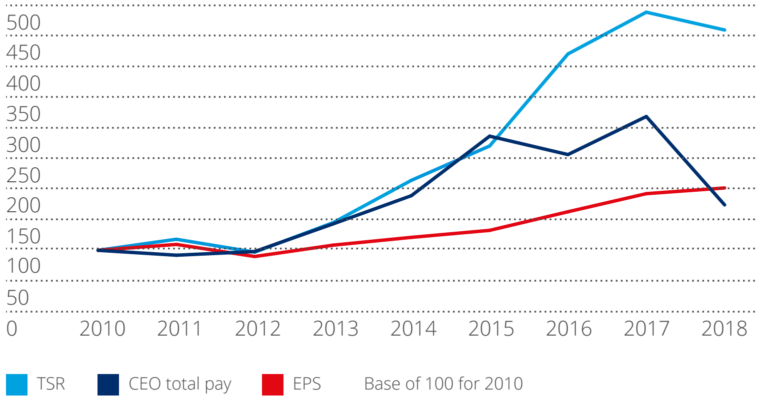


Notes:

1. Fixed pay comprises salary, benefits and retirement benefit expense.
2. Variable pay comprises the annual bonus; the percentage shown is the value of the bonus paid as a percentage of the maximum opportunity.
3. Long term pay comprises the value of awards under the DCC plc 1998 Employee Share Option Scheme (for 2010 and 2011) and the DCC plc Long Term Incentive Plan 2009 (for 2012 to 2018); the percentage shown is the value of the awards vested as a percentage of the maximum opportunity (actual vesting for 2010 to 2017 and expected vesting for 2018).

Chief Executive's Remuneration versus EPS and TSR

This graph maps the total remuneration for the Director undertaking the role of Chief Executive against the nine-year trend in EPS and TSR, using a base of 100 for 2010 for comparator purposes.



Changes in Chief Executive Remuneration compared to Group Employees

The table below sets out the changes in elements of remuneration paid to the Director undertaking the role of Chief Executive and the average overall percentage change for employees of the Group as a whole.

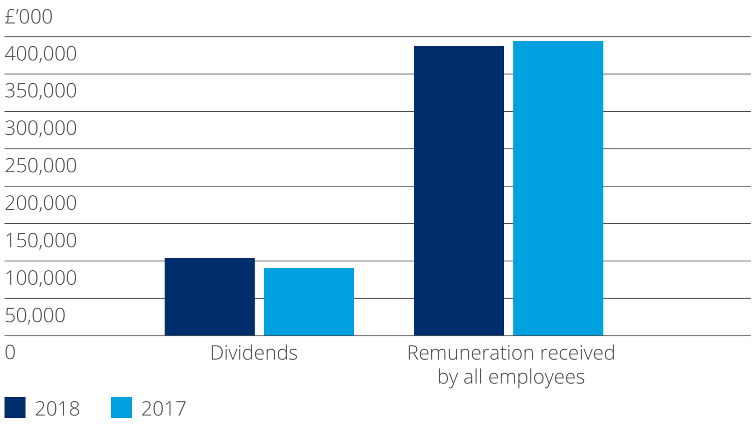
	% change between 2017 and 2018				
	Salary	Benefits	Bonus	Pension	Overall
D Murphy/T Breen[1]	+8%	-43%	-9%	-88%	-26%
All Group employees					+2%

1. This shows the percentage change between data for Mr. Breen for the year ended 31 March 2017 and the annualised data for Mr. Murphy for the year ended 31 March 2018.

The Chief Executive's total remuneration for the year ended 31 March 2018 (annualised) is 70 times that of the average Group employee for the same period.

Relative Importance of Spend on Pay

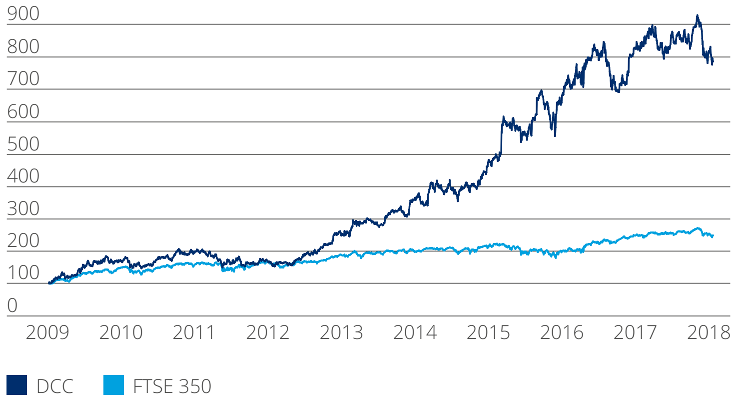
The chart below sets out the amount paid in remuneration to all employees of the Group compared to dividends to shareholders, for 2018 and 2017.



Remuneration Report (continued)

Total Shareholder Return

The chart below shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2009, relative to the FTSE 350 index. Total Shareholder Return over the last five years and ten years is set out on the charts on page 93.



Non-executive Directors' Remuneration Details

The remuneration paid to non-executive Directors for the year ended 31 March 2018 is set out in the table below. Non-executive Directors are paid a basic fee. Additional fees are paid to the members and the Chairmen of Board Committees, to the Chairman and to the Senior Independent Director.

The remuneration of the Chairman is determined by the Remuneration Committee for approval by the Board. The Chairman absents himself from the Committee meeting while this matter is being considered. The remuneration of the other non-executive Directors is determined by the Chairman and the Chief Executive for approval by the Board.

The fees are reviewed annually, taking account of any changes in responsibilities and advice from external remuneration consultants on the level of fees in a range of comparable Irish and UK companies.

	Basic Fee		Committee Chair and Membership Fees		Chairman/Senior Independent Director Fees		France Advisory Board Fee		Audited Total	
	2018 €'000	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000	**2018 €'000**	2017 €'000
Non-executive Directors										
John Moloney	**70**	70	**8**	8	**222**	165	**–**	–	**300**	243
Emma FitzGerald[1]	**70**	21	**5**	1	**–**	–	**–**	–	**75**	22
David Jukes	**70**	70	**8**	8	**–**	–	**–**	–	**78**	78
Pamela Kirby	**70**	70	**8**	7	**–**	–	**–**	–	**78**	77
Jane Lodge	**70**	70	**20**	20	**–**	–	**–**	–	**90**	90
Cormac McCarthy[2]	**70**	62	**8**	7	**–**	–	**–**	–	**78**	69
Mark Ryan[3]	**27**	–	**–**	–	**–**	–	**–**	–	**27**	–
Leslie Van de Walle[4]	**70**	70	**24**	24	**12**	3	**15**	20	**121**	117
Róisín Brennan[5]	**–**	53	**–**	4	**–**	–	**–**	–	**–**	57
David Byrne[6]	**–**	21	**–**	2	**–**	10	**–**	–	**–**	33
Total	**517[7]**	507	**81**	81	**234**	178	**15**	20	**847**	786

1. Emma FitzGerald was appointed as a Director and a member of the Remuneration Committee on 14 December 2016.
2. Cormac McCarthy was appointed as a Director and a member of the Audit Committee on 16 May 2016.
3. Mark Ryan was appointed as a Director on 13 November 2017.
4. The operation of the France Advisory Board was discontinued in November 2017.
5. Róisín Brennan retired as a non-executive Director on 14 December 2016.
6. David Byrne retired as a non-executive Director on 15 July 2016.
7. Compares to current shareholder approved limit of €650,000.

Total Directors' Remuneration

	Audited Total	
	2018 €'000	2017 €'000
Executive Directors		
Salary	**1,447**	1,691
Benefits	**131**	195
Bonus	**2,343**	3,044
Retirement Benefit Expense	**551**	1,436
Restricted Retirement Stock	**575**	–
LTIP	**2,695**	5,122
Total executive Directors' remuneration	**7,742**	11,488
Non-executive Directors		
Fees	**847**	786
Total non-executive Directors' remuneration	**847**	786
Total Directors' remuneration	**8,589**	12,274

Executive and Non-executive Directors' and Company Secretary's Interests

The interests of the Directors and the Company Secretary (including shares held by connected persons) in the share capital of DCC plc at 31 March 2018 (together with their interests at 31 March 2017) are set out below:

	No. of Ordinary Shares At 31 March 2018	No. of Ordinary Shares At 31 March 2017[1]
Directors		
John Moloney	**2,000**	2,000
Donal Murphy[2]	**104,060**	93,532
Emma FitzGerald	**224**	148
David Jukes	**94**	94
Pamela Kirby	**2,500**	2,500
Jane Lodge	**3,000**	3,000
Cormac McCarthy	**1,200**	1,200
Mark Ryan	**9,696**	9,696
Leslie Van de Walle	**670**	670
Fergal O'Dwyer[2]	**210,451**	208,889
Tommy Breen[3]	**221,574**	221,574
Company Secretary		
Gerard Whyte	**155,000**	155,000

1. Or date of appointment if later.
2. Includes 1,562 shares held under the deferred bonus arrangement as detailed on page 96.
3. Tommy Breen retired from the Board on 14 July 2017. His holding is at the date of his leaving.

All of the above interests were beneficially owned. Apart from the interests disclosed above, the Directors and the Company Secretary had no interests in the share capital or loan stock of the Company or any other Group undertaking at 31 March 2018.

There were no changes in the above Directors' and Secretary's interests between 31 March 2018 and 14 May 2018.

The shareholdings held by the executive Directors are substantially in excess of the share ownership guidelines in place, which are set out on page 112 of this Report.

The Company's Register of Directors' Interests (which is open to inspection) contains full details of Directors' shareholdings and share options.

Remuneration Report (continued)

Executive Directors' and Company Secretary's Long Term Incentives

DCC plc Long Term Incentive Plan 2009

Details of the executive Directors' and the Company Secretary's awards, in the form of nominal cost (€0.25) options, under the DCC plc Long Term Incentive Plan 2009 are set out in the table below:

	Number of options									
	At 31 March 2017	Granted in year	Exercised in year	Lapsed in year	**At 31 March 2018**[1]	Date of grant	Market price on grant	Three-year performance period end	Normal exercise period	Market price at date of exercise £
Executive Directors										
Donal Murphy	8,011	–	(8,011)	–	**0**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017	£74.50
	13,584	–	–	–	**13,584**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	17,652	–	–	–	**17,652**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	12,059	–	–	–	**12,059**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	16,686	–	–	–	**16,686**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	10,830	–	–	–	**10,830**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	11,707	–	–	–	**11,707**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	–	20,783	–	–	**20,783**	16.11.17	£70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	90,529	**20,783**	**(8,011)**	**–**	**103,301**					
Fergal O'Dwyer	8,011	–	(8,011)	–	**0**	15.11.10	€21.25	31 Mar 2013	15 Nov 2013 – 14 Nov 2017	£74.50
	13,584	–	–	–	**13,584**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	17,652	–	–	–	**17,652**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	12,647	–	–	–	**12,647**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	17,481	–	–	–	**17,481**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	11,138	–	–	–	**11,138**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	11,707	–	–	–	**11,707**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	–	12,672	–	–	**12,672**	16.11.17	£70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	92,220	**12,672**	**(8,011)**	**–**	**96,881**					
Tommy Breen[2]	28,526	–	–	–	**28,526**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	37,070	–	–	–	**37,070**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	24,706	–	–	–	**24,706**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	28,406	–	–	–	**28,406**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	18,140	–	–	–	**18,140**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	19,068	–	–	–	**19,068**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	155,916	**–**	**–**	**–**	**155,916**					
Company Secretary										
Gerard Whyte	6,240	–	–	–	**6,240**	15.11.11	€17.50	31 Mar 2014	15 Nov 2014 – 14 Nov 2018	
	8,109	–	–	–	**8,109**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	
	5,559	–	–	–	**5,559**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	
	5,834	–	–	–	**5,834**	12.11.14	£34.56	31 Mar 2017	12 Nov 2019 – 11 Nov 2021	
	3,574	–	–	–	**3,574**	17.11.15	£57.35	31 Mar 2018	17 Nov 2020 – 16 Nov 2022	
	3,758	–	–	–	**3,758**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 9 Feb 2024	
	–	3,875	–	–	**3,875**	16.11.17	£70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	33,074	**3,875**	**–**	**–**	**36,949**					

1. Or date of retirement if earlier.
2. Tommy Breen retired from the Board on 14 July 2017. The options shown above are those held by him at the date of retirement. Vested options (those originally granted in 2011, 2012, 2013 and 2014) have since been exercised. Outstanding unvested options (those originally granted in 2015 and 2017) will be pro-rated based on the final level of vesting and completed service since the start of the performance period.

As at 31 March 2018, the total number of options granted under the LTIP, net of options lapsed, amounted to 1.3% of issued share capital, of which 0.8% is currently outstanding.

The extent of vesting of the LTIP awards which were granted in November 2017 will be based on the three-year performance period from 1 April 2017 to 31 March 2020. The ranges set by the Remuneration Committee in respect of these performance conditions were set out at page 96 of the 2017 Annual Report.

DCC plc 1998 Employee Share Option Scheme

Details of the executive Directors' and the Company Secretary's basic tier options to subscribe for shares under the DCC plc 1998 Employee Share Option Scheme are set out in the table below.

	Number of options								Options exercised in year	
	At 31 March 2017	Granted in year	Exercised in year	Lapsed in year	**At 31 March 2018**[1]	Date of grant	Option price	Normal exercise period	Option price €	Market price at date of exercise £
Executive Directors										
Donal Murphy	15,000	–	(15,000)	–	**0**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	€23.35	£74.50
	15,000	–	–	–	**15,000**	20.05.08	€15.68	20 May 2011–19 May 2018	–	–
	30,000	**–**	**(15,000)**	**–**	**15,000**					
Fergal O'Dwyer	22,500	–	(22,500)	–	**0**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	€23.35	£74.50
	15,000	–	–	–	**15,000**	20.05.08	€15.68	20 May 2011 – 19 May 2018	–	–
	37,500	**–**	**(22,500)**	**–**	**15,000**					
Tommy Breen[2]	40,000	–	(40,000)	–	**0**	23.07.07	€23.35	23 Jul 2010 – 22 Jul 2017	€23.35	£74.50
	20,000	–	(20,000)	–	**0**	20.05.08	€15.68	20 May 2011–19 May 2018	€15.68	£74.50
	60,000	**–**	**(60,000)**	**–**	**0**					
Company Secretary										
Gerard Whyte	10,000	–	(10,000)	–	**0**	20.05.08	€15.68	20 May 2011 – 19 May 2018	€15.68	£74.50
	10,000	**–**	**(10,000)**	**–**	**0**					

1. Or date of retirement if earlier.
2. Tommy Breen retired from the Board on 14 July 2017.

The ten-year period during which share options could be granted under the DCC plc 1998 Employee Share Option Scheme expired in June 2008. Over the life of the Scheme, the total number of basic and second tier options granted, net of options lapsed, amounted to 7.1% of issued share capital, of which 0.06% is currently outstanding.

There are no second tier options outstanding under this Scheme.

The basic tier options cannot normally be exercised earlier than three years from the date of grant and second tier options not earlier than five years from the date of grant. Basic tier options can normally be exercised only if there has been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 2%, compound, per annum over a period of at least three years following the date of grant.

Second tier options could normally be exercised only if the growth in the adjusted earnings per share over a period of at least five years is such as would place the Company in the top quartile of companies on the ISEQ index in terms of comparison of growth in adjusted earnings per share and if there has been growth in the adjusted earnings per share of the Company equivalent to the increase in the Consumer Price Index plus 10%, compound, per annum in that period.

The market price of DCC shares on 31 March 2018 was £65.60 and the range during the year was £64.75 to £77.55.

Additional information in relation to the DCC plc Long Term Incentive Plan 2009 and the DCC plc 1998 Employee Share Option Scheme appears in note 2.5 on pages 142 to 144.

For the purposes of Section 305 of the Companies Act 2014 (Ireland), the aggregate gains by Directors on the exercise of share options during the year ended 31 March 2018 was €7.715 million (2017: €5.273 million).

Remuneration Report (continued)

Share Ownership Guidelines

The shareholdings held by the executive Directors as at 31 March 2018, as shown below, are substantially in excess of the guidelines set out on page 101.

Executive	Number of shares held as at 31 March 2018	Shareholding as a multiple of base salary for the year ended 31 March 2018	Share ownership guideline
Donal Murphy	104,060	9.5	3.0
Fergal O'Dwyer	210,451	31.6	2.0

The shareholdings in the table comprise the shares held by the executive Directors (including those shares held in trust as part of the deferred bonus arrangement), valued based on the share price at 31 March 2018 of £65.60 (€74.98). Unvested and unexercised share options are not included.

Operation of Remuneration Policy in the year to 31 March 2019

Salary

The salaries of the executive Directors for the year commencing on 1 April 2018, together with comparative figures, are as follows:

Executive Director	Year to 31 March 2019 €	14 July 2017 to 31 March 2018 €	1 April 2017 to 13 July 2017 €
Donal Murphy	840,500	820,000	480,057
Fergal O'Dwyer	512,500	500,000	500,000

Donal Murphy's salary increased from €480,057 to €820,000 upon his appointment as Chief Executive on 14 July 2017.

The increases in salaries for the executive Directors for the year to 31 March 2019 of 2.5% are in line with the expected salary inflationary increase of 2%-3% across the Group.

Benefits

Benefits payable to the executive Directors for the year to 31 March 2019 include the use of a company car, life/disability cover, health insurance and club subscriptions.

Bonus

The Remuneration Committee has maintained the maximum bonus potential that will apply for the year to 31 March 2019 at 180%, which is below the Policy maximum of 200%, as shown in the table below.

Executive Director	Maximum bonus potential	Deferral of bonus
Donal Murphy	180% of salary	33% of any bonus earned by the executive Directors will be deferred into DCC shares and be available after three years.
Fergal O'Dwyer	180% of salary	

The Committee has set performance targets for the year which will determine the extent of payment of bonuses to the executive Directors, as follows:

Executive Director	Performance Targets
Donal Murphy	70% based on growth in Group adjusted EPS and 30% based on overall contribution and attainment of personal/strategic objectives.
Fergal O'Dwyer	

Growth in Group adjusted EPS is measured against a pre-determined range, with zero payment below threshold up to full payment at the maximum of the range.

The Committee considers that information on the Group adjusted EPS range and on the personal/strategic objectives is commercially confidential and therefore it is not being disclosed on a prospective basis but, to the extent no longer commercially confidential, will be disclosed in full on a retrospective basis.

The Committee will keep the performance targets under review in light of acquisition and other development activity during the year to 31 March 2019.

Retirement benefits

Retirement benefits comprise a cash allowance paid in lieu of contributions to a defined contribution pension plan at 15% to 25% of salary, with 15% applying for existing Directors, Donal Murphy and Fergal O'Dwyer.

Restricted Retirement Stock

Mr. O'Dwyer will receive an annual award of DCC shares with a value of €575,000. The value of these annual awards is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution payment at 15% of base salary. It is not subject to change and will be fixed until his retirement.

Long Term Incentives
Details of the LTIP are set out in the Remuneration Policy Report on page 95.

For the purposes of the ROCE performance condition, the Remuneration Committee has set a ROCE range for threshold and maximum vesting of 14% to 17% for awards to be made in the year to 31 March 2019.

For the purposes of the EPS performance condition, the Remuneration Committee has set EPS growth equal to UK RPI plus 7% per annum compound for maximum vesting of awards to be made in the year to 31 March 2019.

Both the ROCE range and the EPS range will be kept under review and adjusted if necessary in light of acquisition and other development activity in the year to 31 March 2019.

Non-executive Directors Remuneration
The non-executive Director fee structure for the year to 31 March 2019, together with comparative figures, is set out below:

	Year to 31 March 2019 €	Year ended 31 March 2018 €
Chairman (to include basic and Committee fees)	307,500	300,000
Basic Fee	71,750	70,000
Committee Fees:		
Audit	8,000	8,000
Nomination and Governance	3,000	3,000
Remuneration	5,000	5,000
Additional Fees:		
Audit Committee Chairman	15,000	12,000
Remuneration Committee Chairman	15,000	7,500
Senior Independent Director Fee	15,000	12,000

Taking account of advice from the Company's external remuneration consultants, Willis Towers Watson, on the level of fees in a range of comparable Irish and UK companies, the Board has increased the basic non-executive Director's fee and the Chairman's total fee by 2.5% with effect from 1 April 2018.

Slightly higher increases were agreed for the Senior Independent Director, Chairman of the Remuneration Committee and Chairman of the Audit Committee fees, again based on the fee comparison advice.

Governance
Role and Responsibilities
The responsibilities of the Remuneration Committee are summarised in the table below.

Role and Responsibilities

- To determine and agree with the Board the policy for the remuneration of the Chief Executive, other executive Directors and certain Group senior executives (as determined by the Committee).
- To determine the remuneration packages of the Chairman, Chief Executive, other executive Directors and senior executives, including salary, bonuses, pension rights and compensation payments.
- To oversee remuneration structures for other Group and subsidiary senior management and to oversee any major changes in employee benefits structures throughout the Group.
- To nominate executives for inclusion in the Company's long term incentive schemes, to grant options or awards under these schemes, to determine whether the criteria for the vesting of options or awards have been met and to make any necessary amendments to the rules of these schemes.
- To ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- To obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity.
- To agree the policy for authorising claims for expenses from the Directors.

Remuneration Report (continued)

Composition
The Remuneration Committee comprises three independent non-executive Directors, Leslie Van de Walle (Chairman), Emma FitzGerald and Pamela Kirby and the Chairman of the Board, John Moloney.

The members of the Committee have significant financial and business experience, including in the area of executive remuneration. Each member's length of tenure at 31 March 2018 is set out in the table below. Further biographical details regarding the members of the Remuneration Committee are set out on pages 74 and 75.

The Company Secretary acts as secretary to the Remuneration Committee.

Length of Tenure on Remuneration Committee

Meetings
The Committee met six times during the year ended 31 March 2018. Details of attendance by members of the Committee are set out on page 80.

The main agenda items included remuneration policy, remuneration trends and market practice, the remuneration packages of the Chairman, the Chief Executive and the other executive Directors, pension matters, grants of share options under the Company's LTIP, gender pay gap reporting and approval of this report.

Typically, the Chief Executive, the Head of Group Human Resources and representatives of Willis Towers Watson are invited to attend all meetings of the Committee. Other Directors and executives may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration. External advisors are invited to attend meetings when required.

The Committee also meets separately, as required, to discuss matters in the absence of any invitees.

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

The Chairman of the Remuneration Committee attends the Annual General Meeting to answer questions on the report on the Committees' activities and matters within the scope of the Committee's responsibilities.

Annual Evaluation of Performance
As detailed on page 83, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. In accordance with the UK Corporate Governance Code, the process was externally facilitated in 2018. The conclusion from the 2018 process was that the performance of the Remuneration Committee and of the Chairman of the Committee were satisfactory and that no changes were necessary to the Committee's Terms of Reference.

Gender Pay Gap Reporting
As noted in the Responsible Business Report, under the UK Gender Pay Gap Regulations, UK employers with more than 250 employees are required to publish key metrics on their Gender Pay Gap. The Remuneration Committee reviewed the work carried out in our affected UK businesses, which were subject to these Regulations, and received a full briefing in advance of the publication of their individual reports on their businesses' websites.

External Advice
During the year, Willis Towers Watson provided advice in relation to market trends, competitive positioning and developments in remuneration policy and practice. Willis Towers Watson is a signatory to the Remuneration Consultants Group Code of Conduct and any advice was provided in accordance with this code. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice is indeed objective and independent.

In the year ended 31 March 2018, Willis Towers Watson received fees of €64,483 in respect of advice provided to the Committee in regard to executive Director remuneration. Willis Towers Watson also provided services to the Group on market trends, incentive design, the Remuneration Report and in relation to the LTIP.

In the year ended 31 March 2018, Mercer received fees of €31,016 as pension advisors to the Committee. Mercer also provides specific advice on pension practice and developments and act as actuaries and pension advisors to a number of companies in the Group.

2017 Annual General Meeting Votes on Remuneration Policy and Annual Report on Remuneration

Vote	Total votes cast	Total votes for	Total votes against	Total abstentions
Advisory vote on 2017 Remuneration Policy	62,407,963	61,062,471	1,345,492	3,965,654
		(97.8%)	(2.2%)	
Advisory vote on 2017 Annual Report on Remuneration	66,105,632	65,112,064	993,568	267,985
		(98.5%)	(1.5%)	

This table shows the voting outcome at the 2017 AGM in relation to the Remuneration Policy and the Annual Report on Remuneration.

Report of the Directors

The Directors of DCC plc present their report and the audited financial statements for the year ended 31 March 2018.

Principal Activities

DCC plc is an international sales, marketing and support services group headquartered in Dublin with operations in Europe, the USA and Asia. DCC has four divisions – DCC LPG, DCC Retail & Oil, DCC Healthcare and DCC Technology. DCC employs over 11,000 people in 15 countries. DCC's shares are listed on the London Stock Exchange and are included in the FTSE 100 Index.

Results and Review of Activities

Revenue for the year (on a continuing basis) amounted to £14,264.6 million (2017: £12,269.8 million). The profit for the year attributable to owners of the Parent Company amounted to £261.8 million (2017: £216.2 million). Adjusted earnings per share (on a continuing basis) amounted to 317.5 pence (2017: 286.6 pence). Further details of the results for the year are set out in the Group Income Statement on page 126.

The Chairman's Statement on pages 6 to 7, the Chief Executive's Review on pages 8 to 11, the Operating Reviews on pages 42 to 67 and the Financial Review on pages 23 to 31 contain a review of the development and performance of the Group's business during the year, of the state of affairs of the business at 31 March 2018, of recent events and of likely future developments. Information in respect of events since the year end is included in these sections and in note 5.8 on page 190.

Dividends

An interim dividend of 40.89 pence per share, amounting to £36.4 million, was paid on 11 December 2017. The Directors recommend the payment of a final dividend of 82.09 pence per share, amounting to £73.242 million (based on the number of shares in issue at 14 May 2018). Subject to shareholders' approval at the Annual General Meeting on 13 July 2018, this dividend will be paid on 19 July 2018 to shareholders on the register on 25 May 2018. The total dividend for the year ended 31 March 2018 amounts to 122.98 pence per share, a total of £109.59 million. This represents an increase of 10% on the prior year's total dividend per share.

The profit attributable to owners of the Parent Company, which has been transferred to reserves, and the dividends paid during the year ended 31 March 2018 are shown in note 4.3 on page 176.

Share Capital and Treasury Shares

DCC's authorised share capital is 152,368,568 ordinary shares of €0.25 each, of which 89,221,903 shares (excluding treasury shares) and 3,207,501 treasury shares were in issue at 31 March 2018. All of these shares are of the same class. With the exception of treasury shares which have no voting rights and no entitlement to dividends, they all carry equal voting rights and rank for dividends.

The number of shares held as treasury shares at the beginning of the year (and the maximum number held during the year) was 3,613,043 (4.07% of the then issued share capital (excluding treasury shares)) with a nominal value of €0.903 million.

A total of 405,542 shares (0.45% of the issued share capital (excluding treasury shares)) with a nominal value of €0.101 million were re-issued during the year at prices ranging from €0.25 to €85.04 consequent to the exercise of share options under the DCC plc 1998 Employee Share Option Scheme, the DCC plc Long Term Incentive Plan 2009 and the deferred bonus arrangements for executive Directors, leaving a balance held as treasury shares at 31 March 2018 of 3,207,501 shares (3.59% of the issued share capital (excluding treasury shares)) with a nominal value of €0.801 million.

At the Annual General Meeting ('AGM') held on 14 July 2017:

- The Company was granted authority to purchase up to 8,907,261 of its own shares (10% of the issued share capital (excluding treasury shares)) with a nominal value of €2.227 million. This authority has not been exercised and will expire on 13 July 2018, the date of the next AGM of the Company.
- The Directors were given authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €7.42 million, representing approximately one third of the issued share capital (excluding treasury shares) of the Company. They were also given authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This authority was limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the issued share capital (excluding treasury shares) of the Company.
- In addition, the Directors sought authority to allot additional shares for cash other than strictly pro-rata to existing shareholdings. This proposed authority was limited to the allotment of shares for cash up to approximately 5% of the issued share capital (excluding treasury shares) and would only be used in connection with an acquisition or other capital investment which was announced contemporaneously with the allotment, or that took place in the preceding six-month period and was disclosed in the announcement of the allotment.

These authorities have not been exercised and will expire on 13 July 2018, the date of the next AGM of the Company.

At the 2018 AGM:

- In addition to the authority to buy back shares referred to above, the Directors will seek authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €7.44 million representing approximately one third of the issued share capital (excluding treasury shares).
- The Directors will also seek authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This proposed authority is limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the issued share capital (excluding treasury shares).

- In addition, the Directors will seek authority to allot additional shares for cash other than strictly pro-rata to existing shareholdings. This proposed authority is limited to the allotment of shares for cash up to approximately 5% of the issued share capital (excluding treasury shares) and will only be used in connection with an acquisition or other capital investment which is announced contemporaneously with the allotment, or has taken place in the preceding six-month period and is disclosed in the announcement of the allotment.

The figure of 10% reflects the Pre-Emption Group 2015 Statement of Principles for the disapplication of pre-emption rights (the 'Statement of Principles'). The Directors will have due regard to the Statement of Principles in relation to any exercise of this power and in particular:
- as regards the first 5%, the Directors will take account of the requirement for advance consultation and explanation before making any non-pre-emptive cash issue pursuant to this resolution which exceeds 7.5% of the Company's issued share capital in any rolling three year period; and
- as regards the second 5%, the Directors confirm that they intend to use this power only in connection with an acquisition or specified capital investment (within the meaning of the Statement of Principles from time to time) which is announced contemporaneously with the issue, or which has taken place in the preceding six month period and is disclosed in the announcement of the issue.

Details of the share capital of the Company are set out in note 4.1 on page 174 and are deemed to form part of this Report.

Principal Risks and Uncertainties
Under Section 327(1)(b) of the Companies Act 2014 and Regulation 5(4)(c)(ii) of the Transparency (Directive 2004/109/EC) Regulations 2007, DCC is required to give a description of the principal risks and uncertainties facing the Group. These are addressed in the Risk Report on pages 16 to 22.

Directors
The names of the Directors and a short biographical note on each Director appear on pages 74 and 75. In accordance with the UK Corporate Governance Code, all Directors submit to re-election at each Annual General Meeting. Donal Murphy has a service agreement with the Company since his appointment as Chief Executive on 14 July 2017 with a notice period of six months. This service contract provides that either he or the Company could terminate his employment by giving six months' notice in writing. Fergal O'Dwyer has a letter of appointment which provides for a three month notice period. Details of the Directors' interests in the share capital of the Company are set out in the Remuneration Report on pages 92 to 115.

Corporate Governance
The Corporate Governance Statement on pages 78 to 83 sets out the Company's appliance of the principles and compliance with the provisions of the UK Corporate Governance Code and the Group's system of risk management and internal control. The Corporate Governance Statement shall be treated as forming part of this Report.

DCC plc is fully compliant with the 2016 version of the UK Corporate Governance Code, which applied to the Company for the year ended 31 March 2018.

For the purposes of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006, details concerning the appointment and the re-election of Directors are set out in the Corporate Governance Statement.

General Meetings
The Company's AGM provides shareholders the opportunity to question the Chairman, the Board and the Chairmen of the Audit, Remuneration and Nomination and Governance Committees. The Chief Executive presents at the AGM on the Group's business and its performance during the prior year and answers questions from shareholders.

Notice of the AGM, the Form of Proxy and the Annual Report are sent to shareholders at least 20 working days before the AGM. At the AGM, resolutions are voted on by a show of hands of those shareholders attending, in person or by proxy. After each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the numbers for, against and withheld.

If validly requested, resolutions can be voted by way of a poll. In a poll, the votes of shareholders present and voting at the AGM are added to the proxy votes received in advance of the AGM and the total number of votes for, against and withheld for each resolution are announced.

All other general meetings are called Extraordinary General Meetings ('EGM'). An EGM called for the passing of a special resolution must be called by at least 21 clear days' notice.

A quorum for an AGM or an EGM of the Company is constituted by three shareholders, present in person, by proxy or by a duly authorised representative in the case of a corporate member. The passing of resolutions at a general meeting, other than special resolutions, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice convening the meeting.

Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote on some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the notes to the Notice convening the meeting.

A shareholder or a group of shareholders, holding at least 5% of the issued share capital of the Company, have the right to requisition a general meeting. A shareholder or a group of shareholders, holding at least 3% of the issued share capital, have the right to put an item on the agenda of an AGM or to table a draft resolution for an item on the agenda of a general meeting.

The 2018 AGM will be held at 11.00 a.m. on 13 July 2018 at the InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland.

Report of the Directors (continued)

Memorandum and Articles of Association

The Company's Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association detail the rights attaching to shares, the method by which the Company's shares can be purchased or re-issued, the provisions which apply to the holding of and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers.

The Company's Articles of Association may be amended by a special resolution passed by the shareholders at an AGM or EGM of the Company.

A copy of the Memorandum and Articles of Association can be obtained from the Company's website, www.dcc.ie.

Transparency Rules

As required by SI 277/2007 Transparency (Directive 2004/109/EC) Regulations 2007, the following sections of the Annual Report shall be treated as forming part of this Report: the Chairman's Statement on pages 6 to 7, the Chief Executive's Review on pages 8 to 11, the Operating Reviews on pages 42 to 67, the Financial Review on pages 23 to 31, the Principal Risks and Uncertainties on pages 19 to 22, the earnings per ordinary share in note 2.12 on page 151, the Key Performance Indicators on page 12 and the derivative financial instruments in note 3.9 on page 160.

Substantial Holdings

The Company has been notified of the following shareholdings of 3% or more in the issued share capital (excluding treasury shares) of the Company as at 31 March 2018 and 14 May 2018:

	As at 31 March 2018		As at 14 May 2018	
	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)	No. of €0.25 Ordinary Shares	% of Issued Share Capital (excluding treasury shares)
FMR LLC and FIL Limited on behalf of its direct and indirect subsidiaries*	10,011,114	11.22%	9,850,028	11.04%
Blackrock*	7,549,934	8.46%	7,439,946	8.34%
Allianz*	5,653,443	6.34%	6,500,370	7.29%
Capital Group*	4,727,645	5.30%	4,727,645	5.30%
Mawer*	2,723,830	3.05%	2,742,852	3.07%
Jim Flavin	2,684,000	3.01%	2,684,000	3.01%

* Notified as non-beneficial interests.

Principal Subsidiaries and Joint Ventures

Details of the Company's principal operating subsidiaries and joint ventures are set out on pages 207 to 210.

Research and Development

Certain Group companies are involved in ongoing development work aimed at improving the quality, competitiveness, technology and range of their products.

Political Contributions

There were no political contributions which require to be disclosed under the Electoral Act, 1997.

Accounting Records

The Directors are responsible for ensuring that proper books and accounting records, as outlined in Section 281 to 285 of the Companies Act, 2014, are kept by the Company. The Directors believe that they have complied with this requirement by providing adequate resources to maintain proper books and accounting records throughout the Group, including the appointment of personnel with appropriate qualifications, experience and expertise. The books and accounting records of the Company are maintained at the Company's registered office, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Takeover Regulations

The Company has certain financing facilities which may require repayment in the event that a change in control occurs with respect to the Company. In addition, the Company's long-term incentive plans contain change-of-control provisions which can allow for the acceleration of the exercise of share options or awards in the event that a change-of-control occurs with respect to the Company.

Directors' Compliance Statement
It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors confirm that there is a Compliance Policy Statement in place, as defined in section 225(3)(a) of the Companies Act 2014.

The Directors confirm that the arrangements and structures that have been put in place are, in the Directors' opinion, designed to secure a material compliance with the Company's relevant obligations and that these arrangements and structures were reviewed by the Company during the financial year.

As required by section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company's compliance with the relevant obligations. In discharging their responsibilities under section 225, the Directors relied on the advice of persons employed by the Company and of third parties, whom the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Audit Committee
The Company has an Audit Committee, the members of which are set out on page 88.

Disclosure of Information to the Auditors
Each of the Directors individually confirm that:
- In so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- That they have taken all the steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors
The auditors, KPMG, will continue in office in accordance with the provisions of Section 383 of the Companies Act 2014.

As required under Section 381(1) (b) of the Companies Act 2014, a resolution authorising the Directors to determine the remuneration of the auditors will be proposed at the 2018 AGM.

John Moloney, Donal Murphy
Directors
14 May 2018

Financial Statements

In this section

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements each year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of Companies Act 2014.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group and Parent Company's profit or loss for that year.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union, and as regards the Parent Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/EC0) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland to include a directors' report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the assets, liabilities, financial position and profit or loss of the Parent Company and which enable them to ensure that the financial statements comply with the provision of the Companies Act 2014. The Directors are also responsible for taking all reasonable steps to ensure such records are kept by its subsidiaries which enable them to ensure that the financial statements of the Group comply with the provision of the Companies Act 2014. They are also responsible for safeguarding the assets of the Parent Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are also responsible for preparing a Directors' Report that complies with the requirements of the Companies Act 2014.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's and Parent Company's website (www.dcc.ie). Legislation in the Republic of Ireland concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility Statement as required by the Transparency Directive and UK Corporate Governance Code

Each of the Directors, whose names and functions are listed on pages 74 and 75 of this Annual Report, confirm that, to the best of each person's knowledge and belief:
- the Group financial statements, prepared in accordance with IFRS as adopted by the European Union and the Parent Company financial statements prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of Companies Act 2014, give a true and fair view of the assets, liabilities, financial position of the Group and Parent Company at 31 March 2018 and of the profit or loss of the Group for the year then ended;
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, provide the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

John Moloney
Non-executive Chairman

Donal Murphy
Chief Executive

Independent Auditors' Report to the Members of DCC plc

1 Opinion: our opinion is unmodified

We have audited the financial statements of DCC plc ('the Company') for the year ended 31 March 2018 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Cash Flow Statement, and the related notes, including the summary of accounting policies. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards (IFRS) as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014. Our audit was conducted in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)').

In our opinion:
- the Group financial statements give a true and fair view of the assets, liabilities and financial position of the Group as at 31 March 2018 and of its profit for the year then ended;
- the Company statement of financial position gives a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2018;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Act 2014; and
- the Group financial statements and Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with ISAs (Ireland) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's Responsibilities' section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the shareholders on 31 July 2015. The period of total uninterrupted engagement is the 3 years ended 31 March 2018. We have fulfilled our ethical responsibilities under, and we remained independent of the Group in accordance with, ethical requirements applicable in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ('IAASA') as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the Group financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Valuation of goodwill and intangible assets £1,937 million (2017: £1,423 million)

Refer to notes 5.9 (accounting policy) and 3.2 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The Group has significant goodwill and intangible assets arising from acquisitions. There is a risk that the carrying amounts of goodwill and intangible assets will be more than the estimated recoverable amount. The recoverable amount of goodwill and intangible assets is arrived at by forecasting and discounting future cash flows to determine value in use calculations for each Cash Generating Unit ('CGU'). These cash flows are inherently highly judgemental and rely on certain key assumptions including future trading performance, future long-term growth rates, and country specific discount rates.	We considered the key judgements made by the Directors in the cash flow forecasts used in the determination of the values in use for each CGU. We also considered the manner in which CGU's were identified. We assessed the Group's cash flow forecast models calculations by: • Checking the mathematical accuracy of the cash flow forecasts; • Considering the accuracy of management's cash flow estimates in previous years by comparing historical forecasts to actual outturns; • Assessing the appropriateness of the country specific discount rates applied in determining the value in use of each CGU with the assistance of an in-house valuation specialist; • Evaluating and challenging the key assumptions used to develop the projected financial information regarding future profitability and the long-term economic growth rates applied; • Performing an overall evaluation of the individual CGU discounted cash flow models based on our knowledge of the Group, our reading of the Group's Strategic Plan combined with external data which we considered relevant; • Comparing the value in use for the Group as a whole to the Group's market capitalisation; • Evaluating the sensitivity analysis carried out by management in relation to the key assumptions used in developing the projections; and • Reading the description of the impairment testing of goodwill and intangible assets set out in Note 3.2 to the financial statements. Our procedures in respect of this risk were performed as planned. We found that the assumptions applied in management's cash flow forecast models used in the determination of value in use were appropriate. We read the disclosures of key assumptions and found them to be appropriate.

Acquisition accounting on business combinations totalling £692 million (2017: £231 million)
Refer to notes 5.9 (accounting policy) and 5.2 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
During the year ended 31 March 2018, the Group completed three significant acquisitions; the acquisition of Esso Norway at a cost of £241 million, the acquisition of Retail West at a cost of £147 million and the acquisition of Shell Hong Kong & Macau at a cost of £114 million. The year ended 31 March 2018, represents the most acquisitive year historically for the Group with acquisitions costing a total of £692 million during the year. As such, acquisition accounting on business combinations is an audit area where we allocate significant resources in directing the efforts of the engagement team. This was not identified as a significant audit risk in the prior year, however given the scale and nature of acquisitions in the current year we have identified specific risks in respect of these transactions noted below. Significant judgement has been exercised by management in establishing the initial estimates of the fair values of the identifiable acquired assets and liabilities together with the goodwill, intangible assets and deferred tax arising on acquisition in preparing their purchase price allocation. Management engaged a specialist valuation expert to assist in the valuation of the goodwill and intangible assets arising on the Esso Retail Norway and Shell Hong Kong & Macau acquisitions, in addition to considering the estimated useful lives of the identified intangible assets. For acquisitions completed close to year end (including Retail West and TEGA) management have not identified any intangible assets other than goodwill and made no fair value adjustments given the timing of completion of these acquisitions. Under IFRS 3 *Business Combinations* management have up to 12 months from the date of acquisition to make adjustments to provisional purchase accounting allocations.	For significant acquisitions completed during the year, our audit engagement team, supported by our tax and valuation specialists, challenged the purchase price allocation adjustments, and the identification and valuation of acquired intangible assets as such elements involved significant judgement by management. Our procedures included the following: • Considering the appropriateness of the acquisition accounting applied, including the timing at which control is deemed to have passed; • Considering the appropriateness of the fair values ascribed to assets and liabilities of the acquired business by management; • Consideration of the appropriateness of the period over which identified intangible assets will be amortised; and • We also considered the adequacy of the related disclosures in the notes to the financial statements. Significant audit resources were allocated to these procedures, including evaluation of the work done by experts utilised by management, involvement of our own specialists, and audit of the opening balance sheets by our KPMG component teams. Our audit procedures in respect of this risk were performed as planned and without exception.

Parent Company key audit matters

Due to the nature of the Parent Company's activities, there are no key audit matters that we are required to communicate in accordance with ISAs (Ireland).

3 Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £13 million (2017: £14 million). This has been calculated as 5% of the Group profit before taxation from continuing operations of £260 million which we consider to be one of the principal considerations for members of the Company in assessing the financial performance of the Group. The materiality for the prior year Group financial statements as a whole was set at £14 million. This amount was based on 5% of the Group profit before taxation and exceptional items. We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.65 million (2017: £0.7 million), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality for the Company financial statements as a whole was set at £11.8 million (2017: £11.4 million), determined with reference to a benchmark of the Company's total assets of which it represents 1.25% (2017: 1.5%).

All of the Group's reporting components, were subjected to audits for Group reporting purposes. The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components, which ranged from £1.5 million to £5 million, having regard to the mix of size and risk profile of the Group across the components. The work on all components was performed by component auditors.

The Group audit team visited all significant components in order to assess the audit risk and strategy and work undertaken. Video and telephone conference meetings were also held with these component auditors and certain others that were not physically visited. At these visits and meetings, the findings reported to the Group audit team were discussed in more detail, and any further work required by the Group audit team was then performed by the component auditor.

Independent Auditors' Report to the Members of DCC plc (continued)

4 We have nothing to report on going concern

We are required to report to you if:

- we have anything material to add or draw attention to in relation to the Directors' statement on page 18 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Company's use of that basis for a period of at least twelve months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5 We have nothing to report on the other information in the Annual Report

The Directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information;

- we have not identified material misstatements in the Directors' Report;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability

Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:

- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the Directors' confirmation on page 18 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency and liquidity; and
- the Directors' explanation in the Risk Report of how they have assessed the prospects of the Group, over what period they have done so and why they considered that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Other corporate governance disclosures

We are required to address the following items and report to you in the following circumstances:

- *Fair, balanced and understandable:* if we have identified material inconsistencies between the knowledge we acquired during our financial statements audit and the Directors' statement that they consider that the Annual Report and financial statements taken as a whole is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy;
- *Report of the Audit Committee:* if the section of the Annual Report describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee; or
- *Statement of compliance with UK Corporate Governance Code:* if the Directors' statement does not properly disclose a departure from provisions of the UK Corporate Governance Code specified by the Listing Rules for our review.

We have nothing to report in these respects.

In addition as required by the Companies Act 2014, we report, in relation to information given in the Corporate Governance Statement on pages 78 to 83, that:

- based on the work undertaken for our audit, in our opinion, the description of the main features of internal control and risk management systems in relation to the financial reporting process, and information relating to voting rights and other matters required by the European Communities (Takeover Bids (Directive 2004/EC)) Regulations 2016 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act; and
- based on our knowledge and understanding of the Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information.

We also report that, based on work undertaken for our audit, other information required by the Act is contained in the Corporate Governance Statement.

6 Our opinions on other matters prescribed the Companies Act 2014 are unmodified
We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the Company's statement of financial position is in agreement with the accounting records.

7 We have nothing to report on other matters on which we are required to report by exception
The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

The Listing Rules of the UK Listing Authority require us to review:
- the Directors' statement, set out on page 18, in relation to going concern and longer-term viability; and
- the part of the Corporate Governance Statement on pages 78 to 83 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review.

8 Respective responsibilities
Directors' responsibilities
As explained more fully in their statement set out on page 121, the Directors are responsible for the preparation of the financial statements including being satisfied that they give a true and fair view, such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, assessing the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud, other irregularities or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements. The risk of not detecting a material misstatement resulting from fraud or other irregularities is higher than for one resulting from error, as they may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control and may involve any area of law and regulation not just those directly affecting the financial statements.

A fuller description of our responsibilities is provided on IAASA's website at https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsiblities_for_audit.pdf

9 The purpose of our audit work and to whom we owe our responsibilities
Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for our report, or for the opinions we have formed.

Ruaidhri Gibbons
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

14 May 2018

Group Income Statement
For the year ended 31 March 2018

	Note	2018 Pre exceptionals £'000	2018 Exceptionals (note 2.6) £'000	2018 Total £'000	2017 Pre exceptionals £'000	2017 Exceptionals (note 2.6) £'000	2017 Total £'000
Continuing operations							
Revenue	2.1	**14,264,639**	**–**	**14,264,639**	12,269,802	–	12,269,802
Cost of sales		**(12,857,814)**	**–**	**(12,857,814)**	(11,006,805)	–	(11,006,805)
Gross profit		**1,406,825**	**–**	**1,406,825**	1,262,997	–	1,262,997
Administration expenses		**(384,701)**	**–**	**(384,701)**	(323,320)	–	(323,320)
Selling and distribution expenses		**(652,636)**	**–**	**(652,636)**	(605,182)	–	(605,182)
Other operating income	2.2	**28,652**	**1,156**	**29,808**	28,297	1,879	30,176
Other operating expenses	2.2	**(14,740)**	**(46,269)**	**(61,009)**	(17,787)	(38,176)	(55,963)
Adjusted operating profit	2.1	**383,400**	**(45,113)**	**338,287**	345,005	(36,297)	308,708
Amortisation of intangible assets	2.1	**(43,059)**	**–**	**(43,059)**	(39,130)	–	(39,130)
Operating profit		**340,341**	**(45,113)**	**295,228**	305,875	(36,297)	269,578
Finance costs	2.7	**(73,156)**	**–**	**(73,156)**	(72,910)	–	(72,910)
Finance income	2.7	**37,421**	**299**	**37,720**	40,973	10,101	51,074
Share of equity accounted investments' profit after tax	2.8	**368**	**–**	**368**	712	–	712
Profit before tax		**304,974**	**(44,814)**	**260,160**	274,650	(26,196)	248,454
Income tax expense	2.9	**(49,289)**	**25,407**	**(23,882)**	(44,113)	(1,756)	(45,869)
Profit for the year from continuing operations		**255,685**	**(19,407)**	**236,278**	230,537	(27,952)	202,585
Profit for the year from discontinued operations	2.10	**801**	**29,842**	**30,643**	15,160	–	15,160
Profit after tax for the financial year		**256,486**	**10,435**	**266,921**	245,697	(27,952)	217,745
Profit attributable to:							
Owners of the Parent Company		**250,420**	**11,404**	**261,824**	241,011	(24,814)	216,197
Non-controlling interests		**6,066**	**(969)**	**5,097**	4,686	(3,138)	1,548
		256,486	**10,435**	**266,921**	245,697	(27,952)	217,745
Earnings per ordinary share							
Basic earnings per share	2.12			**293.83p**			243.64p
Diluted earnings per share	2.12			**292.79p**			242.00p
Basic adjusted earnings per share	2.12			**318.35p**			303.68p
Diluted adjusted earnings per share	2.12			**317.21p**			301.63p
Earnings per ordinary share – continuing operations							
Basic earnings per share	2.12			**259.44p**			226.56p
Diluted earnings per share	2.12			**258.52p**			225.04p
Basic adjusted earnings per share	2.12			**317.45p**			286.59p
Diluted adjusted earnings per share	2.12			**316.31p**			284.66p

Group Statement of Comprehensive Income
For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Group profit for the financial year		**266,921**	217,745
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation:			
– arising in the year		**682**	37,084
– recycled to the Income Statement on disposal		**(4,548)**	–
Movements relating to cash flow hedges		**(3,030)**	(6,803)
Movement in deferred tax liability on cash flow hedges	3.12	**433**	1,334
		(6,463)	31,615
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
– remeasurements	3.13	**5,215**	(3,056)
– movement in deferred tax asset	3.12	**(665)**	413
		4,550	(2,643)
Other comprehensive income for the financial year, net of tax		**(1,913)**	28,972
Total comprehensive income for the financial year		**265,008**	246,717
Attributable to:			
Owners of the Parent Company		**259,336**	242,735
Non-controlling interests		**5,672**	3,982
		265,008	246,717
Attributable to:			
Continuing operations		**234,365**	230,199
Discontinued operations		**30,643**	16,518
		265,008	246,717

Group Balance Sheet
As at 31 March 2018

	Note	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**933,038**	750,020
Intangible assets and goodwill	3.2	**1,936,962**	1,422,572
Equity accounted investments	3.3	**24,461**	24,938
Deferred income tax assets	3.12	**26,154**	22,619
Derivative financial instruments	3.9	**103,085**	273,767
		3,023,700	2,493,916
Current assets			
Inventories	3.4	**530,473**	456,395
Trade and other receivables	3.5	**1,426,217**	1,222,597
Derivative financial instruments	3.9	**8,050**	18,233
Cash and cash equivalents	3.8	**1,038,827**	1,048,064
		3,003,567	2,745,289
Assets classified as held for sale		**–**	193,170
		3,003,567	2,938,459
Total assets		**6,027,267**	5,432,375
EQUITY			
Capital and reserves attributable to owners of the Parent Company			
Share capital	4.1	**15,455**	15,455
Share premium	4.1	**280,533**	277,211
Share based payment reserve	4.2	**22,883**	18,146
Cash flow hedge reserve	4.2	**(16,178)**	(13,581)
Foreign currency translation reserve	4.2	**101,096**	105,537
Other reserves	4.2	**932**	932
Retained earnings	4.3	**1,237,937**	1,074,434
Equity attributable to owners of the Parent Company		**1,642,658**	1,478,134
Non-controlling interests	4.4	**35,259**	29,587
Total equity		**1,677,917**	1,507,721
LIABILITIES			
Non-current liabilities			
Borrowings	3.10	**1,598,521**	1,319,967
Derivative financial instruments	3.9	**10,732**	506
Deferred income tax liabilities	3.12	**152,552**	155,297
Post employment benefit obligations	3.13	**(286)**	29
Provisions for liabilities	3.15	**278,890**	255,650
Acquisition related liabilities	3.14	**71,454**	66,617
Government grants	3.16	**237**	261
		2,112,100	1,798,327
Current liabilities			
Trade and other payables	3.6	**2,063,260**	1,820,517
Current income tax liabilities		**19,769**	25,051
Borrowings	3.10	**74,897**	148,445
Derivative financial instruments	3.9	**8,474**	5,894
Provisions for liabilities	3.15	**44,451**	31,022
Acquisition related liabilities	3.14	**26,399**	28,300
		2,237,250	2,059,229
Liabilities associated with assets classified as held for sale		**–**	67,098
		2,237,250	2,126,327
Total liabilities		**4,349,350**	3,924,654
Total equity and liabilities		**6,027,267**	5,432,375

John Moloney, Donal Murphy, Directors

Group Statement of Changes in Equity

For the year ended 31 March 2018

	Attributable to owners of the Parent Company						
	Share capital (note 4.1) £'000	**Share premium (note 4.1) £'000**	**Retained earnings (note 4.3) £'000**	**Other reserves (note 4.2) £'000**	**Total £'000**	**Non-controlling interests (note 4.4) £'000**	**Total equity £'000**
At 1 April 2017	**15,455**	**277,211**	**1,074,434**	**111,034**	**1,478,134**	**29,587**	**1,507,721**
Profit for the financial year	**–**	**–**	**261,824**	**–**	**261,824**	**5,097**	**266,921**
Other comprehensive income:							
Currency translation:							
– arising in the year	**–**	**–**	**–**	**107**	**107**	**575**	**682**
– recycled to the Income Statement on disposal	**–**	**–**	**–**	**(4,548)**	**(4,548)**	**–**	**(4,548)**
Group defined benefit pension obligations:							
– remeasurements	**–**	**–**	**5,215**	**–**	**5,215**	**–**	**5,215**
– movement in deferred tax asset	**–**	**–**	**(665)**	**–**	**(665)**	**–**	**(665)**
Movements relating to cash flow hedges	**–**	**–**	**–**	**(3,030)**	**(3,030)**	**–**	**(3,030)**
Movement in deferred tax liability on cash flow hedges	**–**	**–**	**–**	**433**	**433**	**–**	**433**
Total comprehensive income	**–**	**–**	**266,374**	**(7,038)**	**259,336**	**5,672**	**265,008**
Re-issue of treasury shares	**–**	**3,322**	**–**	**–**	**3,322**	**–**	**3,322**
Share based payment	**–**	**–**	**–**	**4,737**	**4,737**	**–**	**4,737**
Dividends	**–**	**–**	**(102,871)**	**–**	**(102,871)**	**–**	**(102,871)**
At 31 March 2018	**15,455**	**280,533**	**1,237,937**	**108,733**	**1,642,658**	**35,259**	**1,677,917**

For the year ended 31 March 2017

	Attributable to owners of the Parent Company						
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total £'000	Non-controlling interests (note 4.4) £'000	Total equity £'000
At 1 April 2016	15,455	277,211	948,316	78,661	1,319,643	30,833	1,350,476
Profit for the financial year	–	–	216,197	–	216,197	1,548	217,745
Other comprehensive income:							
Currency translation	–	–	–	34,650	34,650	2,434	37,084
Group defined benefit pension obligations:							
– remeasurements	–	–	(3,056)	–	(3,056)	–	(3,056)
– movement in deferred tax asset	–	–	413	–	413	–	413
Movements relating to cash flow hedges	–	–	–	(6,803)	(6,803)	–	(6,803)
Movement in deferred tax liability on cash flow hedges	–	–	–	1,334	1,334	–	1,334
Total comprehensive income	–	–	213,554	29,181	242,735	3,982	246,717
Re-issue of treasury shares	–	–	2,600	–	2,600	–	2,600
Share based payment	–	–	–	3,192	3,192	–	3,192
Dividends	–	–	(90,036)	–	(90,036)	(5,228)	(95,264)
At 31 March 2017	15,455	277,211	1,074,434	111,034	1,478,134	29,587	1,507,721

Group Cash Flow Statement

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Operating activities			
Cash generated from operations before exceptionals	5.3	**473,434**	546,870
Exceptionals		**(12,602)**	(31,269)
Cash generated from operations		**460,832**	515,601
Interest paid		**(69,900)**	(70,108)
Income tax paid		**(65,437)**	(62,180)
Net cash flow from operating activities		**325,495**	383,313
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		**7,617**	12,315
Dividends received from equity accounted investments		**1,980**	125
Disposals of subsidiaries	2.10	**160,063**	–
Interest received		**37,399**	40,966
		207,059	53,406
Outflows:			
Purchase of property, plant and equipment		**(152,997)**	(143,698)
Acquisition of subsidiaries	5.2	**(664,109)**	(203,327)
Payment of accrued acquisition related liabilities	3.14	**(26,910)**	(59,069)
		(844,016)	(406,094)
Net cash flow from investing activities		**(636,957)**	(352,688)
Financing activities			
Inflows:			
Proceeds from issue of shares		**3,322**	2,600
Net cash inflow on derivative financial instruments		**11,275**	14,212
Increase in interest-bearing loans and borrowings		**458,593**	–
Increase in finance lease liabilities		**766**	–
		473,956	16,812
Outflows:			
Repayment of interest-bearing loans and borrowings		**(58,130)**	(108,140)
Repayment of finance lease liabilities		**(4)**	(177)
Dividends paid to owners of the Parent Company	2.11	**(102,871)**	(90,036)
Dividends paid to non-controlling interests		**–**	(5,228)
		(161,005)	(203,581)
Net cash flow from financing activities		**312,951**	(186,769)
Change in cash and cash equivalents		**1,489**	(156,144)
Translation adjustment		**(10,018)**	38,929
Cash and cash equivalents at beginning of year		**972,822**	1,090,037
Cash and cash equivalents at end of year	3.8	**964,293**	972,822
Cash and cash equivalents consist of:			
Cash and short-term bank deposits	3.8	**1,038,827**	1,048,064
Overdrafts	3.8	**(74,534)**	(88,041)
Cash and short-term deposits attributable to assets held for sale	3.8	**–**	12,799
		964,293	972,822

Notes to the Financial Statements

Notes to the financial statements provide additional information required by statute, accounting standards or Listing Rules. For clarity, each note begins with a simple introduction outlining the purpose of the note.

Section 1 Basis of Preparation

1.1 Statement of Compliance

International Financial Reporting Standards ('IFRS') require an entity whose financial statements comply with IFRS to make an explicit and unreserved statement of such compliance in the notes to the financial statements.

The consolidated financial statements of DCC plc have been prepared in accordance with International Financial Reporting Standards ('IFRS') and their interpretations approved by the International Accounting Standards Board ('IASB') as adopted by the European Union ('EU') and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. IFRS as adopted by the EU differ in certain respects from IFRS as issued by the IASB. Both the Parent Company and the Group financial statements have been prepared in accordance with IFRS as adopted by the EU and references to IFRS hereafter should be construed as references to IFRS as adopted by the EU. In presenting the Parent Company financial statements together with the Group financial statements, the Parent Company has availed of the exemption in Section 304(2) of the Companies Act, 2014 not to present its individual Income Statement and related notes that form part of the approved Parent Company financial statements. The Parent Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

The Going Concern Statement on page 18 forms part of the Group financial statements.

DCC plc, the ultimate Parent Company, is a publicly traded limited company incorporated and domiciled in the Republic of Ireland.

1.2 Basis of Preparation

This section includes information on new accounting standards, amendments and interpretations, whether they are effective for the current year or in later years, and how they are expected to impact the financial position and performance of the Group.

The consolidated financial statements, which are presented in sterling, rounded to the nearest thousand, have been prepared under the historical cost convention, as modified by the measurement at fair value of share-based payments, post employment benefit obligations and certain financial assets and liabilities including derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2018 are set out in note 5.9. These policies have been applied consistently by the Group's subsidiaries and equity accounted investments for all periods presented in these consolidated financial statements.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are detailed in note 1.4.

Adoption of IFRS and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations
The Group has adopted the following standards, interpretations and amendments to existing standards during the financial year:

Amendments to IAS 7 *Statement of Cash Flows – Disclosure Initiative:*
These amendments are intended to improve the information provided to users of financial statements regarding the entity's financing activities. This amendment, which was EU endorsed in November 2017, did not have a significant impact on the Group's consolidated financial statements; and

Amendments to IAS 12 *Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses:*
These amendments clarify, inter alia, that unrealised losses on debt instruments measured at fair value (and measured at cost for tax purposes) give rise to a deductible temporary difference regardless of whether the instrument is recovered through sale or by holding it to maturity or whether it is probable that the issuer will pay all contractual cash flows. Entities are therefore required to recognise deferred taxes for temporary differences from unrealised losses of debt instruments measured at fair value if all other recognition criteria for deferred taxes are met. This amendment, which was EU endorsed in November 2017, did not have a significant impact on the Group's consolidated financial statements.

There are other changes to IFRS which became effective for the Group during the financial year but did not result in material changes to the Group's consolidated financial statements.

Notes to the Financial Statements (continued)

1.2 Basis of Preparation continued

Standards, interpretations and amendments to published standards that are not yet effective

The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective, the most significant of which are as follows:

IFRS 9 *Financial Instruments* (effective date: DCC financial year beginning 1 April 2018):
This standard is designed to replace IAS 39 *Financial Instruments: Recognition and Measurement* and has been completed in a number of phases with the final version issued by the IASB in July 2014 and endorsed by the EU in November 2016. The Standard includes requirements for recognition and measurement, classification, and de-recognition of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new rules for hedge accounting.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortised cost, contract assets under IFRS 15 *Revenue from Contracts with Customers*, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessment undertaken by the Group to date, while the new model may result in an earlier recognition of credit losses, the Group expects no material impact on the consolidated financial statements.

The new hedge accounting rules are intended to align the accounting for hedging instruments more closely with the Group's risk management practises. As a general rule, more hedge relationships may be eligible for hedge accounting, as the standard introduces a more principles-based approach. The Group has made the accounting policy choice allowed under IFRS 9 to continue to apply the hedge accounting requirements of IAS 39 until the amended standard resulting from an IASB project on macro hedge accounting becomes effective. Accordingly, there will be no impact on the accounting for hedging relationships. The new standard also introduces expanded disclosure requirements and changes in presentation. The Group will apply IFRS 9 from its effective date.

IFRS 15 *Revenue from Contracts with Customers* (effective date: DCC financial year beginning 1 April 2018):
This standard will replace IAS 18 *Revenue*, IAS 11 *Construction Contracts* and related interpretations. IFRS 15 was endorsed by the EU in September 2016. The standard establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. It specifies how and when revenue should be recognised as well as requiring enhanced disclosures. Revenue is recognised when an identified performance obligation has been met and the customer can direct the use of, and obtain substantially all the remaining benefits from, a good or service as a result of obtaining control of that good or service.

The Group continues to perform a detailed analysis of the impact of IFRS 15. This analysis includes a focus on principal versus agent considerations and examining whether any revenue might be deemed to be more appropriately recorded on an agency or net basis, rather than on a gross basis. In the Group's capacity as a reseller of fuel through the use of fuel cards, it has been established that the Group's fuel card business is deemed to be acting as an agent under the new principles of IFRS 15. Applying the principles of the new standard to the Group's results for the financial year ended 31 March 2018 would have resulted in a reduction in revenues of approximately £1 billion with a corresponding decrease in cost of sales. Gross profit would remain unchanged. The Group will apply IFRS 15 from its effective date; and

IFRS 16 *Leases* (effective date: DCC financial year beginning 1 April 2019):
This standard will replace IAS 17 *Leases*. IFRS 16 was endorsed by the EU in October 2017. The changes under IFRS 16 are significant and will predominantly affect lessees, the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17, will remain largely unchanged. The main impact on lessees is that almost all leases will be recognised on the balance sheet as the distinction between operating and finance leases is removed for lessees. Under IFRS 16, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exemptions are short-term and low-value leases. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions. More extensive disclosures, both qualitative and quantitative, are also required.

At transition date, the Group will calculate the lease commitments outstanding at that date and apply appropriate discount rates to calculate the present value of the lease commitment which will be recognised as a liability and a right of use asset on the Group's Balance Sheet. In the Income Statement, the Group currently recognises operating lease rentals in operating expenses. Under the new standard, a right of use asset will be capitalised and depreciated over the term of the lease with an associated finance cost applied annually to the lease liability.

As detailed in note 5.4, the Group's future minimum rentals payable under non-cancellable operating leases at 31 March 2018 amounted to £344.979 million and the charge recognised on continuing operations in the Income Statement for the year ended 31 March 2018 amounted to £84.771 million. These amounts provide an indication of the scale of leases held at 31 March 2018 but should not be used as a proxy for the impact of IFRS 16 as a number of factors impact the calculation such as the discount rate, the expected term of leases including renewal options and exemptions for short-term leases and low-value leases.

The Group continues to perform a full review of all agreements to assess whether any additional contracts will now become a lease under IFRS 16's new definition in addition to determining which optional accounting simplifications to apply and assessing the additional disclosures that will be required. The new standard offers options on transition; either full retrospective application or modified retrospective application (which means comparatives do not need to be restated). At this stage the Group expects to adopt the modified retrospective approach. In order to assist with meeting the requirements of the new standard, the Group has selected a lease accounting software solution which is in the process of being implemented across the Group.

The Group will apply IFRS 16 from its effective date.

Other changes to IFRS have been issued but are not yet effective for the Group. However, they are either not expected to have a material effect on the consolidated financial statements or they are not currently relevant for the Group.

1.3 Basis of Consolidation

This section details how the Group accounts for the different types of interests it has in subsidiaries and equity accounted investments.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group has power over its relevant activities, is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The results of subsidiary undertakings acquired or disposed of during the year are included in the Group Income Statement from the date of their acquisition or up to the date of their disposal. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Group.

Equity accounted investments

The Group's interests in equity accounted investments comprise interests in associates and joint ventures. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of the equity accounted investments, until the date on which significant influence or joint control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1.4 Critical Accounting Estimates and Judgements

This section sets out the key areas of judgement and estimation that management has identified as having a potentially material impact on the Group's consolidated financial statements.

The Group's main accounting policies affecting its results of operations and financial condition are set out in note 5.9. In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Group should it later be determined that a different choice would be more appropriate. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and judgements:

Goodwill

The Group has capitalised goodwill of £1,436.6 million at 31 March 2018. Goodwill is required to be tested for impairment at least annually or more frequently if changes in circumstances or the occurrence of events indicating potential impairment exist. The Group uses the present value of future cash flows to determine recoverable amount. In calculating the value in use, management judgement is required in forecasting cash flows of cash-generating units, in determining terminal growth values and in selecting an appropriate discount rate. Sensitivities to changes in assumptions are detailed in note 3.2.

Business Combinations

Business combinations are accounted for using the acquisition method which requires that the assets and liabilities assumed are recorded at their respective fair values at the date of acquisition. The application of this method requires certain estimates and assumptions particularly concerning the determination of the fair values of the acquired assets and liabilities assumed at the date of acquisition.

For intangible assets acquired, the Group bases valuations on expected future cash flows. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates and revenue forecasts as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Taxation

The Group is subject to income taxes in a number of jurisdictions. Provisions for tax liabilities require management to make judgements and estimates in relation to tax issues and exposures. Amounts provided are based on management's interpretation of country specific tax laws and the likelihood of settlement. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into account applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

Notes to the Financial Statements (continued)

1.4 Critical Accounting Estimates and Judgements continued

Provision for Impairment of Trade Receivables

The Group trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The Group uses estimates based on historical experience and current information in determining the level of debts for which a provision for impairment is required. The level of provision required is reviewed on an ongoing basis.

Useful Lives for Property, Plant and Equipment and Intangible Assets

Long-lived assets comprising primarily of property, plant and equipment and intangible assets represent a significant portion of the Group's total assets. The annual depreciation and amortisation charge depends primarily on the estimated lives of each type of asset and, in certain circumstances, estimates of residual values. Management regularly review these useful lives and residual values and change them if necessary to reflect current conditions. In determining these useful lives management consider technological change, patterns of consumption, physical condition and expected economic utilisation of the assets. Changes in the useful lives can have a significant impact on the depreciation and amortisation charge for the period.

Post Employment Benefits

The Group operates a number of defined benefit retirement plans. The Group's total obligation in respect of defined benefit plans is calculated by independent, qualified actuaries, updated at least annually and totals £89.4 million at 31 March 2018. The size of the obligation is sensitive to actuarial assumptions. These include demographic assumptions covering mortality and longevity, and economic assumptions covering price inflation, benefit and salary increases together with the discount rate used. At 31 March 2018 the Group has plan assets totalling £89.7 million. The size of the plan assets is also sensitive to asset return levels and the level of contributions from the Group. Sensitivities to changes in assumptions are detailed in note 3.13.

Cylinder and tank deposits provisions

An obligation arises in DCC LPG's operations from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. The majority of this obligation will unwind over a 25-year timeframe but the exact timing and amount of ultimate settlement of this provision is not certain. Management judgement is used to determine the provisions required and is based on a broad range of information and prior experience.

Environmental and remediation provisions

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations together with the costs associated with removing LPG tanks from customer sites. The majority of the obligations will unwind over a 30-year timeframe but the exact timing and amount of ultimate settlement of these provisions is not certain. Management judgement is involved in evaluating currently available facts based on a broad range of information and prior experience. Inherent uncertainties exist in such evaluations which are outside of management's control primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability together with the protracted nature of these liabilities. The liabilities provided in the financial statements reflect the information available to management at the time of determination of the liability and are reassessed at each reporting date.

Section 2 Results for the Year

2.1 Segment Information

The Group is organised into four operating segments. This section provides information on the financial performance for the year on both a segmental and geographic basis.

Segmental analysis

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

As noted in the Group's Annual Report for the year ended 31 March 2017, DCC is presenting DCC LPG and DCC Retail & Oil as separate reportable segments from 1 April 2017, in line with the revised management and organisational structures of the businesses. Previously, these two segments comprised the Group's former DCC Energy segment. Following these changes in the composition of operating segments, segmental reporting has been revised and the comparative disclosures have been restated as required under IFRS 8.

The Group is organised into four operating segments: DCC LPG, DCC Retail & Oil, DCC Healthcare and DCC Technology.

DCC LPG is a leading liquefied petroleum gas ('LPG') sales and marketing business with operations in Europe, Asia and the US with a developing business in the retailing of natural gas and electricity;

DCC Retail & Oil is a leader in the sales, marketing and retailing of transport and commercial fuels, heating oils and related products and services in Europe;

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

DCC Technology is a leading route-to-market and supply chain partner for global technology brands.

The chief operating decision maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before amortisation of intangible assets and net operating exceptional items ('adjusted operating profit'). Net finance costs and income tax are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the chief operating decision maker and accordingly are not included in the detailed segmental analysis.

Intersegment revenue is not material and thus not subject to separate disclosure.

Notes to the Financial Statements (continued)

1
Section 2
3
4
5
6

2.1 Segment Information continued

The segment results for the year ended 31 March 2018 are as follows:

Income Statement items

Continuing operations	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
	Year ended 31 March 2018				
Segment revenue	**1,403,779**	**9,262,836**	**514,564**	**3,083,460**	**14,264,639**
Adjusted operating profit	**167,485**	**113,757**	**54,318**	**47,840**	**383,400**
Amortisation of intangible assets	**(21,312)**	**(8,983)**	**(7,198)**	**(5,566)**	**(43,059)**
Net operating exceptionals (note 2.6)	**(8,127)**	**(21,788)**	**(3,034)**	**(12,164)**	**(45,113)**
Operating profit	**138,046**	**82,986**	**44,086**	**30,110**	**295,228**
Finance costs					**(73,156)**
Finance income					**37,720**
Share of equity accounted investments' profit after tax					**368**
Profit before income tax					**260,160**
Income tax expense					**(23,882)**
Profit for the year (continuing operations)					**236,278**

Continuing operations	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
	Year ended 31 March 2017 (restated)				
Segment revenue	1,073,212	8,000,923	506,562	2,689,105	12,269,802
Adjusted operating profit	160,462	94,479	48,944	41,120	345,005
Amortisation of intangible assets	(18,277)	(9,962)	(7,258)	(3,633)	(39,130)
Net operating exceptionals (note 2.6)	(6,854)	(13,633)	(2,695)	(13,115)	(36,297)
Operating profit	135,331	70,884	38,991	24,372	269,578
Finance costs					(72,910)
Finance income					51,074
Share of equity accounted investments' profit after tax					712
Profit before income tax					248,454
Income tax expense					(45,869)
Profit for the year (continuing operations)					202,585

2.1 Segment Information continued

Balance Sheet items

	As at 31 March 2018				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment assets	**1,708,598**	**1,677,527**	**453,873**	**986,692**	**4,826,690**
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					**24,461**
Derivative financial instruments (current and non-current)					**111,135**
Deferred income tax assets					**26,154**
Cash and cash equivalents					**1,038,827**
Total assets as reported in the Group Balance Sheet					**6,027,267**
Segment liabilities	**598,979**	**1,034,579**	**105,017**	**647,731**	**2,386,306**
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Interest-bearing loans and borrowings (current and non-current)					**1,673,418**
Derivative financial instruments (current and non-current)					**19,206**
Income tax liabilities (current and deferred)					**172,321**
Acquisition related liabilities (current and non-current)					**97,853**
Government grants (current and non-current)					**246**
Total liabilities as reported in the Group Balance Sheet					**4,349,350**

	As at 31 March 2017 (restated)				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Total £'000
Segment assets	1,202,913	1,341,568	404,029	903,074	3,851,584
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					24,938
Derivative financial instruments (current and non-current)					292,000
Deferred income tax assets					22,619
Cash and cash equivalents					1,048,064
Assets classified as held for sale					193,170
Total assets as reported in the Group Balance Sheet					5,432,375
Segment liabilities	459,810	936,521	109,234	601,644	2,107,209
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Interest-bearing loans and borrowings (current and non-current)					1,468,412
Derivative financial instruments (current and non-current)					6,400
Income tax liabilities (current and deferred)					180,348
Acquisition related liabilities (current and non-current)					94,917
Government grants (current and non-current)					270
Liabilities associated with assets classified as held for sale					67,098
Total liabilities as reported in the Group Balance Sheet					3,924,654

Notes to the Financial Statements (continued)

2.1 Segment Information continued

Other segment information

	Year ended 31 March 2018					
	DCC LPG £'000	**DCC Retail & Oil £'000**	**DCC Healthcare £'000**	**DCC Technology £'000**	**Discontinued operations £'000**	**Total £'000**
Capital expenditure – additions (note 3.1)	**70,261**	**55,298**	**6,077**	**25,535**	**24**	**157,195**
Capital expenditure – business combinations (note 3.1)	**65,041**	**69,762**	**7,237**	**392**	**–**	**142,432**
Depreciation (note 3.1)	**48,860**	**30,732**	**7,214**	**6,916**	**–**	**93,722**
Total consideration – business combinations (note 5.2)	**364,815**	**250,354**	**43,724**	**32,897**	**–**	**691,790**
Intangible assets acquired – business combinations (note 3.2)	**306,146**	**181,676**	**32,128**	**29,005**	**–**	**548,955**

	Year ended 31 March 2017 (restated)					
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Healthcare £'000	DCC Technology £'000	Discontinued operations £'000	Total £'000
Capital expenditure – additions (note 3.1)	51,995	41,533	7,799	37,749	7,851	146,927
Capital expenditure – business combinations (note 3.1)	(1,661)	9,256	50	620	–	8,265
Depreciation (note 3.1)	44,169	27,679	6,686	5,613	7,868	92,015
Total consideration – business combinations (note 5.2)	102,774	33,424	28,396	66,252	–	230,846
Intangible assets acquired – business combinations (note 3.2)	95,556	16,804	29,082	44,246	–	185,688

Geographical analysis

The Group has a presence in 15 countries worldwide. The following represents a geographical analysis of revenue and non-current assets in accordance with IFRS 8, which requires disclosure of information about the country of domicile (Republic of Ireland) and countries with material revenue and non-current assets. Revenue from continuing operations is derived almost entirely from the sale of goods and is disclosed based on the location of the entity selling the goods. The analysis of non-current assets is based on the location of the assets. There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8.

	Revenue		**Non-current assets***	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000
Republic of Ireland (country of domicile)	**927,133**	759,439	**129,050**	123,348
United Kingdom	**7,741,143**	7,239,193	**1,050,804**	985,717
France	**2,712,240**	2,402,290	**882,276**	869,895
Other	**2,884,123**	1,868,880	**832,331**	218,570
	14,264,639	12,269,802	**2,894,461**	2,197,530

* Non-current assets comprise intangible assets, property, plant and equipment and equity accounted investments.

2.2 Other Operating Income/Expenses

This note provides an analysis of the amounts included in other operating income and expenses presented in the Group Income Statement.

Other operating income and expenses comprise the following credits/(charges):

	2018 £'000	2017 £'000
Other operating income		
Fair value gains on non-hedge accounted derivative financial instruments – commodities	**548**	1,659
Fair value gains on non-hedge accounted derivative financial instruments – forward exchange contracts	**2,312**	2,424
Throughput	**6,471**	4,254
Haulage	**3,488**	3,177
Rental income	**10,032**	6,813
Other operating income	**5,801**	9,970
	28,652	28,297
Other operating income included in net exceptional items	**1,156**	1,879
Total other operating income	**29,808**	30,176
Other operating expenses		
Expensing of employee share options and awards (note 2.5)	**(4,737)**	(3,192)
Fair value losses on non-hedge accounted derivative financial instruments – commodities	**(548)**	(1,659)
Fair value losses on non-hedge accounted derivative financial instruments – forward exchange contracts	**(2,690)**	(2,051)
Other operating expenses	**(6,765)**	(10,885)
	(14,740)	(17,787)
Other operating expenses included in net exceptional items	**(46,269)**	(38,176)
Total other operating expenses	**(61,009)**	(55,963)

Notes to the Financial Statements (continued)

2.3 Group Profit for the Year

The Group profit for the year includes some key amounts which are presented separately below.

Group profit for the year has been arrived at after charging/(crediting) the following amounts which include amounts relating to discontinued operations:

	Continuing operations 2018 £'000	**Discontinued operations 2018 £'000**	**Total 2018 £'000**	Continuing operations 2017 £'000	Discontinued operations 2017 £'000	Total 2017 £'000
Depreciation (note 3.1)	**93,722**	**–**	**93,722**	84,206	7,809	92,015
Amortisation of intangible assets (note 3.2)	**43,059**	**–**	**43,059**	39,130	38	39,168
Impairment of property, plant and equipment (note 3.1)	**3,735**	**–**	**3,735**	1,164	–	1,164
Profit on sale of property, plant and equipment	**(7,518)**	**(14)**	**(7,532)**	(58)	(115)	(173)
Amortisation of government grants (note 3.16)	**(24)**	**(12)**	**(36)**	(169)	(66)	(235)
Foreign exchange loss/(gain)	**1,264**	**–**	**1,264**	(663)	(2)	(665)
Operating lease rentals:						
– land and buildings	**71,712**	**85**	**71,797**	33,946	512	34,458
– plant and machinery	**1,584**	**292**	**1,876**	946	1,753	2,699
– motor vehicles	**11,475**	**288**	**11,763**	12,792	1,726	14,518
	84,771	**665**	**85,436**	47,684	3,991	51,675

During the year the Group obtained the following services from the Group's auditors (KPMG) which include amounts relating to discontinued operations:

	2018 £'000	2017 £'000
KPMG Ireland (statutory auditor):		
Audit fees	**1,192**	1,000
Tax compliance and advisory services	**20**	189
	1,212	1,189
Other KPMG network firms:		
Audit fees	**1,049**	1,229
Tax compliance and advisory services	**22**	68
	1,071	1,297

2.4 Employment

This section provides an analysis of the average number of employees in the Group by segment together with their related payroll expense for the year. Further information on the compensation of key management personnel is included in note 5.6, Related Party Transactions.

The average weekly number of persons (including executive Directors) employed by the Group in continuing and discontinued operations during the year, analysed by class of business, was:

	2018 Number	Restated 2017 Number
DCC LPG	**1,944**	1,844
DCC Retail & Oil	**3,569**	3,540
DCC Healthcare	**2,054**	2,023
DCC Technology	**2,677**	2,343
Continuing operations	**10,244**	9,750
Discontinued operations (DCC Environmental)	**186**	1,098
	10,430	10,848

The employee benefit expense (excluding termination payments – note 2.6) for the above were:

	2018 £'000	2017 £'000
Wages and salaries	**385,989**	393,132
Social welfare costs	**56,871**	56,109
Share based payment expense (note 2.5)	**4,737**	3,192
Pension costs – defined contribution plans	**14,055**	13,716
Pension costs – defined benefit plans (note 3.13)	**(303)**	(118)
	461,349	466,031
The employee benefit expense is analysed as:		
Continuing operations	**455,494**	427,323
Discontinued operations	**5,855**	38,708
	461,349	466,031

Directors' emoluments (which are included in operating costs) and interests are presented in the Remuneration Report on pages 92 to 115. Details of the compensation of key management personnel for the purposes of the disclosure requirements under IAS 24 are provided in note 5.6.

Notes to the Financial Statements (continued)

2.5 Employee Share Options and Awards

Share options and awards are used to incentivise Directors and employees of the Group. A charge is recognised over the vesting period in the Consolidated Income Statement to record the cost of these share options and awards, based on the fair value of the share option/award at the grant date.

The Group's employee share options and awards are equity-settled share-based payments as defined in IFRS 2 *Share-based Payment*. The IFRS requires that a recognised valuation methodology be employed to determine the fair value of share options granted. The expense reported in the Income Statement of £4.737 million (2017: £3.192 million) has been arrived at by applying a Monte Carlo simulation technique for share awards issued under the DCC plc Long Term Incentive Plan 2009 and a binomial model, which is a lattice option-pricing model, for options issued under the DCC plc 1998 Employee Share Option Scheme.

Impact on Income Statement

In compliance with IFRS 2 *Share-based Payment*, the Group has implemented the measurement requirements of the IFRS in respect of share options that were granted after 7 November 2002 and had not vested by 1 April 2004.

The total share option expense is analysed as follows:

Date of grant	Grant price	Minimum duration of vesting period	Number of share awards/ options granted	Weighted average fair value	Expense in Income Statement 2018 £'000	2017 £'000
DCC plc Long Term Incentive Plan 2009						
12 November 2013	£28.54	3 years	153,430	£14.42	**–**	467
12 November 2014	£34.56	5 years	192,407	£26.96	**1,108**	1,098
17 November 2015	£57.35	5 years	131,455	£49.56	**1,581**	1,503
10 February 2017	£67.75	5 years	137,269	£54.17	**1,564**	124
10 November 2017	£70.95	5 years	128,451	£56.52	**484**	–
Total expense					**4,737**	3,192

Share options and awards

DCC plc Long Term Incentive Plan 2009

At 31 March 2018, under the DCC plc Long Term Incentive Plan 2009, Group employees hold awards to subscribe for 719,170 ordinary shares.

The general terms of the DCC plc Long Term Incentive Plan 2009 are set out in the Remuneration Report on pages 97 and 98.

The DCC plc Long Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

A summary of activity under the DCC plc Long Term Incentive Plan 2009 over the year is as follows:

	2018 Number of share awards	2017 Number of share awards
At 1 April	**825,519**	822,442
Granted	**128,451**	137,269
Exercised	**(232,416)**	(134,192)
Expired	**(2,384)**	–
At 31 March	**719,170**	825,519

2.5 Employee Share Options and Awards continued

The weighted average share price at the dates of exercise for share awards exercised during the year under the DCC plc Long Term Incentive Plan 2009 was £71.83 (2017: £65.59). The share awards outstanding at the year end have a weighted average remaining contractual life of 4.4 years (2017: 4.1 years).

The weighted average fair values assigned to share awards granted under the DCC plc Long Term Incentive Plan 2009, which were computed in accordance with the Monte Carlo valuation methodology, were as follows:

Granted during the year ended 31 March 2018	**£56.52**
Granted during the year ended 31 March 2017	£54.17

The fair values of share awards granted under the DCC plc Long Term Incentive Plan 2009 were determined taking account of peer group total share return volatilities and correlations together with the following assumptions:

	2018	2017
Risk-free interest rate (%)	**0.78**	0.59
Dividend yield (%)	**1.7**	1.6
Expected volatility (%)	**22.0**	23.0
Expected life in years	**6.0**	6.0
Share price at date of grant	**£70.95**	£67.75

The expected volatility is based on historic volatility over the past 3 years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on government bonds of a term consistent with the assumed option life.

Analysis of closing balance:

Date of grant	**Date of expiry**	**2018 Number of share awards**	2017 Number of share awards
15 November 2010	15 November 2017	**–**	22,246
15 November 2011	15 November 2018	**35,922**	81,359
12 November 2012	12 November 2019	**71,501**	129,017
12 November 2013	12 November 2020	**57,999**	132,078
12 November 2014	12 November 2021	**156,573**	192,095
17 November 2015	17 November 2022	**131,455**	131,455
10 February 2017	10 February 2024	**137,269**	137,269
10 November 2017	10 November 2024	**128,451**	–
Total outstanding at 31 March		**719,170**	825,519
Total exercisable at 31 March		**165,422**	364,700

Notes to the Financial Statements (continued)

2.5 Employee Share Options and Awards continued

DCC plc 1998 Employee Share Option Scheme

At 31 March 2018, under the DCC plc 1998 Employee Share Option Scheme, Group employees hold basic tier options to subscribe for 55,000 ordinary shares.

The general terms of the DCC plc 1998 Employee Share Option Scheme are set out in the Remuneration Report on page 111.

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the grant date fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement. The cumulative charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

A summary of activity under the DCC plc 1998 Employee Share Option Scheme over the year is as follows:

	2018		2017	
	Average exercise price in € per share	**Options**	Average exercise price in € per share	Options
At 1 April	**19.17**	**225,000**	19.22	380,750
Exercised	**20.30**	**(170,000)**	19.29	(155,750)
At 31 March	**15.68**	**55,000**	19.17	225,000

The weighted average share price at the dates of exercise for share options exercised during the year under the DCC plc 1998 Employee Share Option Scheme was £74.42 (2017: £65.87). The share options outstanding at the year end have a weighted average remaining contractual life of 0.1 years (2017: 0.8 years).

Analysis of closing balance:

		2018		2017	
Date of grant	**Date of expiry**	**Exercise price per share**	**Options**	Exercise price per share	Options
23 July 2007	23 July 2017	**–**	**–**	€23.35	102,500
20 May 2008	20 May 2018	**€15.68**	**55,000**	€15.68	122,500
Total outstanding and exercisable at 31 March			**55,000**		225,000

2.6 Exceptionals

Exceptional items are those items which, in the judgement of the Directors, need to be disclosed separately by virtue of their scale and nature. These exceptional items, detailed below, could distort the understanding of our underlying performance for the year and comparability between periods and are therefore presented separately.

	2018 £'000	2017 £'000
Restructuring costs	**(29,419)**	(19,345)
Acquisition and related costs	**(12,789)**	(10,308)
Impairment of property, plant and equipment	**(3,735)**	(1,164)
Adjustments to contingent acquisition consideration	**477**	(5,114)
Other operating exceptional items	**353**	(366)
Net operating exceptional items	**(45,113)**	(36,297)
Mark to market of swaps and related debt (note 2.7)	**299**	10,101
Net exceptional items before taxation	**(44,814)**	(26,196)
Deferred tax	**25,407**	(1,756)
Net exceptional items after taxation (continuing operations)	**(19,407)**	(27,952)
Profit on disposal of discontinued operations (note 2.10)	**29,842**	–
Net exceptional items after taxation	**10,435**	(27,952)
Non-controlling interest share of net exceptional items after taxation	**969**	3,138
Net exceptional items attributable to owners of the Parent Company	**11,404**	(24,814)

The profit on disposal of discontinued operations of £29.842 million relates to the gain recorded on the profitable sale of DCC's environmental division, which completed on 31 May 2017.

Acquisition and related costs include the professional fees and tax costs (such as stamp duty) relating to the evaluation and completion of acquisition opportunities and amounted to £12.789 million.

Restructuring costs amounted to £29.419 million and principally reflect the costs associated with the Group's focus on increasing the efficiency of its operating infrastructure and sales platforms. The majority of the charge relates to the Retail & Oil division where a large project to bring greater efficiency and reduced capital expenditure over time to the UK business' nationwide depot network infrastructure is underway and the project will result in a material reduction in the number of depot locations. The Group incurred a related impairment charge on property, plant and equipment of £3.735 million on this project. An element of the overall charge also relates to the integration and restructuring costs associated with the prior year acquisition of Dansk Fuels in Denmark.

The other material element of the restructuring charge relates to the ongoing optimisation of DCC Technology's logistics and related infrastructure. In the UK, the new national distribution centre is now operational and a number of the existing locations have transferred into the new infrastructure. The remaining existing locations will transition during the coming year and the majority of the existing locations have now been sold successfully. A programme to significantly reduce costs while improving the logistics and operational efficiency of DCC Technology's French consumer business is ongoing. This project will also deliver a consolidation of two existing warehouses into one new facility. Finally, the business in the Nordics has recently commissioned its new national distribution centre and it is now operational.

Most of the Group's debt has been raised in the US Private Placement market and swapped, using long-term interest and cross currency interest rate derivatives, to both fixed and floating rate sterling and euro. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to fixed rate debt, is charged or credited as an exceptional item. In the year ended 31 March 2018, this amounted to an exceptional non-cash gain of £0.299 million. Following this credit, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £5.3 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

The deferred tax credit of £25.407 million principally reflects the impact of the recent reduction of the statutory corporation tax rate in France and a corresponding reduction in the Group's deferred tax liabilities associated with the Group's brand and other intangible assets in France.

There was a non controlling interest credit of £0.969 million in relation to certain of the above exceptional charges.

Notes to the Financial Statements (continued)

2.7 Finance Costs and Finance Income

This note details the interest income generated by our financial assets and the interest expense incurred on our financial liabilities. Finance income principally comprises interest on cash and term deposits whilst finance costs mainly comprise interest on Unsecured Notes, bank debt and finance leases. The net gain/loss arising on derivative financial instruments and the net finance income/cost arising on defined benefit pension schemes are included as a net income/cost as appropriate.

	2018 £'000	2017 £'000
Finance costs		
On bank loans, overdrafts and Unsecured Notes	**(61,762)**	(64,022)
On finance leases	**(35)**	(22)
Unwinding of discount applicable to acquisition related liabilities	**(665)**	(751)
Unwinding of discount applicable to provisions for liabilities	**(2,377)**	(1,956)
Facility fees	**(1,796)**	(1,942)
Other interest	**(6,521)**	(4,217)
	(73,156)	(72,910)
Finance income		
Interest on cash and term deposits	**2,133**	2,248
Net income on interest rate and currency swaps	**35,164**	38,586
Net interest income on defined benefit pension schemes (note 3.13)	**57**	42
Other income	**67**	97
	37,421	40,973
Mark to market of swaps and related debt*	**299**	10,101
	37,720	51,074
Net finance cost	**(35,436)**	(21,836)

	2018 £'000	2017 £'000
*Mark to market of swaps and related debt		
Interest rate swaps designated as fair value hedges	**(9,866)**	(2,109)
Cross currency interest rate swaps designated as fair value hedges	**(137,647)**	68,703
Adjusted hedged fixed rate debt	**148,378**	(56,493)
Mark to market of swaps designated as fair value hedges and related debt	**865**	10,101
Movement on cross currency interest rate swaps designated as cash flow hedges	**(35,994)**	13,737
Transferred to cash flow hedge reserve	**35,428**	(13,737)
	(566)	–
Total mark to market of swaps and related debt	**299**	10,101

2.8 Share of Equity Accounted Investments' Profit after Tax

Share of equity accounted investments' profit after tax represents the results of businesses we do not control, but instead exercise joint control or significant influence and generally have an equity holding of up to 50%.

The Group's share of equity accounted investments' (i.e. joint ventures and associates) profit after tax is equity accounted and presented as a single line item in the Group Income Statement. The profit after tax generated by the Group's equity accounted investments is analysed as follows under the principal Group Income Statement captions:

Group share of:	Joint ventures 2018 £'000	Associates 2018 £'000	Total 2018 £'000	Joint ventures 2017 £'000	Associates 2017 £'000	Total 2017 £'000
Revenue	**27,032**	**2,485**	**29,517**	25,082	2,368	27,450
Operating profit and profit before tax	**412**	**(4)**	**408**	789	18	807
Income tax expense	**(40)**	**–**	**(40)**	(95)	–	(95)
Profit after tax	**372**	**(4)**	**368**	694	18	712

2.9 Income Tax Expense

Tax is payable in the territories in which we operate. This note details the current tax charge which is the tax payable on this year's taxable profits and the deferred tax charge which represents the tax expected to arise in the future due to differences in the accounting and tax bases of profit.

(i) Income tax expense recognised in the Income Statement

	2018 £'000	2017 £'000
Current taxation		
Irish corporation tax at 12.5%	**4,820**	3,510
United Kingdom corporation tax at 19% (2017: 20%)	**17,319**	12,310
Other overseas tax	**35,096**	36,592
Over provision in respect of prior years	**(2,852)**	(911)
Total current taxation	**54,383**	51,501
Deferred tax		
Irish at 12.5%	**649**	157
United Kingdom at 17% (2017: 18%)	**(996)**	(413)
Other overseas deferred tax	**(5,192)**	(7,722)
Exceptional deferred tax (note 2.6)	**(25,407)**	1,756
Under provision in respect of prior years	**445**	590
Total deferred tax	**(30,501)**	(5,632)
Total income tax expense	**23,882**	45,869

(ii) Deferred tax recognised in Other Comprehensive Income

	2018 £'000	2017 £'000
Deferred tax relating to defined benefit pension obligations	**665**	(413)
Deferred tax relating to cash flow hedges	**(433)**	(1,334)
Total deferred tax recognised in Other Comprehensive Income	**232**	(1,747)

Notes to the Financial Statements (continued)

2.9 Income Tax Expense continued

(iii) Reconciliation of effective tax rate

	2018 £'000	2017 £'000
Profit before taxation (continuing operations)	**260,160**	248,454
Less: share of equity accounted investments' profit after tax	**(368)**	(712)
Add back: amortisation of intangible assets	**43,059**	39,130
Profit before share of equity accounted investments' profit after tax and amortisation of intangible assets	**302,851**	286,872
Add back: net exceptional items before tax	**44,814**	26,196
Profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**347,665**	313,068
Profit before share of equity accounted investments' profit after tax and amortisation of intangible assets	**302,851**	286,872
At the standard rate of corporation tax in Ireland of 12.5%	**37,856**	35,859
Adjustments in respect of prior years	**(2,407)**	(321)
Effect of earnings taxed at higher rates	**21,683**	19,578
Other differences	**1,971**	(329)
Income tax expense	**59,103**	54,787
Exceptional deferred tax (note 2.6)	**(25,407)**	1,756
Deferred tax attaching to amortisation of intangible assets	**(9,814)**	(10,674)
Total income tax expense	**23,882**	45,869

	2018 %	2017 %
Income tax expense as a percentage of profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**17.0%**	17.5%
Impact of share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**(7.8%)**	1.0%
Total income tax expense as a percentage of profit before tax	**9.2%**	18.5%

(iv) Factors that may affect future tax rates and other disclosures

No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%. The standard rate of corporation tax in the UK is 19%. A UK tax rate of 18% applies with effect from 1 April 2020. A French corporate income tax rate of 34.4% applies for the year ended 31 March 2018. The French corporate income tax rate will progressively reduce on an annual basis to 25.8% by 1 January 2022. As the legislation to give statutory effect to the reduction in the French corporate income tax rate had been enacted by the reporting date, account has been taken of this change in these financial statements.

The Group has not provided deferred tax in relation to temporary differences applicable to investments in subsidiaries on the basis that the Group can control the timing and realisation of these temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. No provision has been recognised in respect of deferred tax relating to unremitted earnings of subsidiaries as there is no commitment or intention to remit earnings.

2.10 Discontinued Operations

The Environmental division was disposed of during the year. This segment is treated as a discontinued operation, the results of which are detailed separately below.

As announced on 31 May 2017, the Group completed the disposal of the Environmental division. The proceeds on disposal will be used to fund the continued development of DCC's continuing operations. The conditions for the segment to be classified as a discontinued operation were satisfied during the year ended 31 March 2017 and the results of the Environmental segment were presented separately in the 2017 Annual Report as discontinued operations in the Group Income Statement and the assets and liabilities of this segment were classified as an asset held for sale at the reporting date.

The following table summarises the consideration received, the profit on disposal of discontinued operations and the net cash flow arising on the disposal of this segment:

	2018 £'000
Net consideration:	
Net proceeds received	164,526
Costs of disposal	(4,463)
Total net consideration	160,063
Assets and liabilities disposed of:	
Non-current assets	145,675
Current assets	34,198
Non-current liabilities	(4,358)
Current liabilities	(40,746)
Net identifiable assets and liabilities disposed of	134,769
Recycling of foreign exchange gain previously recognised in foreign currency translation reserve	(4,548)
	130,221
Profit on disposal of discontinued operations	29,842
Net cash flow on disposal of discontinued operations:	
Total proceeds received	174,321
Cash and cash equivalents disposed of	(9,795)
Net cash inflow on disposal of discontinued operations	164,526
Disposal costs paid	(4,463)
Net cash flow on disposal of discontinued operations	160,063

Notes to the Financial Statements (continued)

2.10 Discontinued Operations continued

The following table details the results of discontinued operations included in the Group Income Statement:

	2018 £'000	2017 £'000
Revenue	**29,614**	175,232
Cost of sales	**(20,292)**	(119,654)
Gross profit	**9,322**	55,578
Operating expenses	**(8,341)**	(37,032)
Adjusted operating profit	**981**	18,546
Amortisation of intangible assets	**–**	(38)
Operating profit	**981**	18,508
Net finance costs	**(16)**	(163)
	965	18,345
Income tax expense	**(164)**	(3,185)
	801	15,160
Profit on disposal of discontinued operations	**29,842**	–
Profit from discontinued operations after tax	**30,643**	15,160

The following table details the cash flow from discontinued operations included in the Group Cash Flow Statement:

	2018 £'000	2017 £'000
Net cash flow from operating activities	**(5,602)**	22,461
Net cash flow from investing activities	**(1,332)**	(6,661)
Net cash flow from discontinued operations	**(6,934)**	15,800

2.11 Dividends

Dividends represent one type of shareholder return and are paid as an amount per ordinary share held. The Group retains part of the profits generated in the year to meet future growth plans.

Dividends paid per ordinary share are as follows:	2018 £'000	2017 £'000
Final: paid 74.63 pence per share on 20 July 2017 (2017: paid 64.18 pence per share on 21 July 2016)	**66,520**	57,621
Interim: paid 40.89 pence per share on 11 December 2017 (2017: paid 37.17 pence per share on 12 December 2016)	**36,351**	32,415
	102,871	90,036

The Directors are proposing a final dividend in respect of the year ended 31 March 2018 of 82.09 pence per ordinary share (£73.242 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

2.12 Earnings per Ordinary Share

Earnings per ordinary share ('EPS') is the amount of post-tax profit attributable to each ordinary share. Basic EPS is the amount of profit for the year divided by the weighted average number of shares in issue during the year. Diluted EPS shows what the impact would be if all outstanding and exercisable options were exercised and treated as ordinary shares at year end.

	Continuing operations 2018 £'000	**Discontinued operations (note 2.10) 2018 £'000**	**Total 2018 £'000**	Continuing operations 2017 £'000	Discontinued operations (note 2.10) 2017 £'000	Total 2017 £'000
Profit attributable to owners of the Parent Company	**231,181**	**30,643**	**261,824**	201,037	15,160	216,197
Amortisation of intangible assets after tax	**33,245**	**–**	**33,245**	28,456	6	28,462
Exceptionals after tax (note 2.6)	**18,438**	**(29,842)**	**(11,404)**	24,814	–	24,814
Adjusted profit after taxation and non-controlling interests	**282,864**	**801**	**283,665**	254,307	15,166	269,473

Basic earnings per ordinary share	**Continuing operations 2018 pence**	**Discontinued operations 2018 pence**	**Total 2018 pence**	Continuing operations 2017 pence	Discontinued operations 2017 pence	Total 2017 pence
Basic earnings per ordinary share	**259.44p**	**34.39p**	**293.83p**	226.56p	17.08p	243.64p
Amortisation of intangible assets after tax	**37.31p**	**–**	**37.31p**	32.07p	0.01p	32.08p
Exceptionals after tax	**20.70p**	**(33.49p)**	**(12.79p)**	27.96p	–	27.96p
Adjusted basic earnings per ordinary share	**317.45p**	**0.90p**	**318.35p**	286.59p	17.09p	303.68p
Weighted average number of ordinary shares in issue (thousands)			**89,106**			88,735

Basic earnings per ordinary share is calculated by dividing the profit attributable to owners of the Parent Company by the weighted average number of ordinary shares in issue during the year, excluding ordinary shares purchased by the Company and held as treasury shares. The adjusted figures for basic earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Diluted earnings per ordinary share	**Continuing operations 2018 pence**	**Discontinued operations 2018 pence**	**Total 2018 pence**	Continuing operations 2017 pence	Discontinued operations 2017 pence	Total 2017 pence
Diluted earnings per ordinary share	**258.52p**	**34.27p**	**292.79p**	225.04p	16.96p	242.00p
Amortisation of intangible assets after tax	**37.18p**	**–**	**37.18p**	31.84p	0.01p	31.85p
Exceptionals after tax	**20.61p**	**(33.37p)**	**(12.76p)**	27.78p	–	27.78p
Adjusted diluted earnings per ordinary share	**316.31p**	**0.90p**	**317.21p**	284.66p	16.97p	301.63p
Weighted average number of ordinary shares in issue (thousands)			**89,425**			89,338

The earnings used for the purposes of the continuing diluted earnings per ordinary share calculations were £231.181 million (2017: £201.037 million) and £282.864 million (2017: £254.307 million) for the purposes of the continuing adjusted diluted earnings per ordinary share calculations.

The earnings used for the purposes of the discontinued diluted earnings per ordinary share calculations were £30.643 million (2017: £15.160 million) and £0.801 million (2017: £15.166 million) for the purposes of the discontinued adjusted diluted earnings per ordinary share calculations.

Notes to the Financial Statements (continued)

2.12 Earnings per Ordinary Share continued

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2018 was 89.425 million (2017: 89.338 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:

	2018 '000	2017 '000
Weighted average number of ordinary shares in issue	**89,106**	88,735
Dilutive effect of options and awards	**319**	603
Weighted average number of ordinary shares for diluted earnings per share	**89,425**	89,338

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares.

Employee share options and awards, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability would not have been satisfied as at the end of the reporting period if that were the end of the vesting period.

The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Section 3 Assets and Liabilities

3.1 Property, Plant and Equipment

This note details the tangible assets utilised by the Group to generate revenues and profits. The cost of these assets primarily represents the amounts originally paid for them. All assets are depreciated over their useful economic lives.

	Land & buildings £'000	Plant & machinery & cylinders £'000	Fixtures, fittings & office equipment £'000	Motor vehicles £'000	Total £'000
Year ended 31 March 2018					
Opening net book amount	**255,375**	**381,555**	**52,666**	**60,424**	**750,020**
Exchange differences	**585**	**644**	**330**	**178**	**1,737**
Arising on acquisition (note 5.2)	**75,779**	**54,869**	**4,832**	**6,952**	**142,432**
Additions	**27,549**	**95,721**	**22,939**	**10,962**	**157,171**
Disposals	**(14,246)**	**(3,215)**	**(2,233)**	**(1,171)**	**(20,865)**
Depreciation charge	**(8,604)**	**(60,242)**	**(13,985)**	**(10,891)**	**(93,722)**
Impairment charge (note 2.6)	**(484)**	**(2,929)**	**(322)**	**–**	**(3,735)**
Reclassifications	**(5,561)**	**(10,073)**	**15,306**	**328**	**–**
Closing net book amount	**330,393**	**456,330**	**79,533**	**66,782**	**933,038**
At 31 March 2018					
Cost	**372,308**	**923,568**	**176,932**	**150,938**	**1,623,746**
Accumulated depreciation and impairment losses	**(41,915)**	**(467,238)**	**(97,399)**	**(84,156)**	**(690,708)**
Net book amount	**330,393**	**456,330**	**79,533**	**66,782**	**933,038**
Year ended 31 March 2017					
Opening net book amount	251,531	367,987	54,860	65,125	739,503
Exchange differences	8,662	14,547	2,268	720	26,197
Arising on acquisition (note 5.2)	3,493	3,813	793	166	8,265
Additions	41,738	68,593	18,809	17,787	146,927
Disposals	(5,575)	(4,250)	(1,211)	(1,106)	(12,142)
Depreciation charge	(8,353)	(57,679)	(13,379)	(12,604)	(92,015)
Impairment charge (note 2.6)	(1,051)	–	(113)	–	(1,164)
Assets classified as held for sale	(36,176)	(16,654)	(3,078)	(9,643)	(65,551)
Reclassifications	1,106	5,198	(6,283)	(21)	–
Closing net book amount	255,375	381,555	52,666	60,424	750,020
At 31 March 2017					
Cost	291,947	787,194	140,643	143,390	1,363,174
Accumulated depreciation and impairment losses	(36,572)	(405,639)	(87,977)	(82,966)	(613,154)
Net book amount	255,375	381,555	52,666	60,424	750,020

Assets held under finance leases

The net carrying amount of assets held under finance leases and accordingly capitalised in property, plant and equipment are as follows:

	2018 £'000	2017 £'000
Motor vehicles	**734**	682
Fixtures, fittings & office equipment	**533**	174
Net book amount	**1,267**	856

Notes to the Financial Statements (continued)

3.2 Intangible Assets and Goodwill

The Group Balance Sheet contains significant intangible assets and goodwill. Goodwill, customer and supplier relationships and brands can arise on the acquisition of a business. Goodwill arises when we pay an amount which is higher than the fair value of the net assets acquired (primarily due to expected synergies). This goodwill is not amortised but is subject to annual impairment reviews whereas customer and supplier relationships and brands are amortised over their useful economic lives.

	Goodwill £'000	Customer & supplier related intangibles £'000	Brand related intangibles £'000	Total £'000
Year ended 31 March 2018				
Opening net book amount	**1,030,527**	**246,390**	**145,655**	**1,422,572**
Exchange differences	**631**	**4,734**	**3,063**	**8,428**
Arising on acquisition (note 5.2)	**405,342**	**143,613**	**–**	**548,955**
Adjustments to contingent consideration (note 3.14)	**66**	**–**	**–**	**66**
Amortisation charge	**–**	**(38,382)**	**(4,677)**	**(43,059)**
Closing net book amount	**1,436,566**	**356,355**	**144,041**	**1,936,962**
At 31 March 2018				
Cost	**1,475,273**	**529,128**	**155,531**	**2,159,932**
Accumulated amortisation and impairment losses	**(38,707)**	**(172,773)**	**(11,490)**	**(222,970)**
Net book amount	**1,436,566**	**356,355**	**144,041**	**1,936,962**
Year ended 31 March 2017				
Opening net book amount	960,154	210,063	126,848	1,297,065
Exchange differences	31,657	15,505	10,284	57,446
Arising on acquisition (note 5.2)	117,175	56,051	12,462	185,688
Adjustments to contingent consideration (note 3.14)	876	–	–	876
Assets classified as held for sale	(79,335)	–	–	(79,335)
Amortisation charge	–	(35,229)	(3,939)	(39,168)
Closing net book amount	1,030,527	246,390	145,655	1,422,572
At 31 March 2017				
Cost	1,068,660	381,004	152,498	1,602,162
Accumulated amortisation and impairment losses	(38,133)	(134,614)	(6,843)	(179,590)
Net book amount	1,030,527	246,390	145,655	1,422,572

Customer and supplier related intangible assets principally comprise contractual and non-contractual customer and supplier relationships arising from business combinations and are amortised over their estimated useful lives. The weighted average remaining amortisation period for customer related intangibles is 14.3 years (2017: 11.0 years). Brand related intangible assets comprise registered trade names and logos which are well established and recognised within the industries in which the Group operates. The weighted average remaining amortisation period for brand related intangibles is 34.2 years (2017: 35.3 years). There are no internally generated brand related intangibles recognised on the Group Balance Sheet.

3.2 Intangible Assets and Goodwill continued

In accordance with IAS 38 *Intangible Assets*, details of individually significant intangible assets and their remaining amortisation periods are as follows:

	Segment	Customer & supplier related intangibles £'000	Remaining amortisation period in years	Brand related intangibles £'000	Remaining amortisation period in years
Butagaz	DCC LPG	**149,535**	**12.5 years**	**128,527**	**37.5 years**
Gaz Européen	DCC LPG	**34,121**	**10.8 years**	**12,276**	**18.8 years**
Esso Retail Norway	DCC Retail & Oil	**53,382**	**19.6 years**	**–**	**–**
Shell Hong Kong & Macau	DCC LPG	**67,539**	**24.8 years**	**–**	**–**
Others		**51,778**		**3,238**	
Closing net book amount		**356,355**		**144,041**	

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*. A total of 29 CGUs (2017: 28 CGUs) have been identified and these are analysed between the Group's operating segments below together with a summary of the allocation of the carrying value of goodwill by segment.

	Cash-generating units		Goodwill	
	2018 number	2017 number	**2018 £'000**	2017 £'000
DCC LPG	**9**	6	**538,718**	303,545
DCC Retail & Oil	**9**	8	**535,644**	413,611
DCC Healthcare	**5**	4	**224,380**	198,407
DCC Technology	**6**	6	**137,824**	114,964
	29	24	**1,436,566**	1,030,527
Discontinued operations (DCC Environmental)	**–**	4	**–**	79,335
	29	28	**1,436,566**	1,109,862

In accordance with IAS 36 *Impairment of Assets*, the CGUs to which significant amounts of goodwill have been allocated are as follows:

CGU	Segment	2018 £'000	2017 £'000
Certas Energy UK Group	DCC Retail & Oil	**258,750**	256,801
Butagaz	DCC LPG	**189,884**	186,037
DCC Vital Group	DCC Healthcare	**175,101**	168,689
Esso Retail Norway	DCC Retail & Oil	**117,966**	–
Exertis UK Group	DCC Technology	**89,103**	72,593
Others		**605,762**	425,742
Closing net book amount		**1,436,566**	1,109,862

For the purpose of impairment testing, the discount rates applied to these CGUs to which significant amounts of goodwill have been allocated were 8.6% (2017: 8.6%) for the Certas Energy UK Group, Butagaz and Esso Retail Norway, 9.8% (2017: 7.8%) for the DCC Vital Group and 9.9% (2017: 8.6%) for the Exertis UK Group. The long-term growth rate assumed for the Certas Energy UK, DCC Vital and Exertis UK Groups was 1.7% (2016: 1.9%), with no growth assumed for Butagaz and Esso Retail Norway. The remaining goodwill balance of £605.762 million is allocated across 24 CGUs (2017: £425.742 million over 24 CGUs), none of which are individually significant.

Notes to the Financial Statements (continued)

3.2 Intangible Assets and Goodwill continued

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to CGUs for the purpose of impairment testing. Impairment of goodwill occurs when the carrying value of a CGU is greater than the present value of the cash that it is expected to generate (i.e. the recoverable amount). The Group reviews the carrying value of each CGU at least annually or more frequently if there is an indication that the CGU may be impaired.

The recoverable amount of each CGU is based on a value in use computation. The cash flow forecasts employed for this computation are extracted from a three year plan that has been formally approved by the Board of Directors and specifically excludes future acquisition activity. Cash flows for a further two years are based on the assumptions underlying the three year plan. A long-term growth rate reflecting the lower of the extrapolated cash flow projections and the long-term GDP rate for the country of operation is applied to the year five cash flows. The weighted average long-term growth rate used in the impairment testing was 1.2% (2017: 1.3%).

A present value of the future cash flows is calculated using a before-tax discount rate representing the Group's estimated before-tax weighted average cost of capital, adjusted to reflect risks associated with each CGU. The range of discount rates applied ranged from 8.6% to 9.9% (2017: 7.8% to 8.6%).

Key assumptions include management's estimates of future profitability, working capital investment and capital expenditure requirements. Cash flow forecasts and key assumptions are generally determined based on historical performance together with management's expectation of future trends affecting the industry and other developments and initiatives in the business. The prior year assumptions were prepared on the same basis.

Applying these techniques, no impairment charge arose in 2018 (2017: nil).

Sensitivity Analysis

Sensitivity analysis was performed by increasing the discount rate by 1%, reducing the long-term growth rate by 0.3% and decreasing cash flows by 10% which resulted in an excess in the recoverable amount of 28 CGUs over their carrying amount under each approach. Management believes that any reasonable change in any of the key assumptions would not cause the carrying value of goodwill to exceed the recoverable amount. In relation to the remaining CGU which forms part of the DCC Technology segment, the value in use of £62.6 million represented an excess of £0.9 million over its carrying value of £61.7 million. The table below identifies the amounts by which each of the key assumptions must change in order for its' recoverable amount to be equal to its' carrying amount:

Increase in discount rate	0.9 percentage points
Reduction in long-term growth rate	0.1 percentage points
Reduction in cash flow	1.9%

3.3 Equity Accounted Investments

Equity accounted investments represent the Group's interests in certain joint ventures and associates where we exercise joint control or significant influence and generally have an equity holding of up to 50%.

	2018 £'000	2017 £'000
At 1 April	**24,938**	22,139
Acquisition of equity accounted investments (note 5.2)	**497**	404
Share of profit after tax	**368**	712
Dividends received	**(1,980)**	(125)
Exchange and other	**638**	1,808
At 31 March	**24,461**	24,938

Investments in associates and joint ventures at 31 March 2018 include goodwill of £17.129 million (2017: £17.220 million).

3.3 Equity Accounted Investments continued

Summarised financial information for the Group's investment in joint ventures and associates which are accounted for using the equity method is as follows:

	Non-current assets £'000	Current assets £'000	Current liabilities £'000	Net assets £'000
As at 31 March 2018				
Joint ventures	**5,876**	**2,874**	**(4,262)**	**4,488**
Associates	**25,684**	**2,706**	**(8,417)**	**19,973**
Total	**31,560**	**5,580**	**(12,679)**	**24,461**
As at 31 March 2017				
Joint ventures	5,539	4,241	(3,893)	5,887
Associates	25,050	2,233	(8,232)	19,051
Total	30,589	6,474	(12,125)	24,938

Details of the Group's principal joint ventures and associates are included in the Group Directory on page 210.

3.4 Inventories

Inventories represent assets that we intend to convert or sell in order to generate revenue in the short-term. The Group's inventory consists primarily of finished goods, net of an allowance for obsolescence.

	2018 £'000	2017 £'000
Raw materials	**35,284**	26,554
Work in progress	**3,937**	2,246
Finished goods	**491,252**	427,595
	530,473	456,395

Write-downs of inventories recognised as an expense within cost of sales amounted to £4.0 million (2017: £7.0 million).

3.5 Trade and Other Receivables

Trade and other receivables mainly consist of amounts owed to the Group by customers, net of an allowance for bad and doubtful debts, together with prepayments and accrued income.

	2018 £'000	2017 £'000
Trade receivables	**1,264,019**	1,084,215
Provision for impairment of trade receivables	**(22,120)**	(21,347)
Prepayments and accrued income	**112,666**	85,284
Value added tax recoverable	**25,461**	22,990
Other debtors	**46,191**	51,455
	1,426,217	1,222,597

Notes to the Financial Statements (continued)

3.5 Trade and Other Receivables continued

Included in the Group's trade and other receivables as at 31 March 2018 are balances of £144.672 million (2017: £121.330 million) which are past due at the reporting date but not impaired. The aged analysis of these balances is as follows:

	2018 £'000	2017 £'000
Less than 1 month overdue	**100,552**	79,820
1 – 3 months overdue	**25,707**	23,938
3 – 6 months overdue	**12,242**	10,208
Over 6 months overdue	**6,171**	7,364
	144,672	121,330

Trade and other receivables which are not past due nor impaired at the reporting date are expected to be fully recoverable. The movement in the provision for impairment of trade receivables during the year is as follows:

	2018 £'000	2017 £'000
At 1 April	**21,347**	17,563
Provision for impairment recognised in the year	**7,439**	4,632
Subsequent recovery of amounts previously provided for	**(679)**	(183)
Amounts written off during the year	**(7,268)**	(4,442)
Arising on acquisition	**1,072**	3,600
Exchange	**209**	872
Provision for impairment of trade receivables attributable to assets held for sale	**–**	(695)
At 31 March	**22,120**	21,347

The vast majority of the provision for impairment relates to trade and other receivables balances which are over 6 months overdue.

3.6 Trade and Other Payables

The Group's trade and other payables mainly consist of amounts we owe to our suppliers that have been either invoiced or accrued and are due to be settled within twelve months.

	2018 £'000	2017 £'000
Trade payables	**1,583,297**	1,398,523
Other creditors and accruals	**383,656**	310,140
PAYE and National Insurance or equivalent	**13,032**	15,056
Value added tax	**67,820**	85,906
Government grants (note 3.16)	**9**	9
Interest payable	**4,775**	4,534
Amounts due in respect of property, plant and equipment	**10,671**	6,349
	2,063,260	1,820,517

3.7 Movement in Working Capital

Working capital represents the net of inventories, trade and other receivables and trade and other payables. This note details the overall movement in the year under each of these headings.

	Inventories £'000	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2018				
At 1 April 2017	**456,395**	**1,222,597**	**(1,820,517)**	**(141,525)**
Translation adjustment	**912**	**4,785**	**(5,796)**	**(99)**
Arising on acquisition (note 5.2)	**35,132**	**51,984**	**(38,000)**	**49,116**
Exceptional items, interest accruals, capital accruals and other	**(1,440)**	**(1,376)**	**(25,004)**	**(27,820)**
Increase/(decrease) in working capital (note 5.3)	**39,474**	**148,227**	**(173,943)**	**13,758**
At 31 March 2018	**530,473**	**1,426,217**	**(2,063,260)**	**(106,570)**
Year ended 31 March 2017				
At 1 April 2016	393,948	916,069	(1,437,832)	(127,815)
Translation adjustment	10,133	32,186	(43,202)	(883)
Arising on acquisition (note 5.2)	32,207	206,528	(164,777)	73,958
Assets and liabilities classified as held for sale	(1,922)	(33,265)	35,791	604
Exceptional items, interest accruals, capital accruals and other	236	(177)	(3,499)	(3,440)
Increase/(decrease) in working capital (note 5.3)	21,793	101,256	(206,998)	(83,949)
At 31 March 2017	456,395	1,222,597	(1,820,517)	(141,525)

3.8 Cash and Cash Equivalents

The majority of the Group's cash and cash equivalents are held in deposit accounts with maturities of up to three months.

	2018 £'000	2017 £'000
Cash at bank and in hand	**454,399**	363,805
Short-term deposits	**584,428**	684,259
	1,038,827	1,048,064

Cash at bank earns interest at floating rates based on daily bank deposit rates. The short-term deposits, which include bank and money market deposits, are for periods up to three months and earn interest at the respective short-term deposit rates.

Cash and cash equivalents include the following for the purposes of the Group Cash Flow Statement:

	2018 £'000	2017 £'000
Cash and short-term deposits	**1,038,827**	1,048,064
Bank overdrafts	**(74,534)**	(88,041)
Cash and short-term deposits attributable to assets held for sale	**–**	12,799
	964,293	972,822

Bank overdrafts are included within current borrowings (note 3.10) in the Group Balance Sheet.

Notes to the Financial Statements (continued)

3.9 Derivative Financial Instruments

Derivatives are financial instruments that derive their value from the price of underlying items such as interest rates, foreign exchange rates, commodities or other indices. This note details the derivative financial instruments used by the Group to hedge certain risk exposures arising from operational, financing and investment activities. These derivatives are held at fair value.

	2018 £'000	2017 £'000
Non-current assets		
Cross currency interest rate swaps – fair value hedges	**87,429**	223,384
Cross currency interest rate swaps – cash flow hedges	**5,771**	36,512
Interest rate swaps – fair value hedges	**9,813**	13,747
Commodity forward contracts – cash flow hedges	**72**	124
	103,085	273,767
Current assets		
Cross currency interest rate swaps – fair value hedges	**–**	12,968
Interest rate swaps – fair value hedges	**–**	365
Currency swaps – not designated as hedges	**2,194**	–
Foreign exchange forward contracts – cash flow hedges	**228**	515
Foreign exchange forward contracts – not designated as hedges	**106**	122
Commodity forward contracts – cash flow hedges	**4,976**	4,203
Commodity forward contracts – not designated as hedges	**546**	60
	8,050	18,233
Total assets	**111,135**	292,000
Non-current liabilities		
Cross currency interest rate swaps – cash flow hedges	**(4,545)**	–
Interest rate swaps – fair value hedges	**(5,567)**	–
Commodity forward contracts – cash flow hedges	**(620)**	(506)
	(10,732)	(506)
Current liabilities		
Currency swaps – not designated as hedges	**(1,204)**	–
Foreign exchange forward contracts – cash flow hedges	**(841)**	(623)
Foreign exchange forward contracts – not designated as hedges	**(130)**	(57)
Commodity forward contracts – cash flow hedges	**(5,754)**	(5,119)
Commodity forward contracts – not designated as hedges	**(545)**	(95)
	(8,474)	(5,894)
Total liabilities	**(19,206)**	(6,400)
Net asset arising on derivative financial instruments	**91,929**	285,600

The full fair value of a hedging derivative is classified as a non-current asset or non-current liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or current liability if the maturity of the hedged item is less than twelve months.

Interest rate swaps

The notional principal amounts of the outstanding interest rate swap contracts designated as fair value hedges under IAS 39 at 31 March 2018 total £197.5 million and €300.0 million. At 31 March 2018, the fixed interest rates vary from 1.96% to 4.49% and the floating rates are based on sterling LIBOR and EURIBOR.

3.9 Derivative Financial Instruments continued

Cross currency interest rate swaps

The Group utilises cross currency interest rate swaps to swap fixed rate US$ denominated debt of US$1,098.0 million into floating rate sterling debt of £305.957 million and floating rate euro debt of €438.022 million. At 31 March 2018 the fixed interest rates vary from 3.41% to 6.19%. These swaps are designated as fair value hedges under IAS 39.

The Group utilises cross currency interest rate swaps to swap fixed rate US$ denominated debt of US$317.0 million into fixed rate sterling debt of £61.189 million and fixed rate euro debt of €163.045 million. At 31 March 2018 the fixed US$ interest rates vary from 4.04% to 4.98% and the average swapped fixed rates for sterling and euro were 4.47% and 3.74% respectively. These swaps are designated as cash flow hedges under IAS 39.

Currency swaps

During the year ended 31 March 2018, the Group entered into currency swaps to manage currency risk related to the intercompany funding of certain acquisitions. The principal amounts of outstanding currency swaps at 31 March 2018 total £335.332 million.

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2018 total £117.025 million (2017: £114.429 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2018 on forward foreign exchange contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to twelve months after the reporting date.

Commodity price forward contracts

The notional principal amounts of outstanding forward commodity contracts at 31 March 2018 total £158.384 million (2017: £104.548 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2018 on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to thirty-three months after the reporting date.

3.10 Borrowings

The Group utilises long-term debt funding together with committed credit lines with our relationship banks. We use derivatives to manage risks associated with interest rates and foreign exchange.

	2018 £'000	2017 £'000
Non-current		
Finance leases*	**692**	165
Unsecured Notes	**1,597,829**	1,319,802
	1,598,521	1,319,967
Current		
Bank borrowings	**74,534**	88,041
Finance leases*	**363**	190
Unsecured Notes	**–**	60,214
	74,897	148,445
Total borrowings	**1,673,418**	1,468,412

* Secured on specific plant and equipment.

The maturity of non-current borrowings is as follows:

	2018 £'000	2017 £'000
Between 1 and 2 years	**318**	109
Between 2 and 5 years	**436,097**	500,538
Over 5 years	**1,162,106**	819,320
	1,598,521	1,319,967

Notes to the Financial Statements (continued)

3.10 Borrowings continued

Bank borrowings and finance leases

Interest on bank borrowings is at floating rates set in advance for periods ranging from overnight to three months by reference to inter-bank interest rates (EURIBOR, sterling LIBOR and US$ LIBOR) and consequently fair value approximates carrying amounts. The majority of finance leases are at fixed rates.

The Group has a £400 million five year committed revolving credit facility with nine relationship banks: Barclays, BNP Paribas, Danske Bank, HSBC, ING, JP Morgan, RBS, Bank of Ireland and Deutsche Bank. This was put in place in March 2016 and extended during the current financial year until March 2023. The Group had various other uncommitted bank facilities available at 31 March 2018.

Unsecured Notes

The Group's Unsecured Notes which fall due between 2019 and 2029 are comprised of fixed rate debt of US$157.0 million issued in 2007 and maturing in 2019 (the '2019 Notes'), fixed rate debt of US$217.0 million issued in 2010 and maturing in 2020 and 2022 (the '2020/22 Notes'), fixed rate debt of US$525 million issued in 2013 and maturing in 2020, 2023 and 2025 (the '2020/23/25 Notes'), fixed rate debt of US$516.0 million, €85.0 million and £70.0 million issued in 2014 and maturing in 2021, 2024, 2026 and 2029 (the '2021/24/26/29 Notes'), fixed rate debt of £127.5 million and €215.0 million issued in September 2017 and maturing in 2027 and 2029 (the '2027/29 Notes') and floating rate debt of €145.0 million issued in September 2017 and maturing in 2024, 2027 and 2029 (the '2024/27/29 Notes').

The 2019 Notes denominated in US dollars have been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US dollars to floating sterling rates, repricing quarterly based on sterling LIBOR.

Of the 2020/22 Notes denominated in US dollars, $152.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR and $65.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR.

Of the 2020/23/25 Notes denominated in US dollars, $255.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $140.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR, $85.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates and $45.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates.

Of the 2021/24/26/29 Notes denominated in US dollars, $269.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating euro rates, repricing quarterly based on EURIBOR, $60.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR, $135.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed euro rates, $52.0 million has been swapped (using cross currency interest rate swaps designated as cash flow hedges under IAS 39) from fixed US$ to fixed sterling rates. The 2021/24/26/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed euro to floating euro rates, repricing quarterly based on EURIBOR. The 2021/24/26/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) from fixed sterling to floating sterling rates, repricing quarterly based on sterling LIBOR.

The 2027/29 Notes denominated in sterling have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) to floating sterling rates, repricing half yearly based on sterling LIBOR. The 2027/29 Notes denominated in euro have been swapped (using interest rate swaps designated as fair value hedges under IAS 39) to floating euro rates, repricing half yearly based on EURIBOR.

The 2024/27/29 Notes are at floating euro rates, repricing half yearly based on EURIBOR.

The maturity and interest profile of the Unsecured Notes is as follows:

	2018	2017
Average maturity	**6.3 years**	5.6 years
Average fixed interest rates:		
– US$ denominated*	**4.69%**	4.73%
– sterling denominated*	**3.36%**	4.91%
– euro denominated*	**2.34%**	3.23%
Average floating rate including swaps:		
– sterling denominated	**2.22%**	1.87%
– euro denominated	**1.28%**	1.53%

* Issued and repayable at par.

3.11 Analysis of Net Debt

Net (debt)/cash is a key metric of the Group and represents cash and cash equivalents less borrowings and derivative financial instruments.

Reconciliation of opening to closing net debt

The reconciliation of opening to closing net debt for the year ended 31 March 2018 is as follows:

	At 1 April 2017 £'000	Cash flow £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2018 £'000
Cash and short-term deposits	**1,060,863**	**(11,900)**	**–**	**–**	**(10,136)**	**1,038,827**
Overdrafts	**(88,041)**	**13,389**	**–**	**–**	**118**	**(74,534)**
	972,822	**1,489**	**–**	**–**	**(10,018)**	**964,293**
Finance leases	**(355)**	**(762)**	**–**	**–**	**62**	**(1,055)**
Unsecured Notes	**(1,380,016)**	**(400,463)**	**148,378**	**–**	**34,272**	**(1,597,829)**
Derivative financial instruments (net)	**285,600**	**(10,812)**	**(148,079)**	**(35,428)**	**648**	**91,929**
Group net debt (including cash attributable to assets classified as held for sale)	**(121,949)**	**(410,548)**	**299**	**(35,428)**	**24,964**	**(542,662)**
Group net debt (excluding cash attributable to assets classified as held for sale)	**(134,748)**	**(398,071)**	**299**	**(35,428)**	**25,286**	**(542,662)**

The reconciliation of opening to closing net debt for the year ended 31 March 2017 is as follows:

	At 1 April 2016 £'000	Cash flow £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2017 £'000
Cash and short-term deposits	1,182,034	(160,491)	–	–	39,320	1,060,863
Overdrafts	(91,997)	4,347	–	–	(391)	(88,041)
	1,090,037	(156,144)	–	–	38,929	972,822
Finance leases	(506)	177	–	–	(26)	(355)
Unsecured Notes	(1,360,722)	108,140	(56,493)	–	(70,941)	(1,380,016)
Derivative financial instruments (net)	216,689	(12,928)	66,594	13,737	1,508	285,600
Group net debt (including cash attributable to assets classified as held for sale)	(54,502)	(60,755)	10,101	13,737	(30,530)	(121,949)
Group net debt (excluding cash attributable to assets classified as held for sale)	(69,473)	(58,597)	10,101	13,737	(30,516)	(134,748)

Notes to the Financial Statements (continued)

3.11 Analysis of Net Debt continued

Currency profile

The currency profile of net debt at 31 March 2018 is as follows:

	Euro £'000	Sterling £'000	US Dollars £'000	Danish Krone £'000	Swedish Krona £'000	Other £'000	Total £'000
Cash and cash equivalents	337,102	559,673	48,599	38,931	38,722	15,800	1,038,827
Borrowings	(964,058)	(706,096)	(2,248)	–	(1,016)	–	(1,673,418)
Derivatives	29,543	62,802	(491)	91	–	(16)	91,929
	(597,413)	(83,621)	45,860	39,022	37,706	15,784	(542,662)

The currency profile of net debt at 31 March 2017 is as follows:

	Euro £'000	Sterling £'000	US Dollars £'000	Danish Krone £'000	Swedish Krona £'000	Other £'000	Total £'000
Cash and cash equivalents	384,203	567,553	20,399	39,610	37,434	11,664	1,060,863
Borrowings	(737,221)	(730,603)	(245)	–	(343)	–	(1,468,412)
Derivatives	129,929	155,241	503	(73)	–	–	285,600
	(223,089)	(7,809)	20,657	39,537	37,091	11,664	(121,949)

Interest rate profile

Cash and cash equivalents at 31 March 2018 and 31 March 2017 have maturity periods up to three months (note 3.8).

Bank borrowings are at floating interest rates for periods less than three months while the Group's Unsecured Notes due 2019 to 2029 have been swapped to a combination of fixed rates and floating rates which reset on a quarterly and semi-annual basis. The majority of finance leases are at fixed rates (note 3.10).

3.12 Deferred Income Tax

Deferred tax is an accounting adjustment to provide for tax that is expected to arise in the future as a result of differences in the accounting and tax bases of assets and liabilities.

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2018:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2017	18,151	132,175	(1,036)	(425)	(3,257)	(12,930)	132,678
Consolidated Income Statement	1,026	(37,084)	1,031	725	(50)	3,851	(30,501)
Recognised in Other Comprehensive Income	–	–	–	665	(433)	–	232
Arising on acquisition	(4,693)	27,997	(886)	–	–	(619)	21,799
Exchange differences and other	(219)	2,644	55	(30)	–	(260)	2,190
At 31 March 2018	14,265	125,732	(836)	935	(3,740)	(9,958)	126,398
Analysed as:							
Deferred tax asset	(6,802)	(77)	(1,345)	(510)	(3,740)	(13,680)	(26,154)
Deferred tax liability	21,067	125,809	509	1,445	–	3,722	152,552
	14,265	125,732	(836)	935	(3,740)	(9,958)	126,398

3.12 Deferred Income Tax continued

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2017:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2016	15,834	113,857	(1,588)	(2,494)	(3,679)	(9,569)	112,361
Consolidated Income Statement	2,214	(10,603)	580	2,607	1,756	(2,420)	(5,866)
Recognised in Other Comprehensive Income	–	–	–	(413)	(1,334)	–	(1,747)
Arising on acquisition	–	19,889	–	–	–	(47)	19,842
Deferred tax attributable to assets held for sale	(129)	–	–	–	–	70	(59)
Exchange differences and other	232	9,032	(28)	(125)	–	(964)	8,147
At 31 March 2017	18,151	132,175	(1,036)	(425)	(3,257)	(12,930)	132,678
Analysed as:							
Deferred tax asset	(1,127)	(280)	(1,036)	(670)	(3,257)	(16,249)	(22,619)
Deferred tax liability	19,278	132,455	–	245	–	3,319	155,297
	18,151	132,175	(1,036)	(425)	(3,257)	(12,930)	132,678

Deferred tax assets and liabilities require management judgement in determining the amounts to be recognised. In particular, significant judgement is used when assessing the extent to which deferred tax assets should be recognised, with consideration given to the timing and level of future taxable income in the relevant jurisdiction. The majority of the deferred tax asset at 31 March 2018 of £26.154 million is expected to be settled/recovered more than twelve months after the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

3.13 Post Employment Benefit Obligations

The Group operates a number of defined benefit and defined contribution pension schemes for our employees. All of the Group's defined benefit pension schemes are closed to new members.

The Group operates defined benefit and defined contribution schemes. The pension scheme assets are held in separate trustee administered funds.

The Group operates five defined benefit pension schemes in the Republic of Ireland, four in the UK and four in Germany. The projected unit credit method has been employed in determining the present value of the defined benefit obligation arising, the related current service cost and, where applicable, past service cost.

Full actuarial valuations were carried out between 1 April 2014 and 31 December 2017. In general, actuarial valuations are not available for public inspection, although the results of valuations are advised to the members of the various pension schemes. Actuarial valuations have been updated to 31 March 2018 for IAS 19 by a qualified actuary.

Notes to the Financial Statements (continued)

3.13 Post Employment Benefit Obligations continued

The schemes expose the Group to a number of risks, the most significant of which are as follows:

Discount rates

The calculation of the present value of the defined benefit obligation is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and term of the post employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's Balance Sheet, Income Statement and Statement of Comprehensive Income.

Asset volatility

The scheme assets are reported at fair value using bid prices where relevant. The majority of the Group's scheme assets comprise of bonds. A decrease in corporate bond yields will increase the value of the Group's bond holdings although this will be partially offset by an increase in the value of the scheme's liabilities. The Group also holds a significant proportion of equities which are expected to outperform corporate bonds in the long-term while providing some volatility and risk in the short-term. External consultants periodically conduct investment reviews to determine the most appropriate asset allocation, taking account of asset valuations, funding requirements, liability duration and the achievement of appropriate returns.

Inflation risk

The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme liabilities although caps are in place to protect the schemes against extreme inflation.

Mortality risk

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

The principal actuarial assumptions used were as follows:

	2018	2017
Republic of Ireland schemes		
Rate of increase in salaries	**n/a***	n/a*
Rate of increase in pensions in payment	**1.25% – 2.50%**	1.25% – 2.50%
Discount rate	**2.10%**	2.00%
Inflation assumption	**1.75%**	1.75%
UK schemes		
Rate of increase in salaries	**0.00% – 3.15%**	0.00% – 3.25%
Rate of increase in pensions in payment	**1.58% – 4.00%**	1.63% – 3.25%
Discount rate	**2.65%**	2.55%
Inflation assumption	**3.15%**	3.25%
German schemes		
Rate of increase in salaries	**2.50%**	n/a**
Rate of increase in pensions in payment	**1.00% – 1.70%**	n/a**
Discount rate	**2.10%**	n/a**
Inflation assumption	**1.70%**	n/a**

* There is no future service accrual for the Irish schemes.
** Data for the German schemes relates to TEGA, which was acquired during the current year.

3.13 Post Employment Benefit Obligations continued

The post-retirement mortality assumptions employed in determining the present value of scheme liabilities under IAS 19 are set based on advice from published statistics and experience in both geographic regions and are in accordance with the underlying funding valuations.

The mortality assumptions disclosed for 'current retirees' relate to assumptions based on longevity, in years, following retirement at the balance sheet date, with 'future retirees' being that relating to an employee retiring in 20 years time. The mortality assumptions are as follows:

	2018 Years	2017 Years
Current retirees		
Male	**23.1**	24.3
Female	**25.0**	26.2
Future retirees		
Male	**25.3**	27.1
Female	**27.4**	29.1

The Group does not operate any post employment medical benefit schemes.

The net pension liability recognised in the Balance Sheet is analysed as follows:

	2018			
	ROI £'000	**UK £'000**	**Germany £'000**	**Total £'000**
Equities	**16,896**	**8,916**	**295**	**26,107**
Bonds	**31,453**	**17,346**	**194**	**48,993**
Property	**47**	**1,392**	**93**	**1,532**
Investment funds	**2,874**	**2,951**	**–**	**5,825**
Cash	**5,661**	**1,271**	**262**	**7,194**
Total fair value at 31 March 2018	**56,931**	**31,876**	**844**	**89,651**
Present value of scheme liabilities	**(48,657)**	**(30,281)**	**(10,427)**	**(89,365)**
Net pension asset/(liability) at 31 March 2018	**8,274**	**1,595**	**(9,583)**	**286**

	2017		
	ROI £'000	UK £'000	Total £'000
Equities	20,320	11,202	31,522
Bonds	41,606	17,637	59,243
Property	177	1,295	1,472
Investment funds	690	–	690
Cash	7,223	1,328	8,551
Total fair value at 31 March 2017	70,016	31,462	101,478
Present value of scheme liabilities	(68,708)	(32,799)	(101,507)
Net pension asset/(liability) at 31 March 2017	1,308	(1,337)	(29)

Notes to the Financial Statements (continued)

3.13 Post Employment Benefit Obligations continued

The amounts recognised in the Group Income Statement in respect of defined benefit pension schemes are as follows:

	2018 £'000	2017 £'000
Current service cost	**(132)**	(78)
Past service credit	**95**	256
Administration expenses	**(74)**	(60)
Total, included in employee benefit expense	**(111)**	118
Exceptional settlement gain	**414**	–
Total, included in net exceptional items	**414**	–
Interest cost on scheme liabilities	**(1,957)**	(2,252)
Interest income on scheme assets	**2,014**	2,294
Net interest income, included in net finance costs (note 2.7)	**57**	42

Based on the assumptions employed for the valuation of assets and liabilities at 31 March 2018, the net charge (excluding the exceptional item above) in the Group Income Statement in the year ending 31 March 2019 is expected to be broadly in line with the current year figures.

Remeasurements recognised in Other Comprehensive Income are as follows:

	2018 £'000	2017 £'000
Return on scheme assets excluding interest income	**36**	6,424
Experience variations	**1,453**	(95)
Actuarial gain from changes in demographic assumptions	**2,464**	–
Actuarial gain/(loss) from changes in financial assumptions	**1,262**	(9,385)
Total, included in Other Comprehensive Income	**5,215**	(3,056)

Cumulatively since transition to IFRS on 1 April 2004, £51.153 million has been recognised as a charge in the Group Statement of Comprehensive Income.

3.13 Post Employment Benefit Obligations continued

The movement in the fair value of plan assets is as follows:

	2018 £'000	2017 £'000
At 1 April	**101,478**	88,522
Interest income on scheme assets	**2,014**	2,294
Remeasurements:		
– return on scheme assets excluding interest income	**36**	6,424
Contributions by employers	**4,325**	3,202
Contributions by members	**9**	10
Administration expenses	**(74)**	(60)
Benefit and settlement payments	**(20,650)**	(3,997)
Arising on acquisition	**849**	–
Exchange	**1,664**	5,083
At 31 March	**89,651**	101,478

The actual return on plan assets was a gain of £2.050 million (2017: gain of £8.718 million).

The movement in the present value of defined benefit obligations is as follows:

	2018 £'000	2017 £'000
At 1 April	**101,507**	88,869
Current service cost	**132**	78
Past service credit	**(95)**	(256)
Interest cost	**1,957**	2,252
Remeasurements:		
– experience variations	**(1,453)**	95
– actuarial gain from changes in demographic assumptions	**(2,464)**	–
– actuarial (gain)/loss from changes in financial assumptions	**(1,262)**	9,385
Contributions by members	**9**	10
Benefit and settlement payments	**(20,650)**	(3,997)
Exceptional settlement gain	**(414)**	–
Arising on acquisition	**10,485**	–
Exchange	**1,613**	5,071
At 31 March	**89,365**	101,507

The weighted average duration of the defined benefit obligation at 31 March 2018 was 20.2 years (2017: 21.4 years).

Employer contributions for the forthcoming financial year are estimated at £4.2 million. The difference between the actual employer contributions paid in the current year of £4.3 million and the expectation of £4.1 million included in the 2017 Annual Report was primarily due to the timing of contributions in certain of the Group's pension schemes which could not have been anticipated at the time of preparation of the 2017 financial statements.

Notes to the Financial Statements (continued)

3.13 Post Employment Benefit Obligations continued

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's Irish and UK pension schemes, the estimated impact on plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on Irish plan liabilities	Impact on UK plan liabilities	Impact on German plan liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 4.9%	Decrease/increase by 5.6%	Decrease/increase by 4.5%
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 2.3%	Increase/decrease by 4.8%	Increase/decrease by 2.9%
Mortality	Increase/decrease by one year	Increase/decrease by 3.5%	Increase/decrease by 3.5%	Increase/decrease by 4.3%

Split of scheme assets

	Republic of Ireland		UK		Germany		Total	
	2018 £'000	2017 £'000	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000	**2018 £'000**	2017 £'000
Investments quoted in active markets:								
Equity instruments:								
– developed markets	**15,677**	18,853	**8,372**	10,696	**295**	–	**24,344**	29,549
– emerging markets	**1,219**	1,467	**544**	506	**–**	–	**1,763**	1,973
Debt instruments:								
– non government debt instruments	**236**	2,940	**8,613**	8,358	**177**	–	**9,026**	11,298
– government debt instruments	**31,217**	38,666	**8,733**	9,279	**17**	–	**39,967**	47,945
Investment funds	**2,874**	690	**2,951**	–	**–**	–	**5,825**	690
Cash and cash equivalents	**5,661**	7,223	**1,271**	1,328	**262**	–	**7,194**	8,551
Unquoted investments:								
Property	**47**	177	**1,392**	1,295	**93**	–	**1,532**	1,472
	56,931	70,016	**31,876**	31,462	**844**	–	**89,651**	101,478

3.14 Acquisition Related Liabilities

Acquisition related liabilities arising on business combinations comprise debt like items and contingent consideration. Contingent consideration arises when a portion of the purchase price is deferred into the future and represents the fair value of the estimate of amounts payable to acquire the remaining shareholding.

The Group's acquisition related liabilities of £97.853 million (2017: £94.917 million) as stated on the Balance Sheet are payable as follows:

	2018 £'000	2017 £'000
Within one year	**26,399**	28,300
Between one and two years	**27,228**	20,147
Between two and five years	**44,226**	46,470
	97,853	94,917
Analysed as:		
Non-current liabilities	**71,454**	66,617
Current liabilities	**26,399**	28,300
	97,853	94,917

The currency profile of the Group's acquisition related liabilities, which are all floating rate liabilities, is as follows:

Sterling	**24,939**	19,473
Euro	**56,246**	72,516
Swedish krona	**3,105**	2,928
Hong Kong dollar	**13,404**	–
Other	**159**	–
	97,853	94,917

The movement in the Group's acquisition related liabilities is as follows:

	2018 £'000	2017 £'000
At 1 April	**94,917**	122,642
Arising on acquisition	**27,840**	41,041
Unwinding of discount applicable to acquisition related liabilities	**665**	751
Adjustments to contingent consideration (adjustment to goodwill) (note 3.2)	**66**	876
Adjustments to contingent consideration (recognised in the Income Statement) (note 2.6)	**(477)**	5,114
Paid during the year	**(26,910)**	(59,069)
Acquisition related liabilities attributable to assets held for sale	**–**	(23,204)
Exchange and other	**1,752**	6,766
At 31 March	**97,853**	94,917

Notes to the Financial Statements (continued)

3.15 Provisions for Liabilities

A provision is recorded when an obligation exists, resulting from a past event and it is probable that cash will be paid to settle it but there is uncertainty over either the amount or timing of the outflow. The main provisions held by the Group are in relation to reorganisation programs, environmental obligations, cylinder and tank deposits and insurance liabilities.

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2018 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2017	**32,752**	**86,790**	**149,700**	**17,430**	**286,672**
Provided during the year	**27,612**	**5,789**	**8,669**	**9,623**	**51,693**
Unwinding of discount applicable to provisions for liabilities	**–**	**263**	**2,114**	**–**	**2,377**
Utilised during the year	**(15,784)**	**(9,566)**	**(2,537)**	**(4,618)**	**(32,505)**
Unutilised/reversed during the year	**(477)**	**–**	**(4,440)**	**(172)**	**(5,089)**
Arising on acquisition (note 5.2)	**26**	**2,039**	**8,128**	**4,794**	**14,987**
Exchange and other	**622**	**980**	**3,351**	**253**	**5,206**
At 31 March 2018	**44,751**	**86,295**	**164,985**	**27,310**	**323,341**
Analysed as:					
Non-current liabilities	**26,203**	**82,229**	**161,996**	**8,462**	**278,890**
Current liabilities	**18,548**	**4,066**	**2,989**	**18,848**	**44,451**
	44,751	**86,295**	**164,985**	**27,310**	**323,341**

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2017 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2016	22,264	65,713	134,752	21,759	244,488
Provided during the year	12,021	3,848	7,087	7,712	30,668
Unwinding of discount applicable to provisions for liabilities	–	–	1,956	–	1,956
Utilised during the year	(12,666)	(643)	(1,673)	(3,750)	(18,732)
Unutilised/reversed during the year	(836)	–	(2,467)	–	(3,303)
Arising on acquisition (note 5.2)	12,906	3,540	–	–	16,446
Provisions for liabilities attributable to assets held for sale	–	(3,800)	–	–	(3,800)
Reclassifications	(2,527)	13,377	(925)	(9,925)	–
Exchange and other	1,590	4,755	10,970	1,634	18,949
At 31 March 2017	32,752	86,790	149,700	17,430	286,672
Analysed as:					
Non-current liabilities	18,556	82,698	145,422	8,974	255,650
Current liabilities	14,196	4,092	4,278	8,456	31,022
	32,752	86,790	149,700	17,430	286,672

3.15 Provisions for Liabilities continued

Rationalisation, restructuring and redundancy

This provision relates to various rationalisation and restructuring programs across the Group. The Group expects that the majority of this provision will be utilised within three years.

Environmental and remediation

This provision relates to obligations governing site remediation and improvement costs to be incurred in compliance with environmental regulations together with the costs associated with removing LPG tanks from customer sites. The net present value of the estimated costs is capitalised as property, plant and equipment. The unwinding of the discount element on the provision is reflected in the Income Statement. Ongoing costs incurred during the operating life of the sites are written off directly to the Income Statement and are not charged to the provision. The majority of the obligations will unwind over a 30-year timeframe but the exact timing of settlement of these provisions is not certain.

Cylinder and tank deposits

This provision relates to DCC LPG's operations where an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e. net present value) and the unwinding of the discount element is reflected in the Income Statement. The majority of this obligation will unwind over a 25-year timeframe but the exact timing of settlement of this provision is not certain.

Insurance and other

The Group operates a level of self-insurance for motor liability and public and products liability. Under these arrangements the Group retains certain insurance exposure up to pre-determined self-insurance thresholds. This provision reflects an estimation of claims that are classified as incurred but not reported and also the outstanding loss reserve. A significant element of the provision is subject to external assessments. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from 3-5 years from the date of the claim.

3.16 Government Grants

Government grants relate to capital grants received by the Group and are amortised to the Income Statement over the estimated useful lives of the related capital assets.

	2018 £'000	2017 £'000
At 1 April	**270**	930
Amortisation in year	**(24)**	(235)
Government grants attributable to assets held for sale	**–**	(431)
Exchange and other adjustments	**–**	6
At 31 March	**246**	270
Analysed as:		
Non-current liabilities	**237**	261
Current liabilities (note 3.6)	**9**	9
	246	270

Notes to the Financial Statements (continued)

Section 4 Equity

4.1 Share Capital and Share Premium

The ordinary shareholders of DCC plc own the Company. This note details how the total number of ordinary shares in issue has changed during the year and how many of these ordinary shares are held as Treasury Shares.

	2018 £'000	2017 £'000
Authorised		
152,368,568 ordinary shares of €0.25 each	**25,365**	25,365

Issued

Year ended 31 March 2018	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 31 March 2017 (including 3,613,043 ordinary shares held as treasury shares)	**92,429,404**	**15,455**	**277,211**	**292,666**
Premium arising on re-issue of treasury shares (net of expenses)	**–**	**–**	**3,322**	**3,322**
At 31 March 2018 (including 3,207,501 ordinary shares held as treasury shares)	**92,429,404**	**15,455**	**280,533**	**295,988**

Year ended 31 March 2017	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 31 March 2017 (including 3,613,043 ordinary shares held as treasury shares)	92,429,404	15,455	277,211	292,666

As at 31 March 2018, the total authorised number of ordinary shares is 152,368,568 shares (2017: 152,368,568 shares) with a par value of €0.25 per share (2017: €0.25 per share). Share premium relates to the share premium arising on the issue of shares.

During the year the Company re-issued 405,542 treasury shares for a consideration (net of expenses) of £3.322 million.

All shares, with the exception of ordinary shares held as treasury shares, whether fully or partly paid, carry equal voting rights and rank for dividends to the extent to which the total amount payable on each share is paid up.

Details of share options and awards granted under the Company's share option and award schemes and the terms attaching thereto are provided in note 2.5 to the financial statements and in the Remuneration Report on pages 110 and 111.

Restriction on transfer of shares

The Directors may, at their absolute discretion and without giving any reason, refuse to register the transfer of a share, or any renunciation of any allotment made in respect of a share, which is not fully paid, or any transfer of a share to a minor or a person of unsound mind.

The Directors may also refuse to register any transfer (whether or not it is in respect of a fully paid share) unless (i) it is lodged at the Company's Registered Office or at such other place as the Directors may appoint and is accompanied by the certificate for the shares to which it relates and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer save where the transferor is a Stock Exchange Nominee (ii) it is in respect of only one class of shares and (iii) it is in favour of not more than four transferees.

Restriction of voting rights

If at any time the Directors determine that a 'Specified Event' as defined in the Articles of Association of DCC plc has occurred in relation to any share or shares, the Directors may serve a notice to such effect on the holder or holders thereof. Upon the expiry of 14 days from the service of any such notice, for so long as such notice shall remain in force, no holder or holders of the share or shares specified in such notice shall be entitled to attend, speak or vote either personally, by representative or by proxy at any general meeting of the Company or at any separate general meeting of the holders of the class of shares concerned or to exercise any other right conferred by membership in relation to any such meeting. The Directors shall, where the specified shares represent not less than 0.25 per cent of the class of shares concerned, be entitled to withhold payment of any dividend or other amount payable (including shares issuable in lieu of dividends) in respect of the specified shares and/or to refuse to register any transfer of the specified shares or any renunciation of any allotment of new shares or debentures made in respect thereof unless such transfer or renunciation is shown to the satisfaction of the Directors to be an arm's length transfer or a renunciation to another beneficial owner unconnected with the holder or any person appearing to have an interest in the specified shares.

4.2 Other Reserves

This note details the movement in the Group's other reserves which are treated as different categories of equity as required by accounting standards.

	Share based payment reserve[1] £'000	Cash flow hedge reserve[2] £'000	Foreign currency translation reserve[3] £'000	Other reserves[4] £'000	Total £'000
At 1 April 2016	14,954	(8,112)	70,887	932	78,661
Currency translation	–	–	34,650	–	34,650
Cash flow hedges:					
– fair value gain in year – private placement debt	–	13,737	–	–	13,737
– fair value gain in year – other	–	27,853	–	–	27,853
– tax on fair value net gains	–	(7,133)	–	–	(7,133)
– transfers to sales	–	1,117	–	–	1,117
– transfers to cost of sales	–	(28,252)	–	–	(28,252)
– transfers to operating expenses	–	(21,258)	–	–	(21,258)
– tax on transfers	–	8,467	–	–	8,467
Share based payment	3,192	–	–	–	3,192
At 31 March 2017	**18,146**	**(13,581)**	**105,537**	**932**	**111,034**
Currency translation:					
– arising in the year	**–**	**–**	**107**	**–**	**107**
– recycled to the Income Statement on disposal	**–**	**–**	**(4,548)**	**–**	**(4,548)**
Cash flow hedges:					
– fair value loss in year – private placement debt	**–**	**(35,428)**	**–**	**–**	**(35,428)**
– fair value gain in year – other	**–**	**20,024**	**–**	**–**	**20,024**
– tax on fair value net losses	**–**	**2,536**	**–**	**–**	**2,536**
– transfers to sales	**–**	**(1,273)**	**–**	**–**	**(1,273)**
– transfers to cost of sales	**–**	**(18,825)**	**–**	**–**	**(18,825)**
– transfers to operating expenses	**–**	**32,472**	**–**	**–**	**32,472**
– tax on transfers	**–**	**(2,103)**	**–**	**–**	**(2,103)**
Share based payment	**4,737**	**–**	**–**	**–**	**4,737**
At 31 March 2018	**22,883**	**(16,178)**	**101,096**	**932**	**108,733**

1. The share based payment reserve comprises the amounts expensed in the Income Statement in connection with share based payments.
2. The cash flow hedge reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.
3. The Group's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Group's non-sterling denominated operations, including the translation of the profits and losses of such operations from the average rate for the year to the closing rate at the reporting date.
4. The Group's other reserves comprise a capital conversion reserve fund and an unrealised gain on the disposal of an associate.

Notes to the Financial Statements (continued)

4.3 Retained Earnings

Retained Earnings represents the accumulated earnings of the Group not distributed to shareholders and is shown net of the cost to the Group of acquiring shares held as Treasury Shares.

	2018 £'000	2017 £'000
At 1 April	**1,074,434**	948,316
Net income recognised in Income Statement	**261,824**	216,197
Net income recognised in Other Comprehensive Income:		
– remeasurements of defined benefit pension obligations	**5,215**	(3,056)
– deferred tax on remeasurements	**(665)**	413
Re-issue of treasury shares (net of expenses)	**–**	2,600
Dividends	**(102,871)**	(90,036)
At 31 March	**1,237,937**	1,074,434

The cost to the Group and the Company of €46.143 million to acquire the 3,207,501 shares held in Treasury has been deducted from the Group and Company Retained Earnings. These shares were acquired at prices ranging from €10.80 to €17.90 each (average: €14.39) between 27 November 2003 and 19 June 2006 and are primarily held to satisfy exercises under the Group's share options and awards schemes.

4.4 Non-Controlling Interests

Non-controlling interests principally comprises the 40% equity interest in our Danish subsidiary DCC Holding A/S which is not owned by the Group.

	2018 £'000	2017 £'000
At 1 April	**29,587**	30,833
Share of profit for the financial year	**5,097**	1,548
Dividends to non-controlling interests	**–**	(5,228)
Exchange	**575**	2,434
At 31 March	**35,259**	29,587

Section 5 Additional Disclosures

5.1 Foreign Currency

This note details the exchange rates used to translate non-sterling Income Statement and Balance Sheet amounts into sterling, which is the Group's presentation currency.

The Group's financial statements are presented in sterling, denoted by the symbol '£'. Results and cash flows of operations based in non-sterling countries have been translated into sterling at average rates for the year, and the related balance sheets have been translated at the rates of exchange ruling at the balance sheet date. The principal exchange rates used for translation of results and balance sheets into sterling were as follows:

	Average rate		Closing rate	
	2018 Stg£1=	2017 Stg£1=	**2018 Stg£1=**	2017 Stg£1=
Euro	**1.1366**	1.1956	**1.1430**	1.1689
Danish Krone	**8.4603**	8.9150	**8.5187**	8.6942
Swedish Krona	**11.0482**	11.3729	**11.7548**	11.1423
Norwegian Krone	**10.7901**	10.9811	**11.0607**	10.7169
US Dollar	**1.3236**	1.3181	**1.4083**	1.2497
Hong Kong Dollar	**10.3312**	10.2260	**11.0522**	9.7106

5.2 Business Combinations

The Group acquired a number of businesses during the year. This note provides details on the consideration paid and/or payable as well as the provisional fair values of the net assets acquired.

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

- the acquisition on 31 March 2018 of 100% of NGL Energy Partners LP's Retail West LPG division, Hicksgas LLC ('Retail West'). Retail West is a US based LPG distributor with leading market positions in Illinois, Indiana and Kansas and also operates in seven other states across the Mid-West and North-West regions;
- the acquisition on 31 March 2018 of 100% of Tega-Technische Gase und Gasetechnik GmbH ('TEGA'). TEGA is an LPG and refrigerant gas distribution business and operates across five sites largely based in southern Germany;
- the acquisition in February 2018 of 100% of the trade and assets of the British LPG distribution business ('Countrywide LPG') of Countrywide Farmers plc. Countrywide LPG supplies bulk and cylinder LPG to domestic, agricultural and commercial customers in Britain;
- the acquisition of 100% of Elite One Source Nutritional Services Inc ('Elite') in February 2018. Elite is a US based provider of contract manufacturing and related services to the growing healthcare and dietary supplements market in the US;
- the completion of the acquisition of Shell Gas (LPG) Holdings BV's LPG business in Hong Kong and Macau ('Shell Hong Kong & Macau'), as announced in January 2018. The business provides LPG in bulk, cylinder and autogas formats to domestic, commercial and industrial customers in the region;
- the completion of the acquisition of Esso's retail petrol station network in Norway, as announced in October 2017, comprising a national network of company-operated sites and contracts to supply Esso-branded dealer owned stations (together referred to as 'Esso Retail Norway'); and
- the acquisition of 100% of MTR Group Ltd ('MTR') in July 2017. MTR is a UK based provider of second lifecycle solutions for mobile and tablet devices.

Notes to the Financial Statements (continued)

5.2 Business Combinations continued

The acquisition data presented below reflects the fair value of the identifiable net assets acquired (excluding net cash/debt acquired) in respect of acquisitions completed during the year.

	Esso Retail Norway 2018 £'000	Others 2018 £'000	Total 2018 £'000	Total 2017 £'000
Assets				
Non-current assets				
Property, plant and equipment (note 3.1)	63,822	78,610	142,432	8,265
Intangible assets – other intangible assets (note 3.2)	55,885	87,728	143,613	68,513
Equity accounted investments (note 3.3)	–	497	497	404
Deferred income tax assets	6,047	362	6,409	60
Total non-current assets	125,754	167,197	292,951	77,242
Current assets				
Inventories (note 3.7)	6,587	28,545	35,132	32,207
Trade and other receivables (note 3.7)	6,945	45,039	51,984	206,528
Total current assets	13,532	73,584	87,116	238,735
Liabilities				
Non-current liabilities				
Deferred income tax liabilities	(12,853)	(15,355)	(28,208)	(19,902)
Post employment benefit obligations	–	(9,636)	(9,636)	–
Provisions for liabilities	(6,042)	(4,674)	(10,716)	(11,129)
Acquisition related liabilities	–	(102)	(102)	–
Total non-current liabilities	(18,895)	(29,767)	(48,662)	(31,031)
Current liabilities				
Trade and other payables (note 3.7)	(798)	(37,202)	(38,000)	(164,777)
Provisions for liabilities	–	(4,271)	(4,271)	(5,317)
Current income tax (liability)/asset	–	(2,629)	(2,629)	12,341
Acquisition related liabilities	–	(57)	(57)	(13,522)
Total current liabilities	(798)	(44,159)	(44,957)	(171,275)
Identifiable net assets acquired	119,593	166,855	286,448	113,671
Goodwill (note 3.2)	120,925	284,417	405,342	117,175
Total consideration	240,518	451,272	691,790	230,846
Satisfied by:				
Cash	240,518	441,943	682,461	242,018
Cash and cash equivalents acquired	–	(18,352)	(18,352)	(38,691)
Net cash outflow	240,518	423,591	664,109	203,327
Acquisition related liabilities	–	27,681	27,681	27,519
Total consideration	240,518	451,272	691,790	230,846

5.2 Business Combinations continued

The acquisition of Esso Retail Norway has been deemed to be a substantial transaction and separate disclosure of the fair values of the identifiable assets and liabilities has therefore been made. None of the remaining 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:

Esso Retail Norway	**Book value £'000**	**Fair value adjustments £'000**	**Fair value £'000**
Non-current assets (excluding goodwill)	**69,869**	**55,885**	**125,754**
Current assets	**13,532**	**–**	**13,532**
Non-current liabilities	**(6,042)**	**(12,853)**	**(18,895)**
Current liabilities	**(520)**	**(278)**	**(798)**
Identifiable net assets acquired	**76,839**	**42,754**	**119,593**
Goodwill arising on acquisition	**163,679**	**(42,754)**	**120,925**
Total consideration	**240,518**	**–**	**240,518**

Others	**Book value £'000**	**Fair value adjustments £'000**	**Fair value £'000**
Non-current assets (excluding goodwill)	**80,296**	**86,901**	**167,197**
Current assets	**73,977**	**(393)**	**73,584**
Non-current liabilities	**(14,623)**	**(15,144)**	**(29,767)**
Current liabilities	**(43,953)**	**(206)**	**(44,159)**
Identifiable net assets acquired	**95,697**	**71,158**	**166,855**
Goodwill arising on acquisition	**355,575**	**(71,158)**	**284,417**
Total consideration	**451,272**	**–**	**451,272**

Total	**Book value £'000**	**Fair value adjustments £'000**	**Fair value £'000**
Non-current assets (excluding goodwill)	**150,165**	**142,786**	**292,951**
Current assets	**87,509**	**(393)**	**87,116**
Non-current liabilities	**(20,665)**	**(27,997)**	**(48,662)**
Current liabilities	**(44,473)**	**(484)**	**(44,957)**
Identifiable net assets acquired	**172,536**	**113,912**	**286,448**
Goodwill arising on acquisition	**519,254**	**(113,912)**	**405,342**
Total consideration	**691,790**	**–**	**691,790**

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. The acquisitions of Retail West and TEGA both completed on 31 March 2018 and, as such, it has not yet been feasible to perform a preliminary assignment of fair values to identifiable net assets. Any amendments to fair values within the twelve month timeframe from the date of acquisition will be disclosable in the 2019 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.

£101.086 million of the goodwill recognised in respect of acquisitions completed during the financial year is expected to be deductible for tax purposes.

Acquisition and related costs included in other operating expenses in the Group Income Statement amounted to £12.789 million.

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

Notes to the Financial Statements (continued)

5.2 Business Combinations continued

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £53.056 million. The fair value of these receivables is £51.984 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £1.072 million. In relation to the acquisition of Esso Retail Norway, the gross contractual value of trade and other receivables as at the date of acquisition amounted to £7.223 million. The fair value of these receivables is £6.945 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £0.278 million.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions in the current year range from £15.346 million to £51.737 million.

The post-acquisition impact of business combinations completed during the year on Group profit for the financial year was as follows:

	2018 £'000
Revenue	**347,397**
Cost of sales	**(314,658)**
Gross profit	**32,739**
Operating costs	**(18,244)**
Operating profit	**14,495**
Finance costs (net)	**(208)**
Profit before tax	**14,287**
Income tax expense	**(2,774)**
Profit for the financial year	**11,513**

The revenue and profit of the Group for the financial year (on a continuing basis) determined in accordance with IFRS as though the acquisition date for all business combinations effected during the year had been the beginning of that year would be as follows:

	2018 £'000
Revenue	**14,977,892**
Profit for the financial year	**274,482**

The acquisition of Esso Retail Norway during the year contributed £263.4 million to revenues and £2.6 million to profit after tax.

5.3 Cash Generated from Operations

This note reconciles how the Group's profit for the year translates into cash flows generated from operating activities.

	2018 £'000	2017 £'000
Profit for the financial year	**266,921**	217,745
Add back non-operating expenses/(income):		
– tax	**24,046**	49,054
– share of equity accounted investments' profit	**(368)**	(712)
– net operating exceptionals	**15,271**	36,297
– net finance costs	**35,452**	21,999
Operating profit before exceptionals	**341,322**	324,383
– share-based payments expense (note 2.5)	**4,737**	3,192
– depreciation (note 3.1)	**93,722**	92,015
– amortisation of intangible assets (note 3.2)	**43,059**	39,168
– profit on disposal of property, plant and equipment	**(167)**	(173)
– amortisation of government grants	**(36)**	(235)
– other	**4,555**	4,571
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– inventories (note 3.7)	**(39,474)**	(21,793)
– trade and other receivables (note 3.7)	**(148,227)**	(101,256)
– trade and other payables (note 3.7)	**173,943**	206,998
Cash generated from operations before exceptionals	**473,434**	546,870

5.4 Commitments

A commitment represents an obligation to make a payment in the future as long as the counterparty meets its obligations, and mainly relates to leases and agreements to buy capital assets. These amounts are not included in the Group's Balance Sheet as we have not yet received the goods or services from the supplier.

Capital Expenditure Commitments

	2018 £'000	2017 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the financial statements	**17,259**	30,439
Capital expenditure on property, plant and equipment that has been authorised by the Directors but has not yet been contracted for	**149,047**	101,188
	166,306	131,627

Notes to the Financial Statements (continued)

5.4 Commitments continued

Commitments under Operating and Finance Leases

Operating leases

Future minimum rentals payable under non-cancellable operating leases at 31 March are as follows:

	2018 £'000	2017 £'000
Within one year	**52,769**	44,182
After one year but not more than five years	**138,854**	81,777
More than five years	**153,356**	110,768
	344,979	236,727

The Group leases a number of properties under operating leases. The leases typically run for a period of 10 to 25 years. Rents are generally reviewed every five years.

During the year ended 31 March 2018, £84.771 million (2017: £47.684 million) was recognised as an expense on continuing operations in the Income Statement in respect of operating leases.

Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2018		2017	
	Minimum payments £'000	Present value of payments £'000	Minimum payments £'000	Present value of payments £'000
Within one year	**362**	**356**	194	190
After one year but not more than five years	**722**	**699**	169	165
	1,084	**1,055**	363	355
Less: amounts allocated to future finance costs	**(29)**	**–**	(8)	–
Present value of minimum lease payments	**1,055**	**1,055**	355	355

5.5 Contingencies

Contingent liabilities include guarantees given in respect of borrowings and other obligations arising in the ordinary course of business.

Guarantees

The Company has given guarantees of £1,927.972 million (2017: £1,682.015 million) in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings.

Other

Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the liabilities of the following subsidiaries; Alvabay Limited, DCC Corporate Funding Unlimited Company, DCC Corporate Partners Unlimited Company, DCC Corporate Services dac, DCC Energy Limited, DCC Euro 2010 Limited, DCC Facilities Limited, DCC Finance Limited, DCC Finance & Treasury dac, DCC Financial Services Unlimited Company, DCC Financial Services Ireland Limited, DCC Funding 2007 dac, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Unlimited Company, DCC Technology Limited, DCC Technology (Holdings) Limited, DCC Treasury 2010 dac, DCC Treasury Ireland 2013 dac, DCC Treasury Management Unlimited Company, DCC Treasury Solutions Limited, Emo Oil Limited, Energy Procurement Limited, Energy Procurement Ireland 2013 Limited, Exertis Ireland Limited, Fannin Limited, Flogas Ireland Limited, Flogas Natural Gas Limited, Heleconia Limited, Medisource Ireland Limited, SerCom (Holdings) Limited and Starata Limited. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014.

5.6 Related Party Transactions

The Group's principal related parties are the Group's subsidiaries, joint ventures, associates and key management personnel of the Group.

The principal related party relationships requiring disclosure in the consolidated financial statements of the Group under IAS 24 *Related Party Disclosures* relate to the existence of subsidiaries, joint ventures and associates and transactions with these entities entered into by the Group and the identification and compensation of key management personnel as addressed in more detail below.

Subsidiaries, joint ventures and associates
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries, joint ventures and associates as documented in the accounting policies in note 5.9 and the basis of consolidation in note 1.3. A listing of the principal subsidiaries, joint ventures and associates is provided in the Group Directory on pages 207 to 210 of this Annual Report.

Transactions are entered into in the normal course of business on an arm's length basis. Sales to and purchases from, together with outstanding payables and receivables to and from subsidiaries are eliminated in the preparation of the consolidated financial statements.

Compensation of key management personnel
For the purposes of the disclosure requirements under IAS 24, the term 'key management personnel' (i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the Company) comprises the Board of Directors which manages the business and affairs of the Company. Key management remuneration amounted to:

	2018 £'000	2017 £'000
Short-term benefits	**4,189**	4,780
Post employment benefits	**485**	1,201
Share-based payment (calculated in accordance with the principles disclosed in note 2.5)	**1,468**	1,012
	6,142	6,993

5.7 Financial Risk and Capital Management

This note details the Group's treasury management and financial risk management objectives and policies. Information is also provided regarding the Group's exposure and sensitivity to capital risk, credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk, and the policies in place to monitor and manage these risks.

Capital risk management
The Group's objectives when managing its capital structure are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, while maintaining a strong balance sheet to support the continued organic and acquisitive growth of its businesses and to maintain investor, creditor and market confidence. Return on capital employed ('ROCE') is a key performance indicator for the Group.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or buy back existing shares, increase or reduce debt or sell assets.

The Group includes borrowings in its measure of capital. The Group's borrowings are subject to covenants. Further details on this are outlined in the Liquidity Risk Management section of this note.

The policy for net debt/cash is to ensure a structure of longer term debt funding and cash balances with deposit maturities up to three months.

The capital structure of the Group, which comprises capital and reserves attributable to the owners of the Parent Company, net debt and acquisition related liabilities, may be summarised as follows:

	2018 £'000	2017 £'000
Capital and reserves attributable to the owners of the Parent Company	**1,642,658**	1,478,134
Net debt (note 3.11)	**542,662**	121,949
Acquisition related liabilities (note 3.14)	**97,853**	118,121
At 31 March	**2,283,173**	1,718,204

Notes to the Financial Statements (continued)

5.7 Financial Risk and Capital Management continued

Financial risk management

Group financial risk management is governed by policies and guidelines which are reviewed and approved annually by the Board of Directors, most recently in December 2017. These policies and guidelines primarily cover credit risk, liquidity risk, foreign exchange risk, interest rate risk and commodity price risk. The principal objective of these policies and guidelines is the minimisation of financial risk at reasonable cost. The Group does not trade in financial instruments nor does it enter into any leveraged derivative transactions. DCC's Group Treasury function centrally manages the Group's funding and liquidity requirements. Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign exchange, and, in conjunction with Group Commodity Risk Management, manage commodity price exposures, within approved policies and guidelines. Monitoring of compliance with the policies and guidelines is managed by the Group Risk Management function.

There are no significant concentrations of risk and there has been no significant change during the financial year, or since the end of the year, to the types of financial risks faced by the Group or the Group's approach to the management of those risks.

(i) Credit risk management

Credit risk arises from credit exposure to trade receivables, cash and cash equivalents including deposits with banks and financial institutions and derivative financial instruments.

The Group's trade receivables are generally unsecured and non-interest bearing and arise from a wide and varied customer base spread throughout the Group's operations and, as such, there is no significant concentration of credit risk. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance.

As detailed in note 3.5, the Group's trade receivables at 31 March 2018 amount to £1,264.019 million (2017: £1,084.215 million). Customer credit risk arising in the context of the Group's operations is not significant and the total provision for impairment of trade receivables amounts to 1.7% of the Group's gross trade receivables (2017: 2.0%). The vast majority of the provision for impairment relates to trade and other receivables balances which are over 6 months overdue.

Receivable balances classified as neither past due nor impaired represent 87% of the total trade receivables balance at 31 March 2018 (2017: 87%). These balances are expected to be fully recoverable. Included in the Group's trade receivables at 31 March 2018 are balances of £144.672 million (2017: £121.330 million) which are past due at the reporting date but not impaired.

Where appropriate, certain of the Group's operations selectively utilise supply chain financing solutions to sell, on a non-recourse basis, a portion of their receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2018 was £202.168 million (2017: £165.609 million).

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC transacts with a variety of high credit quality financial institutions for the purpose of placing deposits and entering into derivative contracts. Deposits are also placed with AAA credit rated money market funds. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. Of the total cash and cash equivalents at 31 March 2018 of £1,038.827 million, 7.7% (£80.0 million) was with money market funds, 57.5% (£597.121 million) was with money market funds or financial institutions with a minimum rating in the A-1 (short-term) category of Standard and Poor's and 98.1% (£1,019.379 million) was with money market funds or financial institutions with a minimum rating in the A-2 (short-term) category of Standard and Poor's. In the normal course of business, the Group operates notional cash pooling systems, where a legal right of set-off applies. As at 31 March 2018, derivative transactions were with counterparties with ratings ranging from AA- to BBB- (long-term) with Standard and Poor's or Aa2 to Ba1 (long-term) with Moody's.

Management does not expect any significant counterparty to fail to meet its obligations. The maximum exposure to credit risk is represented by the carrying amount of each asset.

(ii) Liquidity risk management

The Group maintains a strong balance sheet with long-term debt funding and cash balances with deposit maturities up to three months. Wherever possible, surplus funds in the Group are transferred to the centralised treasury department through the repayment of borrowings, deposits and dividends. These are then lent to Group companies, contributed as equity to fund Group operations, used to retire external debt or invested externally. The Group does not use off-balance sheet special purpose entities as a source of liquidity or for other financing purposes. In addition, the Group maintains significant committed and uncommitted credit lines with its relationship banks. Compliance with the Group's debt covenants is monitored continually based on management accounts. Sensitivity analysis using various scenarios are applied to forecasts to assess their impact on covenants and net debt/cash. During the year to 31 March 2018, all covenants have been complied with and, based on current forecasts, it is expected that all covenants will continue to be complied with for the foreseeable future. Further analysis of the Group's debt covenants is included in the Financial Review.

5.7 Financial Risk and Capital Management continued

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Group's trade and other payables, gross debt and derivative financial instruments. The tables also include the gross cash inflows projected to arise from derivative financial instruments. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2018	**Less than 1 year £'000**	**Between 1 and 2 years £'000**	**Between 2 and 5 years £'000**	**Over 5 years £'000**	**Total £'000**
Financial liabilities – cash outflows					
Trade and other payables	**(2,063,260)**	**–**	**–**	**–**	**(2,063,260)**
Interest bearing loans and borrowings	**(74,897)**	**(223,986)**	**(202,983)**	**(1,165,311)**	**(1,667,177)**
Interest payments on interest bearing loans and borrowings	**(56,180)**	**(56,137)**	**(128,072)**	**(83,493)**	**(323,882)**
Acquisition related liabilities	**(26,399)**	**(27,228)**	**(44,226)**	**–**	**(97,853)**
Cross currency swaps – gross cash outflows	**(21,339)**	**(202,204)**	**(199,888)**	**(594,969)**	**(1,018,400)**
Other derivative financial instruments	**(424)**	**(548)**	**–**	**–**	**(972)**
	(2,242,499)	**(510,103)**	**(575,169)**	**(1,843,773)**	**(5,171,544)**
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	**5,728**	**5,702**	**15,805**	**15,613**	**42,848**
Cross currency swaps – gross cash inflows	**40,788**	**265,784**	**251,079**	**657,115**	**1,214,766**
	46,516	**271,486**	**266,884**	**672,728**	**1,257,614**

As at 31 March 2017	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(1,820,517)	–	–	–	(1,820,517)
Interest bearing loans and borrowings	(147,639)	(140)	(474,549)	(800,465)	(1,422,793)
Interest payments on interest bearing loans and borrowings	(61,204)	(58,551)	(132,261)	(82,900)	(334,916)
Acquisition related liabilities	(28,300)	(20,147)	(46,470)	–	(94,917)
Cross currency swaps – gross cash outflows	(39,154)	(17,340)	(367,028)	(591,043)	(1,014,565)
Other derivative financial instruments	(994)	(382)	–	–	(1,376)
	(2,097,808)	(96,560)	(1,020,308)	(1,474,408)	(4,689,084)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	3,913	3,534	9,999	6,053	23,499
Cross currency swaps – gross cash inflows	88,068	53,075	552,190	770,777	1,464,110
	91,981	56,609	562,189	776,830	1,487,609

The Group has sufficient cash resources and liquid assets to enable it to meet its current borrowing obligations and trade and other payables. The Group has a well balanced profile of debt maturities over the coming years which will be serviced through a combination of cash and cash equivalents, cash flows, committed bank facilities and the raising of additional long-term debt.

Notes to the Financial Statements (continued)

5.7 Financial Risk and Capital Management continued

(iii) Market risk management

Foreign exchange risk management

DCC's presentation currency is sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations giving rise to exposure to other currencies, primarily the euro and the US dollar.

Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency exposures within approved policies and guidelines using forward currency contracts.

The Group does not hedge translation exposure on the translation of the profits of foreign currency subsidiaries on the basis that there is no commitment or intention to remit earnings.

The Group has investments in non-sterling, primarily euro denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in (or swapped utilising cross currency interest rate swaps into) the relevant currency or through currency swaps related to intercompany funding, although these hedges are offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The 2.2% weakening in the value of sterling against the euro during the year ended 31 March 2018 was the main element of the translation gain of £0.7 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2018 as set out in the Group Statement of Comprehensive Income.

The Group has a moderate level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies. Where sales or purchases are invoiced in currencies other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two months. The Group also hedges a proportion of anticipated transactions in certain subsidiaries for periods ranging up to eighteen months with such transactions qualifying as 'highly probable' forecast transactions for IAS 39 hedge accounting purposes.

Sensitivity to currency movements

A change in the value of other currencies by 10% against sterling would have a £13.1 million (2017: £12.7 million) impact on the Group's profit before tax and exceptional items, would change the Group's equity by £74.6 million and change the Group's net debt by £46.4 million (2017: £53.0 million and £11.5 million respectively). These amounts include an insignificant amount of transactional currency exposure.

Interest rate risk management

On a net debt/cash basis, the Group is exposed to changes in interest rates, primarily changes in EURIBOR and sterling LIBOR. Having borrowed at both fixed and floating rates of interest, DCC has swapped its fixed rate borrowings to a combination of fixed and floating interest rates, using interest rate and cross currency interest rate swaps. Overall interest rate risk on gross borrowings is mitigated by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

Sensitivity of interest charges to interest rate movements

Based on the composition of net debt at 31 March 2018 a one percentage point (100 basis points) change in average floating interest rates would have a £7.0 million (2017: £2.5 million) impact on the Group's profit before tax.

Further information on Group borrowings and the management of related interest rate risk is set out in notes 3.9 and 3.10.

Commodity price risk management

DCC, through its LPG and Retail & Oil divisions, procures, markets and sells LPG, natural gas, electricity and oil, and, as such, is exposed to changes in commodity cost prices. In general, market dynamics are such that commodity cost price movements are promptly reflected in sales prices. In certain markets, and in particular in the LPG division, short-term or seasonal price stability is preferred by certain customer segments which requires hedging a proportion of forecasted transactions, with such transactions qualifying as 'highly probable' for IAS 39 hedge accounting purposes. DCC uses both forward purchase contracts and derivative commodity instruments to support its pricing strategy for a portion of expected future sales, typically for periods of less than 12 months.

Fixed price supply contracts are occasionally provided to certain customers for periods typically less than 12 months in duration. DCC fixes its cost of sales on contracted future volumes where the customer contract contains a take-or-pay arrangement that permits the customer to purchase a fixed amount of product for a fixed price during a specified period, and requires payment even if the customer does not take delivery of the product. Where a take-or-pay clause is not included in the customer contract, DCC hedges a portion of forecasted sales volume recognising that certain sales, such as in natural gas and electricity in particular, are exposed to volumetric risk in the form of an uncertain consumption profile arising from a range of factors, including supply dynamics and the weather.

The LPG and Retail & Oil divisions do not hold significant amounts of commodity inventory relative to purchases and sales; however, for certain inventory, such as marine gasoil and natural gas, DCC may enter hedge contracts to manage price exposures. The LPG and Retail & Oil divisions both enter into commodity hedges to fix a portion of own fuel costs. Certain activities of individual businesses have been centralised under the supervision of the DCC Group Commodity Risk Management function. Divisional and subsidiary management, in conjunction with the Group's Commodity Risk Management function, manage commodity price exposures within approved policies and guidelines.

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

5.7 Financial Risk and Capital Management continued

Sensitivity to commodity price movements

Due to pricing dynamics in the oil distribution market, an increase or decrease of 10% in the commodity cost price of oil would have an immaterial impact on the Group's profit before tax (2017: immaterial) and an immaterial impact on the Group's equity (2017: immaterial).

The impact on the Group's profit before tax and on the Group's equity of an increase or decrease of 10% in the commodity cost price of LPG would be dependent on seasonal variations, competitive pressures and the underlying absolute cost of the commodity at the time and, as such, is difficult to quantify but would not be material.

Fair values of financial assets and financial liabilities

The fair values of borrowings (none of which are listed) and derivative financial instruments are measured by discounting cash flows at prevailing interest and exchange rates. The fair values of expected future payments under contingent consideration arrangements are determined by applying a risk-adjusted discount rate to the future payments which are based on forecasted operating profits of the acquired entity over the relevant period. The carrying value of non-interest bearing financial assets, financial liabilities and cash and cash equivalents approximates their fair values, largely due to their short-term maturities. The nominal value less impairment provision of trade receivables and payables approximate to their fair values, largely due to their short-term maturities. The following is a comparison by category of book values and fair values of the Group's financial assets and financial liabilities:

	2018		2017	
	Book value £'000	Fair value £'000	Book value £'000	Fair value £'000
Financial assets				
Derivative financial instruments	111,135	111,135	292,000	292,000
Trade and other receivables	1,426,217	1,426,217	1,222,597	1,222,597
Cash and cash equivalents	1,038,827	1,038,827	1,048,064	1,048,064
	2,576,179	2,576,179	2,562,661	2,562,661
Financial liabilities				
Borrowings	1,673,418	1,699,140	1,468,412	1,485,574
Derivative financial instruments	19,206	19,206	6,400	6,400
Acquisition related liabilities	97,583	97,853	94,917	94,917
Trade and other payables	2,063,260	2,063,260	1,820,517	1,820,517
	3,853,467	3,879,459	3,390,246	3,407,408

Notes to the Financial Statements (continued)

5.7 Financial Risk and Capital Management continued

The Group has adopted the following fair value measurement hierarchy in relation to its financial assets and financial liabilities that are carried in the Balance Sheet at fair value as at the year end:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs, other than quoted prices included within level 1, that are observable for the asset or liability either directly (as prices) or indirectly (derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair value measurement as at 31 March 2018	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets				
Derivative financial instruments (note 3.9)	**–**	**111,135**	**–**	**111,135**
	–	**111,135**	**–**	**111,135**
Financial liabilities				
Acquisition related liabilities (note 3.14)	**–**	**–**	**97,853**	**97,853**
Derivative financial instruments (note 3.9)	**–**	**19,206**	**–**	**19,206**
	–	**19,206**	**97,853**	**117,059**

Fair value measurement as at 31 March 2017	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.9)	–	292,000	–	292,000
	–	292,000	–	292,000
Financial liabilities				
Acquisition related liabilities (note 3.14)	–	–	94,917	94,917
Derivative financial instruments (note 3.9)	–	6,400	–	6,400
	–	6,400	94,917	101,317

Level 2 fair value measurement:

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 valuation techniques are:

- The fair value of interest rate, currency and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date with the resulting value discounted back to present value.
- The fair value of forward commodity contracts is determined using quoted forward commodity prices at the reporting date with the resulting value discounted back to present value.

Level 3 fair value measurement:

Acquisition related liabilities are included in Level 3 of the fair value hierarchy. Details of the movement in the year are included in note 3.14.
The specific valuation techniques used to value contingent consideration that is carried at fair value using level 3 valuation techniques are:

- The expected future payments are determined by forecasting the acquiree's relevant basis for the contingent consideration (i.e. valuations based on EBITDA or EBIT multiples) as appropriate to the specific contractual earn out arrangement.
- The present value of the estimated future expected payments are discounted using a risk-adjusted discount rate where the time value of money is material.

The significant unobservable inputs are as follows:

- forecasted average adjusted operating profit growth rate 2.5%-9.0%;
- forecasted average outflow on Butagaz acquisition related liabilities £6m per annum; and
- risk adjusted discount rate 1.0%-1.4%.

5.7 Financial Risk and Capital Management continued

The estimated fair value of contingent consideration would increase/(decrease) if EBITDA/EBIT growth was higher/(lower), if the forecasted outflow on Butagaz acquisition related liabilities was higher/(lower) or if the risk-adjusted discount rate was lower/(higher). For the fair value of contingent consideration, a reasonably possible change to one of the significant unobservable inputs at 31 March 2018, holding the other inputs constant, would have the following effects:

Impact on the carrying value of contingent consideration	2018 £'000
Forecasted average adjusted operating profit growth rate (1% movement)	**302**
Forecasted outflow on Butagaz acquisition related liabilities (5% movement)	**2,275**
Risk adjusted discount rate (0.5% movement)	**1,077**

Offsetting financial assets and financial liabilities

(i) Financial assets

The following financial assets are subject to offsetting, enforceable master netting arrangements or similar agreements:

As at 31 March 2018	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial liabilities £'000	Related amounts not set off in the Balance Sheet: Cash collateral received £'000	Net amount £'000
Derivative financial instruments	**103,013**	**–**	**103,013**	**(10,027)**	**–**	**92,986**
Cash and cash equivalents	**221,890**	**–**	**221,890**	**(59,538)**	**–**	**162,352**
	324,903	**–**	**324,903**	**(69,565)**	**–**	**255,338**

As at 31 March 2017	Gross amounts of recognised financial assets £'000	Gross amounts of recognised financial liabilities set off in the Balance Sheet £'000	Net amounts of financial assets presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial liabilities £'000	Related amounts not set off in the Balance Sheet: Cash collateral received £'000	Net amount £'000
Derivative financial instruments	286,976	–	286,976	–	–	286,976
Cash and cash equivalents	243,873	–	243,873	(81,739)	–	162,134
	530,849	–	530,849	(81,739)	–	449,110

(ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements:

As at 31 March 2018	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial assets £'000	Related amounts not set off in the Balance Sheet: Cash collateral provided £'000	Net amount £'000
Derivative financial instruments	**10,112**	**–**	**10,112**	**(10,027)**	**–**	**85**
Bank borrowings	**59,538**	**–**	**59,538**	**(59,538)**	**–**	**–**
	69,650	**–**	**69,650**	**(69,565)**	**–**	**85**

As at 31 March 2017	Gross amounts of recognised financial liabilities £'000	Gross amounts of recognised financial assets set off in the Balance Sheet £'000	Net amounts of financial liabilities presented in the Balance Sheet £'000	Related amounts not set off in the Balance Sheet: Financial assets £'000	Related amounts not set off in the Balance Sheet: Cash collateral provided £'000	Net amount £'000
Derivative financial instruments	–	–	–	–	–	–
Bank borrowings	81,739	–	81,739	(81,739)	–	–
	81,739	–	81,739	(81,739)	–	–

Notes to the Financial Statements (continued)

5.7 Financial Risk and Capital Management continued

For the financial assets and liabilities subject to enforceable master netting arrangements or similar arrangements above, each agreement between the Group and the counterparty allows for net settlement of the relevant financial assets and liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and liabilities will be settled on a gross basis however each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party. Per the terms of each agreement, an event of default includes failure by a party to make payment when due, failure by a party to perform any obligation required by the agreement (other than payment) if such a failure is not remedied within periods of 15 to 30 days after notice of such failure is given to the party, or bankruptcy.

5.8 Events after the Balance Sheet Date

This note provides details on material events which have occurred between the year end date of 31 March and the date of approval of the financial statements.

There have been no material events subsequent to 31 March 2018 which would require disclosure in this report.

5.9 Summary of Significant Accounting Policies

This section sets out the Group's accounting policies which are applied in recognising and measuring transactions and balances arising in the year.

Revenue Recognition

Revenue comprises the fair value of the sale of goods and services to external customers net of value added tax, volume and promotional rebates, allowances and discounts. Revenue is generally recognised on a duty inclusive basis where applicable. Revenue is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for each of the Group's activities as detailed below.

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and when the amount of revenue and costs incurred can be measured reliably. This generally arises on delivery or in accordance with specific terms and conditions agreed with individual customers. In the case of consignment stock arrangements, revenue is recognised on the date that legal title passes. Sales returns and discounts are recorded in the same period as the original revenue.

DCC LPG derives the majority of its revenue from the sale of LPG and natural gas. Revenue is recognised when the products are delivered to the customer. Products can be sold under short or long-term agreements at prevailing market prices or at fixed prices for which DCC LPG will have fixed supply prices.

DCC Retail & Oil derives most of its revenue from the sale of transport and commercial fuels, heating oils and related products. Revenue is recognised when the products are delivered to the customer.

DCC Healthcare derives its revenue from the sale of a broad range of third party and own-branded pharmaceutical and medical devices. Revenue is also generated from the manufacture of products for health and beauty brand owners. Revenue is recognised on delivery of the product to the customer in the majority of cases.

DCC Technology derives the majority of its revenue from the sale of consumer and SME focused technology products. Revenue is generally recognised on despatch. Should volume and promotional rebates be granted to customers they are recognised as a reduction in sales revenue at the time of the sale based on managements' estimate of the likely rebate to be awarded to customers. Estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specific facts of each arrangement.

Sales of services

Revenue from the rendering of services is recognised in the period in which the services are rendered. Where services are performed rateably over a period of time revenue is recognised on a straight-line basis over the period of the contract.

Service revenue in DCC LPG and Retail & Oil is generated from a variety of value added services provided to customers. Revenue is recognised as the service is provided.

DCC Healthcare generates service revenue from a variety of sources such as logistics services including stock management, distribution services to hospitals and healthcare manufacturers as well as engineering and preventative maintenance services. Revenue is recognised as the service is rendered and completed.

DCC Technology generates service revenue from providing a range of value-added services to both its customers and suppliers including third party logistics, web site development and management, outsourced managed services, training and certain supply chain management services such as quality assurance and compliance. Revenue relating to these services is recognised as the service is provided.

5.9 Summary of Significant Accounting Policies continued

Interest income
Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income
Dividend income from investments is recognised when shareholders' right to receive payment have been established.

Rental income
Rental income from operating leases is recognised on a straight line basis over the term of the lease. The related assets are recorded as plant and machinery within property, plant and equipment and are depreciated on a straight-line basis over the useful lives of the assets.

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The Group has determined that it has four reportable operating segments: DCC LPG, DCC Retail & Oil, DCC Healthcare and DCC Technology.

Foreign Currency Translation
Functional and presentation currency
The functional currency of the Company is euro. The consolidated financial statements are presented in sterling which is the Company's and the Group's presentation currency as a significant portion of the Group's revenue and operating profit is generated in sterling. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Transactions and balances
Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the Group Income Statement except when cash flow or net investment hedge accounting is applied.

Group companies
Results and cash flows of subsidiaries, joint ventures and associates which do not have sterling as their functional currency are translated into sterling at average exchange rates for the year. Average exchange rates are a reasonable approximation of the cumulative effect of the rates on the transaction dates. The related balance sheets are translated at the rates of exchange ruling at the reporting date. Adjustments arising on translation of the results of such subsidiaries, joint ventures and associates at average rates, and on the restatement of the opening net assets at closing rates, are dealt with in a separate translation reserve within equity, net of differences on related currency instruments designated as hedges of such investments.

On disposal of a foreign operation, such cumulative currency translation differences are recognised in the Income Statement as part of the overall gain or loss on disposal. In accordance with IFRS 1, cumulative currency translation differences arising prior to the transition date to IFRS (1 April 2004) have been set to zero for the purposes of ascertaining the gain or loss on disposal of a foreign operation.

Goodwill and fair value adjustments arising on acquisition of a foreign operation are regarded as assets and liabilities of the foreign operation, are expressed in the functional currency of the foreign operation and are recorded at the exchange rate at the date of the transaction and subsequently retranslated at the applicable closing rates.

Finance Costs
Finance costs comprise interest payable on borrowings calculated using the effective interest rate method, net losses on hedging instruments that are recognised in the Income Statement, facility fees and the unwinding of discounts on provisions. The interest expense component of finance lease payments is recognised in the Income Statement using the effective interest rate method. The net finance cost/income on defined benefit pension scheme assets or obligations are recognised in the Income Statement in accordance with IAS 19.

The mark to market of designated swaps and related debt and the mark to market of undesignated currency swaps and related debt are included in 'Finance Costs' in the case of a net loss. The mark to market of designated swaps and related debt comprises the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings, together with the gain or loss on the hedged borrowings which is attributable to the hedged risk. The mark to market of undesignated swaps and related debt comprises the gain or loss on currency swaps which are not designated as hedging instruments, but which are used to offset movements in foreign exchange rates on certain borrowings, along with the currency movement on those borrowings.

Finance Income
Interest income is recognised in the Income Statement as it accrues, using the effective interest method, and includes net gains on hedging instruments that are recognised in the Income Statement.

The mark to market of designated swaps and related debt and the mark to market of undesignated currency swaps and related debt, both as defined above, are included in 'Finance Income' in the case of a net gain.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Exceptional Items

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Such items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, IAS 39 ineffective mark to market movements together with gains or losses arising from currency swaps offset by gains or losses on related fixed rate debt, acquisition costs, profit or loss on defined benefit pension scheme restructuring, adjustments to contingent consideration (arising on business combinations from 1 April 2010), the impact on deferred tax balances as a result of changes to enacted corporation tax rates and impairment of assets. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the Income Statement and disclosed in the related notes as exceptional items.

Income Tax

Current tax

Current tax represents the expected tax payable or recoverable on the taxable profit for the year using tax rates enacted or substantively enacted at the reporting date and taking into account any adjustments stemming from prior years.

Deferred tax

Deferred tax is provided using the liability method on all temporary differences at the reporting date which is defined as the difference between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are not subject to discounting and are measured using the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted by the end of the reporting period.

Deferred tax liabilities are recognised for all taxable temporary differences with the exception of the following:

- where the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of taxable temporary differences associated with investments in subsidiaries, joint ventures and associates, the timing of the reversal of the temporary difference is subject to control by the Group and it is probable that reversal will not occur in the foreseeable future.

Deferred tax assets are recognised in respect of all deductible temporary differences, carry-forward of unused tax credits and unused tax losses to the extent that it is probable that taxable profits will be available against which to offset these items except:

- where the deferred tax asset arises from the initial recognition of an asset or a liability in a transaction that is not a business combination and affects neither the accounting profit nor the taxable profit or loss at the time of the transaction; and
- where, in respect of deductible temporary differences associated with investment in subsidiaries, joint ventures and associates, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the foreseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits would be available to allow all or part of the deferred tax asset to be utilised.

Property, Plant and Equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value level by the end of its useful life.

	Annual Rate
Freehold and long-term leasehold buildings	2%
Plant and machinery	$5 - 33^{1/3}$%
Cylinders	$6^{2/3} - 10$%
Motor vehicles	$10 - 33^{1/3}$%
Fixtures, fittings & office equipment	$10 - 33^{1/3}$%

Land is not depreciated. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

In accordance with IAS 36 *Impairment of Assets*, the carrying amounts of items of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repair and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets.

5.9 Summary of Significant Accounting Policies continued

Investments in Subsidiary Undertakings

Investments in subsidiaries are stated at cost less any accumulated impairments and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Business Combinations

Business combinations from 1 April 2010

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date through the Income Statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in accordance with IAS 39 in the Income Statement.

Goodwill is initially measured at cost being the excess of the fair value of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the Income Statement.

A financial liability is recognised in relation to the non-controlling shareholder's option to put its shareholding back to the Group, being the fair value of the estimate of amounts payable to acquire the non-controlling interest. The financial liability is included in contingent consideration. The discount component is unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability are recognised in the Income Statement.

Business combinations prior to 1 April 2010

Business combinations were accounted for using the purchase method. Transaction costs directly attributable to the acquisition formed part of the acquisition costs. The non-controlling interest was measured at the proportionate share of the acquiree's identifiable net assets.

Business combinations achieved in stages were accounted for as separate steps. Any additional acquired share of interest did not affect previously recognised goodwill.

Contingent consideration was recognised if the Group had a present obligation, the economic outflow was more likely than not and a reliable estimate was determinable. Subsequent adjustments to contingent consideration were recognised as part of goodwill.

A financial liability was recognised in relation to the non-controlling shareholder's option to put its shareholding back to the Group, being the fair value of the estimate of amounts payable to acquire the non-controlling interest. The financial liability was included in contingent consideration. The discount component was unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability were recognised as an adjustment to goodwill.

Non-Current Assets Held for Sale

Non-current assets and disposal groups are classified as assets held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification. The assets held for sale are stated at the lower of their carrying amount and fair value less costs to sell.

Goodwill

Goodwill arising in respect of acquisitions completed prior to 1 April 2004 (being the transition date to IFRS) is included at its carrying amount, which equates to its net book value recorded under previous GAAP. In accordance with IFRS 1, the accounting treatment of business combinations undertaken prior to the transition date was not reconsidered and goodwill amortisation ceased with effect from the transition date.

Goodwill on acquisitions is initially measured as the excess of the fair value of consideration paid for the business combination plus any non-controlling interest, over the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill acquired in a business combination is allocated, from the acquisition date, to the cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

The carrying amount of goodwill in respect of associates and joint ventures, net of any impairment, is included in investments in associates and joint ventures under the equity method in the Group Balance Sheet.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist; the goodwill impairment tests are undertaken at a consistent time in each annual period. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed following recognition.

Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairments, is included in determining the profit or loss arising on disposal.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

Intangible Assets

Intangible assets acquired separately are capitalised at cost. Intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition.

Following initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives this expense is taken to the Income Statement.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. In general, finite-lived intangible assets are amortised over periods ranging from two to forty years, depending on the nature of the intangible asset.

The carrying amount of finite-lived intangible assets are reviewed for indicators of impairment at each reporting date and are subject to impairment testing when events or changes in circumstances indicate that the carrying values may not be recoverable. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

The Group does not have any indefinite-lived intangible assets.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost is determined on a first in first out basis and in the case of raw materials, bought-in goods and expense inventories, comprises purchase price plus transport and handling costs less trade discounts and subsidies. Cost, in the case of products manufactured by the Group, consists of direct material and labour costs together with the relevant production overheads based on normal levels of activity. Net realisable value represents the estimated selling price less costs to completion and appropriate selling and distribution costs.

Provision is made, where necessary, for slow moving, obsolete and defective inventories.

Financial Instruments

A financial instrument is recognised when the Group becomes a party to its contractual provisions. Financial assets are derecognised when the Group's contractual rights to the cash flows from the financial assets expire, are extinguished or transferred to a third party. Financial liabilities are derecognised when the Group's obligations specified in the contracts expire, are discharged or cancelled.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the asset to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are capitalised as assets of the Group at the inception of the lease at the lower of the fair value of the leased asset and the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a current or non-current lease obligation as appropriate. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in the Income Statement.

Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Income Statement on a straight line basis over the term of the relevant lease.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment.

A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the provision is recognised in the Income Statement.

5.9 Summary of Significant Accounting Policies continued

Trade and Other Payables
Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost, which approximates to fair value given the short-dated nature of these liabilities.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purpose of the Group Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of bank overdrafts.

Interest-Bearing Loans and Borrowings
All loans and borrowings are initially recorded at fair value, net of transaction costs incurred. Loans and borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Income Statement over the period of the borrowings using the effective interest method.

Derivative Financial Instruments
The Group uses derivative financial instruments (principally interest rate, currency and cross currency interest rate swaps and forward foreign exchange and commodity contracts) to hedge its exposure to interest rate and foreign exchange risks and to changes in the prices of certain commodity products arising from operational, financing and investment activities.

Derivative financial instruments are recognised at inception at fair value, being the present value of estimated future cash flows. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Changes in the fair value of currency swaps that are hedging borrowings and for which the Group has not elected to apply hedge accounting, along with changes in the fair value of derivatives hedging borrowings, that are part of designated fair value hedge relationships, are reflected in the Income Statement in 'Finance Costs'.

Changes in the fair value of other derivative financial instruments for which the Group has not elected to apply hedge accounting are reflected in the Income Statement, in 'Other Operating Income' or 'Other Operating Expenses'.

Hedging
For the purposes of hedge accounting, hedges are designated either as fair value hedges (which hedge the exposure to movements in the fair value of recognised assets or liabilities or firm commitments that are attributable to hedged risks) or cash flow hedges (which hedge exposures to fluctuations in future cash flows derived from a particular risk associated with recognised assets or liabilities or highly probable forecast transactions).

The Group documents, at the inception of the transactions, the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments are disclosed in note 3.9 and the movements on the cash flow hedge reserve in equity are shown in note 4.2. The full fair value of a derivative is classified as a non-current asset or non-current liability if the remaining maturity of the derivative is more than twelve months and as a current asset or current liability if the remaining maturity of the derivative is less than twelve months.

Fair value hedge
In the case of fair value hedges which satisfy the conditions for hedge accounting, any gain or loss arising from the re-measurement of the fair value of the hedging instrument is reported in the Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. As a result, the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings are included within 'Finance Income' or 'Finance Costs'. In the case of the related hedged borrowings, any gain or loss on the hedged item which is attributable to the hedged risk is adjusted against the carrying amount of the hedged item and reflected in the Income Statement within 'Finance Costs' or 'Finance Income'. The gain or loss on commodity derivatives that are designated as fair value hedges of firm commitments are recognised in the Income Statement. Any change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability on the Balance Sheet with a corresponding gain or loss in the Income Statement.

If a hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of the hedged item is amortised to the Income Statement over the period to maturity.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Cash flow hedge

Where a derivative financial instrument is designated as a hedge of the variability in cash flows of a recognised asset or liability or a highly probable forecasted transaction, the effective part of any gain or loss on the derivative financial instrument is recognised as a separate component of equity. The ineffective portion is reported in the Income Statement in 'Finance Income' and 'Finance Costs' where the hedged item is private placement debt, and in 'Other Operating Income' or 'Other Operating Expenses' for all other cases. When a forecast transaction results in the recognition of an asset or a liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability. Otherwise, the associated gains or losses that had previously been recognised in equity are transferred to the Income Statement in the same reporting period as the hedged transaction in Revenue or Cost of Sales (depending on whether the hedge related to a forecasted sale or purchase).

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the Income Statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the Income Statement.

Provisions

A provision is recognised in the Balance Sheet when the Group has a present obligation (either legal or constructive) as a result of a past event, and it is probable that a transfer of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and announced its main provisions.

Provisions arising on business combinations are only recognised to the extent that they would have qualified for recognition in the financial statements of the acquiree prior to the acquisition.

A contingent liability is not recognised but is disclosed where the existence of the obligation will only be confirmed by future events or where it is not probable that an outflow of resources will be required to settle the obligation or where the amount of the obligation cannot be measured with reasonable reliability. Contingent assets are not recognised but are disclosed where an inflow of economic benefits is probable.

Environmental Provisions

The Group has certain site remediation obligations to be incurred in compliance with local or national environmental regulations together with constructive obligations stemming from established best practice. The measurement of these provisions is based on the evaluation of currently available facts with respect to each individual site and is adjusted periodically as remediation efforts progress or as additional information becomes available. Inherent uncertainties exist in such measurements primarily due to unknown timing, site conditions and changing regulations. Full provision is made for the net present value of the estimated costs in relation to the Group's environmental liabilities. The net present value of the estimated costs is capitalised as property, plant and equipment and the unwinding of the discount element on the environmental provision is reflected in the Income Statement.

Cylinder and Tank Deposits Provisions

This provision relates to DCC LPG's operations where an obligation arises from the receipt of deposit fees paid by customers for LPG cylinders and tanks. On receipt of a deposit the Group recognises a liability equal to the deposit received. This deposit will subsequently be refunded at an amount equal to the original deposit on return of the cylinder or tank together with the original deposit receipt. Cylinder and tank deposits acquired through business combinations are measured initially at their fair value at the acquisition date (i.e. net present value) and the unwinding of the discount element is reflected in the Income Statement.

Pension and Other Post Employment Obligations

The Group operates defined contribution and defined benefit pension schemes.

The costs arising in respect of the Group's defined contribution schemes are charged to the Income Statement in the period in which they are incurred. The Group has no legal or constructive obligation to pay further contributions after payment of fixed contributions.

The Group operates a number of defined benefit pension schemes which require contributions to be made to separately administered funds. The liabilities and costs associated with the Group's defined benefit pension schemes are assessed on the basis of the projected unit credit method by qualified actuaries and are arrived at using actuarial assumptions based on market expectations at the reporting date. The Group's net obligation in respect of defined benefit pension schemes is calculated separately for each plan by estimating the amount of future benefits that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan asset is deducted. Plan assets are measured at fair values.

The discount rate employed in determining the present value of the schemes' liabilities is determined by reference to market yields at the reporting date on high quality corporate bonds of a currency and term consistent with the currency and term of the associated post employment benefit obligations.

The net surplus or deficit arising in the Group's defined benefit pension schemes are shown within either non-current assets or liabilities in the Group Balance Sheet. The deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax liabilities or assets as appropriate. Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest) are recognised immediately in the Group Balance Sheet with a corresponding entry to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

5.9 Summary of Significant Accounting Policies continued

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and, in the case of published securities, it is the published bid price. The value of any defined benefit asset is limited to the present value of any economic benefits available in the form of refunds from the plan and reductions in the future contributions to the plan.

A curtailment arises when the Group is demonstrably committed to make a significant reduction in the number of employees covered by a plan. A past service cost, negative or positive, arises following a change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post employment benefits. A settlement arises where the Group is relieved of responsibility for a pension obligation and eliminates significant risk relating to the obligation and the assets used to effect the settlement. Past-service costs, negative or positive, are recognised immediately in the Income Statement. Losses arising on settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Group becomes demonstrably committed to the transaction. Gains arising on a settlement or curtailment are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction. Curtailment and settlement gains and losses are dealt with in the Income Statement.

Share-Based Payment Transactions

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares.

The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. The fair value at the grant date is determined using a Monte Carlo simulation technique for the DCC plc Long Term Incentive Plan 2009 and a binomial model for the DCC plc 1998 Employee Share Option Scheme.

The DCC plc Long Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

The DCC plc 1998 Employee Share Option Scheme contains non-market based vesting conditions which are not taken into account when estimating the fair value of entitlements as at the grant date. The expense in the Income Statement represents the product of the total number of options anticipated to vest and the fair value of those options. This amount is allocated on a straight-line basis over the vesting period to the Income Statement with a corresponding credit to Share Based Payment Reserve. The cumulative charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

Where the share-based payments give rise to the issue of new equity share capital, the proceeds received by the Company are credited to Share Capital (nominal value) and Share Premium when the share entitlements are exercised. Where the share-based payments give rise to the re-issue of shares from treasury shares, the proceeds of issue are credited to shareholders equity.

The measurement requirements of IFRS 2 have been implemented in respect of share options entitlements granted after 7 November 2002. In accordance with the standard, the disclosure requirements of IFRS 2 have been applied to all outstanding share-based payments regardless of their grant date. The Group does not operate any cash-settled share-based payment schemes or share-based payment transactions with cash alternatives as defined in IFRS 2.

Government Grants

Grants are recognised at their fair value when there is a reasonable assurance that the grant will be received and all attaching conditions have been complied with.

Capital grants received and receivable by the Group are credited to government grants and are amortised to the Income Statement on a straight-line basis over the expected useful lives of the assets to which they relate.

Revenue grants are recognised as income over the periods necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Notes to the Financial Statements (continued)

5.9 Summary of Significant Accounting Policies continued

Equity

Treasury shares

Where the Company purchases the Company's equity share capital, the consideration paid is deducted from total equity and classified as treasury shares until they are cancelled. Where such shares are subsequently sold or re-issued, any consideration received is included in share premium.

Dividends

Dividends on Ordinary Shares are recognised as a liability in the Group's financial statements in the period in which they are approved by the shareholders of the Company. Proposed dividends that are approved after the reporting date are not recognised as a liability at that reporting date, but are disclosed in the dividends note.

Non-Controlling Interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Parent Company and are presented separately in the Group Income Statement and within equity in the Group Balance Sheet, distinguished from shareholders' equity attributable to owners of the Parent Company. Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders and therefore no goodwill is recognised as a result of such transactions. On an acquisition by acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

5.10 Approval of Financial Statements

The financial statements were approved by the Board of Directors on 14 May 2018.

Company Balance Sheet

As at 31 March 2018

	Note	2018 £'000	2017 £'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	6.4	**266,408**	94,715
Current assets			
Trade and other receivables	6.5	**623,257**	600,842
Cash and cash equivalents	6.8	**57,622**	65,517
		680,879	666,359
Total assets		**947,287**	761,074
EQUITY			
Capital and reserves			
Share capital	4.1	**15,455**	15,455
Share premium	4.1	**280,533**	277,211
Other reserves	6.9	**123,889**	110,156
Retained earnings	6.10	**413,352**	244,918
Total equity		**833,229**	647,740
LIABILITIES			
Current liabilities			
Trade and other payables	6.6	**114,058**	113,334
Total equity and liabilities		**947,287**	761,074

John Moloney, Donal Murphy, Directors

Company Statement of Changes in Equity

For the year ended 31 March 2018

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.10) £'000	Other reserves (note 6.9) £'000	Total equity £'000
At 1 April 2017	**15,455**	**277,211**	**244,918**	**110,156**	**647,740**
Profit for the financial year	**–**	**–**	**271,305**	**–**	**271,305**
Other comprehensive income:					
Currency translation	**–**	**–**	**–**	**13,733**	**13,733**
Total comprehensive income	**–**	**–**	**271,305**	**13,733**	**285,038**
Re-issue of treasury shares	**–**	**3,322**	**–**	**–**	**3,322**
Dividends	**–**	**–**	**(102,871)**	**–**	**(102,871)**
At 31 March 2018	**15,455**	**280,533**	**413,352**	**123,889**	**833,229**

For the year ended 31 March 2017

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.10) £'000	Other reserves (note 6.9) £'000	Total equity £'000
At 1 April 2016	15,455	277,211	84,333	70,374	447,373
Profit for the financial year	–	–	248,021	–	248,021
Other comprehensive income:					
Currency translation	–	–	–	39,782	39,782
Total comprehensive income	–	–	248,021	39,782	287,803
Re-issue of treasury shares	–	–	2,600	–	2,600
Dividends	–	–	(90,036)	–	(90,036)
At 31 March 2017	15,455	277,211	244,918	110,156	647,740

Company Cash Flow Statement

For the year ended 31 March 2018

	Note	2018 £'000	2017 £'000
Operating activities			
Cash generated from operations	6.11	**(5,464)**	(79,170)
Interest paid		**(7)**	(4)
Income tax paid		**(120)**	(2)
Net cash flow from operating activities		**(5,591)**	(79,176)
Investing activities			
Inflows:			
Interest received		**6,758**	6,088
Proceeds on disposal		**136,102**	90,011
Dividends received from subsidiaries		**161,220**	111,107
		304,080	207,206
Outflows:			
Acquisition of subsidiaries		**(208,374)**	(7,522)
Net cash flow from investing activities		**95,706**	199,684
Financing activities			
Inflows:			
Proceeds from issue of shares		**3,322**	2,600
Outflows:			
Dividends paid	2.11	**(102,871)**	(90,036)
Net cash flow from financing activities		**(99,549)**	(87,436)
Change in cash and cash equivalents		**(9,434)**	33,072
Translation adjustment		**1,539**	3,124
Cash and cash equivalents at beginning of year		**65,517**	29,321
Cash and cash equivalents at end of year	6.8	**57,622**	65,517

1
2
3
4
5
Section 6

Notes to the Company Financial Statements

Section 6 Notes to the Company Financial Statements

In accordance with the Companies Act 2014, information regarding the ultimate parent Company, DCC plc, is presented below.

6.1 Basis of Preparation

The financial statements which are presented in sterling, rounded to the nearest thousand, have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union.

The Company applies consistent accounting policies to those applied by the Group. To the extent that an accounting policy is relevant to both Group and Parent Company financial statements, please refer to the Group financial statements for disclosure of the relevant accounting policy.

6.2 Auditor Statutory Disclosure

The audit fee for the Parent Company is £13,000 and is payable to KPMG, Ireland, the statutory auditor (2017: £13,000).

6.3 Profit Attributable to DCC plc

Profit after taxation for the year attributable to owners of the Parent Company amounting to £271.305 million (2017: £248.021 million) has been accounted for in the financial statements of the Company. In accordance with Section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual Income Statement to the Annual General Meeting. The Company has also availed of the exemption from filing its individual Income Statement with the Registrar of Companies as permitted by Section 304(2) of the Companies Act, 2014.

6.4 Investments in Subsidiary Undertakings

	2018 £'000	2017 £'000
At 1 April	**94,715**	99,683
Additions	**245,367**	9,324
Disposals	**(37,879)**	(16,820)
Impairment	**(36,993)**	(5,228)
Exchange and other	**1,198**	7,756
At 31 March	**266,408**	94,715

Details of the Group's principal operating subsidiaries are included in the Group Directory on pages 207 to 210. Non-wholly owned subsidiaries principally comprise DCC Holding Denmark A/S (60%) (which owns 100% of DCC Energi Danmark A/S and Dansk Fuels A/S), Gaz Européen Holding SAS (97%) where put and call options exist to acquire the remaining 3% and Medisource Ireland Limited (87%) where put and call options exist to acquire the remaining 13%.

The Group's principal overseas holding company subsidiaries are DCC Limited, a company operating, incorporated and registered in England and Wales and DCC International Holdings B.V., a company operating, incorporated and registered in The Netherlands. The registered office of DCC Limited is at Hill House, 1 Little New Street, London EC4A 3TR, England. The registered office of DCC International Holdings B.V. is Atrium Building, 8th Floor, Strawinskylaan 3127, 1077 ZX Amsterdam, The Netherlands.

6.5 Trade and Other Receivables

	2018 £'000	2017 £'000
Amounts owed by subsidiary undertakings	**623,257**	600,842
	623,257	600,842

All amounts owed by subsidiary undertakings are interest-free and repayable on demand. There were no past due or impaired trade receivables in the Company at 31 March 2018 (31 March 2017: nil).

6.6 Trade and Other Payables

	2018 £'000	2017 £'000
Amounts due to subsidiary undertakings	**113,523**	112,813
Other creditors and accruals	**535**	521
	114,058	113,334

6.7 Movement in Working Capital

	Trade and other receivables £'000	Trade and other payables £'000	Total £'000
Year ended 31 March 2018			
At 1 April 2017	**600,842**	**(113,334)**	**487,508**
Translation adjustment	**13,577**	**(2,580)**	**10,997**
Increase in working capital (note 6.11)	**8,838**	**1,856**	**10,694**
At 31 March 2018	**623,257**	**(114,058)**	**509,199**
Year ended 31 March 2017			
At 1 April 2016	421,566	(103,197)	318,369
Translation adjustment	36,664	(8,370)	28,294
Exceptional items and other	61,060	–	61,060
Increase/(decrease) in working capital (note 6.11)	81,552	(1,767)	79,785
At 31 March 2017	600,842	(113,334)	487,508

6.8 Cash and Cash Equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	**57,622**	65,517
	57,622	65,517

6.9 Other Reserves

	Foreign currency translation reserve[1] £'000	Other reserves[2] £'000	Total £'000
At 1 April 2016	70,145	229	70,374
Currency translation	39,782	–	39,782
At 31 March 2017	**109,927**	**229**	**110,156**
Currency translation	**13,733**	**–**	**13,733**
At 31 March 2018	**123,660**	**229**	**123,889**

1. The Company's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Company's euro denominated operations into sterling (the presentation currency), including the translation of the profits and losses of the Company from the average rate for the year to the closing rate at the balance sheet date.
2. The Company's other reserves is a capital conversion reserve fund.

Notes to the Company Financial Statements (continued)

6.10 Retained Earnings

	2018 £'000	2017 £'000
At 1 April	**244,918**	84,333
Total comprehensive income for the financial year	**271,305**	248,021
Re-issue of treasury shares (net of expenses)	**–**	2,600
Dividends	**(102,871)**	(90,036)
At 31 March	**413,352**	244,918

6.11 Cash Generated from Operations

	2018 £'000	2017 £'000
Profit for the financial year	**271,305**	248,021
Add back non-operating income:		
– tax	**120**	2
– net operating exceptionals	**(61,231)**	(94,602)
– net finance income	**(6,751)**	(6,084)
– dividend income	**(198,213)**	(146,722)
Operating profit	**5,230**	615
Changes in working capital:		
– trade and other receivables (note 6.7)	**(8,838)**	(81,552)
– trade and other payables (note 6.7)	**(1,856)**	1,767
Cash generated from operations	**(5,464)**	(79,170)

6.12 Related Party Transactions

Subsidiaries, joint ventures and associates

The Company's Income Statement includes dividends from its subsidiary companies DCC International Holdings B.V. of £93.500 million, DCC Financial Services Holdings Unlimited Company of £36.993 million, DCC Treasury Management Unlimited Company of £36.993 million and DCC Business Expansion Fund Limited of £30.727 million. Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 199, in note 6.5 'Trade and Other Receivables' and in note 6.6 'Trade and Other Payables'.

6.13 Financial Risk Management

A description of the Group's financial risk management objectives and policies is provided in note 5.7 to the Group financial statements. These financial risk management objectives and policies also apply to the Parent Company.

(i) Credit risk management

Credit risk arises from credit exposure to intercompany receivables and cash and cash equivalents including deposits with banks and financial institutions.

As detailed in note 6.5, the Group's intercompany receivables at 31 March 2018 amount to £623.257 million (2017: £600.842 million). None of these balances include a provision for impairment and all amounts are expected to be recoverable in full.

Risk of counterparty default arising on cash and cash equivalents is controlled within a framework of dealing with high quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC plc transacts with a variety of high credit quality financial institutions for the purpose of placing deposits. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. The cash and cash equivalents balance at 31 March 2018 of £57.622 million was held with financial institutions with a minimum rating in the A-2 (short-term) category of Standard and Poor's.

6.13 Financial Risk Management continued

(ii) Liquidity risk management

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Company's trade and other payables. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2018	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	**114,058**	**–**	**–**	**–**	**114,058**
	114,058	**–**	**–**	**–**	**114,058**

As at 31 March 2017	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	113,334	–	–	–	113,334
	113,334	–	–	–	113,334

The Company has sufficient cash resources and liquid assets to enable it to meet its trade and other payables.

(iii) Market risk management

Foreign exchange risk management

The Company does not have any material assets or liabilities denominated in any currency other than euro at 31 March 2018 or at 31 March 2017 which would give rise to a significant transactional currency exposure. However, as the presentation currency for the Company is sterling, it is exposed to fluctuations in the sterling/euro exchange rate. A change in the value of euro by 10% against sterling would have an £24.7 million (2017: £22.5 million) impact on the Company's profit before tax, would change the Company's equity by £75.7 million and change the Company's net cash by £5.8 million (2017: £58.9 million and £6.6 million respectively).

Interest rate risk management

Based on the composition of net cash at 31 March 2018 a one percentage point (100 basis points) change in average floating interest rates would have a £0.6 million (2017: £0.7 million) impact on the Company's profit before tax. Finance income principally comprises guarantee fees charged at fixed rates on intergroup loans. Finance costs comprise interest on intergroup loans payable at variable market rates.

Commodity price risk management

The Company has no exposure to commodity price risk.

Fair values of financial assets and financial liabilities

The following is a comparison by category of book values and fair values of the Company's financial assets and financial liabilities:

	2018		2017	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets				
Trade and other receivables	**623,257**	**623,257**	600,842	600,842
Cash and cash equivalents	**57,622**	**57,622**	65,517	65,517
	680,879	**680,879**	666,359	666,359
Financial liabilities				
Trade and other payables	**114,058**	**114,058**	113,334	113,334
	114,058	**114,058**	113,334	113,334

As at 31 March 2018 and 31 March 2017 the Company had no financial assets or financial liabilities which were carried at fair value.

6.14 Contingencies

Guarantees given in respect of borrowings and other obligations are detailed in note 5.5 to the Group financial statements.

Supplementary Information

In this section

Principal Subsidiaries, Joint Ventures and Associates[1]

DCC LPG

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC LPG Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Butagaz SAS	47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of liquefied petroleum gas	France	100
GAZ Européen Holding SAS	47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of natural gas	France	97
Flogas Britain Limited	81 Rayns Way, Syston, Leicester LE7 1PF, England	Procurement, sales, marketing and distribution of liquefied petroleum gas	Britain	100
Flogas Ireland Limited	Knockbrack House, Matthews Lane, Donore Road, Drogheda, Co. Louth, Ireland	Procurement, sales, marketing and distribution of liquefied petroleum gas and natural gas	Ireland	100
DSG Energy Limited	Suites 2201-2, 22nd Floor, AIA Kowloon Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Procurement, sales, marketing and distribution of liquefied petroleum gas	Hong Kong	100
Hicksgas LLC	204 North State Route 54, Roberts, IL 60962, USA	Procurement, sales, marketing and distribution of liquefied petroleum gas	USA	100
TEGA – Technische Gase und Gasetechnik GmbH	Werner-von-Siemens-Straße 18, 97076 Würzburg, Germany	Procurement, sales, marketing and distribution of liquefied petroleum gas and refrigerant gases	Germany	100
Flogas Sverige AB	Brännkyrkagatan 63, 11822 Stockholm, Sweden	Procurement, sales, marketing and distribution of liquefied petroleum gas	Sweden	100
Flogas Norge AS	Nydalsveien 153, 3 etg, 0484 Oslo, Norway	Procurement, sales, marketing and distribution of liquefied petroleum gas	Norway	100
Benegas BV	Zuiderzeestraatweg 1, 3882NC, Putten, The Netherlands	Procurement, sales, marketing and distribution of liquefied petroleum gas	The Netherlands	100

DCC Retail & Oil

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Retail & Oil Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Certas Energy UK Limited	302 Bridgewater Place, Birchwood Park, Warrington WA3 6XG, England	Procurement, sales, marketing and distribution of petroleum and lubricant products	Britain	100
Fuel Card Services Limited	Alexandra House, Lawnswood Business Park, Redvers Close, Leeds LS16 6QY, England	Sale and administration of petroleum products through the use of fuel cards	Britain	100
Certas Energy Norway AS	Elias Smiths vei 24, 1337 Sandvika, Norway	Procurement, sales and marketing of petroleum products	Norway	100
Certas Energy France	9 Avenue Edouard Belin, 92500 Rueil Malmaison, Paris, France	Procurement, sales and marketing of petroleum products	France	100
Energy Procurement Ireland 2013 Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Procurement, sales and marketing of petroleum products	Ireland	100

1. The information in this section relates only to the Group's principal subsidiaries, joint ventures and associates. A full list of subsidiaries, joint ventures and associates will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

Principal Subsidiaries, Joint Ventures and Associates (continued)

DCC Retail & Oil continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Energi Danmark A/S	Naerum Hovedgade 8, 2850 Naerum, Denmark	Procurement, sales, marketing and distribution of petroleum and lubricant products and natural gas	Denmark	60
Qstar Försäljning AB	Spårgatan 5, Box 633, 601 14 Norrköping, Sweden	Procurement, sales and marketing of petroleum products	Sweden	100
Energie Direct	Mineralölhandelsgesmbh Alte Poststraße 400, A-8055 Graz, Austria	Procurement, sales, marketing and distribution of petroleum and lubricant products and natural gas	Austria	100
Swea Energi AB	Storgatan 35, 434 32 Kungsbacka, Sweden	Procurement, sales, marketing and distribution of petroleum products	Sweden	100
Emo Oil Limited	Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Procurement, sales, marketing and distribution of petroleum and lubricant products	Ireland	100
DCC Energy Limited	Airport Road West, Sydenham, Belfast BT3 9ED, Northern Ireland	Procurement, sales, marketing and distribution of petroleum products	Northern Ireland	100

DCC Healthcare

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Healthcare Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100

DCC Vital

DCC Vital Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Holding company for the operations of the DCC Vital group of companies	Ireland	100
Fannin Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Sales, marketing and distribution of medical and pharmaceutical products to healthcare providers	Ireland	100
Medisource Ireland Limited	Unit 24-26 Bullford Business Campus, Kilcoole, Co. Wicklow, Ireland	A leading provider of Exempt Medicinal Products ('EMP') in Ireland	Ireland	100
Athlone Laboratories Limited	Ballymurray, Co. Roscommon, Ireland	Manufacture and supply of oral beta lactam antibiotics for the British, Irish and international markets	Ireland	100
Fannin (UK) Limited	Westminster Industrial Estate, Repton Road, Measham, Swadlincote, Derbyshire DE12 7DT, England	Sales, marketing and distribution of medical devices to healthcare providers	Britain	100
Williams Medical Services Ltd	Craiglas House, The Maerdy Industrial Estate, Rhymney, Gwent NP22 5PY, Wales	Sales, marketing and distribution of medical supplies and services to UK healthcare market, primarily GPs and primary care organisations	Britain	100
Kent Pharmaceuticals Limited	Joshna House, Crowbridge Road, Orbital Park, Ashford, Kent TN24 0GR, England	Sales, marketing and distribution of pharmaceuticals to hospital and community pharmacies in Britain	Britain	100
Squadron Medical Limited	Greaves Close, Markham Vale, Chesterfield, Derbyshire, S44 5FB, England	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100
The TPS Healthcare Group Limited	27-35 Napier Place, Wardpark, North Cumbernauld, Glasgow G68 0LL, Scotland	Provision of value-added distribution services to healthcare providers and brand owners/manufacturers	Britain	100

DCC Healthcare continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Health & Beauty Solutions				
DCC Health & Beauty Solutions	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Outsourced solutions for the health and beauty industry	Britain	100
Elite One Source Nutritional Services, Inc.	1001 South 3rd Street West, Missoula, MT 59801, USA	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	USA	100
EuroCaps Limited	Crown Business Park, Dukestown, Tredegar, Gwent NP22 4EF, Wales	Development and contract manufacture of nutritional products in soft gel capsule format	Britain	100
Thompson & Capper Limited	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	Britain	100
Vitamex Manufacturing AB	Box 715, SE-601 16 Norrköping, Sweden	Sales and technical support office	Sweden	100
Laleham Health and Beauty Limited	Sycamore Park, Mill Lane, Alton, Hampshire GU34 2PR, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100
Design Plus Holdings Limited	Rowan House, 3 Stevant Way, White Lund, Morecambe, Lancashire LA3 3PU, England	Development, contract manufacture and packing of liquids and creams for the beauty and consumer healthcare sectors	Britain	100

DCC Technology

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Technology (Holdings) Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Exertis (UK) Ltd	Technology House, Magnesium Way, Hapton, Burnley BB12 7BF, England	Sales, marketing and distribution of technology products	Britain	100
Hammer plc	Intec 1, Intec Business Park, Wade Road, Basingstoke, Hampshire RG24 8NE, England	Sales, marketing and distribution of technology products	Britain	100
MTR Group Limited	Unit 10, Spire Green Centre, The Pinnacles, Harlow, Essex, CM19 5TR, England	Sales and refurbishment of mobile handsets	Britain	100
Exertis Ireland Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Sales, marketing and distribution of technology products	Ireland	100
Exertis Supply Chain Services Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Provision of supply chain management and outsourced procurement services	Ireland	100
Exertis France	Paris Nord 2, Parc des Reflets, 99 Avenue de la Pyramide, 95700 Roissy, France	Sales, marketing and distribution of technology peripherals and accessories	France	100
Exertis Connect	Zone Industriel Buchelay 3000, BP 1126, 78204 Mantes en Yvelines Cedex, France	Sales, marketing and distribution of technology products and connecting solutions	France	100

Principal Subsidiaries, Joint Ventures and Associates (continued)

DCC Technology continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Exertis CapTech AB	Ekonomivagen 11, 436 33 Askim, Sweden	Sales, marketing and distribution of technology products	Sweden	100
Exertis Go Connect	Laan Van Kopenhagen 100, 3317 DM Dordrecht, The Netherlands	Sales, marketing and distribution of unified communications and audio visual products	The Netherlands	100
Exertis Arc Telecom	Unit No. 702, X3 Building, Jumeirah Lake Towers, Dubai, UAE	Sales, marketing and distribution of technology products	Ireland	100

Joint Venture

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
KSG Dining Limited	McKee Avenue, Finglas, Dublin 11, Ireland	Restaurant and hospitality service provider	Ireland	50

Associates

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Geogaz Lavera SA	2 Rue des Martinets, 92500 Rueil Malmaison, Paris, France	Owns and operates an LPG storage facility	France	25
Norgal (GIE)	Route de la Chimie, 76700 Gonfreville L'Orcher, France	Receiving, storage and distribution site for LPG product	France	18

Shareholder Information

Share Listing

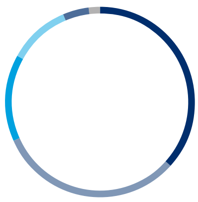
DCC's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority ('UKLA Official List') and are traded solely on the London Stock Exchange in sterling.

Share Price Data	2018 £	2017 £
Share price at 14 May	**72.20**	73.65
Market capitalisation at 14 May	**6,442m**	6,541m
Share price at 31 March	**65.60**	70.25
Market capitalisation at 31 March	**5,853m**	6,239m
Share price movement during the year		
– High	**77.55**	72.20
– Low	**64.75**	58.60

DCC plc's ordinary share price information can be accessed on the company website under the 'Investors' tab.

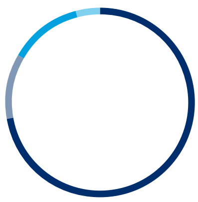
Shareholdings as at 31 March 2018

By location



- North America 36.79%
- UK 31.81%
- Continental Europe 14.71%
- Ireland 10.57%
- Asia/Rest of World 4.27%
- Retail 1.85%

By size of holding



- Over 250,000 72.31%
- 100,001-250,000 11.24%
- 10,000-100,000 12.48%
- Less than 10,000 3.97%

Geographic division[1]	Number of shares[2]	% of shares
North America	32,821,010	36.79
UK	28,381,326	31.81
Continental Europe	13,128,620	14.71
Ireland	9,431,665	10.57
Asia/Rest of World	3,807,354	4.27
Retail[3]	1,651,928	1.85
Total	89,221,903	100

Range of shares held	Number of accounts	% of accounts	Number of shares[2]	% of shares
Over 250,000	61	1.68	64,514,259	72.31
100,001-250,000	66	1.82	10,034,413	11.24
10,000-100,000	314	8.68	11,133,749	12.48
Less than 10,000	3,178	87.82	3,539,482	3.97
Total	3,619	100	89,221,903	100

Notes:
1. This represents the best estimate of the number of shares controlled by fund managers resident in the relevant geographic regions.
2. Excludes 3,207,501 shares held as Treasury Shares.
3. Retail includes shareholdings of less than 5,000 shares.

Details of shareholdings in excess of 3% in the Company are set out on page 118.

Dividends

DCC normally pays dividends twice yearly, in July and in December to shareholders on the register of members on the record date for the dividend. An interim dividend of 40.89 pence per share was paid on 11 December 2017.

Subject to shareholders' approval at the Annual General Meeting, a final dividend of 82.09 pence per share will be paid on 19 July 2018, to shareholders on the register of members at the close of business on 25 May 2018.

Dividends are declared in sterling and shareholders have the option to elect to receive dividends in either sterling or euro. Shareholders may also elect to receive dividend payments by electronic funds transfer directly into their bank accounts, rather than by cheque. Shareholders should contact the Company's Registrar for details of these options.

The Company is obliged to deduct Dividend Withholding Tax ('DWT') at the standard rate of income tax in Ireland (currently 20%) from dividends paid to its shareholders, unless a particular shareholder is entitled to an exemption from DWT and has completed and returned to the Company's Registrar a declaration form claiming entitlement to the particular exemption. Exemption from DWT may be available to shareholders resident in another EU Member State or in a country with which the Republic of Ireland has a double taxation agreement in place and to non-individual shareholders resident in Ireland (for example companies, pension funds and charities).

An explanatory leaflet entitled 'Dividend Withholding Tax – General Information Leaflet' has been published by the Irish Revenue Commissioners and can be obtained by contacting the Company's Registrar. Declaration forms for claiming an exemption are also available from the Company's Registrar.

Shareholder Information (continued)

CREST
DCC is a member of the CREST share settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of paper share certificates. Shareholders should consult their stockbroker if they wish to hold shares in electronic form.

Where shares are held in CREST, dividends are automatically paid in sterling unless a currency election is made. CREST members should use the facility in CREST to make currency elections. Such elections must be made in respect of entire holdings as partial elections are not permissible.

Financial Calendar

15 May 2018	Final results announcement for 2018
24 May 2018	Ex-dividend date – final dividend
25 May 2018	Record date – final dividend
13 July 2018	Interim Management Statement
13 July 2018	Annual General Meeting
19 July 2018	Proposed payment date – final dividend
13 November 2018	Interim results announcement
December 2018	Proposed payment date – interim dividend
February 2019	Interim Management Statement

Annual General Meeting, Electronic Proxy Voting and CREST Voting
The 2018 Annual General Meeting will be held at The InterContinental Hotel, Simmonscourt Road, Ballsbridge, Dublin 4, Ireland on Friday 13 July 2018 at 11.00 a.m. The Notice of Meeting together with an explanatory letter from the Chairman and a Form of Proxy accompany this Report.

Shareholders may lodge a Form of Proxy for the 2018 Annual General Meeting via the internet. Shareholders who wish to submit their proxy in this manner may do so by accessing the Company's Registrar's website www.eproxyappointment.com, and following the instructions which are set out on the Form of Proxy or in the email broadcast that you will have received if you have elected to receive communications via electronic means.

CREST members who wish to appoint a proxy or proxies via the CREST electronic proxy appointment service should refer to the notes in the Notice of Annual General Meeting or on the Form of Proxy.

DCC Website
Our corporate website, www.dcc.ie, provides access to share price information through downloadable reports and interactive share price tools. The site also provides access to information on the Group's activities, results, annual reports, stock exchange announcements and investor presentations.

Electronic Communications
Following the introduction of the Transparency Regulations 2007, and in order to adopt a more environmentally friendly and cost-effective approach, the Company provides information concerning the Company (such as the Annual Report and Notice of Annual General Meeting) to shareholders electronically via DCC's website, www.dcc.ie, and only sends a printed copy to those shareholders who specifically request a copy. Shareholders who receive information electronically will continue to receive certain communications by post (such as share certificates, dividend cheques, dividend payment vouchers and tax vouchers). Shareholders who wish to alter the method by which they receive communications should contact the Company's Registrar.

Registrar
All administrative queries about the holding of DCC shares should be addressed to the Company's Registrar, Computershare Investor Services (Ireland) Limited, Heron House, Corrig Road, Sandyford Industrial Estate, Dublin 18, Ireland.

Tel: + 353 1 247 5698
Fax: + 353 1 447 5571
www.investorcentre.com/ie/contactus

Investor Relations
For investor enquiries please contact Kevin Lucey, Head of Capital Markets, DCC plc, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Tel: + 353 1 2799 400
email: investorrelations@dcc.ie

Corporate Information

Registered and Head Office
DCC House
Leopardstown Road
Foxrock
Dublin 18
Ireland

Auditors
KPMG
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

Registrar
Computershare Investor Services
(Ireland) Limited
Heron House
Corrig Road
Sandyford Industrial Estate
Dublin 18
Ireland

Bankers
Allied Irish Banks
Bank of Ireland
Bank of America Merrill Lynch
Bank of China
Barclays
BNP Paribas
Danske Bank
Deutsche Bank
HSBC
ING Bank
J.P. Morgan
KBC Bank
MUFG Bank
Nordea
PNC Bank
Rabobank
Royal Bank of Scotland Group
Société Générale
Standard Chartered Bank

Solicitors
William Fry
2 Grand Canal Square
Dublin 2
Ireland

Pinsent Masons
1 Park Row
Leeds LS1 5AB
England

Stockbrokers
Davy
49 Dawson Street
Dublin 2
Ireland

J.P. Morgan Cazenove
25 Bank Street
Canary Wharf
London E14 5JP
England

Independent Limited Assurance Report to DCC plc

KPMG ('we') were engaged by DCC plc ('DCC') to provide limited assurance over the Selected Information described below for the year ended 31 March 2018.

Our conclusion

Based on the work we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information has not been properly prepared, in all material respects, in accordance with the Reporting Criteria.

This conclusion is to be read in the context of the remainder of this report, in particular the inherent limitations explained below and this report's intended use.

Selected Information

The scope of our work includes only the information included within the Responsible Business Report ('the Report') of the DCC Annual Report and Accounts for the year ended 31 March 2018 marked with the symbol Δ ('the Selected Information').

We have not performed any work, and do not express any conclusion, over any other information that may be included in the Report or displayed on DCC's website for the current year or for previous periods unless otherwise indicated.

Reporting Criteria

The carbon emissions data has been evaluated against DCC's Carbon Reporting Criteria as set out at https://www.dcc.ie/~/media/Files/D/DCC-v2/documents/pdfs/ghg-reporting-criteria.pdf . The Selected Information needs to be read together with the Reporting Criteria.

We have not performed any work, and do not express any conclusion, over any other information that may be displayed in the DCC Annual Report and Accounts or on the Company's website for the current year or for previous periods unless otherwise indicated.

Inherent limitations

The nature of non-financial information; the absence of a significant body of established practice on which to draw; and the methods and precision used to determine non-financial information, allow for different, but acceptable evaluation and measurement techniques and can result in materially different measurements, affecting comparability between entities and over time.

Directors' responsibilities

The Directors of DCC are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and presentation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- selecting and/or developing objective Reporting Criteria;
- measuring and reporting the Selected Information in accordance with the Reporting Criteria; and,
- the contents and statements contained within the Report and the Reporting Criteria.

Our responsibilities

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Selected Information has been prepared in accordance with the Reporting Criteria and to report to DCC in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

Assurance standards applied

We performed our work in accordance with International Standard on Assurance Engagements 3000 – 'Assurance Engagements other than Audits or Reviews of Historical Financial Information' ('ISAE 3000') and International Standard on Assurance Engagements 3410 – 'Assurance Engagements on Greenhouse Gas Statements' ('ISAE 3410'), issued by the International Auditing and Assurance Standards Board.

The work performed in a limited assurance engagement varies in nature and timing from, and is less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Independence, professional standards and quality control

We comply with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants and we apply International Standard on Quality Control (Ireland) 1, 'Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements'. Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour) as well as applicable legal and regulatory requirements.

Summary of work performed

Considering the level of assurance and our assessment of the risk of material misstatement of the Selected Information, whether due to fraud or error, our work included, but was not restricted to:

- assessing the appropriateness of the Reporting Criteria for the Selected Information;
- conducting interviews with DCC management to obtain an understanding of the key processes, systems and controls in place over the preparation of the Selected Information;
- carrying out four site visits to businesses in United Kingdom and Ireland. These sites contributed to over 60% of the selected information;
- agreeing a selection of the Selected Information to the corresponding source documentation;
- considering the appropriateness of the carbon conversion factor calculations and other unit conversion factor calculations used by reference to widely recognised and established conversion factors;
- re-performing a selection of the carbon conversion factor calculations and other unit conversion factor calculations;
- performing analytical review procedures over the aggregated Selected Information, including a comparison to the prior periods amounts having due regard to changes in business volume and the business portfolio; and
- reading the Report and narrative accompanying the Selected Information in the Report with regard to the Reporting Criteria, and for consistency with our findings.

This report's intended use

This assurance report is made solely to DCC in accordance with the terms of the engagement contract between us. Those terms permit disclosure to other parties, solely for the purpose of DCC showing that it has obtained an independent assurance report in connection with the Selected Information.

We have not considered the interest of any other party in the Selected Information. To the fullest extent permitted by law, we accept no responsibility and deny any liability to any party other than DCC for our work, for this assurance report or for the conclusions we have reached.

KPMG
Dublin
14 May 2018

Alternative Performance Measures

The Group reports certain alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions.

These APMs are primarily used for the following purposes:
- to evaluate the historical and planned underlying results of our operations;
- to set director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The principal APMs used by the Group, together with reconciliations where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Adjusted operating profit ('EBITA')

Definition

This comprises operating profit as reported in the Group Income Statement before net operating exceptional items and amortisation of intangible assets. Net operating exceptional items and amortisation of intangible assets are excluded in order to assess the underlying performance of our operations. In addition, neither metric forms part of Director or management remuneration targets.

Calculation	Reference in Financial Statements	**2018 £'000**	2017 £'000
Operating profit	Income Statement	**295,228**	269,578
Net operating exceptional items	Income Statement	**45,113**	36,297
Amortisation of intangible assets	Income Statement	**43,059**	39,130
Adjusted operating profit – continuing	Income Statement	**383,400**	345,005
Adjusted operating profit – discontinued	Note 2.10	**981**	18,546
Adjusted operating profit (EBITA)		**384,381**	363,551

Adjusted operating profit before depreciation ('EBITDA')

Definition

EBITDA represents earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items. This metric is used to compare profitability between companies by eliminating the effects of financing, tax environments, asset bases and business combinations history. It is also utilised as a proxy for a company's cash flow.

Calculation	Reference in Financial Statements	**2018 £'000**	2017 £'000
Adjusted operating profit (EBITA)	Per above	**384,381**	363,551
Depreciation	Note 2.3	**93,722**	92,015
Adjusted operating profit before depreciation (EBITDA)		**478,103**	455,566

Net interest

Definition

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

Calculation	Reference in Financial Statements	**2018 £'000**	2017 £'000
Finance costs before exceptional items	Income Statement	**(73,156)**	(72,910)
Finance income before exceptional items	Income Statement	**37,421**	40,973
Net interest – continuing		**(35,735)**	(31,937)
Net interest – discontinued	Note 2.10	**(16)**	(163)
Net interest		**(35,751)**	(32,100)

Alternative Performance Measures continued

Interest cover – EBITA Interest Cover

Definition

The EBITA interest cover ratio measures the Group's ability to pay interest charges on debt from operating profits.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
EBITA – continuing	Per above	**383,400**	345,005
Net interest – continuing	Per above	**(35,735)**	(31,937)
EBITA interest cover (times)		**10.7x**	10.8x

Interest cover – EBITDA Interest Cover

Definition

The EBITDA interest cover ratio measures the Group's ability to pay interest charges on debt from cash flows.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
EBITDA	Per above	**478,103**	455,566
Net interest	Per above	**(35,751)**	(32,100)
EBITDA interest cover (times)		**13.4x**	14.2x

Effective tax rate

Definition

The Group's effective tax rate expresses the income tax expense before exceptionals and deferred tax attaching to the amortisation of intangible assets as a percentage of EBITA less net interest.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Adjusted operating profit	Per above	**384,381**	363,551
Net interest	Per above	**(35,751)**	(32,100)
Earnings before taxation		**348,630**	331,451
Income tax expense	Note 2.9	**23,882**	45,869
Exceptional deferred tax	Note 2.9	**25,407**	(1,756)
Deferred tax attaching to amortisation of intangible assets		**9,814**	10,674
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets – continuing		**59,103**	54,787
Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets – discontinued		**164**	3,217
Total Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets		**59,267**	58,004
Effective tax rate (%)		**17.0%**	17.5%

Adjusted earnings per share

Definition

The Group defines adjusted earnings per share as basic earnings per share adjusted for the impact of net exceptional items and amortisation of intangible assets.

Calculation	Reference in Financial Statements	2018 pence	2017 pence
Adjusted earnings per share – continuing	Note 2.12	**317.45**	286.59
Adjusted earnings per share – discontinued	Note 2.12	**0.90**	17.09
Adjusted earnings per share		**318.35**	303.68

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.

Calculation: Revenue – continuing, constant currency	Reference in Financial Statements	2018 £'000	2017 £'000
Revenue – continuing	Income Statement	**14,264,639**	12,269,802
Currency impact		**(296,654)**	–
Revenue – continuing, constant currency		**13,967,985**	12,269,802

Calculation: Adjusted operating profit – continuing, constant currency	Reference in Financial Statements	2018 £'000	2017 £'000
Adjusted operating profit – continuing	Income Statement	**383,400**	345,005
Currency impact		**(8,890)**	–
Adjusted operating profit – continuing, constant currency		**374,510**	345,005

Calculation: Adjusted earnings per share (pence) – continuing, constant currency	Reference in Financial Statements	2018 £'000	2017 £'000
Adjusted earnings – continuing	Note 2.12	**282,864**	254,307
Currency impact		**(6,280)**	–
Adjusted earnings – continuing, constant currency		**276,584**	254,307
Weighted average number of ordinary shares ('000)	Note 2.12	**89,106**	88,735
Adjusted earnings per share (pence) – continuing, constant currency		**310.40p**	286.59p

Dividend cover

Definition

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

Calculation	Reference in Financial Statements	2018 pence	2017 pence
Adjusted earnings per share – continuing	Note 2.12	**317.45**	286.59
Dividend	Note 2.11	**122.98**	111.80
Dividend cover (times)		**2.6x**	2.6x

Net capital expenditure

Definition

Net capital expenditure comprises purchases of property, plant and equipment, proceeds from the disposal of property, plant and equipment and government grants received in relation to property, plant and equipment.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Purchase of property, plant and equipment	Group Cash Flow Statement	**152,997**	143,698
Proceeds from disposal of property, plant and equipment	Group Cash Flow Statement	**(7,617)**	(12,315)
Net capital expenditure		**145,380**	131,383

Free cash flow

Definition

Free cash flow is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after net capital expenditure.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Cash generated from operations before exceptionals	Group Cash Flow Statement	**473,434**	546,870
Net capital expenditure	Per above	**(145,380)**	(131,383)
Free cash flow		**328,054**	415,487

Alternative Performance Measures continued

Free cash flow (after interest and tax payments)

Definition

Free cash flow (after interest and tax payments) is defined by the Group as free cash flow after interest paid, income tax paid, dividends received from equity accounted investments and interest received.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Free cash flow	Per above	**328,054**	415,487
Interest paid	Group Cash Flow Statement	**(69,900)**	(70,108)
Income tax paid	Group Cash Flow Statement	**(65,437)**	(62,180)
Dividends received from equity accounted investments	Group Cash Flow Statement	**1,980**	125
Interest received	Group Cash Flow Statement	**37,399**	40,966
Free cash flow (after interest and tax payments)		**232,096**	324,290

Cash conversion ratio

Definition

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

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Free cash flow	Per above	**328,054**	415,487
Adjusted operating profit	Per above	**384,381**	363,551
Cash conversion ratio (%)		**85%**	114%

Net debt/EBITDA

Definition

The net debt to earnings before net interest, tax, depreciation, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items ('EBITDA') ratio is a measurement of leverage, and shows how many years it would take for a company to pay back its debt if net debt and EBITDA are held constant.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Net debt	Note 3.11	**542,662**	121,949
EBITDA	Per above	**478,103**	455,566
Net debt/EBITDA (times)		**1.1x**	0.3x

Net debt/total equity

Definition

The net debt/total equity percentage is a measure of financial leverage and illustrates the relative proportion of debt that has been used to finance the Group's assets.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Net debt	Note 3.11	**542,662**	121,949
Total equity	Group Balance Sheet	**1,677,917**	1,507,721
Net debt/total equity (%)		**32.3%**	8.1%

Return on capital employed ('ROCE') – continuing

Definition

ROCE represents adjusted operating profit (continuing) expressed as a percentage of the average total continuing capital employed. Total continuing capital employed represents total equity adjusted for net debt/cash, goodwill and intangibles written off, acquisition related liabilities and equity accounted investments. Net operating exceptional items and amortisation of intangible assets are excluded in order to assess the underlying performance of our operations. In addition, neither metric forms part of Director or management remuneration targets.

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Total equity	Group Balance Sheet	**1,677,917**	1,507,721
Net debt (continuing)	Note 3.11	**542,662**	134,748
Goodwill and intangibles written off (continuing)		**271,399**	228,340
Equity accounted investments (continuing)	Group Balance Sheet	**(24,461)**	(24,938)
Acquisition related liabilities (continuing, current and non-current)	Note 3.14	**97,853**	94,917
Net assets of the disposal group		**–**	(126,072)
		2,565,370	1,814,716
Average total capital employed		**2,190,043**	1,698,240
Adjusted operating profit – continuing	Per above	**383,400**	345,005
Return on capital employed (%) – continuing		**17.5%**	20.3%

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	Reference in Financial Statements	2018 £'000	2017 £'000
Net cash outflow on acquisitions during the year	Group Cash Flow Statement	**664,109**	203,327
Cash outflow on acquisitions which were committed to in the previous year		**(341,253)**	(34,372)
Acquisition related liabilities arising on acquisitions during the year	Note 3.14	**27,840**	41,041
Acquisition related liabilities which were committed to in the previous year		**(13,404)**	(14,082)
Amounts committed in the current year		**18,000**	358,000
Committed acquisition expenditure		**355,292**	553,914

Net working capital

Definition

Net working capital represents the net total of inventories, trade and other receivables (excluding interest receivable), and trade and other payables (excluding interest payable, amounts due in respect of property, plant and equipment and current government grants).

Calculation	Reference in Financial Statements	2018 £'000	2017 £'000
Inventories	Note 3.4	**530,473**	456,395
Add: inventories of the disposal group		**–**	1,922
Trade and other receivables	Note 3.5	**1,426,217**	1,222,597
Add: trade and other receivables of the disposal group		**–**	33,264
Less: interest receivable		**(126)**	(223)
Trade and other payables	Note 3.6	**(2,063,260)**	(1,820,517)
Add: trade and other payables of the disposal group		**–**	(35,741)
Less: interest payable	Note 3.6	**4,775**	4,534
Less: amounts due in respect of property, plant and equipment	Note 3.6	**10,671**	6,349
Less: government grants	Note 3.6	**9**	9
Net working capital		**(91,241)**	(131,411)

Alternative Performance Measures continued

Working capital (days)

Definition

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

Calculation	Reference in Financial Statements	**2018 £'000**	2017 £'000
Net working capital	Per above	**(91,241)**	(131,411)
March revenue		**1,418,988**	1,223,575
Working capital (days)		**(2.0 days)**	(3.3 days)

5 Year Review

Group Income Statement Year ended 31 March	2014 £'m	2015 £'m	2016 £'m	2017 £'m	2018 £'m
Revenue	11,210.8	10,749.4	10,601.1	12,445.0	14,294.3
Adjusted operating profit	207.3	228.2	300.5	363.6	384.4
Exceptional items	(13.3)	(8.7)	(14.6)	(36.3)	(15.3)
Amortisation of intangible assets	(20.4)	(25.4)	(31.6)	(39.2)	(43.0)
Operating profit	173.6	194.1	254.3	288.1	326.1
Finance costs (net)	(23.5)	(31.3)	(38.4)	(22.0)	(35.5)
Share of equity accounted investments	0.9	0.5	0.5	0.7	0.4
Profit before tax	151.0	163.3	216.4	266.8	291.0
Income tax expense	(27.1)	(18.9)	(35.4)	(49.1)	(24.1)
Non-controlling interests	(2.7)	–	(3.0)	(1.5)	(5.1)
Profit attributable to owners of the Parent Company	121.2	144.4	178.0	216.2	261.8
Earnings per share					
– basic (pence)	144.70p	171.97p	202.64p	243.64p	297.99p
– basic adjusted (pence)	191.20p	209.19p	257.14p	303.68p	318.35p
Dividend per share (pence)	76.85p	84.54p	97.22p	111.80p	122.98p
Dividend cover (times)	2.5	2.5	2.6	2.7	2.6
Interest cover (times)*	9.7	7.8	10.4	11.3	10.8

* excludes exceptional items.

Group Balance Sheet As at 31 March	2014 £'m	2015 £'m	2016 £'m	2017 £'m	2018 £'m
Non-current and current assets:					
Property, plant and equipment	464.9	464.7	739.5	750.0	933.0
Intangible assets	742.5	759.2	1,297.1	1,422.6	1,937.0
Equity accounted investments	6.1	5.0	22.1	24.9	24.5
Cash/derivatives	1,019.5	1,499.4	1,407.5	1,340.1	1,150.0
Other assets	1,470.6	1,189.5	1,331.3	1,894.8	1,982.8
Total assets	3,703.6	3,917.8	4,797.5	5,432.4	6,027.3
Equity	946.3	987.0	1,350.5	1,507.7	1,677.9
Non-current and current liabilities:					
Borrowings/derivatives	1,106.8	1,471.8	1,462.0	1,474.8	1,692.7
Retirement benefit obligations	16.0	10.2	0.3	–	(0.3)
Other liabilities	1,634.5	1,448.8	1,984.7	2,449.9	2,657.0
Total liabilities	2,757.3	2,930.8	3,447.0	3,924.7	4,349.4
Total equity and liabilities	3,703.6	3,917.8	4,797.5	5,432.4	6,027.3
Net (debt)/cash included above	(87.3)	30.0	(54.5)	(121.9)	(542.7)

Group Cash Flow Year ended 31 March	2014 £'m	2015 £'m	2016 £'m	2017 £'m	2018 £'m
Operating cash flow	346.9	377.8	411.7	546.9	473.3
Capital expenditure	78.6	79.4	134.2	131.4	145.4
Acquisitions	50.1	123.5	394.0	262.4	691.0

Other Information	2014	2015	2016	2017	2018
Return on capital employed (%)	16.3%	18.9%	21.0%	19.8%	17.5%
Working capital (days)	(0.6)	(4.9)	(3.9)	(3.3)	(2.0)

Index

Notes

MIX
Paper from
responsible sources
FSC® C023105

FSC
www.fsc.org

Designed and produced by emperor
Visit us at emperor.works

DCC plc,
DCC House,
Leopardstown Road,
Foxrock, Dublin 18,
Ireland

Tel: + 353 1 279 9400
Email: info@dcc.ie

www.dcc.ie