DCC plc Annual Report and Accounts 2020

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

DCC is an ambitious and entrepreneurial business operating in 20 countries, supplying products and services used by millions of people every day. Building strong routes to market, driving for results, focusing on cash conversion and generating superior, sustainable returns on capital employed enable the Group to reinvest in its business, creating value for its stakeholders.

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

Strategic Report

Governance

Financial Statements

Supplementary Information

DCC at a Glance ↘

DCC at a Glance

Our Purpose

Enabling people and businesses to grow and progress.

Our Values

Safety, Integrity, Partnership, Excellence.

Our Strategy

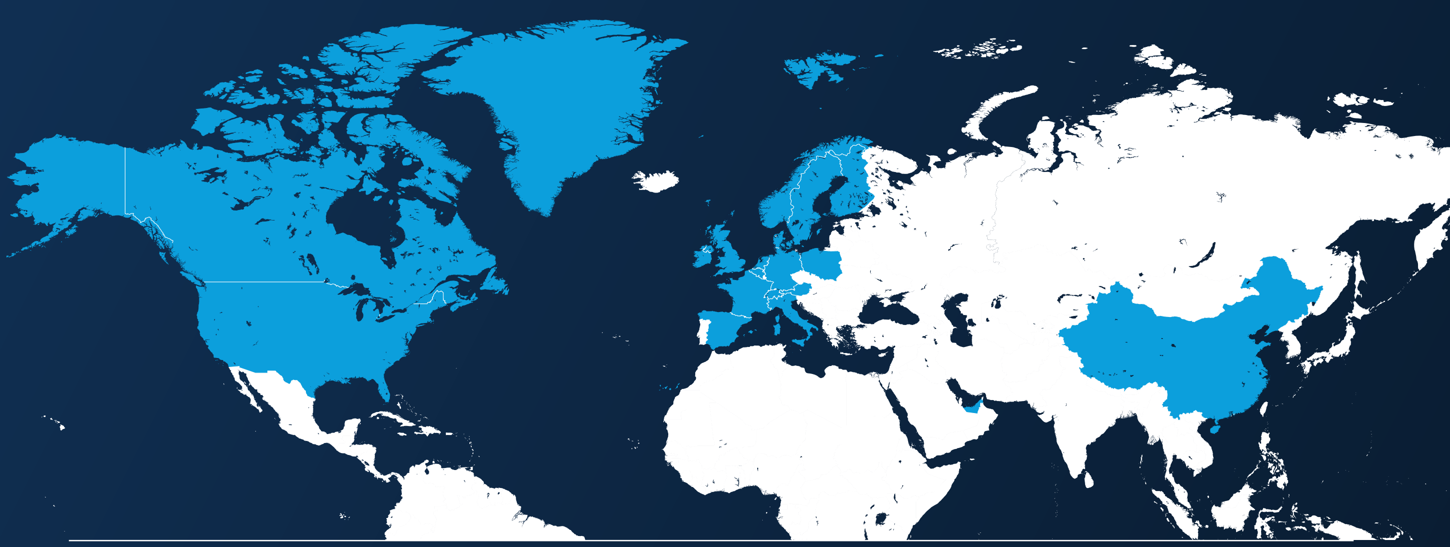
Our objective is to continue to build a growing, sustainable and cash generative business which consistently provides returns on capital employed significantly ahead of its cost of capital.

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

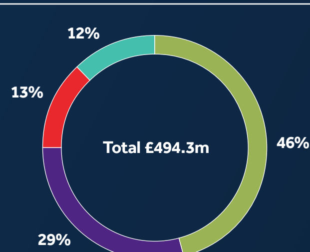
Read more: **Strategy** on **page 2**

Our Locations

The Group operates in 20 countries.

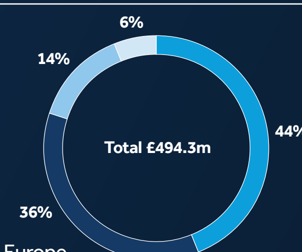


Profit by division



- DCC LPG
- DCC Retail & Oil
- DCC Technology
- DCC Healthcare

Profit by geography



- Continental Europe
- UK
- Rest of World
- Ireland

Our divisions

Read more on **page 48**

The Group is organised and managed across four divisions and employs over 13,200 people.

LPG

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

Volume (tonnes) +4.7%	Operating profit +13.1%
2.2m	£228.2m

Customers	Trucks	Employees	Owned facilities
740k	1,400	2,900	212

Read more on **page 48**

Retail & Oil

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

Volume (litres) -4.3%	Operating profit +4.9%
11.6bn	£140.3m

Customers	Trucks	Employees	Retail sites
900k	1,000	3,500	1,085

Read more on **page 54**

Technology

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

Revenue +7.8%	Operating profit +1.0%
£3.9bn	£65.3m

Customers	Brands	Employees	Capacity (m²)
50k	2,400	4,200	230k

Read more on **page 60**

Healthcare

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

Revenue +0.3%	Operating profit +0.3%
£578.1m	£60.5m

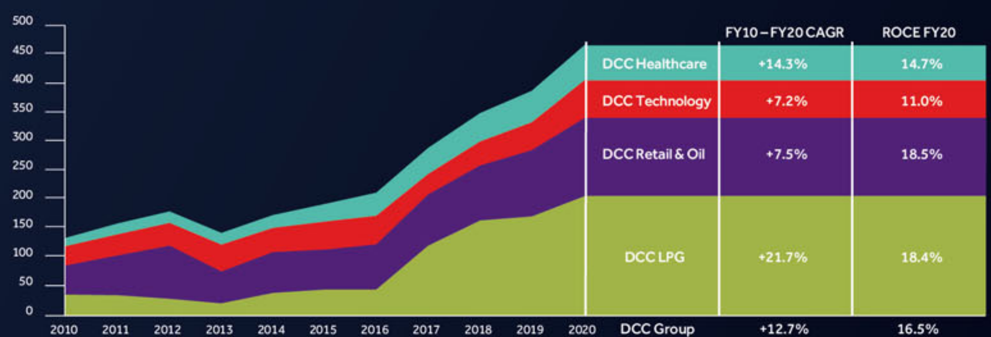
Customers	SKUs	Employees	CMO facilities
30k	42k	2,600	8

Read more on **page 66**

Why diversity works for DCC

Significant operating profit growth across all divisions.

Operating profit FY10 – FY20 (£'m) 10 year CAGR: 12.7%



- **Organic and acquisitive growth**
- **Optionality in capital allocation**
- **Maintaining returns discipline**
- **Facilitates geographic expansion across the Group**
- **Growing our opportunity set in attractive markets**

Highlights of the Year

Strong trading performance, excellent cash flow and continued acquisition activity

The Group recorded a strong performance in the year ended 31 March 2020 with all divisions delivering growth, notwithstanding the challenging market conditions experienced during the year including Brexit uncertainty and the emergence of the Covid-19 pandemic. The results reflect the continued successful execution of our strategy, and in particular:

- All divisions recorded profit growth with Group adjusted operating profit[1] 7.3% ahead of the prior year at £494.3 million.
- Adjusted earnings per share[1] up 1.3% to 362.6 pence.
- Continued very strong free cash flow performance, with conversion of adjusted operating profit[1] into free cash flow of 100% and return on capital employed[2] of 16.5%.
- Another active period of development for DCC with approximately £170 million of capital committed to new acquisitions, including DCC Healthcare expanding its presence in the US nutritional market with the acquisitions of Ion Labs and Amerilab and continued bolt-on acquisition activity across all divisions.
- A proposed final dividend of 95.79 pence per share, a 2.6% increase on the prior year, which will see the total dividend for the year increase by 5.0%. This represents the 26th consecutive year of dividend growth since DCC listed in 1994.
- The Covid-19 pandemic and the global measures being taken to mitigate its impact have resulted in unprecedented change for DCC's employees, customers and business operations. All DCC operations, deemed essential operations by local governments, have successfully invoked their business continuity plans and are operating effectively, albeit in a much-changed environment. Protecting the health, safety and well-being of employees, and ensuring the continued supply of our essential products and services to customers, while maintaining DCC's very strong financial position, are the Group's key priorities at this time.
- DCC has a resilient business model, leading market positions and an extremely strong balance sheet and is well positioned to continue its growth and development into the future.

Revenue -3.1%

£14.8bn

Adjusted operating profit[1] +7.3%

£494.3m

Adjusted EPS[1] +1.3%

362.64p

Dividend per share +5.0%

145.27p

Free cash flow

£492.3m

Return on capital employed[2]

16.5%

Read more: **KPIs** on **page 14**

1. 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 232 to 236.
2. Return on capital employed excludes the impact of the adoption of IFRS 16 *Leases*. See APMs on page 235 for further information.

Strategy
Sustainable Growth

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

Strategic Priorities	What this means for DCC	Examples of Progress in 2020
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 share organically and via value enhancing acquisitions. We have a long and successful track record of acquisitions which have strengthened our market positions and generated attractive returns on capital invested.	The Group maintained or increased market share in the primary markets in which it operates. This was achieved through good organic growth and contributions from acquisitions in the current and prior year. The acquisitions by DCC Healthcare of Ion Labs and Amerilab represent a material step into the US market which is highly innovative, fragmented and growing strongly and, we believe, presents an exciting opportunity for the Group to develop, both organically and through acquisition, a leading market position in this attractive market.
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.	DCC LPG has become the first gas supplier in the UK to use bio-LNG trucks within its own fleet, demonstrating leadership in alternative fuels and driving increased efficiency in the fleet. DCC Retail & Oil has driven digital improvements in the traditional home heating oil ordering process in the UK which now includes the ability to track orders online. DCC Technology continued to drive warehouse efficiencies, investing in automation across our businesses in North America to drive efficiency and enhance customer service. Leveraging investments in automation, DCC Healthcare's Health & Beauty Solutions business enhanced its customer mix towards premium, complex products for leading international brands.
Innovation	Fostering and supporting a culture of innovation within the Group's businesses is fundamental to winning in our chosen markets in a rapidly changing, digitally enabled environment. We challenge each Group business to be innovative in continuously evolving our offering to existing and new customers, enhancing the value of our partnerships with key suppliers and advancing the efficiency, responsiveness and excellence of operations.	DCC LPG has introduced bio-LPG into its product offering across several geographies including France, Britain and Ireland. While still an emerging fuel, this product enables customers to immediately replace their consumption of traditional fuel with a renewable product without the need to change their existing infrastructure. DCC Retail & Oil has launched a new digital, subscription-based car wash offer in Denmark and the growing Club Certas loyalty programme in France was extended to the car wash business. In developing its 'As A Service' propositions, DCC Technology is supporting a leading video on demand service with variable capacity for video storage. DCC Healthcare, through DCC Vital's internal innovation process, developed a new product to protect the patient's eyes during surgery and worked with a specialist manufacturer to help bring the product to market. This product enhances patient care by helping clinicians reduce the risk of eye injury, while also being gentle to the patient's skin.
Extend our geographic footprint	In recent years we have been expanding a number of the Group's businesses into new geographic markets which 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.	DCC Healthcare's acquisitions during the year in the US of Ion Labs and Amerilab were material steps in the division's strategy to build a business of scale in the world's largest health supplements and nutritional products market. The completion of the acquisition of Pacific Coast Energy represents DCC LPG's first material bolt-on in the US LPG market and strengthens our position in the north-west of the US.
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.	We continued to build on and evolve our suite of leadership development programmes during the year including: • the development of a new customised business leadership programme in partnership with Ashridge Hult Business School; • the introduction of a new Management Essentials programme, which can be delivered in multiple languages across our businesses to support ongoing professional development at manager level; and • increasing the number of DCC executive skills programmes undertaken in coaching for high performance and finance. These programmes are attended by a range of high performers from different parts of our business and support our ambition to continue to develop our leadership bench strength with a pipeline of talented, entrepreneurial leaders.
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.	An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet. At 31 March 2020, DCC had net debt (excluding lease creditors) of £60.2 million, approximately 0.1 times Net Debt to EBITDA (versus a debt covenant of 3.5 times) and had cash on the balance sheet of £1.7 billion and undrawn, committed debt facilities of c.£350 million. DCC's extremely strong financial position leaves the Group very well positioned to navigate the uncertainty created by the Covid-19 pandemic and to continue its growth and development in the coming years.

Priorities for 2021

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

DCC LPG will continue to drive further efficiencies across its tanker fleets alongside continued IT investment and the development of its strategic sourcing site in the UK. DCC Retail & Oil will focus on improving operational efficiencies, enhancing the customer experience, and further streamlining its portfolio and operations. In DCC Technology, further investment will be made in warehouse automation and layout optimisation to drive efficiencies. DCC Healthcare continues to progress a number of investment projects across its warehouse operations in Britain, including a reconfiguration of its warehouse picking and packing operation in its primary care business in south Wales, which will deliver improved efficiency and throughput as well as capacity for further growth.

DCC LPG's focus will be on further incorporating innovative new fuels for customers into the product mix and working with customers to help them reduce their carbon footprint. DCC Retail & Oil will continue to focus on improving the customer experience through automation and digitalisation: initiatives include further advancements to our loyalty programme and continuing to develop the retail experience. DCC Retail & Oil also remains focused on the premium fuel agenda across the product portfolio. DCC Technology will continue to develop its range of service offerings, helping customers with 'As A Service' models and supporting longer technology lifecycles. DCC Healthcare, through Health & Beauty Solutions, offers its customers innovative nutritional formats; further development of new product formats is ongoing and is being offered to customers.

The acquisitions completed during the year 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.

Our people are the key driving force behind our businesses, and we will continue to support and foster a culture of growth and opportunity through our ongoing talent development activities. We recognise the impact of an inclusive and diverse workforce and have a clear roadmap to embed a focus on inclusion and diversity within our businesses for 2021 and beyond.

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.

Strategy in action

LPG as a transition fuel

Tamnavulin distillery were keen to investigate how they could save on their fuel costs and reduce their carbon emissions by switching to gas.

Read more on **page 38**

Strategy in action

Enabling the digital revolution

During the year, DCC Technology has made extensive progress in both the 'clicks' and 'mortar' space accelerating the digital retail revolution, enabling our customers and vendors to thrive in both traditional bricks-and-mortar and eCommerce platforms.

Read more on **page 42**

Business Model

How we create, sustain and share value

Our Purpose

Our purpose is to enable people and businesses to grow and progress. We are inspired to help others achieve more and we strive to be an integral part in helping and supporting the success of others – our employees, our customers, our business partners and our stakeholders.

Achieved through applying our strategic framework

Market leading positions

Operational excellence

Innovation

Extend our geographic footprint

Development of our people

Financial discipline

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

And underpinned by 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

Our key resources and relationships

People

DCC at its core is a people business; it is a multinational and multicultural Group, employing over 13,200 people in 20 countries. The Group's continued success depends on a skilled, engaged and inclusive workforce to deliver the right products and services, safely and on time, to our customers every day.

Customers

We have a broad spectrum of customers, supporting everyone from major corporations and governments to sole traders and individual consumers. We are a trusted partner to over 1.5 million customers.

Suppliers

We partner with thousands of the world's leading energy, technology and healthcare companies, giving us access to a diverse and broad range of quality products. Our suppliers are carefully selected, and our aim is to create long-term sustainable relationships.

Financial

The Group has a strong and liquid balance sheet which enables us to react quickly to commercial opportunities. At 31 March 2020, the Group had net debt (excluding lease creditors) of £60.2 million, total equity of £2.5 billion and cash resources of £1.7 billion.

Infrastructure

We are well positioned to execute our strategy, having robust, well-invested operating platforms, a diverse geographical footprint across 20 countries and the capacity and appetite to invest further in these facilities.

Intellectual

The quality of our own brands, third-party brands, licences and processes provide significant competitive advantage. We foster and support a culture of innovation across the Group and constantly challenge each business to identify and implement innovative and effective solutions in a rapidly changing, digitally enabled environment.

Our business activities

Our Group operates across four separate divisions. Although we are a diverse mix of businesses, we all have a common purpose of providing the essential products and services that our customers require to keep moving and improving.

We combine our strengths to better connect people and businesses with essential energy, technology and healthcare products and services across the following divisions:

LPG | **Retail & Oil** | **Technology** | **Healthcare**

Read more: **Operating Reviews** on **pages 48 to 73**

We support our businesses

We operate a devolved management structure which allows our businesses to drive innovation in their chosen markets and to be agile and responsive to changes in customer needs. Our businesses are supported by centralised functions which provide vital growth enablers across best practice, talent development, risk management and capital allocation, together with setting a consistent strategic direction.

Growth is at the core of who we are and what we do

Since the very beginning of our business we have always had an absolute focus on doing more, reaching more, and unlocking potential to deliver long-term sustainable growth.

We are structured for growth. We drive organic growth within our businesses by fostering a culture of high performance and entrepreneurship in our teams. This organic growth, together with the cash generative nature of our businesses, facilitates ongoing investment in our people and in our operations. This is supported by disciplined and selective capital redeployment for expansion and new acquisitions, allowing us to sustain our growth model.

Since we floated as a public company in 1994, the Group has generated operating cash flows of £5.7 billion which has been used to invest further in organic growth of £1.4 billion and to complete c.280 acquisitions at a cost of £3.3 billion. We currently have operations in 20 countries and have the platforms, opportunities and capability for further development across each of our divisions.

Sharing value

Shareholders

We are committed to delivering long-term value to our shareholders and sharing in our success through our progressive dividend policy. We have an unbroken record of dividend growth and a compound average dividend growth rate of 14.0% over 26 years.

Dividend to shareholders

£144m (2019: £136m)

Employees

We invest in our people throughout their careers to ensure they are engaged and fully equipped to perform their roles. Our working environments are safe and inclusive, and people are empowered and enabled to develop personally and professionally. We provide competitive rewards and benefits that are clearly linked to performance and offer opportunities for further career development.

Employee payments

£598m (2019: £573m)

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

£61m (2019: £56m)

Business partners

Our businesses supply essential products and services to our customers. 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. We endeavour to support our suppliers and customers to improve the sustainability of their businesses.

Goods, services and interest

£13.7bn (2019: £14.3bn)

Communities

Our products and services enable and promote economic activity in our communities. Our businesses are required to manage their activities to support long-term environmental sustainability and we are committed to continually improving our environmental performance through careful management of our operations. We partner with a number of charities and encourage our people to engage in volunteer work, thereby benefiting local communities.

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

£234m (2019: £223m)

Chairman's Statement

A further year of strong growth and development activity

"Our purpose, coupled with our guiding values, will sustain and underpin the Group in the years ahead."

John Moloney
Chairman

Dear Shareholder,

Performance

I am pleased to report to you that in a year that saw continuing uncertainty surrounding Brexit and the impact of the Covid-19 pandemic in the final quarter, DCC achieved a strong trading performance, with adjusted operating profit up 7.3% and adjusted earnings per share up by 1.3%.

Return on capital employed, a key metric for the Group, was 16.5%. The strong conversion of adjusted operating profits to free cash flow continued, at 100%.

At year end, the Group had net debt of £60.2 million (excluding lease creditors), cash resources of £1.7 billion and total equity of £2.5 billion. The maintenance of a strong and liquid balance sheet has always been a hallmark of the Group and is particularly important as we continue to deal with both the immediate impact and the likely recessionary aftermath of the Covid-19 pandemic.

Shareholder Returns

The Board is recommending a final dividend of 95.79 pence per share. This brings the total dividend per share for the year ended 31 March 2020 to 145.27 pence per share, up 5.0% on the previous year, so continuing our record of 26 years of uninterrupted dividend growth.

The total return to shareholders in the last 10 years has been 274%, taking account of growth in our share price and dividends paid.

Strategy

Our core strategy continues to be to build a growing, sustainable, cash generative business which consistently provides our shareholders with returns on capital employed significantly ahead of our cost of capital.

Our enhanced balance sheet strength and financial resources allow for a continuation of our targeted acquisition strategy. We committed a further c.£170 million of acquisition capital across our four divisions in the year.

The Strategy in Action section on pages 38 to 47 demonstrates how elements of our strategy were executed during the year with a particular focus on innovation and the end user.

Covid-19 Impact

The Covid-19 pandemic emerged through our year end as a major global challenge. Civil society and business has been compelled to change and adapt at great speed to a new reality. At DCC, our primary concern has been two-fold (i) the safety, health and well-being of our employees and (ii) continuing to meet the needs of our customers, particularly in regard to essential supplies across areas such as energy, healthcare and technology/connectivity. With our devolved and empowered business model across four divisions, I believe that the Group has demonstrated great reserves of agility and resilience to adapt at pace to a changing environment. More will be required as we progress through 2020 but I believe that the business is as well positioned as it can be to sustain itself in challenging times.

Board Composition and Renewal

A main area of focus continues to be Board composition and renewal. On 24 February 2020, we announced that Fergal O'Dwyer, who has been Chief Financial Officer since 1994, is retiring from the Group after 31 years of service at the conclusion of the Annual General Meeting on 17 July 2020.

Fergal will be succeeded by Kevin Lucey, Head of Capital Markets, who will be appointed to the Board of DCC as Chief Financial Officer and an Executive Director on 17 July 2020. I want to sincerely acknowledge Fergal's outstanding track record in the financial leadership of the Group. His exceptional commitment and dedication over many years has contributed greatly to the successful growth and development of DCC. Further details on this change is set out in the Nomination and Governance Committee Report on page 101.

We were delighted to welcome Caroline Dowling as a non-executive Director in May 2019. Caroline's extensive experience in the technology industry across the supply chain, in particular in the electronic, technical and logistics service sectors, is particularly relevant to DCC.

In April 2020, we welcomed Tufan Erginbilgic to the Board as a non-executive Director and his leadership experience and expertise in the downstream global fuels, lubricants and petrochemicals businesses will deepen Board knowledge and insight in regard to key sectors in which DCC operates.

Leslie Van de Walle will not be seeking re-election at the 2020 AGM and will retire from the Board as a non-executive Director, Senior Independent Director and Chairman of the Remuneration Committee on 17 July 2020. I would like to thank Leslie, who has contributed greatly to our Board over almost 10 years, and wish him every success in the future.

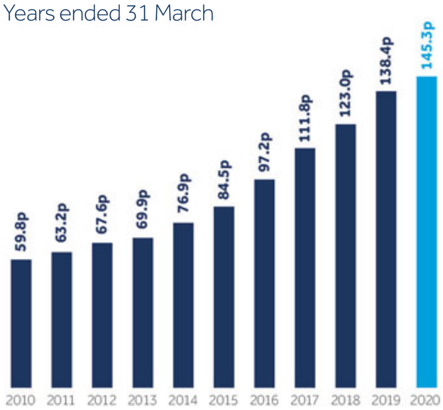
Leslie will be succeeded as Senior Independent Director by Mark Breuer and as Chairman of the Remuneration Committee by David Jukes.

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

The Nomination and Governance Committee has taken account of the provisions in respect of Board tenure in the UK Corporate Governance Code ('the Code'), and Leslie Van de Walle, Senior Independent Director, is leading the Committee in progressing a comprehensive Chairman succession process, which Mark Breuer will continue when Leslie retires in July.

Dividend (pence)

Years ended 31 March



Total Shareholder Return ('TSR')

TSR over 10 years: 274%

The chart above shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2010.

Our core values

SAFETY

For us, safety comes first
Our main priority is the safety of our employees, contractors, customers and other persons who may be affected by our business activities. Safety is a key focus for Board and management across all of our operations and in particular with regard to our 13,200 employees.

INTEGRITY

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

PARTNERSHIP

We are stronger together
Our business is all about creating sustainable partnerships with customers and suppliers.

EXCELLENCE

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

Purpose
A detailed review of DCC's organisational purpose was conducted during the year. As a Group with core involvements in sales, marketing and distribution across a number of sectors, we, in so many ways, connect the 'few' manufacturers/suppliers to the 'many' customers/consumers in our chosen geographies.

We facilitate range and choice across products for heating, cooking and transportation as well as nutrition and healthcare and enabling access to wide-ranging technology products delivering communications, security and connectivity.

Our purpose of 'enabling people and businesses to grow and progress', coupled with our guiding values of safety, integrity, partnership and excellence, will sustain and underpin the Group in the years ahead.

Values
DCC's core values of safety, integrity, partnership and excellence are embedded in the Group's DNA and they define how DCC's businesses operate. These values are continually communicated Group-wide and promoted by the Group's management teams to guide our employees in the way we do business, particularly as we expand into new geographies and embed new cultures.

Our core values underpin our wider societal responsibilities and strongly support our effectiveness as a business.

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

Taking account of the provisions in the Code relating to culture, the Board has been assessing culture during the programme of non-executive Director visits to sites and operations across the Group and as part of a a number of Board meetings which took place at Group companies in Canada and the UK.

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

Our people are the key driving force behind our businesses. We recognise the impact of an inclusive and diverse workforce and have a clear roadmap to focus on this in the coming year and beyond.

Looking Ahead
DCC has created a strategy and business model that has delivered for shareholders over 26 years. Our diverse business model is flexible and adaptable over time and we believe that we can continue to deliver satisfactory returns in our chosen sectors. We have increased our global reach in 2020, particularly in the US. These developments further our potential to expand in the future.

The maintenance of a strong and liquid balance sheet will remain an integral part of the Group's strategy.

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

John Moloney
Chairman
18 May 2020

Chief Executive's Review

Q&A with Chief Executive Donal Murphy

Donal Murphy reflects on the year and answers some key questions about DCC.

"Diversity and agility deliver despite the very challenging environment."

Donal Murphy
Chief Executive

Q
What were the significant highlights of the year?

Let me start with the trading performance; despite the very challenging environment, uncertainty surrounding Brexit and the onset of Covid-19 in our final quarter, it has been another year of strong growth and development for DCC. Group adjusted operating profit increased by 7.3% to £494.3 million, demonstrating the resilience of DCC's business model. Pleasingly, all four divisions achieved operating profit growth over the prior year. While our adjusted earnings per share only increased by 1.3%, this reflects the strong earnings growth offset by the dilutive effect of the equity placing in the prior year and the impact of the adoption of IFRS 16. We continued our trend of generating very strong free cash flow with an excellent 100% conversion of operating profit to cash during the year, a really stellar performance as many of our markets were in lockdown during the run up to the year end. Finally, our return on capital employed, DCC's key operating metric, remained strong at 16.5%.

Looking across the divisions, we were particularly pleased with the strong organic performance in our LPG division, reflecting our continued success in oil to LPG conversions as we support our customers in reducing both their carbon emissions and their costs by moving to our lower carbon LPG products. We also had a strong performance in our natural gas and power business. In Retail & Oil, we generated good organic profit growth as we continued to increase our penetration of differentiated/premium fuels, expanded our retail and truck stop networks and significantly increased the scale and breadth of our lubricants business. While the Technology division was significantly impacted by the very challenging trading environment in the UK, the division delivered growth, benefiting from the material expansion of our business in Europe and North America in the last 18 months. Finally, DCC Healthcare generated very good like-for-like profit growth, with a strong organic performance in DCC Vital and a significant expansion of our Health & Beauty Solutions business in the US nutritional market.

In terms of acquisition activity, the highlight of the year was the material expansion of our nutritional business in the US market. DCC acquired Ion Labs in November 2019 and Amerilab Technologies in March 2020, adding important new customer relationships and enhancing our product format capability. DCC now has a substantial presence in the US, the world's largest health supplements and nutritional products market, and we are well positioned to continue our expansion in this fast growing, innovative and highly fragmented market.

Our people are always a highlight for me and this year was no different. We continued to build on our core values of Safety, Integrity, Partnership and Excellence and we made good progress during the year in enhancing our safety culture across the organisation and ensuring that we protect the health, safety and well-being of all 13,200 colleagues across the Group. This was particularly evident with the advent of the Covid-19 crisis and I am particularly proud of how all our people adapted as we successfully implemented our business continuity plans across all businesses and countries that DCC operates in and continued to supply the essential healthcare, energy and technology products and services that our customers require (more about this later).

Finally, one low light is the upcoming retirement from DCC of my good friend and colleague, our CFO, Fergal O'Dwyer. Fergal joined DCC 31 years ago and has been the only CFO in DCC during its 26 years as a public company. Fergal has played an integral part in the exceptional growth of the Group over this time. During his tenure as CFO, the Group has grown from strength to strength; revenue has grown from £200 million to £14.8 billion, operating profit from £17 million to £494 million and Total Shareholder Returns have been 6,163%, while always maintaining a very strong and liquid balance sheet. This long and successful track record of exceptional financial performance is testament to his leadership and his commitment to the growth and development of the Group. Fergal's relentless focus on leadership and team development ensured that we had an excellent internal successor, Kevin Lucey, within the strong team and I look forward to partnering with Kevin in the years to come.

We will all miss Fergal greatly and wish him every success in all his future endeavours.

Q Why is diversity so important to DCC?

Diversity in all aspects is very important to DCC and the diversity in our business model is one of the keys to our success. Diversity enables us to generate opportunities for growth across a range of sectors and geographies, while continuing to leverage a core set of capabilities in sales, marketing and support services. This diversity also drives resilience for the Group by creating greater optionality and the ability to flex in line with different market trends. The importance of diversity and the resilience it gives us was again evident this year in the very challenging macro-economic environment we operated in.

When I joined the Group in 1998, DCC's largest division was the Technology division. At that time, some investors were encouraging us to concentrate on the fast-growing technology sector and reduce our focus on our smaller energy sector. We were committed to diversity then, as we remain committed now, and this proved to be crucial to our success.

DCC is a very disciplined group, with a long history of generating excellent returns and deploying capital in value-enhancing acquisitions. We ensure that our businesses have clear strategies and avoid short-term reactions or active portfolio management which could lead to missing out on bigger trends and opportunities. We focus instead on consistently growing each of our four divisions, in line with our divisional strategies, over the long-term. In 2011, it would have been hard to predict that the LPG division would become the largest profit contributor in the Group. At that point, for 35 years we had been building our business in Britain and Ireland only, but in the last six years we have grown that business to 10 countries in three continents and 46% of Group profits.

Diversity really works for us. Over the last 26 years we've grown our adjusted operating profits at a compound rate of 14.5% per annum but the growth rates have varied across the different divisions, principally driven by the opportunities to deploy capital. Today, DCC has the platforms, the opportunities and the capabilities to build the Group into a global leader in its chosen sectors and our diversity will help us accelerate that growth.

Q DCC has published its purpose statement for the first time in this report. How is the statement unique to DCC and will it really make a difference?

Purpose reinforces who we are and what we stand for. It is a way of capturing in a few words the elements that are fundamental to us as an organisation. In a large, diversified group, this helps as a simple guide to our strategic priorities and it creates a connection across the diverse activities that we do as a Group. It helps external stakeholders to better understand what drives and motivates us, since it reflects real beliefs that we hold about the essence of our Group. All stakeholders – from employees to investors to customers to regulators – now demand that a modern business can reflect on the key elements it stands for and embed those in how it operates. There should be nothing surprising in our statement because it is a simple reflection of the nature of our business as an enabler of others.

Our purpose statement has three main elements. First, that we truly exist to enable the success of others. Second, that much of what we do is in the essential, everyday things that people, and businesses, need. And finally, that we are always looking for the new and the innovative ways that progress and improve. This is important because as a Group operating across a number of sectors, these three elements consistently describe why we do what we do. As we went through the process of defining this statement, these themes were regularly emphasised by colleagues at all levels across DCC.

While our businesses will continue to have their own local identities and cultures, the DCC purpose is a unifying statement that simplifies what is important to us as a Group. It is consistent with our values and with the principles of how we have grown the organisation. As we continue to grow, it is important to retain these principles and our purpose communicates these messages simply for our colleagues across the Group, customers of our businesses, our partners and other key stakeholders: "We are enabling people and businesses to grow and progress".

Q What is the impact of energy transition on the Group?

Energy transition is crucially important in combating climate change. It will require all aspects of society to make changes to how energy is consumed. DCC has a unique and important role to play in progressing energy transition. Calculating and then changing energy consumption can be complex; we help to make this simple. Understanding true alternative energy products and their costs can be confusing; we help by providing real and clear choices.

We are doing this today. Our LPG division has for several years been a market leader in oil to LPG conversions which enables customers to drive an immediate reduction in their carbon footprint of up to 25% and significant reductions in other emissions which contribute to air pollution. This type of solution has a significant impact, particularly for commercial customers who have higher energy intensity.

For many customers, particularly in home heating, changing your energy source outright is no small feat. Recognising this, our Austrian business, Energie Direct, has developed a popular home heating oil solution that uses additives in the fuel to enable more efficient consumption and is packaged with full carbon offsets to help the customer mitigate their carbon footprint. The business is also in the process of launching an enhanced remote monitoring and re-ordering technology solution which will provide customers with greater transparency and understanding of their energy consumption.

Transport energies are also evolving. In certain markets, such as Norway, electric passenger cars are becoming commonplace on the roads. Our retail network is evolving with these trends both by beginning to offer high capacity charging in key markets and by broadening the range of services that a customer can avail of on our forecourts. For heavy duty vehicles and marine customers, we have partnered closely with Shell to bring their GTL fuel to market in the UK and Denmark. This drop-in replacement for diesel engines is cleaner burning and reduces many of the emissions that cause local air pollution.

While we are absolutely focused on helping others drive progress in energy transition, we are also committed to leading by example.

Chief Executive's Review continued

In Scandinavia, our QStar business is already running several trucks on HVO (hydrotreated vegetable oil, a low carbon alternative to diesel) and, in Britain, Flogas has introduced tankers running on bio-LNG (bio methane liquefied natural gas) to their fleet. These are good first steps and there is much more that we will be doing. In addition, our consolidation strategy across the energy markets results in us selling more energy products to more customers with less total capital employed and importantly less total carbon emissions. Our internal business planning is now incorporating bottom-up detailed planning for emissions reductions with ambitious goals for each business as we strive to play our part in tackling climate change.

Read more on **pages 38, 52, 53 and 76**

Q
How is DCC's strategy evolving?

DCC's strategy has been very consistent over its 26 years as a public company. Our objective is to build a growing, sustainable and cash generative business, which consistently provides return on capital well in excess of our cost of capital. We execute this strategy by:

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

This strategy has delivered a consistent track record of growth over the last 26 years with operating profit growing at 14.5% CAGR, dividends increasing at 14.0% CAGR, free cash flow conversion of 101%, total shareholder return of 5,238% and consistently high returns on capital employed, significantly ahead of our cost of capital.

We regularly review our key strategic choices and remain confident in our strategy. There are strong fundamentals in the sectors, geographies and areas of the value chain that we choose to play in. By executing our strategy as we have, we have built market leading businesses with efficient operations, great colleagues and innovative customer-oriented solutions that are right for each local market.

Considering the pace of change and disruption in the world today, agility and the ability to flex to new opportunities is a critical feature of our strategy; this has been evident in the way the Group has been able to react to the Covid-19 crisis. This agility is greatly enabled by our devolved model. Our empowered management teams can quickly make the right decisions for their businesses in their markets as circumstances change. And, they can just as quickly call on support from across the Group or adapt ideas from elsewhere in the Group. This balance allows us to respond swiftly to macro or local disruption, while also leveraging the scale of the Group and its consistency of approach when needed.

Read more on **page 2**

Q
Acquisitions have been a key component in DCC's growth. What differentiates DCC as an acquirer?

Our first priority is to drive organic growth. Over the past 26 years, organic growth has been approximately one-third of our total growth. We always strive to generate organic growth well ahead of the underlying growth in the sectors that we operate in. This highlights the drive, ambition and commercial agility of our colleagues and management teams across the Group.

We complement this organic growth through our significant M&A capability. We have spent approximately £3.3 billion on over 280 acquisitions over our 26 years as a public company. We are highly disciplined in our allocation of capital and as a result have maintained strong ROCE for shareholders while deploying capital into those acquisitions.

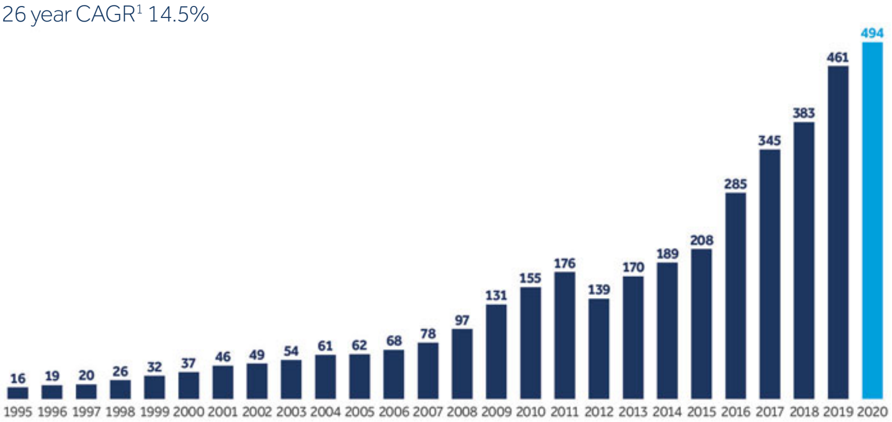
Our local teams leverage our M&A capability to drive bolt-on acquisitions in their home markets. Our divisional teams are constantly focused on generating opportunities for geographic expansion and for new capability through M&A. They are all backed up by a highly experienced central team who help facilitate all stages of the M&A process.

Of course, it is one thing to acquire the businesses, but quite another to integrate, successfully onboard and extract synergies from those acquisitions. Whether it is a £1 million, a £10 million or a half a billion acquisition, the processes are broadly similar. While we treat every acquisition differently, recognising the unique circumstances, we have systematic common steps and look to integrate businesses quickly and smoothly. M&A is a core competency and a real differentiator for DCC.

Read more on **page 32**

Adjusted operating profit (£'m)[1]

26 year CAGR[1] 14.5%



1. On a continuing basis.

Q
How well has DCC responded to the Covid-19 crisis?

The Covid-19 pandemic is primarily a humanitarian challenge and the safety, health and well-being of our people was our immediate priority. Business continuity plans were invoked in all DCC operations. The vast majority of our sales, marketing and operations people across the Group quickly adapted to home working. Appropriate social distancing and other safety measures were introduced in our facilities where an on-site presence was required to ensure the continued supply of essential products and services to our customers. While the level of infection of colleagues throughout the Group has been very modest, we did tragically lose one of our UK colleagues who had contracted the virus.

The pandemic has highlighted the vital nature of the Group's energy, technology and healthcare products, and the importance of roles played by our frontline colleagues who have been committed to serving our customers during this difficult period. Each of our businesses has played a critical role in enabling societies respond to Covid-19. Our Healthcare businesses have been instrumental in supporting our customers in the health services access critical products including PPE. Our Technology businesses responded rapidly for customers who were establishing working from home arrangements at scale for the first time. Our Energy businesses have been keeping critical industry and services moving, from ensuring agricultural processes can continue to maintaining services for critical haulage networks to keeping customers warm in their homes as they became their new workplaces.

The Covid-19 situation remains extremely fast-moving, volatile and difficult to predict. We are acutely aware that sustained periods of uncertainty lie ahead. As a result, we have been and will continue to actively manage our cost base and resources.

The continued reduction in daily reported cases and easing of restrictions in key markets is encouraging. However, our management teams remain vigilant and ready to do all they can to protect our employees and to continue to service our customers and suppliers. I am so proud of the way the 13,200 people across the DCC organisation have adapted to the new ways of working and how we did not skip a beat in providing our customers with the essential products and services that they require.

Read more on **pages 12 and 71** ➔

Q
What were the principal leadership development initiatives during the year?

The Group engaged in a comprehensive succession process over time to identify Fergal O'Dwyer's successor as Chief Financial Officer. I am delighted that after the very detailed process, which included an extensive external benchmarking review, we are making an internal appointment to this role and look forward to the valuable contribution that Kevin Lucey will make as our new CFO with effect from 17 July 2020. Kevin has held various senior finance roles in DCC since joining us in 2010 and has been part of our Group Management Team since 2017. Building and developing talent internally is a key part of our leadership development programme and having an internal successor to Fergal demonstrates that the programme is delivering.

We also continued to build on and evolve our suite of leadership development programmes, including a new customised business leadership programme developed in partnership with Ashridge Hult business school. Over the eight month programme, accelerated learning was enabled through a blended learning approach using real life case studies and senior Group management tutorials, as well as the latest business management and leadership thinking from the Ashridge faculty. We also launched a new 'Management Essentials' programme, which can be delivered in multiple languages across our businesses to support ongoing professional development at manager level. These programmes are attended by a range of high performers from different parts of the Group and support our ambition to continue to develop our leadership bench strength with a pipeline of talented, entrepreneurial leaders.

Our people are the key driving force behind our business and I believe that to reap the benefits of our diverse and talented workforce we need inclusive work environments where all of our colleagues have the freedom to achieve their ambitions and a culture that cultivates the energy and passion our colleagues bring to work. We refreshed our approach to inclusion and diversity this year with the launch of our new policy, 'You Belong Here' which outlines the core principles and expectations we have for ourselves, our colleagues and our businesses to foster positive workplace environments. We have a clear roadmap to embed a focus on inclusion and diversity within our businesses for 2021 and beyond, and I am personally committed to leading a thriving, ambitious and diverse business where everyone is given equal opportunities and is supported in reaching their potential.

Read more on **pages 46 and 79** ➔

Donal Murphy
Chief Executive
18 May 2020

"DCC continues to deliver by enabling people and businesses to grow and progress."

Responding to Covid-19

Supporting the frontline

In his Chief Executive's Review, Donal Murphy has highlighted how the Group's Energy, Technology and Healthcare businesses have played a critical role in enabling societies respond to Covid-19 during the pandemic. Our Healthcare businesses have been instrumental in supporting our customers in the health services and ensuring access to critical products including PPE. Our Technology businesses responded rapidly, assisting customers who were establishing working from home arrangements at scale for the first time. Our Energy businesses have been keeping critical industry and services moving, from ensuring agricultural processes can continue, to maintaining services for critical haulage networks, to keeping customers warm in their homes as they became their new workplaces.

In addition, many of the Group's businesses have taken initiatives at a local level to assist frontline healthcare workers engaged in the battle against Covid-19 and other vulnerable persons impacted by the pandemic. We have included a number of examples here:

DCC LPG

Maintaining essential services

As the Covid-19 pandemic began to place a strain on the US hospital system, healthcare professionals understood the need to keep potentially infected individuals out of healthcare facilities and so they set up numerous outdoor temporary testing facilities. As the facilities were often erected in car parks away from utility services, DCC Propane was able to help in Washington state by providing LPG for heating the tents and shelters for the healthcare workers manning the facilities.

DCC Retail & Oil

Support for NHS, emergency workers and customers in self-isolation

Fuel Card Services, part of the Retail & Oil division, has been lending a helping hand to the emergency services to help battle Covid-19. The company has supported BP to offer free fuel to the emergency services and NHS Trusts throughout March, April and May.

All forecourts owned and operated by Certas Energy Retail remain open as usual to support key workers, businesses and local communities. In addition, Certas UK has been offering free hot drinks to all NHS and emergency service workers visiting its petrol stations, with no obligation to make an additional purchase.

The offer went live at the start of April and will continue for the duration of the national emergency.

Certas UK has been offering free vehicle washes for NHS Logistics, blue light services and the Ministry of Defence at the Tyseley Energy Park HGV refuelling site and has supplied the Air Ambulance at Magpas, Cambridgeshire with 10,000 litres of jet fuel at cost in May 2020.

Finally, Certas UK introduced a dedicated telephone line for vulnerable or self-isolating customers so they could get in contact quicker to ensure prompt ordering of the energy needed to heat their homes.

DCC Technology

Providing technology solutions to support the NHS

At the outset of the Covid-19 pandemic, Exertis witnessed increased levels of demand for essential IT equipment for key frontline workers in the NHS. In collaboration with one of our reseller customers, we were able to support the roll-out of computing, monitor and unified communications products for the NHS, including the newly established Nightingale hospitals.

We were able to prioritise the allocation of current and inbound stock to meet demand, manage the distribution of devices to multiple sites, ship in excess of 15,000 devices and provide associated accessory products from our Hypertec business.

DCC Healthcare

Supporting local hospitals in the fight against Covid-19

Williams Medical Supplies (part of DCC Vital) was delighted to be able to support a local South Wales hospital in its fight against Covid-19. Frontline staff working in The Royal Glamorgan Hospital wanted to be able to distinguish between the Covid-19 department uniform and the uniform for all other departments in the hospital.

Williams Medical Supplies were proud to support this by donating raspberry coloured scrubs and face visors to be used on the Covid-19 positive wards. Also, after learning from a nurse in the hospital that the constant hand washing and use of hand gel left their hands dry and cracked, we added some complimentary hand lotion to our parcels.

Key Performance Indicators
Financial

The Group employs financial key performance indicators ('KPIs') which signify progress towards the achievement of our strategy. Each division has its own KPIs which are in direct alignment with those of the Group and are included in the divisional operating reviews on pages 48 to 73.

Strategic Linkages

Market leading positions

Operational excellence

Innovation

Extend our geographic footprint

Development of our people

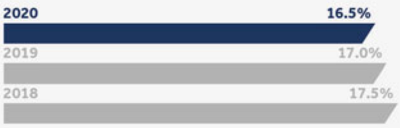
Financial discipline

Linked to Directors' Remuneration discipline

Return on capital employed ('ROCE')

FY20 Performance

16.5%



Description and basis of calculation

ROCE is defined as adjusted operating profit expressed as a percentage of the average capital employed. To assist comparability with prior years, the impact of IFRS 16 *Leases* has been excluded from the ROCE calculation in the current year as detailed in the Group's 'Alternative Performance Measures' on page 235.

Strategic linkage

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.

FY20 comment

The Group continued to generate very strong returns on capital employed with the modest decrease in the return on capital employed versus the prior year principally reflecting the difficult market conditions experienced by the DCC Technology business in the UK, acquisition spend in the current and prior year including the acquisition of Amerilab Technologies in March 2020, and organic investments made in the Group's manufacturing facilities, warehousing and operating infrastructure.

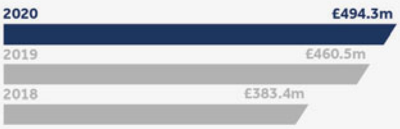
FY21 outlook and aims

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.

Growth in adjusted operating profit

FY20 Performance +7.3%

£494.3m



Description and basis of calculation

The change in adjusted operating profit achieved in the current year compared to the prior year.

Strategic linkage

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.

FY20 comment

All four divisions recorded profit growth versus the prior year reflecting the contribution from acquisitions completed in the current and prior year and good organic profit growth. Good organic performances from DCC LPG, DCC Retail & Oil and DCC Healthcare were somewhat offset by the organic profit decline in DCC Technology's UK business and the sale of DCC Healthcare's UK generic pharma activities.

DCC LPG delivered very strong growth, with operating profit increasing by 13.1% to £228.2 million and more than three-quarters of the growth was organic. This excellent organic performance reflects good volume growth and strong procurement and cost control.

Operating profit in DCC Retail & Oil increased to £140.3 million, 4.9% ahead of the prior year (6.0% on a constant currency basis) and approximately half of the constant currency growth was organic. This strong performance reflects increased penetration of value-added products and services and strong cost control.

DCC Technology recorded modest operating profit growth of 1.0%, with the contribution from acquisitions and a good trading performance in North America and Continental Europe being offset by more difficult trading conditions in the UK.

It was a year of significant progress for DCC Healthcare, as it generated strong profit growth on its continuing activities. DCC Healthcare's underlying profit growth of 8.6% (i.e. excluding the UK generic pharma activities disposed of in September 2019), approximately one-third of which was organic, reflects the benefit of acquisitions and strong organic growth in DCC Vital. DCC Health & Beauty Solutions grew its profits in the nutrition sector, however overall profit growth was held back by investment in onboarding new business in the beauty sector.

FY21 outlook and aims

The very uncertain environment created by the Covid-19 pandemic is impacting all businesses. Whilst DCC will be impacted in the near-term by the necessary restrictions placed on society to curtail the spread of the disease, DCC has a very resilient business model, leading market positions and an extremely strong balance sheet and is well positioned to continue its growth and development into the future.

Growth in adjusted earnings per share ('EPS')

FY20 Performance +1.3%

362.6p

Description and basis of calculation
The change in adjusted EPS achieved in the current year compared to the prior year.

Strategic linkage
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.

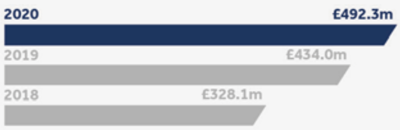
FY20 comment
The increase in adjusted EPS of 1.3% comprises an 6.2% increase in adjusted earnings, driven by the factors mentioned under the adjusted operating profit KPI, offset by a 4.9% increase in the average number of shares in issue during the year, primarily as a result of the equity placing completed in the prior year.

FY21 outlook and aims
The main driver of growth in EPS is the Group's operating profit performance which, as noted above, will be impacted in the near-term by Covid-19 related restrictions.

Free cash flow

FY20 Performance

£492.3m



Description and basis of calculation
Cash generated from operations before exceptional items and after net capital expenditure.

Strategic linkage
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.

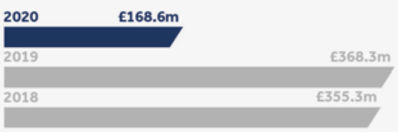
FY20 comment
The Group generated strong free cash flow of £492.3 million during the year, driven by the adjusted operating profit of £494.3 million. Notwithstanding the negative impact of a significantly lower oil price, working capital decreased by £49.2 million, primarily as a result of excellent working capital management across the Group and lower like-for-like activity levels in DCC Technology. Net capital expenditure amounted to £167.8 million for the year reflecting the increased scale of the Group and a number of investments being undertaken to support continued organic growth and development.

FY21 outlook and aims
Cash generation and working capital management will remain a key focus of the Group.

Committed acquisition expenditure

FY20 Performance

£168.6m



Description and basis of calculation
Cash spent and acquisition related consideration for acquisitions committed to during the year.

Strategic linkage
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.

FY20 comment
The Group committed to acquisition expenditure of £168.6m during the period which principally comprised the acquisitions of Ion Labs and Amerilab Technologies in DCC Healthcare.

FY21 outlook and aims
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
Non-financial

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

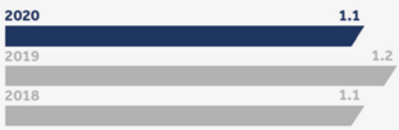
Strategic Linkages

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

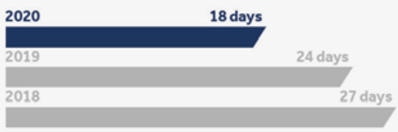
Health and Safety

FY20 Performance

LTIFR



LTISR



Description and basis of calculation

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.

Strategic linkage

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.

FY20 comment

The decrease in LTIFR represents a continuation of the overall positive trend in this metric over the past number of years despite growth in the scale of the Group, and, reflects the Group's ongoing commitment to performance improvements through robust risk controls, a proactive safety culture and learning from events.

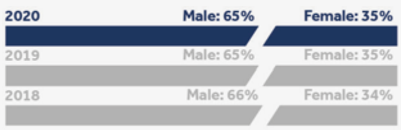
The reduction in the LTISR reflects shorter recovery times from most injuries and effective case management.

FY21 outlook and aims

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

Gender diversity

FY20 Performance



Description and basis of calculation

The percentage split of the overall workforce between female and male employees.

Strategic linkage

The Group benefits from attracting and developing a workforce with diverse skills, qualities and experiences.

FY20 comment

At 31 March 2020, female employees accounted for 35% of the overall workforce, 22% of senior management and 25% of Board members.

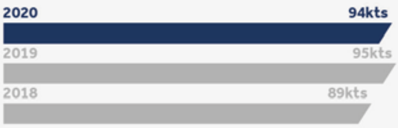
FY21 outlook and aims

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.

Greenhouse gas emissions

FY20 Performance

94kts



Description and basis of calculation

Total Scope 1 and 2 greenhouse gas emissions expressed in kilotonnes (kts) of CO_2e.

Strategic linkage

The Group relies on the availability of raw materials and natural resources and is committed to running our businesses in an environmentally responsible manner.

FY20 comment

Overall, there was a slight decrease in carbon emissions in absolute terms. This was primarily due to increasing operational efficiency in distribution and manufacturing in addition to the continuing decarbonisation of national electricity grids, particularly in Ireland and the UK.

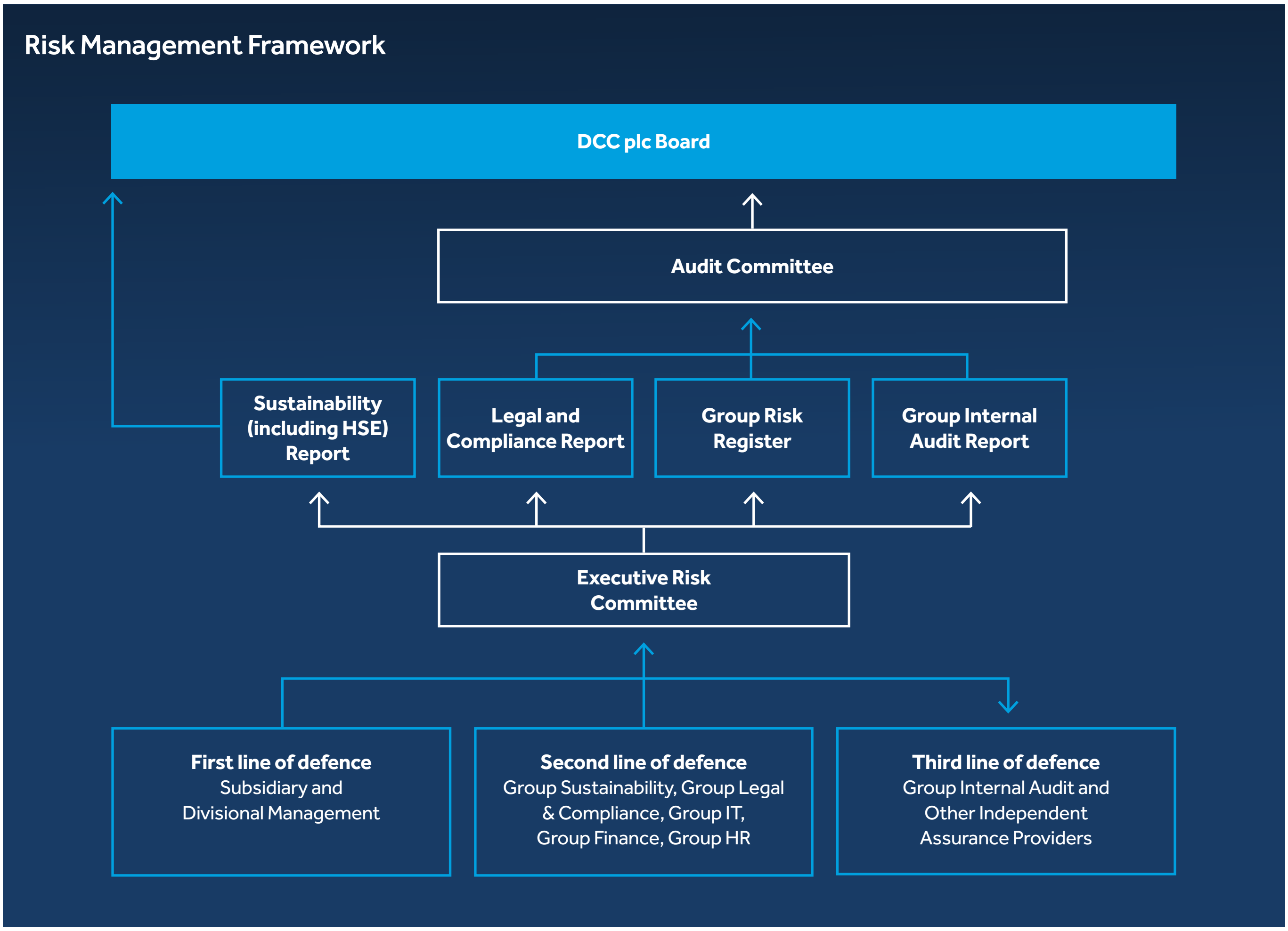
FY21 outlook and aims

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

Risk Report

Ensuring appropriate risk management

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 and internal control processes.



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

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

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

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

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

Roles, responsibilities and reporting under the risk management framework	
Oversight	
Board	• Approves the Group's Risk Appetite Statement and the Risk Management Policy. • Monitors the Group's risk management and internal control activities through the receipt of a risk report which focuses on the principal risks, as set out in the Group Risk Register, on emerging risks, including those on the emerging risk watchlist, on current risk mitigation activities and on developments in risk management practice. • Receives a briefing from the Chairman of the Audit Committee at each Board meeting on its activities, both in regard to audit matters and risk management. • Recognising that health and safety is a very significant risk area for the Group, particularly in the LPG and Retail & Oil divisions, the Board takes specific responsibility for this area through direct quarterly reporting to it by the Head of Group Sustainability, who is responsible for the Group HSE function.
Audit Committee	• Assists the Board by taking delegated responsibility for risk identification and assessment and for reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon. • Oversees the Group Risk Register, including principal risks, emerging risks and risk mitigation activities. • Reviews the emerging risk watchlist. • Reviews regular reports from Group Internal Audit and from second line assurance providers, including Group Legal & Compliance. • Oversees the annual review of the effectiveness of the Group's risk management and internal control systems, which is undertaken jointly by Enterprise Risk Management and Group Internal Audit, and reports on this to the Board. • Further detail on the activities of the Audit Committee is set out in its Report on page 105.
Executive Risk Committee	• The Executive Risk Committee is chaired by the Chief Executive and comprises senior Group and divisional management. • Maintains the Group Risk Register, the Integrated Assurance Report and the emerging risk watchlist. • Analyses on a continuous basis the principal risks facing the Group, including emerging risks, the controls in place to manage those risks and the related monitoring procedures. • Evaluates all audit reports prepared by the second and third line assurance providers and ensures prompt action is taken to address control weaknesses.
First line	
Subsidiary and Divisional Management	• Responsible for day-to-day risk management activity including maintaining risk registers, identifying emerging risks and designing, implementing and maintaining effective internal controls to address the risks on those registers. • Subsidiary risk registers are reviewed and updated at monthly meetings attended by both subsidiary and divisional management. • Divisional management consider the subsidiary risk registers and emerging risks in preparing and updating divisional risk registers.
Second line	
Group Sustainability (incorporating HSE)	• Operates a risk-based HSE audit programme which provides independent assurance on key HSE management processes and controls, focused on process safety, occupational safety and environmental management. • 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. • Further detail on these activities is set out in the Sustainable Business Report on page 74.
Group Legal & Compliance	• Maintains a structured compliance programme which is designed to provide reasonable assurance that all of the Group's operations comply with applicable legal and ethical standards. • The directors of each Group subsidiary are primarily responsible for ensuring that their business complies with applicable legal and ethical standards. The Group Legal & Compliance function assists them through the identification of relevant requirements and the development and implementation of suitable controls, such as policies and training. More detail on the compliance programme is contained in the Corporate Governance Statement on page 98 and in the Sustainable Business Report on page 82. • Carries out compliance audits in Group subsidiaries and reports on these to the Audit Committee.
Group IT	• Responsible for setting the Group's IT strategy for major IT projects and for managing IT security risks. • The Group's IT Security Manager provides ongoing technical support, including managing cybersecurity and Payment Card Industry Data Security Standards ('PCI DSS') requirements, and is also responsible for user security training and network penetration testing. • The Group Infrastructure & Technical Manager supports the Group's strategic agenda and the deployment of relevant cross-business platforms. • The Group's Project Management Office provides support to key projects and change management programmes.
Group Finance	• Group Finance incorporates the Group accounting, corporate finance, treasury, taxation and commodity risk management functions, who are responsible for implementing appropriate risk management practices and having oversight of subsidiary activities in their areas of operation.
Group HR	• Responsible for the Group Talent Strategy and Roadmap. • Reports to the Board on leadership development and succession planning.
Third line	
Group Internal Audit	• Reviews the risk management and internal control processes and identifies areas for improvement and provides independent and objective assurance on risk matters to senior management and the Audit Committee. • Develops an annual, risk-based internal audit programme, which is approved by the Audit Committee. • Group Internal Audit incorporates a dedicated IT Assurance function which is focused on ensuring the Group Information Security Policy and related IT Standards are consistently applied and key risks with respect to IT, cybersecurity and business continuity are regularly reviewed.

Risk Report continued

Risk Management Process

Risk Registers

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

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

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

The principal risks to the attainment of the Group's strategic priorities, which were confirmed by the risk register process, are set out on pages 22 to 26.

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

Emerging Risks

Emerging risks are identified, analysed and managed as part of the same process as the Group's other principal risks. Reports on emerging risks from various external sources are reviewed and the risks are assessed for relevance to DCC. Where emerging risks are significant enough to be considered principal risks, they are added to the Group Risk Register and reported on and reviewed as part of the risk register process.

The Group also recognises that there are emerging threats and uncertainties that have the potential to become principal risks in the future, but where the impact, scale or likelihood cannot yet be fully understood. This may limit management's ability to define a strategy for mitigation of such emerging risks. A watchlist of emerging risks that may become Group principal risks in the future is maintained, regularly reviewed and updated and reported on. Changes to the impact, scale or likelihood of these risks are monitored and where appropriate, risks are added to the Group Risk Register.

Integrated Assurance

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

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

Enhancements during the year

Risk appetite

The Group's risk appetite statement is reviewed on an annual basis. During the year, the risk appetite and related risk tolerances and key risk indicators were refreshed, taking recent growth and geographic expansion into account, and were approved by the Board.

Emerging risk watchlist

The existing processes for identifying, managing and mitigating emerging risks were refreshed during the year. Emerging risks continue to be reviewed at subsidiary, divisional and Group level.

An emerging risk watchlist was created to track those emerging risks that are not currently considered principal risks, but that have the potential to impact significantly on the Group in the future.

Tier II risk register

As the risk environment continues to evolve, the relative importance of the risks facing the Group can change. A Tier II risk register was created to allow risks that are no longer considered principal risks, following a change in their magnitude or relevance, to continue to be monitored by the Risk Committee. Any significant change in impact or likelihood prompts a re-assessment.

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 22 to 26, 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 27. In addition, note 5.1 to the financial statements includes the Company's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities and its exposures to credit risk and liquidity risk.

The Company has very 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 2023. 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, including the emergence of the Covid-19 pandemic, as described in the Strategic Report.

Period of Viability Statement
In accordance with Provision 31 of the UK Corporate Governance Code, the Directors have considered the length of time to be reviewed in the context of the Viability Statement.

The Directors believe that the three year period to 31 March 2023 represents an appropriate period. The length of this period aligns with the Group's annual strategic review period, which is a bottom-up review, prepared business by business, which considers the risks, opportunities and development plans for each business and is ultimately approved by the Board. The period also aligns with the period used for a number of other Group matters, including the performance period for the Group's Long Term Incentive Plan. Finally, inherent uncertainty increases with regard to longer-term financial forecasting as time horizons extend. A three year period is deemed to provide an appropriate balance between near term and longer term influences.

Approach to Assessing Viability
In making a viability statement, the Directors are required to consider DCC's ability to meet its liabilities as they fall due, taking into account the Group's current position and principal risks.

The Group operates a devolved operational structure and has sales, marketing and support services operations across a diverse mix of industry sectors. The Group has an extremely broad spread of customers and suppliers across 20 countries, three continents and distinct market sectors. Importantly, the Group is supported by a very well-funded and liquid balance sheet and strong operational cash flows.

A robust financial model of the Group is built on a business by business basis. This model is subjected to sensitivity analysis and those sensitivities are reviewed on an ongoing basis to ensure they remain appropriate given changing circumstances in the business, markets and economies. This sensitivity review focuses on the Group's liquidity, solvency and gearing metrics, with particular consideration given to the Group's principal debt covenants, including its Net Debt:EBITDA and Interest Cover covenants.

Given the diverse nature of the Group's activities, the principal sensitivities considered in the review are those where negative economic and other impacts could be experienced across the entire range of the Group's activities. These sensitivities consider situations from depressed activity levels globally to a material and persistent rebasing of the Group's profitability due to a range of factors. In the current year, the Group reviewed an additional sensitivity to consider the potential impact of the Covid-19 pandemic and the range of outcomes that the pandemic could have on the prospects of the Group. In addition, the review considered a 'reverse' stress test to determine what level of disruption would need to be experienced before a breach of the Group's debt covenants was unavoidable.

This review and analysis also considers the principal risks facing the Group, as described on pages 22 to 26 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.

Risk Report continued

Principal Risks and Uncertainties

The principal risks and uncertainties, including emerging risks, which have the potential, in the short to medium term, to have a significant impact upon the Group's strategic objectives, are set out below, together with an indication of the particular strategic priorities to which they relate, the principal mitigation measures, developments in 2020 and areas of focus for 2021.

This represents the Board's view of the principal risks at this point in time and does not represent an exhaustive list of all the risks that may impact the Group. There may be other matters that are not currently known to the Board or are currently considered of low likelihood or low potential impact which could emerge or evolve and give rise to material consequences.

The mitigation measures that are in place in relation to these risks are designed to provide a reasonable and proportionate and not an absolute level of protection against the impact of the events in question, in line with the Group's agreed risk appetite.

The Board has reviewed the principal risks and the risk environment, taking account of emerging risks and external and internal factors such as the continued growth in the scale of the Group, geographic expansion, the devolved structure of the Group and market conditions. Key changes in the year are set out below.

Key changes to the Group's principal risks	
Global pandemic	The impacts of the Covid-19 global pandemic have been assessed and are included as a new risk.
Data security	The risk associated with data security is now included as a separate risk, having previously formed part of the 'Compliance with legal & ethical standards' and cybersecurity risks.
Product integrity Loss of significant customer or supplier Extreme weather	Following review by the Board, the Audit Committee and the Risk Committee, these risks have been downgraded to Tier II risks and are no longer included as principal risks. They will continue to be monitored by the Risk Committee and any significant change in impact or likelihood will prompt a re-assessment. The changes are explained below: • The scale of the product integrity risk has reduced following the disposal of DCC Vital's UK generic pharma activities and related manufacturing facility in Ireland. • The potential impact of the loss of significant customers or suppliers has decreased in recent years in line with the continued growth and diversification of the Group. • Geographic expansion and diversification into the non-heating segments of the markets has reduced the impact of uncertain weather conditions on profits. The risk associated with extreme weather events is now considered to be part of the 'relevant implications of climate change' principal risk.

Brexit and DCC

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

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

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

Emerging Risks

The Board has considered emerging risks that are currently impacting on the Group and that may impact on the Group in future. Some emerging uncertainties impacting on principal risks, including the full extent of the Covid-19 global pandemic, changing market dynamics and relevant implications of climate change, are explained below. The Board will continue to consider and monitor the items on the Group's emerging risk watchlist, which include topics relating to market dynamics, climate change, technology and social matters.

Strategic Linkages

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

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
Major HSE or environmental 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, an incident resulting in significant environmental damage or compliance breach, and a HSE or security event requiring the activation of our crisis management plan. Such risks may give rise to injuries or fatalities, 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 Sustainability/HSE function and by external assurance providers, as appropriate. Insurance cover is maintained at Group level for significant insurable risks.	While there have been no significant changes to the assessment of these risks, management continued to evolve HSE practices during 2020, including the adoption of a Group Environment Policy, the roll out of a Learning from Events process, and process safety standards. HSE integration of recent acquisitions, for example Ion Laboratories, continued during the year. Further development of HSE controls and management systems will continue in 2021, with particular focus on the onboarding of recent acquisitions in HSE best practice and increased focus on the use of leading performance indicators to drive continuous improvement.
Global pandemic The Covid-19 situation which emerged earlier this year is having a significant impact on the Group's employees, customers and business operations. The impact is compounded by the fact that the duration and full extent of the pandemic is difficult to predict. There is a risk of a sustained economic recession, which could significantly impact on performance. Actions taken by the countries in which we operate, including measures to control the outbreak and plans to resume economic and social activity, continue to evolve, resulting in a risk of continued or further disruption to business activities, supply chains and employees.	Group, divisional and local management are continuing to actively review and respond to the risks and uncertainties arising from the rapidly evolving Covid-19 crisis. A broad range of preventative measures have been implemented and are being regularly re-assessed to help ensure the safety of our employees, customers, vendors and other stakeholders. Business continuity response plans have been implemented as required to ensure essential business activities are maintained. There is a focus on communications with employees to ensure their continued well-being. Weekly flash reporting is in place to facilitate tracking of key metrics by Group management.	Due to the fast-moving and uncertain nature of the Covid-19 crisis, the Board and management will continue to monitor the situation and will ensure that the Group's response and mitigation measures evolve as required. The Group's businesses will continue to focus on the health and well-being of employees and on maintaining essential business activities, particularly during periods of heightened restrictions. Changes to the environment in which our businesses operate will continue to be addressed as they arise and the Group will adapt as required to new ways of working and doing business, while protecting the safety of our employees, customers, vendors and other stakeholders.

Risk Report continued

Principal Risks and Uncertainties continued

Strategic Linkages

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

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
Acquisitions and project/ change management A failure to identify, execute or properly integrate acquisitions or to effectively complete change management programmes or other significant projects could impact on profit targets and impede the strategic development of the Group.	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 significant projects or programmes are subject to oversight by the Group Chief Information Officer, the Group Project Management Office, by divisional and Group management and by the Board.	The Group continues to be active from a development perspective including the recent acquisitions by DCC Healthcare of Ion Labs and Amerilab. Acquisition activity in 2021 will continue to be subject to robust internal evaluation processes and external due diligence. The large-scale project in Exertis UK to replace the core ERP system has progressed with SAP now live in an element of the UK business. The remaining components of the business will transition on a phased basis during the upcoming summer months. This will continue to be a key focus area and is subject to internal and external oversight and review.
Compliance with legal and ethical standards A material failure to comply with applicable legal and ethical 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, consistent with our value of Integrity. An assessment of our compliance culture is included in staff surveys and questions in online training. A Code of Conduct is in place and is supported by more detailed policies where needed, including a Supply Chain Integrity Policy, which covers human rights, an Anti-Bribery and Corruption Policy and a Data Protection 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.	Relevant changes in the law as a result of Brexit and Covid-19 are being actively monitored. There have been no other significant changes to legal and ethical standards or regulations impacting on the Group during the year. We recently reviewed our Data Protection Policy and related data protection controls to ensure that they reflect developments in the law and good practice since the introduction of the EU General Data Protection Regulation (GDPR) in 2018, when they were last updated. Detail on our data security controls is contained below. The Group Legal & Compliance function will ensure any new regulatory requirements are appropriately considered, will apply the standards set out in the Group Compliance Programme in new acquisitions and will continue its compliance audit programme.

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
IT system failure/cybercrime **Data security** The risk that our IT systems and infrastructure may be affected by loss of service or system availability, significant system changes or upgrades or cybercrime, could result in financial or reputational damage. The risk that the personal data we hold may be affected by accidental exposure or deliberate theft of sensitive information, could result in a regulatory breach or financial or reputational damage.	Dedicated IT personnel in Group subsidiaries implement IT standards, oversee IT security and are provided with technical expertise and support from Group IT. Cybersecurity reviews are performed by a dedicated internal IT Assurance team and external technical experts to provide independent assurance. The Group's businesses have appropriate business continuity, IT disaster recovery and crisis management plans in place. DCC centrally maintains a level of cyber insurance. Group guidelines and local policies require the Group's businesses to ensure appropriate processes and controls are in place over personal data.	The potential impact of IT system failure or cybercrime is limited by the devolved structure of the Group. Mitigation measures continue to improve, including IT standards and policies which were updated to reflect recent changes in the underlying best practice frameworks and were rolled out to recent acquisitions. While global levels of cybercrime are increasing, the Group continues to strengthen its mitigation measures. Developments in mitigation measures during the year included the continuing roll out of a cyber incident response plan to new acquisitions, enhancements to the Group's vulnerability and penetration testing programmes, and the rollout of OKTA multifactor authentication. Group IT and Group IT Assurance will continue to focus on raising awareness of cyber threats in 2021 and on ensuring that the Group's IT standards and policies, including in relation to the security of personal data, are consistently applied.
Ability to attract/retain management resource The Group's devolved management structure has been fundamental to the Group's success. There is a risk of failure to attract talent, particularly in new markets, or a failure to retain or develop high-quality entrepreneurial management throughout the Group, particularly in recent acquisitions, which could impact on the attainment of strategic objectives.	The Group maintains a constant focus on this area with structured succession planning, international mobility practices, management development and remuneration programmes, incorporating long and short-term incentives. A graduate recruitment programme is also in place. These programmes are reviewed regularly by Group Human Resources, divisional management, the Chief Executive and the Board.	A comprehensive process to identify a successor to the CFO concluded during the year, senior management changes were successfully completed in a number of larger subsidiaries and talent requirements in recent acquisitions have been assessed. Separately, talent has been deployed to a number of new acquisitions to support integration. The Group will continue to focus on developing and embedding its HR programmes in 2021, particularly in the more recently acquired businesses.
Financial reporting The Group is exposed to foreign exchange, commodity and interest rate risk. Failure to accurately report or forecast financial results through error or fraud could damage the Group's reputation.	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.	The Group continued its programme of replacing legacy systems with appropriate enhanced financial reporting systems in 2020. The Group adopted IFRS 16 *Leases* which became effective during the financial year.

Risk Report continued

Principal Risks and Uncertainties continued

Strategic Linkages

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

Risk and Impact	Principal Mitigation Measures	Developments and Areas of Focus
Changing market dynamics **Relevant implications of climate change** External factors outside of the direct influence of the Group, including economic cycles and technological changes, can significantly impact on performance. Certain implications of climate change, such as changes in policy, regulation, technologies, changing societal views, energy transition and extreme weather are developing risks which have the potential to impact on demand for the Group's products.	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 maintains a close focus on policy, regulatory, technological and societal developments in the sectors in which it operates.	Market dynamics have continued to evolve with challenges in certain markets; however, continued diversification, particularly geographically, reduces exposure to individual markets. The impact of the Covid-19 pandemic on the global economy and on individual markets, and specifically the potential for a sustained economic recession, is being monitored as an emerging risk. The Group continues to monitor the specific implications of climate change which may impact on its businesses, which are considered to be emerging risks and are increasing in likelihood due to evolving stakeholder expectations. Management will continue to monitor changes in external factors in 2021 and consider their impact on the Group.

Financial Review

Continuing to deliver on our sustainable growth and development objective

"The Group's financial position remains extremely strong, well funded and highly liquid."

Fergal O'Dwyer
Chief Financial Officer

Highlights of 2020

Revenue **-3.1%**

£14,755m
(2019: £15,227m)

Adjusted operating profit[1] **+7.3%**

£494.3m
(2019: £460.5m)

Adjusted EPS[1] (pence) **+1.3%[2]**

362.64p
(2019: 358.16p)

1. Excluding net exceptionals and amortisation of intangible assets.
2. Excluding the impact of IFRS 16 and the disposal of the Group's generic pharma activities, the increase in adjusted EPS was 3.5%.

Firstly, I would like to say thank you to all our 13,200 colleagues in the 20 countries where we have operations for their huge efforts and commitment to ensuring that we have remained operational during the Covid-19 pandemic and allowing us to continue to supply and deliver the many essential products and services that are needed by our customers.

Covid-19
The emergence of Covid-19 earlier this year has led to a global pandemic, the likes of which we have not seen in our lifetimes. Previous risks around Brexit and global economic uncertainties pale into insignificance when compared to the dramatic impact that Covid-19 is having on people's health and lives, businesses and global economies.

The Covid-19 pandemic and the global measures being taken to mitigate its impact have resulted in unprecedented change for DCC's employees, customers and business operations. All DCC operations, deemed essential operations by local governments, have successfully invoked their business continuity plans and are operating effectively, albeit in a much-changed environment. The commitment of DCC's employees during such a difficult and uncertain period has been extremely evident and has ensured that our customers continue to receive our essential products and services. Protecting the health, safety and well-being of employees, ensuring the continued supply of these essential products and services to customers, whilst maintaining DCC's very strong financial position, are the Group's key priorities at this time.

This review looks back on the financial performance of the Group for the year ended 31 March 2020. The impact of Covid-19 on our businesses and how the Group has responded are set out in the Chief Executive's Review on page 11.

Highlights
In the year just ended, DCC has continued to deliver on its overall sustainable growth and development objectives whilst maintaining a strong, liquid and conservatively financed balance sheet as follows:

- Strong performance for the year with all divisions delivering growth, notwithstanding the challenging market conditions experienced during the year including Brexit uncertainty and the emergence of the Covid-19 pandemic. Group adjusted operating profit increased by 7.3% to £494.3 million, ahead of market expectations.
- Adjusted earnings per share up 1.3% to 362.6 pence, reflecting strong underlying earnings growth, diluted by the impacts of the prior year equity placing and the adoption of IFRS 16.
- Continued very strong free cash flow performance, with an excellent 100% conversion of operating profit into free cash flow, and return on capital employed of 16.5%.

Financial Review continued

- Another active period of development for DCC with approximately £170 million of capital committed to new acquisitions, including DCC Healthcare expanding its presence in the US nutritional market with the acquisitions of Ion Labs and Amerilab and continued bolt-on acquisition activity across all divisions.
- Protecting the health and well-being of employees, ensuring the continued supply of our essential products and services to customers, while maintaining DCC's very strong financial position, are the Group's key priorities at this time.
- An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet. At 31 March 2020, DCC had net debt (excluding lease creditors) of £60.2 million, approximately 0.1 times Net Debt to EBITDA (versus a net debt covenant of 3.5 times) and had cash on the balance sheet of approximately £1.7 billion and undrawn committed facilities of approximately £350 million. DCC's extremely strong financial position leaves the Group very well placed to navigate this period of unprecedented uncertainty and to continue its growth and development in the coming years.
- A proposed final dividend of 95.79 pence per share, a 2.6% increase on the prior year, will see the total dividend for the year increase by 5.0%. With approval of this year's final dividend, DCC will have recorded 26 years of unbroken compound dividend growth of 14.0% since listing in 1994.
- DCC has a resilient business model, leading market positions and an extremely strong balance sheet and is well positioned to continue its growth and development into the future.

Transition to IFRS 16

The Group transitioned to the new leasing standard, IFRS 16, with effect from 1 April 2019. In common with most companies, DCC elected to adopt the modified retrospective approach, meaning that comparatives are not restated. In adopting IFRS 16 under the transitional guidelines at 1 April 2019, the Group capitalised approximately 2,000 leases. These 2,000 leases were with approximately 700 lessors, with no one lease or lessor relationship being individually significant. The applicable average lease term is approximately four years. The capitalisation of the right to use assets underlying these leases has resulted in a 'right-of-use leased asset' of £304.1 million at 31 March 2020, with a related lease creditor of £306.9 million at the same date.

As anticipated, the transition to IFRS 16 resulted in a favourable impact on adjusted operating profit of £5.0 million in the financial year, reflecting the replacement of operating lease charges with depreciation of a discounted right-of-use leased asset. It also resulted in an increase in net interest of £8.6 million in the year reflecting the unwinding of the lease liability. Consequently, the net impact on earnings for the financial year was a charge of approximately £3.6 million, or 3.7 pence per share.

Reporting Currency

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

	Average rate	
	2020 Stg£1=	2019 Stg£1=
Euro	**1.1460**	1.1319
Danish krone	**8.5639**	8.4407
Swedish krona	**12.1816**	11.7467
Norwegian krone	**11.4062**	10.9172
US dollar	**1.2754**	1.3184
Hong Kong dollar	**9.9760**	10.3392

Approximately 50% of the Group's revenue and approximately 60% of the Group's adjusted operating profits are generated outside of the UK. The impact of currency translation versus the prior year had a modest negative impact on Group adjusted operating profit, with average sterling exchange rates marginally strengthening against the euro and other relevant European currencies and weakening against the US dollar.

Revenue

Overall, Group revenue decreased by 3.1% to £14.8 billion primarily driven by the lower oil price that prevailed during the year.

Volumes in DCC LPG increased by 4.7% (up 4.0% organically) to 2.2 million tonnes, principally reflecting continued success in oil to gas conversions in Britain and market share gains, particularly in Scandinavia and in the French B2B natural gas and power sector. Volumes also benefited from a slightly cooler winter versus the prior year, although weather conditions were milder than longer term averages.

DCC Retail & Oil volumes of 11.6 billion litres were 4.3% behind the prior year. Organically total volumes declined by 4.9%. The reduction primarily reflected lower volumes in Britain, particularly in the marine, aviation and commercial sectors as the business actively exited some high-volume, low-margin business, but also reflected lower commercial activity generally, given the more difficult economic backdrop in Britain as a result of Brexit. Volumes across Continental Europe, Scandinavia and Ireland were in line with expectations.

Combined revenues in DCC LPG and DCC Retail & Oil declined by 6.9%, primarily reflecting the lower oil price during the year. Revenue excluding DCC LPG and DCC Retail & Oil was £4.5 billion, an increase of 6.7%, primarily driven by acquisitions.

Group Adjusted Operating Profit

Group adjusted operating profit increased by 7.3% (7.6% on a constant currency basis) to £494.3 million, driven by the contribution from acquisitions completed in the current and prior year and good organic profit growth. Good organic performances from DCC LPG, DCC Retail & Oil and DCC Healthcare were somewhat offset by the organic profit decline in DCC Technology's UK business and the sale of DCC Healthcare's UK generic pharma activities. The positive effect of the adoption of IFRS 16 *Leases* on Group adjusted operating profit was £5.0 million and approximately half of the remaining constant currency growth was organic.

DCC LPG delivered very strong growth, with operating profit increasing by 13.1% (13.4% on a constant currency basis) to £228.2 million and more than three-quarters of the growth was organic. This excellent organic performance reflects good volume growth and strong procurement and cost control.

Operating profit in DCC Retail & Oil increased to £140.3 million, 4.9% ahead of the prior year (6.0% on a constant currency basis) and approximately half of the constant currency growth was organic. This strong performance reflects increased penetration of value-added products and services and strong cost control.

DCC Technology recorded modest operating profit growth of 1.0%, with the contribution from acquisitions and a good trading performance in North America and Continental Europe being offset by more difficult market conditions in the UK through the year which saw revenues and profits decline as a result of uncertainty associated with Brexit and the impact of Covid-19 emerging in February and March 2020.

It was a year of significant progress for DCC Healthcare, as it generated strong profit growth on its continuing activities (i.e. excluding the UK generic pharma activities disposed of in September 2019). DCC Healthcare's profit growth on its continuing activities of 8.6%, approximately one-third of which was organic, reflects the benefit of acquisitions and strong organic growth in DCC Vital. DCC Health & Beauty Solutions grew its profits in the nutrition sector, however overall profit growth was held back by investment in onboarding new business in the beauty sector.

An analysis of the revenue and adjusted operating profit performance for the first half, the second half and the full year ended 31 March 2020 is set out in Tables 2 and 3.

Table 1: Trading Overview

	2020 £'m	2019 £'m	Change on prior year %
Revenue	**14,755.4**	15,226.9	-3.1%
Adjusted operating profit			
DCC LPG	**228.2**	201.8	+13.1%
DCC Retail & Oil	**140.3**	133.7	+4.9%
DCC Technology	**65.3**	64.7	+1.0%
DCC Healthcare	**60.5**	60.3	+0.3%
Group adjusted operating profit	**494.3**	460.5	+7.3%
Share of equity accounted investments' profit after tax	**1.0**	0.7	
Finance costs (net)	**(55.3)**	(46.6)	
Profit before net exceptionals, amortisation of intangible assets and tax	**440.0**	414.6	+6.1%
Net exceptional items before tax and non-controlling interests	**(66.4)**	(23.9)	
Amortisation of intangible assets	**(62.1)**	(63.3)	
Profit before tax	**311.5**	327.4	-4.9%
Taxation	**(57.3)**	(56.3)	
Profit after tax	**254.2**	271.7	-6.3%
Non-controlling interests	**(8.7)**	(8.5)	
Net earnings	**245.5**	262.6	-6.5%
Adjusted earnings per share (pence)	**362.64p**	358.16p	+1.3%

Table 2: Revenue

	2020			2019			Growth		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC LPG	**685.9**	**971.4**	**1,657.3**	721.4	1,056.9	1,778.3	-4.9%	-8.1%	-6.8%
DCC Retail & Oil	**4,543.0**	**4,064.3**	**8,607.3**	4,832.6	4,408.7	9,241.3	-6.0%	-7.8%	-6.9%
DCC Technology	**1,795.5**	**2,117.2**	**3,912.7**	1,588.1	2,042.8	3,630.9	+13.1%	+3.6%	+7.8%
DCC Healthcare	**287.3**	**290.8**	**578.1**	275.9	300.5	576.4	+4.1%	-3.2%	+0.3%
Total	**7,311.7**	**7,443.7**	**14,755.4**	7,418.0	7,808.9	15,226.9	-1.4%	-4.7%	-3.1%
Weighting %	**49.6%**	**50.4%**	**100.0%**	48.7%	51.3%	100.0%			

Table 3: Adjusted Operating Profit

	2020			2019			Growth		
	H1 £'m	**H2 £'m**	**FY £'m**	H1 £'m	H2 £'m	FY £'m	H1 %	H2 %	FY %
DCC LPG	**49.0**	**179.2**	**228.2**	40.9	160.9	201.8	+19.8%	+11.4%	+13.1%
DCC Retail & Oil	**59.7**	**80.6**	**140.3**	56.3	77.4	133.7	+6.0%	+4.0%	+4.9%
DCC Technology	**25.4**	**39.9**	**65.3**	17.8	46.9	64.7	+42.6%	-14.8%	+1.0%
DCC Healthcare	**28.5**	**32.0**	**60.5**	26.9	33.4	60.3	+5.8%	-4.1%	+0.3%
Total	**162.6**	**331.7**	**494.3**	141.9	318.6	460.5	+14.5%	+4.1%	+7.3%
Weighting %	**32.9%**	**67.1%**	**100.0%**	30.8%	69.2%	100.0%			

Financial Review continued

A detailed review of the operating performance of each of DCC's divisions is set out on pages 48 to 73.

The compound annual growth rate ('CAGR') in DCC's adjusted operating profits, from continuing operations, over the last 26 years (since the Company became a public company) is 14.5%.

Finance Costs (net)

Net finance costs and other increased to £54.3 million (2019: £45.9 million). The increase reflects the impact of the adoption of IFRS 16 in the current period, which increased finance costs by £8.6 million. The average net debt, excluding lease creditors, in the year was £342 million, compared to an average net debt of £670 million in the prior year. The decrease in average net debt excluding lease creditors reflects the benefit of the equity issuance completed in October 2018. The Group's private placement debt, which is the primary driver of finance costs, increased modestly versus the prior year as the Group drew down additional private placement debt in April 2019 to pre-fund maturities that the Group has in the current and forthcoming years.

Using the definitions contained in the Group's lending agreements, interest was covered 13.0 times by Group adjusted operating profit before depreciation and amortisation of intangible assets (2019: 12.2 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 6.1% to £440.0 million.

Net Exceptional Charge and Amortisation of Intangible Assets

The Group incurred a net exceptional charge after tax and non-controlling interests of £63.0 million (2019: net exceptional charge of £24.6m) as follows:

	2020 £'m
Loss on disposal	**(34.7)**
Restructuring and integration costs and other	**(22.5)**
Acquisition and related costs	**(8.3)**
IAS 39 mark-to-market charge	**(0.9)**
	(66.4)
Tax and non-controlling interest	**3.4**
Net exceptional charge	**(63.0)**

There was a net cash inflow of £5.8 million relating to exceptional items.

In September 2019, DCC Healthcare completed the disposal of DCC Vital's UK generic pharma activities and related manufacturing facility in Ireland (Kent Pharma and Athlone Laboratories). The disposal sharpens the strategic focus of DCC Vital, allowing it to concentrate on those areas where it has market-leading positions and sustainable competitive advantage, in particular in the sales, marketing and distribution of medical products in Britain and Ireland. Whilst part of the DCC Group, the cash flows generated by the disposed business more than recovered its acquisition cost, however, the transaction resulted in a loss on disposal of £34.7 million, principally representing a non-cash impairment of the goodwill recognised on the initial acquisition of the business.

Restructuring and integration costs and other of £22.5 million principally relate to restructuring of operations related to the integration of completed acquisitions across a number of businesses, including within the LPG business in Britain and Ireland and the Technology business in the UK, and smaller restructuring costs in other businesses. The other significant contributor is ongoing dual running costs relating to the UK SAP implementation which is live in an element of the UK business and to which the remaining components of the business will transition on a phased basis during the upcoming summer months.

Acquisition costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £8.3 million.

Most of the Group's debt has been raised in the US private placement market, denominated in US dollars, euro and sterling. Long-term interest and cross currency interest rate derivatives have been utilised to achieve an appropriate mix of fixed and floating rate debt across the three currencies. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to this debt is charged or credited as an exceptional item. In the year ended 31 March 2020, this amounted to an exceptional non-cash charge of £0.9 million. Following this charge, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £2.1 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.

Highlights of 2020

Dividend per share (pence) **+5.0%**

145.27p

(2019: 138.35p)

Return on total capital employed

16.5%

(2019: 17.0%)

Operating cash flow[1] **+9.6%**

£665.8m

(2019: £607.5m)

Free cash flow[2] **+13.4%**

£492.3m

(2019: £434.0m)

Free cash flow conversion

100%

(2019: 94%)

1. Before add-back for depreciation on right-of-use leased assets.
2. Cash generated from operations before net exceptionals and after net capital expenditure.

The charge for the amortisation of acquisition-related intangible assets decreased to £62.1 million from £63.3 million in the prior year.

Profit Before Tax

Profit before tax decreased by 4.9% to £311.5 million.

Taxation

The effective tax rate for the Group remained consistent with the prior year at 17.0%. The Group's tax rate is influenced by the geographical mix of profits arising in any year and the tax rates attributable to the individual territories.

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

Non-Controlling Interest

The non-controlled element of the Group's consolidated profit after tax amounted to £8.7 million (2019: £8.5 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 increased by 1.3% to 362.64 pence, with the strong growth in profit before exceptional items and goodwill amortisation of 6.1% being offset by the increased number of shares in issue following the equity placing successfully completed in the prior year.

Adjusted earnings in the current year were negatively impacted by the adoption of IFRS 16 and the prior year comparatives including a full year's contribution from DCC Healthcare's generic pharmaceutical business, which was disposed of in the current year. Adjusting for both of these items would result in like-for-like adjusted earnings per share growth of 3.5%.

The CAGR in DCC's total adjusted earnings per share over the last 26 years as a public company is 12.1%.

Dividend

Notwithstanding the uncertainty created by the Covid-19 pandemic, DCC has a very resilient business model and an extremely strong and liquid balance sheet. Accordingly, and having regard for all other relevant considerations, the Board is recommending the payment of a final dividend. The Board is proposing a 2.6% increase in the final dividend to 95.79 pence per share, which, when added to the interim dividend of 49.48 pence per share, gives a total dividend for the year of 145.27 pence per share. This represents a 5.0% increase over the total prior year dividend of 138.35 pence per share. The dividend is covered 2.5 times by adjusted earnings per share (2019: 2.6 times). It is proposed to pay the final dividend on 23 July 2020 to shareholders on the register at the close of business on 29 May 2020.

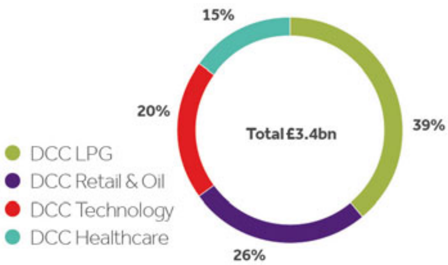
Over its 26 years as a listed company, DCC has an unbroken record of dividend growth at a compound annual rate of 14.0%.

Capital Employed and Return on Capital Employed

Capital Employed

At 31 March 2020, the total capital invested by the Group was £3.4 billion. This figure compares with £2.9 billion at 31 March 2019 with the increase being primarily driven by the capitalisation of £304.1 million of right-of-use assets under IFRS 16 and acquisitions completed during the year. The split of the Group's capital employed by division and by geography was as follows:

Group capital by division



Group capital by geography

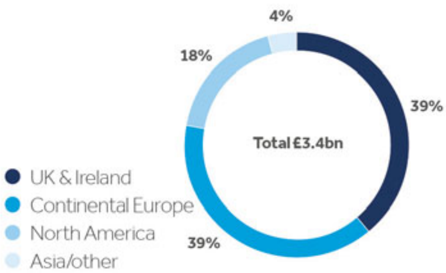


Table 4: Reconciliation of Adjusted Earnings to Profit Attributable to Shareholders

	2020 £'m	2019 £'m	Change on prior year %
Adjusted earnings	**356.6**	335.8	+6.2%
Amortisation of intangible assets (net of tax)	**(48.1)**	(48.6)	
Exceptional items (net of tax)	**(63.0)**	(24.6)	
Profit attributable to shareholders	**245.5**	262.6	-6.5%
Average number of shares in issue ('m)	**98.3**	93.7	+4.9%

	2020 pence	2019 pence	Change on prior year %
Adjusted EPS	**362.64**	358.16	+1.3%
Amortisation of intangible assets (net of tax)	**(48.95)**	(51.81)	
Exceptional items (net of tax)	**(64.05)**	(26.21)	
Basic EPS	**249.64**	280.14	-10.9%

Financial Review continued

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:

	2020 Excl. IFRS 16	2019 Excl. IFRS 16	2020 Incl. IFRS 16
DCC LPG	**18.4%**	17.1%	17.5%
DCC Retail & Oil	**18.5%**	18.6%	16.0%
DCC Technology	**11.0%**	14.3%	10.0%
DCC Healthcare	**14.7%**	16.6%	13.7%
Group	**16.5%**	17.0%	15.1%

In 2020, the Group continued to generate very strong returns on capital employed with the modest decrease in the return on capital employed versus the prior year, excluding the impact of IFRS 16, principally reflecting the difficult market conditions experienced by the DCC Technology business in the UK, acquisition spend in the current and prior year, including the acquisition of Amerilab Technologies in March 2020, and organic investments made in the Group's manufacturing facilities, warehousing and operating infrastructure.

As set out in note 1.2 to the financial statements on page 149, IFRS 16 *Leases* replaced IAS 17 *Leases* in the current financial year and so the Group's current year results reflect the impact of its adoption. Consistent with the approach taken by most issuers, DCC has not restated the prior year comparatives, in accordance with transitional guidelines.

The adoption of IFRS 16 has a material impact on the Group's financial statements, creating a significant new right-of-use asset and corresponding lease creditor. The net impact on the Group's current year return on capital employed was a reduction of 1.4%, as anticipated. This reduction reflects an increase in average capital employed of £300 million (being the new right-of-use leased assets) and an increase in adjusted operating profit of £5.0 million.

Cash Flow

The Group's operating cash flow (before add-back for depreciation on right-of-use leased assets) amounted to £665.8 million, compared to £607.5 million in the prior year, an increase of 9.6%. Notwithstanding the negative impact of a significantly lower oil price, working capital decreased by £49.2 million, primarily as a result of excellent working capital management across the Group and lower like-for-like activity levels in DCC Technology. Given that DCC's year end fell during a period of lockdown across every country that the Group operates in, cash collection remained robust in the closing weeks of the year. Overall working capital days were negative 0.6 days sales, compared to negative 0.4 days sales in the prior year.

DCC Technology selectively uses supply chain financing solutions to sell, on a non-recourse basis, a portion of its receivables relating to certain larger supply chain/sales and marketing activities. The level of supply chain financing at 31 March 2020 was in line with the prior year and had a positive impact on Group working capital days of 5.1 days (31 March 2019: 4.9 days) or £207.8 million (2019: £211.4 million).

Net capital expenditure amounted to £167.8 million for the year (2019: £173.5 million) and was net of disposal proceeds of £13.2 million (2019: £8.8 million). The level of net capital expenditure reflects continued investment in organic initiatives across the Group, supporting the Group's continued growth and development. In the current year, investments in DCC LPG primarily comprised investment in relation to the Avonmouth LPG storage facility in the UK and further development expenditure to support the continued growth of the business, including conversion of oil customers to LPG. In the Retail & Oil division, there was continued investment in new retail sites and site upgrades, including capital expenditure in relation to the project to optimise the depot network in the UK to bring greater network and capital efficiency over time. The majority of the capital expenditure in DCC Technology relates to the SAP implementation which is ongoing in the UK business. In DCC Healthcare, the capital expenditure primarily relates to the previously announced investment in the expansion of the soft gel facility in south Wales. Net capital expenditure for the Group exceeded the depreciation charge (excluding depreciation on right-of-use leased assets) in the year by £49.3 million.

The Group's free cash flow amounted to £492.3 million, representing an excellent 100% conversion of operating profit into free cash flow.

This performance continues a record of significant cash conversion in the Group since its flotation in 1994. A summary of cash flows for the current year, the prior year and cumulatively for the 26 years since the Group's flotation in 1994 is also presented in Table 5. The conversion rate of the Group's profits into cash cumulatively over that 26-year period is 101%.

After interest and tax payments of £116.2 million (2019: £77.3 million) the Group generated cash flow of £376.1 million (2019: £356.7 million). The net cash outflow on acquisitions less disposals/exceptionals was £221.7 million (2019: £322.9 million). After dividend payments of £139.2 million (2019: £117.0 million) there was a net cash inflow of £15.5 million.

IFRS 16 lease creditors at 31 March 2020 amounted to £306.9 million, broadly similar to the opening transition adjustment of £294.1 million at 1 April 2019.

The net debt (excluding lease creditors) of £60.2 million is net of translation and other adverse movements of £70.1 million, with most of this movement driven by a mark-to-market liability of the Group's LPG and Retail & Oil hedging derivatives. Reflecting the recent fall in oil and related commodity products, the majority of this mark-to-market liability relates to commodity hedges put in place to facilitate back-to-back fixed pricing requests from customers, with the balance related to the Group's normal rolling hedging programmes.

Committed Acquisitions, Disposal and Net Capital Expenditure

Committed acquisition spend since the prior year preliminary results statement and net capital expenditure in the current year amounted to £336.4 million. An analysis by division is shown below.

	Acquisitions £'m	**Capex £'m**	**Total £'m**
DCC LPG	**22.9**	**71.2**	**94.1**
DCC Retail & Oil	**10.2**	**55.8**	**66.0**
DCC Technology	**7.4**	**17.9**	**25.3**
DCC Healthcare	**128.1**	**22.9**	**151.0**
Total	**168.6**	**167.8**	**336.4**

Acquisition Activity

Committed acquisitions amounted to £168.6 million and include:

DCC Healthcare
Amerilab Technologies

In March 2020, DCC Healthcare acquired Amerilab Technologies, Inc. ('Amerilab'), a specialist provider of contract manufacturing and related services in effervescent nutritional products, based near Minneapolis, in Plymouth, Minnesota. The acquisition of Amerilab is DCC Health & Beauty Solutions' third acquisition in the US market, following the acquisition of Ion Labs in November 2019 and Elite One Source in February 2018. It is a further significant step in the execution of the strategy to build a business of scale in the world's largest health supplements and nutritional products market.

Amerilab specialises in the manufacture of effervescent nutritional products in powder and tablet formats, which are packed in stickpacks, sachets and tubes. Its service offering includes product development, formulation, manufacturing, packaging and regulatory services. Amerilab operates from a large, well-invested facility, which complies with FDA cGMP (current Good Manufacturing Practices) and is certified by leading international regulatory bodies, NSF and the TGA (Australia's Therapeutic Goods Association). In recent years Amerilab has invested in high-speed, automated equipment, enhancing its operational efficiency and increasing manufacturing capacity. Amerilab's customer base consists of high-quality consumer healthcare companies, specialty brand owners and direct sales organisations. Effervescents are a higher growth product segment within the US nutritional market, with attractive demographic characteristics and environmental credentials. Amerilab's complementary effervescent capability will create opportunities for cross-selling and other synergies within DCC Health & Beauty Solutions.

The business, which employs 125 people and has revenues of approximately $68 million, continues to be led by its experienced management team. DCC Healthcare acquired Amerilab based on an enterprise value of approximately $85 million (£72 million) and the business is expected to generate returns consistent with the existing DCC Health & Beauty businesses within two years.

Ion Labs

In November 2019, DCC Healthcare acquired Ion Labs, Inc. ('Ion'), a Florida-based contract manufacturer of nutritional products for an enterprise value of approximately $60 million (£46 million). This acquisition represented a significant step in DCC Health & Beauty Solutions' strategy to build a material presence in the attractive US health supplements and nutritional products market. It followed the acquisition of Elite One Source in February 2018, and significantly enhanced DCC Health & Beauty Solution's service offering to customers in the US market, the world's largest health supplement and nutritional products market. Ion has a broad product format capability encompassing tablets, capsules, powders and liquids across a variety of product categories including herbal and botanical products, probiotics and liquid nutritionals. In addition, Ion is currently commissioning a new nutritional gummies manufacturing line which will provide DCC Health & Beauty Solutions with capability in this fast growth category. Ion operates from well invested facilities which comply with FDA cGMP (current Good Manufacturing Practices) and Health Canada standards. The business is led by an experienced management team, employs 360 people and has annual revenues of approximately $80 million.

In addition, DCC Vital completed a number of complementary bolt-on acquisitions in Britain which have expanded its product portfolio and strengthened its market presence. SP Services is a leading supplier of medical consumables and equipment for first aid, ambulance, paramedic and rescue professionals in the 'blue light' and occupational health sectors. VacSax is a small British manufacturer and supplier of disposable suction devices used in operating theatres and hospitals.

DCC LPG
Budget Energy

In May 2020, DCC LPG completed the acquisition of Budget Energy, an independent electricity supplier operating throughout Ireland, supplying approximately 90,000 residential electricity customers. Budget Energy has a strong history of sourcing renewable energy, with agreements in place for the purchase of electricity generated from solar, wind and anaerobic digestion sources. The acquisition of Budget Energy enhances DCC LPG's presence in the Irish electricity market and represents an important step in its strategy to develop its natural gas and power offerings across the island of Ireland.

In addition, DCC LPG also recently completed a small bolt-on acquisition in the US.

DCC Retail & Oil

DCC Retail & Oil completed a number of small, complementary bolt-on acquisitions in Britain and Ireland during the year. These acquisitions have been successfully integrated into the existing business.

DCC Technology

DCC Technology acquired two small businesses during the year, a managed service business in Ireland and a Pro AV specialist in the Benelux region. Although small, both acquisitions support DCC Technology's strategy to continuously enhance its service offering to its customers and suppliers.

Disposal
DCC Healthcare
Kent Pharma and Athlone Laboratories

In September 2019, DCC Vital completed the disposal of its UK generic pharma activities and related manufacturing facility in Ireland (Kent Pharma and Athlone Laboratories). The disposal sharpens the strategic focus of DCC Vital, allowing it to concentrate on those areas where it has market-leading positions and sustainable competitive advantage, in particular in the sales, marketing and distribution of medical products in Britain and Ireland. DCC Vital will also continue to develop its pharma activities in Ireland which encompass a market leadership position in the procurement and sales of exempt medicinal products and agency distribution into the hospital and retail pharmacy segments.

Financial Review continued

Table 5: Summary of Cash Flows

	2020 £'m	2019 £'m	26 years since flotation cumulatively £'m
Adjusted operating profit	**494.3**	460.5	**4,198.6**
Decrease in working capital	**49.2**	37.5	**408.7**
Depreciation (excluding right-of-use leased assets) and other	**122.3**	109.5	**1,070.5**
Operating cash flow (before add-back for depreciation on right-of-use leased assets)	**665.8**	607.5	**5,677.8**
Capital expenditure (net)	**(167.8)**	(173.5)	**(1,438.7)**
	498.0	434.0	**4,239.1**
Depreciation of right-of-use leased assets	**58.2**	–	**58.2**
Repayment of lease creditors	**(63.9)**	–	**(63.9)**
Free cash flow	**492.3**	434.0	**4,233.4**
Interest and tax paid	**(116.2)**	(77.3)	**(917.9)**
Free cash flow (after interest and tax payments)	**376.1**	356.7	**3,315.5**
Acquisitions	**(227.5)**	(296.8)	**(3,253.5)**
Dividends	**(139.2)**	(117.0)	**(1,120.7)**
Disposals/exceptional items	**5.8**	(26.1)	**319.8**
Share issues (net of buy backs)	**0.3**	593.2	**767.6**
Net inflow	**15.5**	510.0	**28.7**
Opening net debt	**(18.4)**	(542.7)	**(1.6)**
Translation and other	**(70.1)**	14.3	**(100.1)**
IFRS 16 transition adjustment at 1 April 2019	**(294.1)**	–	**(294.1)**
Closing net debt (including lease creditors)	**(367.1)**	(18.4)	**(367.1)**
Free cash flow conversion	**100%**	94%	**101%**
EBITDA	**612.8**	570.1	**5,296.4**

Analysis of closing net debt (including lease creditors):		
Cash less overdrafts	**1,684.8**	1,466.0
Gross debt (excluding lease creditors)	**(1,745.0)**	(1,483.5)
Net debt (before lease creditors)	**(60.2)**	(17.5)
Lease creditors	**(306.9)**	(0.9)
Net debt (including lease creditors)	**(367.1)**	(18.4)

Highlights of 2020

Committed acquisition spend

£168.6m
(2019: £368.3m)

Cash balances

£1,684.8m
(2019: £1,466.0m)

EBITDA:net interest

13.0 times
(2019: 12.2 times)

Total Cash Spend on Acquisitions for the Year Ended 31 March 2020

The total cash spend on acquisitions completed in the year was £227.5 million and included the payment of deferred and contingent acquisition consideration previously provided of £35.3 million.

The total cash spend on acquisitions completed in the year included the acquisitions of Amacom, Comm-Tec and Pacific Coast Energy which were announced in the prior year preliminary results statement and completed during the current year.

Balance Sheet and Group Financing

An integral part of the Group's strategy is the maintenance of a strong and liquid balance sheet which, amongst other benefits, enables it to take advantage of development opportunities as they arise. At 31 March 2020, the Group had net debt (excluding lease creditors) of £60.2 million, total equity of £2.5 billion, cash resources, net of overdrafts, of £1.7 billion and undrawn, committed debt facilities of approximately £350 million.

The Group's outstanding term debt had an average maturity of 6.1 years. Substantially all of the Group's debt has been raised in the US Private Placement market with an average credit margin of 1.66% over floating EURIBOR/ LIBOR. In April 2019, DCC successfully drew down a private placement issuance of approximately £350 million, the proceeds of which will be used to repay maturing private placement debt. Using the ratios set out in the Group's lending agreements, at 31 March 2020, the Group's net debt:EBITDA ratio was 0.1 times (2019: <0.1 times).

Further analysis of the Group's cash, debt and financial instrument balances at 31 March 2020 is set out in notes 3.9 to 3.13 in the financial statements.

Key financial ratios as at 31 March 2020, and the principal financial covenants included in the Group's various lending agreements, are as presented below.

This extremely strong financial position leaves DCC very well placed to navigate the uncertainty created by the Covid-19 pandemic and to continue its growth and development into the future.

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 2019. 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.

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.

Key financial ratios	2020 Actual	Lender covenants	2019 Actual
Net debt:EBITDA (times)	**0.1x**	3.5x	<0.1x
EBITDA:net interest (times)	**13.0x**	3.0x	12.2x
Total equity (£'m)	**2,541.5**	425.0	2,433.5

Financial Review continued

Foreign Exchange Risk Management

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

A significant proportion of the Group's profits is denominated in currencies other than sterling. Approximately 60% (2019: 60%) of the Group's adjusted operating profit for the year ended 31 March 2020 was denominated in currencies other than sterling, primarily euro, US dollar and Scandinavian currencies. DCC does not hedge the translation exposure on the profits of non-sterling subsidiaries. The modest weakening of the average translation rate of sterling versus the US dollar was offset by a modest strengthening against the euro and Scandinavian currencies resulting in a minimal impact on the Group's adjusted operating profit in the year ended 31 March 2020.

DCC has investments in non-sterling, primarily euro and US dollar denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in (or swapped utilising cross currency interest rate swaps into) the relevant currency or through currency swaps related to intercompany funding, although this hedge is offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The weakening in the value of sterling against the euro and the US dollar was partly offset by a strengthening in the value of sterling against certain Scandinavian currencies resulting in a modest translation gain of £5.8 million on DCC's non-sterling denominated net asset position at 31 March 2020, as set out in the Group Statement of Comprehensive Income in the financial statements.

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.

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 2020, 66% of the Group's 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.

Table 6: Performance Metrics

	2020	2019
Growth:		
Adjusted operating profit growth (%)	**+7.3%**	+20.1%
Volume growth DCC LPG (%)	**+4.7%**	+10.8%
Volume growth DCC Retail & Oil (%)	**-4.3%**	-1.3%
Revenue growth – excluding DCC LPG and DCC Retail & Oil (%)	**+6.7%**	+19.5%
Adjusted operating profit margin – excluding DCC LPG and DCC Retail & Oil (%)	**2.8%**	3.0%
Adjusted earnings per share growth (%)	**+1.3%**	+12.8%
Return:		
Return on capital employed – excluding IFRS 16 (%)	**16.5%**	17.0%
Return on capital employed – including IFRS 16 (%)	**15.1%**	n/a
Operating cash flow (before add-back for depreciation on right-of-use leased assets) (£'m)	**665.8**	607.5
Free cash flow (after IFRS 16) (£'m)	**492.3**	434.0
Conversion of adjusted operating profits to free cash flow (%)	**100%**	94%
Working capital days (days)	**(0.6)**	(0.4)
Debtor days (days)	**39.9**	35.5
Financial Strength/Liquidity/Financial Capacity for Development:		
EBITDA:net interest (times)	**13.0x**	12.2x
Cash balances (net of overdrafts and short-term debt) (£'m)	**1,684.8**	1,466.0
Net debt – excluding lease creditors (£'m)	**(60.2)**	(18.3)
Net debt – including lease creditors (£'m)	**(367.1)**	(18.4)
Net debt (excluding lease creditors) as a % of total equity (%)	**2.4%**	0.8%
Net debt:EBITDA (times)	**0.1x**	<0.1x

Commodity Price Risk Management

DCC, through its LPG and Retail & Oil divisions, procures, markets and sells LPG, natural gas, electricity and oil products 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 may be 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 fuel oil 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.

The net debt balance at 31 March 2020 includes a mark-to-market liability relating to the fair value of the derivative financial instruments used by the Group to hedge these commodity price risk exposures. The sharp decline in commodity prices up to 31 March 2020, triggered by wider market factors, has resulted in an increase in this mark-to-market liability versus the prior year.

Certain activities of individual businesses are 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 2020, 66% of the Group's term debt was at floating rates of interest, including the effect of interest rate and cross currency interest rate swaps which qualify for fair value hedge accounting under IAS 39. The Group mitigates interest rate risk on its borrowings by matching, to the extent possible, the maturity of its cash balances with the interest rate reset periods on the swaps related to its borrowings.

Investor Relations

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

Share Price and Market Capitalisation

The Company's shares traded in the range £38.78 to £74.96 during the year. The share price at 31 March 2020 was £51.00 (31 March 2019: £66.35) giving a market capitalisation of £5.0 billion (31 March 2019: £6.5 billion).

Fergal O'Dwyer
Chief Financial Officer
18 May 2020

Strategy in Action
DCC LPG

LPG as a transition fuel

DCC LPG has been proactively bringing solutions to market for a number of years to help customers reduce their energy costs, whilst also tackling their carbon emissions to align with ongoing regulatory changes.

What we did in 2020
DCC LPG has been working with commercial customers to reduce their energy costs and CO_2 output and improve air quality by moving to LPG. Switching from an oil boiler to an LPG boiler can reduce energy costs through improved operational efficiency and lower CO_2 emissions by up to 25%. Furthermore, an LPG boiler produces 60% less particulate matter ('PM') than oil boilers, contributing to improved air quality.

Flogas Britain: Distillery Oil to Gas Conversion
Tamnavulin distillery, owned by Whyte & Mackay, has been operational since 1966, producing over four million litres of malt whisky per year in the heart of Speyside, Scotland. With a desire to reduce CO_2 output and comply with new UK legislation, the Medium Combustion Plant Directive ('MCPD'), Tamnavulin were keen to review their use of Heavy Fuel Oil ('HFO').

The MCPD states that combustion plants with a thermal rated input of between 1 – 50 MWth must limit emissions – specifically sulphur dioxide ('SO_2'), nitrogen oxides ('NO_x') and PM.

Working closely with the distillery team at Tamnavulin during 2019, Flogas technical services conducted a review of their production processes and energy efficiency and set out a detailed proposal for a move to an LPG boiler system. They also designed a bespoke gas storage facility, installing a 30 tonne mounded gas storage tank, along with associated pipework and civil work. This has ensured that the distillery is fully compliant with the MCPD legislation, with the following improvements:

At the same time, Tamnavulin have reduced their carbon output by 19.7% and lowered their overall energy costs.

Flogas Ireland: Garda College Oil to Gas Conversion
The Garda College in Templemore, Tipperary is the national centre for police training, development and learning in Ireland. A modern campus structure on eight acres, the college is a world leading police training facility and vibrant third level institution and is rapidly expanding to meet the needs of modern-day policing in Ireland.

The college had been using oil to provide heating and cooking facilities for many years but was seeking more cost-effective and energy efficient alternatives.

Flogas worked with the college to evaluate its options, conducting site visits to examine the existing boiler house and review energy consumption and cost data. Flogas presented a formal proposal, including an analysis of potential cost savings, to Finance and Procurement executives at the Garda Headquarters in Dublin for a switch to an LPG boiler.

Once approved, Flogas worked with the college to transition the existing boiler house infrastructure from oil to LPG and build the required LPG storage, with eight 4 tonne LPG tanks installed in two separate compounds in the college grounds. The changeover process went according to plan, and the college, by using LPG for its heating and cooking requirements, is delivering annual energy cost savings of 20%. They are also securing a 19% reduction in carbon emissions equivalent to 272 tonnes of carbon per annum.

Strategic Linkage
DCC LPG has taken a market leading position in the promotion of oil to gas conversions as it looks to assist customers with their energy transition requirements by providing cost effective solutions that deliver reductions in energy running costs and carbon emissions.

Innovation
Market leading positions

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

Strategy in Action
DCC Retail & Oil

Expanding the retail petrol station businesses

DCC Retail & Oil has grown its retail businesses by both strengthening existing partnerships and developing new partnerships with best-in-class retailers.

What we did in 2020

Partnering with best-in-class retailers

In France, we signed a new partnership agreement with Areas France to operate the shop and restaurant facilities on 45 Esso-branded motorway sites. In parallel, to strengthen our retail offering on the motorway sites an agreement was signed with the Casino Group to deploy the Franprix branded convenience store concept and a new direct agreement was also made with Daltys Coffee to deploy their automatic coffee dispenser solution on the entire motorway network.

In Ireland, we formed a new partnership with Tesco Ireland to operate their network of 22 petrol stations. The petrol stations are being converted to unmanned stations and they will be integrated into the pricing, supply and back office hub.

Building out e-car charging facilities

DCC Retail & Oil has been participating in transport energy transition with several e-car fast charging facilities installed on our petrol stations.

Our Esso-branded petrol station network in Norway entered a partnership with electric charging market leader Fortum Recharge in order to develop a customer friendly electric charging offer at a selection of our petrol station locations throughout Norway. The partnership includes access to the Fortum Charge & Drive App, which is a fully digital customer experience making route planning, EV charging and payment easy for customers. High speed chargers are operating on three petrol stations and further chargers will be added, located at key transient locations, as well as in and around the larger cities where EV density is high.

In France, we agreed a partnership with Ionity for the deployment of fast e-car charging installations on the Esso-branded motorway network. Two motorway petrol stations now have fast charging facilities in operation with several more locations planned to be upgraded.

Expansion of other on-site services

We continue to grow complementary additional on-site services such as car washes to support our core retail fuels business.

On the Shell-branded network in Denmark, a new car wash concept was introduced at 100 petrol stations, making it the most advanced and customer friendly offer amongst the petrol stations in Denmark. The concept offers customers a flawless car wash experience, using a smartphone app, license plate recognition cameras and online surveillance of the car wash. Customers can choose between pay-per-car wash and monthly subscription models, which offer the customers unlimited car washes for a fixed monthly price.

On the Esso Express unmanned network in France, the car wash business has grown to 63 locations in the past 18 months and the Club Certas Energy loyalty programme has been leveraged, to promote the new car wash facilities. The loyalty programme utilises the Cardivation tokenisation technology that was developed by DCC Retail & Oil. Car wash offers have been promoted to the 170,000 members of Club Certas Energy to help build facility awareness and to drive usage of the new car washes.

Strategic linkage

Partnering with best-in-class retailers to sustain leading positions in each of the markets we operate in and developing innovative technology solutions for our customers to access on-site services such as e-car charging and car washes.

Innovation
Market leading positions

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

Strategy in Action
DCC Technology

Enabling the retail revolution

DCC Technology is a leading global retail go-to-market provider, with a significant presence in the UK, Ireland, France, Benelux, the Nordics, US, Canada and the Middle East. Partnering with the world's foremost technology brands, DCC Technology markets and sells products and services to a broad customer base of retailers, e-tailers and resellers.

What we did in 2020

During the year, DCC Technology has made extensive progress in both the 'clicks' and 'mortar' space, accelerating the digital retail revolution and enabling our customers and vendors to thrive in both traditional bricks-and-mortar and e-commerce platforms. Our drop ship services and deliveries direct to the door of end-users are helping to support existing retailers in their omnichannel journey and are of particular importance to our customers and suppliers in the current climate. Our UK drop shipments alone experienced an 81% month-on-month increase in March 2020.

In June 2019, DCC Technology acquired Amacom, headquartered in Den Bosch, the Netherlands. Amacom is a market leading distributor of consumer electronics and IT products, primarily to the retail and e-tail sectors in the Netherlands and Belgium. With approximately 90 staff, the business has an extensive combined sales and warehousing infrastructure throughout the Benelux region, allowing DCC significant reach into resellers, integrators, e-tailers and retailers across Continental Europe.

Exertis UK, the largest retail ICT distributor in the UK and Ireland, offers an unrivalled range of consumer products from leading brands, focused on entertainment and the home. With dedicated sales, account management, business development and commercial teams, plus an unrivalled range of specialist retail services that include category management, drop shipment and digital distribution, Exertis UK adds real value to any size and any type of retail outlet or e-commerce store.

Exertis Ztorm, a leading digital distributor in the video games industry, manages a global network of API-connected online and physical retailers and game publishers. Ztorm offers solutions and services to retailers with and without a digital offering, enabling connectivity for both online stores and physical retailers.

Exertis Middle East has developed a network of merchandisers that enables them to enhance the physical shopping experience, allowing customers to interact and engage with our people and our products/brands, increasing our touchpoints with both our customers and vendors.

Strategic Linkage

The acquisition of Amacom, with its highly efficient distribution footprint, attractive portfolio of product categories and vendors, and sophisticated online portal, provides an excellent blueprint for further growth and expansion in the Benelux region and across Continental Europe. Amacom's online portal allows customers to manage procurement, inventory, online sales and logistics for same day or next day delivery in the Netherlands and Belgium. The Amacom service model for retail and e-commerce, with end-user delivery supported by the online portal, enables access to an extended product range and eliminates the need for extensive stockholdings in stores.

DCC Technology has the tools and the geographic footprint to provide the right solutions to all our partners through our various offerings across the business, including drop ship arrangements, developing online portals/websites, digital distribution of gaming and software products and enhancements to the physical shopping experience. Our omnichannel solutions have helped to safely and quickly supply home offices and provide home entertainment for families around the world.

Innovation

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

Strategy in Action
DCC Healthcare

Building in the US nutrition market

DCC Healthcare's contract manufacturing business, DCC Health & Beauty Solutions ('DCC H&BS') has a strong track record of organic growth and bolt-on acquisitions in the European market.

What we did in 2020
Over the last three years DCC has been steadily building its profile in the US health & beauty contract manufacturing ('CMO') sector, completing three acquisitions to date and investing c.$200 million. The US nutritional market has been a consistent high growth market over many years with a current retail value of c.$50 billion, accounting for approximately one-third of the value of the global market. The US market is characterised by high levels of consumer penetration and an active innovative culture. Consumers are focused on products

that support their everyday lifestyle and help them maintain good health. It is a dynamic market where new brands are emerging and old brands are evolving, as they adapt to the changing retail landscape. The exponential growth of the e-commerce channel means innovation and responsiveness has never been more important.

These favourable market dynamics led us to invest time and resources conducting an in-depth evaluation of the nutritional CMO sector. We found a fragmented manufacturing base, predominantly populated by privately-owned small and medium-sized enterprises. We came to the view that there was an exciting opportunity to build a group of health & beauty CMO businesses in the US, operating in a similar manner to our existing European business. DCC's is a decentralised business model where the individual facilities each have their own specialist focus areas (product or technology) and their own strong local management teams, empowered to drive the performance and growth of their business. These businesses are then supported by a small central team focused on oversight, governance, best practice and driving cross selling and synergies.

Over the last two and half years, DCC has executed this strategy to build a group of businesses in the US, starting in 2018 with the acquisition of Elite One Source Nutritional Services ('Elite'), a specialist manufacturer of complex formulation nutritional products in tablet and capsule formats. The acquisition of Elite put DCC on the map, it allowed us to develop a deeper understanding of the marketplace, build customer relationships and identify opportunities for further expansion.

DCC was able to use its expanded market knowledge to narrow the potential pool of targets to those with complementary product formats, strong innovation capability and high-quality customers and in the last year DCC has completed two further US acquisitions.

In November 2019, DCC acquired Ion Labs, an innovative contract manufacturer with capability across a range of nutritional product formats – powders, tablets, capsules, capsule-in-capsule, liquid-caps, probiotics and liquids, as well as developing capability in nutritional gummies. These attractive formats are complementary to Elite's capability. Ion Labs' development into gummies is particularly attractive given the growth opportunity in this product segment in both the US and European markets.

In March 2020, DCC took another step forward in the US, with the acquisition of Amerilab Technologies, a specialist manufacturer of effervescent nutritional products in powder and tablet formats, which are packed in stickpacks, sachets and tubes. The acquisition of Amerilab Technologies provides DCC with a business with innovative technologies, a strong customer base and a specialist service offering in a higher growth niche of the nutritional markets.

The integration of these recent acquisitions into DCC Health & Beauty Solutions will allow us to develop and share a common culture across our US and European businesses, share best practice and importantly cross-sell the breadth of technology and innovation across the expanded group. DCC now has scale across two significant geographic markets, working with a range of local and international partners whose brands are in the top tier of this dynamic and growing marketplace.

Strategic Linkage

DCC has made excellent progress in executing on its strategy to build a business of scale in the US (the world's largest nutritional products market), having deployed c.$200 million and completed three complementary acquisitions in the last two and a half years. The acquisition of Ion Labs and Amerilab Technologies this year has added important new customer relationships, technical expertise and new product format capabilities. The US businesses are working closely together and with the European businesses to cross-sell the full breadth of DCC's contract manufacturing businesses comprehensive service offering.

Extend our geographic footprint
Innovation
Market leading positions

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

Strategy in Action
People Development

Leadership in action

We are committed to developing strong leaders at all levels of our organisation. Our core leadership philosophy is that everyone has the capability and the responsibility to lead and make a valuable contribution; whether that is leading self, leading a team or leading one of our businesses. During the year, we broadened our development offer with a new executive development programme – the 'DCC Business Leadership Programme'.

DCC Business Leadership Programme
This new programme, developed with Ashridge Executive Education, is designed to equip future DCC business leaders with the insights, tools, relationships and behavioural agility needed to lead in an increasingly competitive and changing marketplace. Based on a comprehensive learning needs analysis, we embedded four core themes in the programme to provide a powerful end to end experience for participants:

- **Opportunity and innovation** – Challenging, informing and inspiring participants about the possibilities for growth and innovation in their businesses.
- **Direction and strategy** – Tools and processes to evaluate, decide, formulate and translate strategy for a portfolio of growth initiatives.
- **Engagement and delivery** – Exploring personal implications of operating at senior levels, shaping culture, engaging and inspiring others, and leading for high performance.
- **Personal Leadership** – Building on development assessment work to develop strengths and build personal and team resilience.

Programme at a glance
- 24 participants
- 8-month programme
- External development assessment and feedback
- Residential modules at Ashridge Executive Education
- Dedicated day with the Group Management Team in Dublin
- Business projects

Approach
- Participant nominations integrated with talent planning processes
- Programme design in partnership with Ashridge Executive Education and senior Group and business leaders
- Accelerated learning enabled through real life case studies and senior Group management tutorials as well as the latest business management and leadership thinking from Ashridge faculty
- Peer based coaching and talent mobility promoted through cross-divisional teaming and challenges
- External coaching to bring acute focus to personal development
- Strategic value-add generated on long-term industry challenges, sponsored by senior business leaders
- Group Management Team engage in all business challenge proposals, providing direct feedback and support to participants

"It was clear to see the common characteristics of DCC leaders in these participants – intelligence, a curiosity to solve business challenges, and the energy to drive forward to results. Having talent like this as the future leaders of the Group gives great confidence!"

Project Sponsor, Hugh Hamer
Managing Director, Williams Medical Supplies

"The programme provided a great opportunity to learn and grow from key Group executives. They were active throughout the programme – delivering keynote sessions, sharing their leadership journeys, and inputting directly to our challenge projects. This time and the strategic business insights gained helped to advance my own leadership mindset and successfully achieve my promotion to Commercial Director while on the programme."

Participant, Caroline Hope
Commercial Director, Consumer, Exertis UK

"We saw great value being generated from the cross-fertilisation of thinking and ideas of participants from different divisions across the Group focused together on a single business challenge."

Project Sponsor, John Rooney
Managing Director, Flogas Ireland

Operating Review

DCC LPG

What we do

DCC LPG is a leading UK petroleum gas ('LPG') sales and marketing business with a developing business in the retailing of natural gas and electricity as well as the sales and distribution of industrial gases including refrigerants.

Key brands

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

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

How we do it

Our suppliers

- Exploration, production and refinery
- Importation terminals
- Inbound supply

DCC LPG activities

- Inbound logistics
- Storage and filling
- Sales and marketing
- Services
- Outbound logistics

Our customers

- Domestic
- Commercial/industrial
- Agriculture
- Retailers/consumers

Performance for the Year Ended 31 March 2020

DCC LPG delivered very strong growth, with operating profit increasing by 13.1% (13.4% on a constant currency basis) to £228.2 million and over three-quarters of the constant currency growth was organic. This excellent organic performance was driven by good volume growth and strong procurement and cost control. The performance benefited modestly from the cooler weather relative to the prior year, although weather conditions were milder than long-term averages.

Overall volumes increased by 4.7% (4.0% organically), driven by continued success in oil to gas conversions in Britain and market share gains, particularly in Scandinavia and in the French B2B natural gas and power sector. The operating profit per tonne increased versus the prior year, reflecting the good procurement and cost performance and the more favourable cost of product environment.

The business in France again performed well and delivered good operating profit growth, with new business development driving growth in the B2B natural gas and power sector and good procurement and cost control contributing to a strong performance in LPG. The business continues to focus on diversifying its offering to complement its very strong position in the retail and domestic LPG segments and is increasing its presence in the commercial LPG market. In addition, consistent with its ambition to constantly improve the service offering to customers, it has expanded its market-leading cylinder offering to now include both bio-LPG and home delivery.

DCC LPG delivered very strong organic profit growth in Britain and Ireland. In Britain, the business recorded strong growth across all segments and continued its track record of success in growing its sales to industrial and commercial customers. Both the British and Irish businesses also benefited from operational improvement projects implemented in both the prior and current years. In Britain, improvements made in supply-chain and procurement were effective in the seasonally important winter period, following supply disruption experienced in the British market in the prior year. The British business continues to invest in its operational infrastructure and is progressing with the conversion of an existing LNG facility in Avonmouth into a large LPG storage terminal. In Ireland, the business continues to invest in its natural gas and electricity offering and post-year end further expanded its natural gas and power proposition offering in Ireland following the acquisition of Budget Energy, an independent electricity supplier operating throughout Ireland, supplying approximately 90,000 residential electricity customers. Budget Energy has a strong history of sourcing renewable energy, with agreements in place for the purchase of electricity generated from solar, wind and anaerobic digestion sources.

The US business performed very strongly during the year, with good organic profit growth and the benefit from the integration of Pacific Coast Energy, which has performed well since acquisition in April 2019. The organic growth was driven by an excellent operational, supply chain and procurement performance during a period of market supply disruption and cooler weather.

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) +4.7%

Strategic objective:
Drive increase in sales volumes

2.2m

Adjusted operating profit +13.1%

Strategic objective:
Drive for enhanced operational performance

£228.2m

Adjusted operating profit per tonne

Strategic objective:
Grow adjusted operating profit per tonne

£104.87

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

18.4%

Operating cash flow

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

£331.1m

10-year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

21.7%

Operating Review continued
DCC LPG continued

The US business continues to target further expansion in the highly fragmented US market and post-year end completed a small bolt-on acquisition. The business in Hong Kong and Macau also performed well during a difficult year for the region with a series of protests and, post-Christmas, the disruption caused by Covid-19. The business remained operational throughout these periods of disruption, continuing to provide excellent service to customers and growing its presence in the domestic sector in particular.

DCC LPG has substantial operations in 10 countries and is very well placed to continue its development both in existing and new territories, as well as continuing to develop its position in adjacencies, which broadens the service offering of the division.

Markets and Market Position

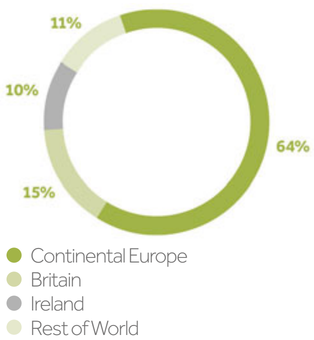
LPG
DCC LPG supplies LPG (propane and butane) in both cylinder and bulk formats to commercial, domestic, agricultural and industrial customers across eight countries in Europe, the US, and Hong Kong and Macau in Asia.

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

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

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

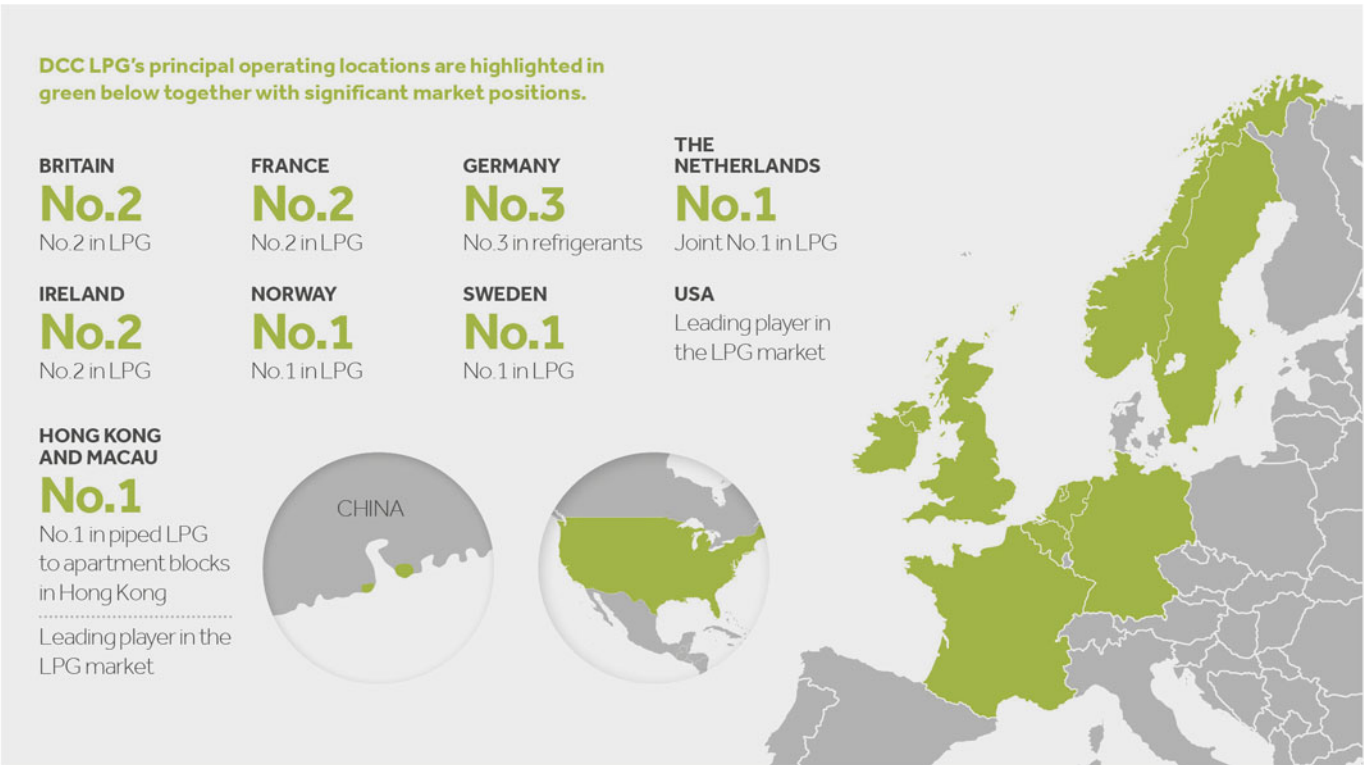
LPG volumes by geography



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

Gaz Européen is a specialist retailer of natural gas and electricity, focused on supplying energy management companies, apartment blocks (with collective heating systems), public authorities and the service sector in France. 'Butagaz Natural Gas and Electricity' is a natural gas and electricity offering for domestic consumers which leverages the strength of the Butagaz brand and the combined Gaz Européen and Butagaz experienced management teams. Gaz Européen supplies approximately 7.3 TwH of natural gas to c.15,000 B2B gas sites across France.

Britain
Flogas Britain is the clear number two LPG distributor in Britain with a market share of c.34% of the addressable market of approximately 915,000 tonnes, served through a nationwide infrastructure of 57 operating locations. Flogas Britain 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 bio methane which is injected into the gas grid. In addition to LPG, the business has continued to develop its position as the leading distributor of liquefied natural gas



('LNG') as an energy solution primarily to large industrial businesses. Flogas Britain distributes medical gas to regional health authorities and also distributes a wide range of LPG fuel appliances such as mobile heaters and barbecues, as well as renewable products.

Ireland
Flogas Ireland, which operates 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 200,000 tonnes. The business operates from six depots throughout the country including three importation facilities. Similar to Flogas Britain, the business has successfully generated organic growth by moving industrial energy consumers across to LPG.

Flogas Ireland has organically developed a utility business for both domestic and commercial customers and following the recent acquisitions of Budget Energy, an independent electricity supplier with a strong history of sourcing renewable energy and the previous acquisition of Just Energy, it now has a platform for a dual fuel offering to both customer segments throughout Ireland. In the year to 31 March 2020 the business supplied 1.5 TwH of natural gas and electricity to approximately 46,000 customers across Ireland. The business is a leading supplier of natural gas to SME customers as well as having a modest position in the domestic supply sector.

Germany
TEGA is an LPG and refrigerant gas distribution business with five operating sites based largely in southern Germany delivering c.37,000 tonnes of LPG and c.3,400 tonnes of refrigerants annually. The refrigerants business is focused on wholesalers and end-users for use in air-conditioning, commercial cooling systems and refrigerators, whereas the LPG business services c.15,000 domestic and commercial customers.

Sweden and Norway
In Sweden and Norway, Flogas operates from five locations which include two key importation facilities. Flogas is the market leader in both these markets, distributing LPG predominantly to large steel and industrial customers, and has 43% and 48% market shares in Sweden and Norway respectively. The addressable market is estimated to be approximately 330,000 tonnes in Sweden and 200,000 tonnes in Norway.

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

USA
DCC Propane is headquartered in Illinois with annual sales of 150,000 tonnes of LPG to over 73,000 customers. The business has established market-leading positions in three states with further operations in seven other states across the mid-west and north-west regions and is actively looking to extend its footprint further in what is a relatively unconsolidated market.

The business trades under four key regional brands, Hicksgas, Pacer Propane, Propane Central and Pacific Coast Energy and has a well-invested asset base supporting the business through a fleet of 179 company-owned LPG delivery vehicles operating from 46 customer service locations and 57 satellite facilities.

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

The business is supplied via the Shell terminal and filling plant on Tsing Yi Island and distributes c.60,000 tonnes of Shell-branded LPG annually under a long-term Shell brand licence agreement.

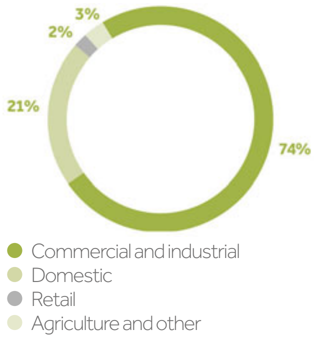
Strategy and Development
DCC LPG's vision is to be a global leader in the sales, marketing and distribution of LPG, natural gas and electricity and related products and services to energy consumers. DCC LPG's strategy is to:
- demonstrate the benefits of LPG as a cleaner, efficient fuel, and thereby convert commercial and residential oil consumers to LPG;
- cross sell complementary green/renewable energy products and services;
- leverage our strong brands by selling related products, e.g. natural gas and LNG;
- optimise the customer interface and supply chain across our business, supported by the use of digital technology; and
- build scale though bolt-on acquisitions and expand into new geographies.

DCC LPG will leverage our strong market positions in LPG by driving organic profit growth on a sector by sector basis. Building on recent success, we will continue to target growth by promoting LPG to commercial and residential energy consumers looking to switch to more environmentally friendly and competitively priced energy sources. We will continue to seek to expand through acquisition and consolidation in fragmented markets as well as adjacencies as demonstrated by our recent Budget Energy and Just Energy acquisitions in Ireland which will include the supply of electricity from renewable sources and a platform for a dual fuel offering throughout Ireland. We will continue to look at opportunities to expand other related products such as refrigerants into new geographic markets.

Operationally, the division will continue to look to develop innovative solutions to drive efficiencies and growth such as the Butagaz expanded cylinder offering which now includes bio-LPG and home delivery in addition to 'Click and Collect'. We will also look to further expand into adjacencies such as natural gas and power to add to our operations in France and Ireland and refrigerants to leverage the expertise 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 supplying cylinders to over 4 million consumers annually. Customers are primarily spread over the commercial, industrial, domestic, retail and agricultural markets. DCC LPG has no material customer dependencies.

LPG volumes by customer segment



Suppliers
As with its customer base, DCC LPG's supplier portfolio is broadly based. The top five suppliers represent less than 40% of total volumes supplied with no one individual supplier accounting for more than 15% of volumes supplied in the current year. The major suppliers to the division are BP, Equinor, Esso, Gunvor, Philips66, Shell, Sinopec, Total and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have undertaken a strategic review of our procurement practices during the year as we look to strengthen these relationships for the future.

Operating Review continued
DCC LPG continued

Case study

Flogas and Glanbia partnership – dairy farms electricity to LPG conversions

Flogas Ireland has partnered up with Glanbia to bring a more efficient solution for dairy farms in Ireland using the Flogas LPG Instant Hot Water system.

Moving to chlorine-free, instant hot water is now critical in all wash routines for dairy farmers.

Darren Healy (pictured above) and his family operate a spring calving dairy farm in Wicklow, Ireland. Like most dairy farmers, hot water accounts for about 30% of their energy bills. A reliable hot water supply is vital for the effective cleaning of milk lines and storage tanks, as well as controlling the Total Bacteria Count ('TBC') of the milk produced.

The farm used night rate electricity for heating and storing hot water which was then reheated during the day at day rates, however, this was not sufficient to meet the farm's daily hot water requirements. They were searching for an efficient and convenient system to meet their demand for a constant supply of hot water. Also, with the move towards chlorine-free detergents becoming more crucial, the availability of hot water throughout the day was becoming more and more of a necessity.

The farm selected the Flogas LPG Instant Hot Water system which provides hot water up to 85°C, at any time, night or day, so farmers only pay for the water they use and can eliminate expensive heating and storage costs and also reduce the associated carbon emissions.

Our People

DCC LPG currently employs 2,908 people and operates through a devolved structure where our highly motivated local management teams are responsible for developing their respective businesses.

Overall, these teams are focused on promoting processes and practices that support the well-being, development and engagement of our people to ensure we deliver the service levels expected by our customers in a safe way, every day.

Developing and investing in our people is a critical enabler of DCC LPG's strategy. We continue to invest in further developing our management resource, by providing exposure to other markets through a number of divisional best practice groups, and by creating increased career opportunities through our expanding geographic footprint. Our businesses operate a wide variety of employee training programmes that promote the ongoing development of our colleagues 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. All of our businesses are also actively focused on building longer term leadership capability and participate in DCC's talent planning processes as well as the Group's leadership development programmes including DCC's Graduate Programme which supports the development of a high potential and mobile talent pool at graduate level.

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

Health & Safety

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

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

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

Key Risks

DCC LPG sold 2.2 million tonnes of product during the year ended 31 March 2020 and the businesses operate with inherent risks to people and the environment. Ensuring that our businesses maintain rigorous health and safety standards is one of our core business principles. Our focus is on reinforcing the 'Safety F1rst' programme and driving improvement through robust training, audit and review processes, quarterly communications campaigns and enhanced reporting structures.

DCC LPG's expansion into new territories, which now includes a presence in 10 countries across three continents, ensures a broad customer base and reduces the concentration on any single geographical location. The expanded geographical spread brings challenges from a cultural, governance and regulatory perspective but also mitigates the impact from localised economic cycles or changes to the market dynamics, including increased taxation of fossil fuels.

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

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

Our businesses have remained operational throughout the period of disruption caused by the Covid-19 pandemic and have continued to provide excellent service to our customers.

Environment

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

At the same time, economies rely on fossil fuel derived energy to function and grow. DCC LPG is committed to assisting our customers to reduce their environmental impact. This is being achieved through offering our customers cleaner, more efficient fuels and innovative solutions, enabling customers to monitor their own energy use and to quantify carbon emissions with LPG providing 20% lower CO_2 impact than heating oil and over 96% less NO_x than diesel.

TEGA continues to work with key refrigerant suppliers to deliver lower Global Warming Potential ('GWP') refrigerants in line with the EU Fluorinated Gas ('F-Gas') directive and has completed a significant project during the year to ensure it is future-proofed for the storage and supply of the newly emerging lower GWP refrigerants.

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

Case study

Bio Gas

Bio gases are made from a variety of biological materials and can reduce carbon emissions by up to 90% depending on production methods.

As bio-LPG is chemically identical to the original gases, they can simply be 'dropped-in' to existing supply chains and appliances without any need for infrastructure changes or further investment. The main benefits of bio gases are as follows:

- Easy to use: chemically identical to standard LPG and can be blended up to 100%
- Cleaner: bio gases are low carbon and perform extremely well from an air quality perspective with regard to NOx, SOx and particulate matter ('PM')
- Renewable: made from completely renewable crops and waste feed stocks

DCC has been proactive in the transition from fossil fuels to bio alternatives including:

- The Flogas Britain fleet of vehicles already includes a range of dual fuel and electric hybrid alternatives. Flogas Britain has also become the first UK gas supplier to operate bio-LNG powered Volvo trucks. The new trucks are part of the company's 2040 vision to build a lower carbon future in the UK (offering 100% renewable energy solutions) and will see a reduction in carbon emissions by more than 80% whilst significantly reducing costs.
- Butagaz has recently launched a new bio-LPG Viseo lightweight composite cylinder which includes at least 20% bio-butane. This is part of its environmental commitment 'Votre énergie verte, Butagaz s'engage' with all energy ranges now available in a green version including bio propane, bio butane, bio methane, wood pellets and green electricity.
- Bio methane is a bio gas generated from the anaerobic digestion of organic material which reduces the amount of organic waste sent to landfill. For bio methane to meet the calorific standards required for inclusion in the national natural gas distribution network, it needs to be enriched with a higher energy content gas. Flogas Britain has been at the forefront of the propane enrichment industry since the UK's first bio gas plants launched in 2012, with Butagaz also partnering in similar projects.

It will take time to establish significant sources of bio gas, so we are continuing to take steps to reduce our impact on the environment through carbon offsetting, in order to counteract the greenhouse gas emissions from the fuel we supply to our customers.

Operating Review

DCC Retail & Oil

What we do

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

Key brands

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

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

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

* DCC-owned brands.

How we do it

Our suppliers

- Exploration, production and refinery
- Importation terminals
- Inbound supply

DCC Retail & Oil activities

- Inbound logistics
- Storage and filling
- Sales and marketing
- Petrol stations
- Outbound logistics
- Branded fuel cards
- Services

Our customers

- Domestic
- Agriculture
- Commercial/ industrial
- Retail forecourts
- Customers of DCC retail forecourts
- Aviation
- Marine

Performance for the Year Ended 31 March 2020

DCC Retail & Oil delivered good growth, with operating profit increasing to £140.3 million, 4.9% ahead of the prior year, up 6.0% on a constant currency basis and approximately half of the constant currency growth was organic. The performance reflects the continuing focus on providing customers with essential liquid fuel products, increasing penetration of value-added products and services and strong cost control, which drove good organic profit growth in the year.

DCC Retail & Oil sold 11.6 billion litres of product, a decline of 4.3% on the prior year (4.9% decline organically). The reduction primarily reflects lower volumes in Britain, particularly in the marine, aviation and commercial sectors as the business actively exited some high volume, low margin relationships. It also reflects lower commercial activity in Britain generally, given the more difficult economic backdrop during the year as a result of Brexit. Volumes across Continental Europe, Scandinavia and Ireland were in line with expectations, with annual volumes modestly adversely impacted in the retail sector as a result of the Covid-19-related restrictions on mobility introduced in March.

In Britain and Ireland, the business delivered very strong organic profit growth. The reduced marine, aviation and commercial volumes and an increased penetration of premium fuels, including premium heating oil, benefited the margin mix and a good cost performance drove the strong performance. The business continued to make good progress in expanding its retail network in Britain with 10 new site additions and also announced a partnership with Tesco in Ireland to operate its nationwide network of 22 sites which will commence in the current year. In Britain, the business has continued to develop its HGV truck stop network and now has 20 well-located sites, including three new sites completed in the past year, and continues to enhance its offering with additional services to HGVs, such as secure parking and truck washes. The business also continues to develop into adjacent areas, such as lubricants, and has acquired three small bolt-on lubricants and lubricant blending businesses in the last two years.

The Scandinavian business delivered a good performance, primarily driven by strong organic operating profit growth in Denmark, as the business continued to both develop its offering in differentiated fuels and benefit from improvements made to the retail and commercial operations acquired in 2017. In July 2019, the business entered into a new branded marketing and distribution agreement with Shell Aviation, which involved Shell taking a stake in the existing Danish aviation operations, giving the business access to Shell's global network and settlements platform. Although small in the context of the division, this development further strengthens DCC Retail & Oil's presence in the aviation fuels market. The businesses in both Norway and Sweden performed in line with expectations.

The French business delivered very strong organic profit growth, reflecting a continued focus on business development and customer engagement following the successful implementation of customer-centred initiatives

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) -4.3%

Strategic objective:
Drive increase in sales volumes

11.6bn

Adjusted operating profit +4.9%

Strategic objective:
Drive for enhanced operational performance

£140.3m

Adjusted operating profit per tonne

Strategic objective:
Grow adjusted operating profit per tonne

1.21p

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

18.5%

Operating cash flow

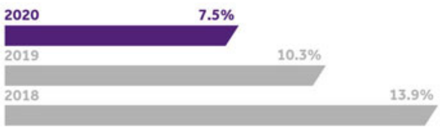
Strategic objective:
Generate cash flows to fund organic and acquisition growth and dividends

£148.3m

10-year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

7.5%



Operating Review continued
DCC Retail & Oil continued

in the prior year including a loyalty programme, fuel differentiation through Esso's Synergy Fuels and an improved carwash offering. The business in Austria also performed well and has been particularly successful in bringing new offerings to customers, including premium fuel and lower-carbon initiatives.

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.

Markets and Market Position

Retail and Fuel Card

The Retail business operates 1,085 retail petrol stations in France, Sweden, Norway, Denmark, Austria, Ireland and Britain and is one of the leading resellers of branded fuel cards in Britain.

Retail – France

The Esso Retail France business comprises a growing Esso unmanned retail petrol station network (277 stations), the Esso motorway concessions network (45 stations) and a further 142 Esso-branded dealer-owned stations and sells approximately 1.6 billion litres of diesel and petrol to consumers across France annually. The business operates from its office in Paris with pricing, supply and back office support provided by the retail hub based in Drogheda, north of Dublin, Ireland.

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

Retail – Sweden

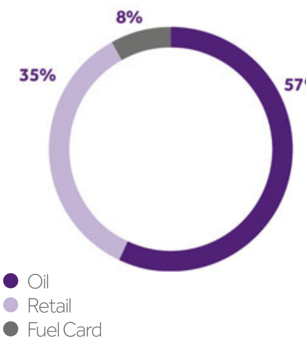
Trading under the Qstar brand, DCC Retail & Oil sells approximately 380 million litres of product per annum. Qstar provides national coverage through a network of 329 unmanned forecourts which is complemented by an additional 27 dealer-operated retail petrol stations trading under the Bilisten and Pump brands.

The Qstar network is the fifth largest petrol retailer in Sweden and holds approximately 12% 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 74% in terms of site numbers.

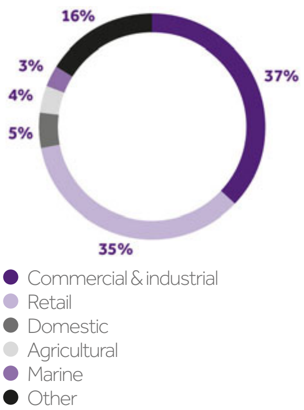
Retail – Denmark

The Danish Shell-branded retail petrol network includes 57 unmanned sites operated under the Shell Express brand, eight truck sites, 56 company-operated sites under the 7-Eleven brand, 30 manned company-owned sites operated by franchisees and contracts to supply 79 dealer-owned sites. The business operates from its office in Naerum in Denmark, with pricing and back office support provided by the retail hub based in Ireland. The business sells approximately 450 million litres of diesel and petrol to consumers across Denmark annually.

Retail & Oil total volumes by business type



Retail & Oil total volumes by customer segment



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

BRITAIN
No.1
No.1 in oil distribution

Leading operator of unmanned retail petrol stations

Leading reseller of fuel cards

SWEDEN
No.1
No.1 in oil distribution

Leading operator of unmanned retail petrol stations

DENMARK
No.2
No.2 in oil distribution

No.2 in aviation fuels

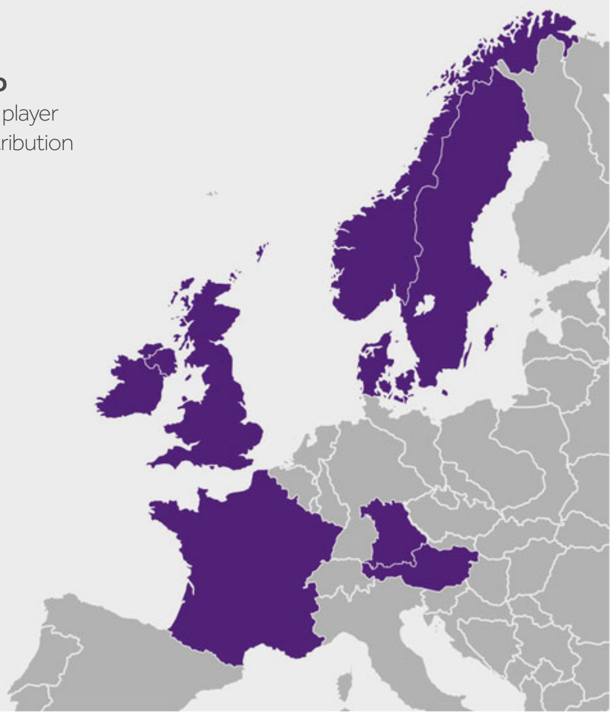
Leading operator of retail petrol stations

IRELAND
Leading player in oil distribution

NORWAY
No.3
No.3 operator of retail petrol stations

FRANCE
No.1
No.1 operator of unmanned retail petrol stations

AUSTRIA
No.2
No.2 in oil distribution



Circle K is the largest player in the Danish retail market with a market share of c.30%. DCC Retail & Oil is the fifth largest player in the Danish retail petrol station market with a market share of approximately 11%.

Retail – Norway
The Esso network in Norway comprises 120 company-operated stations with convenience stores operated in partnership with Norgesgruppen, the largest grocery retailer and wholesaler in Norway, and a growing unmanned network of 37 stations. The business has contracts to supply a further 87 Esso-branded dealer-owned stations.

The network is the third largest in the market selling approximately 480 million litres per annum, with four key players including Circle K, St1, Uno-X and Esso Retail Norway. DCC Retail & Oil has a market share of approximately 20% based on retail volume.

Fuel Card – Britain
DCC Retail & Oil is one of the leading resellers of branded fuel cards in Britain. The business facilitates the sale of approximately 900 million litres of transport fuels annually and provides its customers with access to the breadth of the British retail petrol station and bunker networks through its portfolio of fuel cards under the BP, Esso, Shell, Texaco, Allstar and Diesel Direct brands. As well as selling fuel cards which are an essential tool for commercial organisations to manage their transport fuel costs, DCC also offers customers an innovative range of value-added services that complement the fuel card portfolio.

Oil
DCC's oil distribution business sells transport fuels, heating oils and fuel oils to commercial, retail, domestic, agricultural, industrial, aviation and marine customers in Britain, Ireland, Denmark, Sweden, Norway, 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 41 businesses including the oil distribution businesses of Shell (2004), Chevron Texaco (2008) and Total (2011). DCC Retail & Oil has grown to become, by far, the largest oil distributor in Britain. DCC's addressable market in Britain comprises transport fuels and heating oils to commercial, industrial, domestic, agricultural and dealer-owned petrol stations and is estimated to be approximately 32 billion litres. In the year ended 31 March 2020, DCC Retail & Oil's oil distribution business in Britain sold 4.8 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 approximately 45% of volumes sold through supermarket sites, 17% through company-owned and operated stations and 38% through independent dealer-owned stations. DCC Retail & Oil operates in the independent dealer-owned segment of the retail market and now has approximately 430 Gulf-branded retail sites to which DCC supplies in Britain. DCC Retail & Oil has a market share of c.3% of the total market and supplies to approximately 10% of the dealer network. In addition, DCC Retail & Oil operates 47 company-owned manned forecourts and is the leading player in the automated unmanned model with a further 41 stations.

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 27% making it the number two oil distributor. DCC Energi Danmark is also the second largest operator in the Danish aviation market, operating in seven of the eight largest Danish airports. In July 2019, the Danish business completed the formation of its partnership with Shell Aviation, which involved Shell taking a stake in the Group's existing Danish aviation operations, giving the business access to Shell's global network and settlements platform, further establishing DCC Retail & Oil's presence in the aviation fuels market.

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

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 in the 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 five years including Esso's retail petrol station networks in Norway and France, and Shell's retail petrol station network in Denmark which are significant steps in DCC Retail & Oil's strategy of capturing a greater share of the consumer margin in the transport sector of the market.

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

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

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

Oil
DCC Retail & Oil's strategy for oil distribution is to become the leading oil distribution business in Europe by:
- continuing to consolidate existing oil markets to drive greater customer density and logistics efficiencies;
- focusing on the non-heating dependent segments of the market;
- expanding sales of differentiated products; cross sell add-on products and services, e.g. lubricants, heating services;
- optimising and building 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 432 Gulf-branded sites supplied) and the marine sectors.

Operating Review continued
DCC Retail & Oil continued

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. Within retail, the Club Certas loyalty programme in France has continued to grow, providing customers with e-receipts and promotions with over 900 partner brands. DCC Retail & Oil has no material customer dependencies.

Suppliers
As with its customer base, DCC Retail & Oil's supplier portfolio is broadly based. The top five suppliers represent approximately 60% of total volumes supplied with no one individual supplier accounting for more than 23% of volumes supplied in the current year. The major suppliers to the division are BP, Equinor, Essar, Esso, Ineos, Greenergy, Mabanaft, OMV, Philips66, Shell, St1, Prax, Total, Preem and Valero Energy. We have built long-term strategic partnerships over many years with our suppliers and we have continued to strengthen these relationships during the year.

Our People
DCC Retail & Oil employs 3,452 people, predominantly based in Britain, led by strong, entrepreneurial management teams. DCC Retail & Oil's business is a people business at its core and we are therefore 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.

Developing and investing in our people is a critical enabler of DCC Retail & Oil's strategy. We have highly experienced and ambitious management teams with deep knowledge of the markets in which their businesses operate. As our businesses have grown, we have augmented the existing management teams with experienced talent in senior roles, and continue to develop from within. We operate a wide variety of training programmes to promote an ongoing focus on development as well as specific formal training in areas such as health and safety, risk and compliance. We are focused on building longer term leadership capability and actively participate in DCC's talent planning processes as well as the Group's leadership development programmes including DCC's Graduate Programme which supports the development of a high-potential and mobile talent pool at graduate level.

DCC Retail & Oil is committed to conducting its business in a sustainable manner and this is reflected in how we interact with our employees. In common with the rest of the DCC Group, the business has processes to assess and control material health and safety risks and aims to provide an attractive working environment for all our employees. During the year, DCC Retail & Oil rolled out a number of new initiatives aimed at improving employee well-being and supporting employee's mental health, including regular group discussions, providing confidential support services, employee engagement initiatives and continued involvement in tackling some of the problems associated with mental health issues.

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

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

Key Risks
DCC Retail & Oil sold 11.6 billion litres of product during the year ended 31 March 2020 and the businesses operate with inherent risks to people and the environment. Ensuring that our businesses maintain rigorous health, safety and environmental standards is one of our core business principles.

DCC Retail & Oil has a broad customer base across a number of economies in Europe. A deterioration in these economies and its impact on consumer spending and confidence is a key risk faced by the business, including the impact on these economies from restrictions on mobility and physical distancing as a result of the Covid-19 global pandemic.

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

Demand for transport fuels is likely to be impacted by levels of international and national mobility, vehicle efficiencies, technological and regulatory developments over the medium to long-term. DCC Retail & Oil's businesses, which are characterised by:
- a low cost retail platform;
- investment in high-quality retail assets;
- partnerships with world class brands;
- a well-balanced network comprising urban, rural and HGV/motorway sites; and
- a track record of margin management;

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

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

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

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

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

Case study

Certas Energy and HyperDrive lubricants – keeping the UK running smoothly

The UK is the third largest consumer of finished lubricants in Europe, representing an attractive market for manufacture and distribution.

The UK market is a large and very diverse market, with customers purchasing multiple brands and products to service their vehicles and machinery.

As a leading distributor of the world's best-known lubricant brands, Certas Energy's strategic acquisition of HyperDrive in October 2018 signalled a significant step change as the business expanded into lubrication product manufacturing.

HyperDrive is a lubricant blending business that has not only built a reputation for developing a wide range of high-performance, own-brand products, but for blending oils on behalf of many leading global brands.

Certas Energy is now the largest independent distributor to the passenger car motor oil ('PCMO'), heavy duty diesel engine oil ('HDDEO') and to the agricultural and industrial sectors.

To further expand production capacity, Certas Energy has invested in a state-of-the-art 'tank farm' at HyperDrive's 23,000 sq ft manufacturing plant in Birmingham, UK. The facility eliminates the risk of cross-contamination, improves manufacturing quality and standards and significantly reduces lead time for delivery of lubricant blends.

The HyperDrive headquarters also boast an extensive laboratory facility, which supports further product innovation and development to bring exciting new lubricant blends to market.

"Thanks to dealing with several of the largest lubricant brands in the world, Certas Energy has a quality control process like no other, because the quality standards of manufacturers and producers are naturally extremely high, distribution deals don't go ahead unless you have a proven track record.

The most important part of Certas Energy operations is the tank farm. The unique design and set-up of the tanks eliminates contamination, as well as having total control of the oil that goes into and out of the tanks with millilitre accuracy."

Lee Burgess
Sales Director, HyperDrive

DCC Technology

What we do

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

Key brands

Acer, Apple, Asus, Dell, Epson, Focusrite, Google, HP, Huawei, Intel, Lenovo, LG, Logitech, Microsoft, Oculus, Poly, Samsung, Seagate, Sonos, Toshiba.

How we do it

Our suppliers

2,400+ Global technology brands and manufacturers

DCC Technology activities and services

exertis

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

Our customers

- Retailers
- E-tailers
- Resellers
- Integrators

Performance for the Year Ended 31 March 2020

DCC Technology experienced a difficult year with the challenges of a UK market impacted by Brexit and related uncertainty throughout the year and the impact of Covid-19 beginning to emerge through February and March 2020. Notwithstanding these significant challenges, the business recorded modest operating profit growth of 1.0%, benefiting from acquisitions completed in the current and prior year and good growth in North America and Continental Europe, being offset by a substantial organic operating profit decline in the UK. DCC Technology delivered strong free cash flow, with the reduction in ROCE reflecting the profit decline in the UK and also the impact of recent strategic investments made in the warehousing and operating infrastructure of the division which will facilitate growth and enhanced returns in future years.

As reported through the year, the UK technology market experienced weak demand which impacted the B2B and enterprise channels and had an increasing impact in the retail sector into the important Christmas trading period. Consequently, the UK business saw a decline both in revenue and operating profit. DCC Technology continues to have leading shares of the UK technology market across its key product categories and customer channels and the business delivered growth in key product categories including smarthome, computing, security and wireless.

The upgrade of the enterprise management system is nearing completion, with the system now live and operating effectively in a portion of the business. The remaining components are scheduled to go live in the coming months and the upgrade is expected to significantly enhance the capability of the business to service its customers and suppliers. The Irish business performed in line with expectations, with strong growth in retail and continued expansion of its services business, including in enterprise mobile management.

In Continental Europe, operating profit growth was primarily driven by the previously announced acquisitions of Amacom and Comm-Tec. Amacom in particular has performed very strongly since acquisition, with its technology-enabled services and customer integration capability enabling e-tailers and retailers to expand their customer base and product breadth. In France, while the consumer businesses continued to be challenging, performance was ahead of the prior year as the business benefited from revenue growth with key vendors. The French reseller business performed satisfactorily and is continuing to invest in its audio visual proposition. The business in the Middle East continued to generate organic revenue growth, despite the impact of Covid-19 restrictions towards the end of the year, which impacted high street sales in a market with a relatively immature online presence.

The North American business performed very well, benefiting from good market conditions and some new vendor additions during the year. The business saw strong growth in the Pro AV, Pro Audio & Lighting and Consumer Electronics segments in both the US and Canada. In Pro AV, the business generated growth in the hospitality market

How we create value

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

Revenue +7.8%

Strategic objective:
Drive for enhanced operational performance

£3.9bn

Adjusted operating profit +1.0%

Strategic objective:
Drive for enhanced operational performance

£65.3m

Operating margin

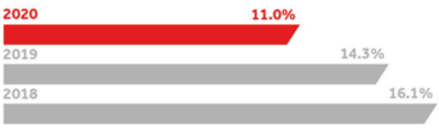
Strategic objective:
Grow operating margin

1.7%

Return on capital employed

Strategic objective:
Deliver superior shareholder returns

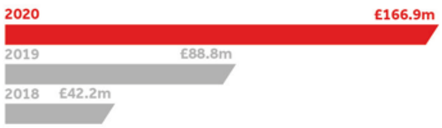
11.0%



Operating cash flow

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

£166.9m



10-year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

7.2%

Operating Review continued
DCC Technology continued

as well as in sales of Direct View LED, in particular into corporate and retail customers. In Pro Audio, the business generated strong sales in recording, post-production and mixing products and with a new vendor in the Canadian market, as well as strong sales of multi-media and consumer audio products. DCC Technology has a very strong platform to develop and expand its business in North America, particularly in the Pro AV, Pro Audio and Consumer Electronics markets.

In both expanding its geographic presence and increasing its focus on value-added services in recent years, DCC Technology has built an excellent platform to drive further growth and support its vendors and customers with market-leading services across its chosen markets.

Markets and Market Position

Exertis partners with many of the world's leading technology brands to market and sell a range of consumer, business and enterprise products and services to a broad geographically spread customer base. Our strong relationships with suppliers and customers, together with recent investment in commercial expertise outside of Exertis' core geographic markets, allow us to win business on a global basis.

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

Exertis 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, in addition to, product customisation and cross supplier bundling, third-party logistics and web site development and management. Key to the provision of these services is access to, and interpretation of, relevant data from across the technology supply chain.

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

Exertis' principal addressable markets are the retail and reseller channels for consumer and business technology products in Europe and North America. The value of the technology distribution market in these territories is estimated to be £190 billion.

During the year, DCC Technology acquired two businesses in Continental Europe, Comm-Tec and Amacom. Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain. Amacom is a leading distributor of consumer electronics, AV, and IT products, primarily to the retail and e-tail sectors in the Benelux region.

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

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

UK & IRELAND
No.2
No. 2 distributor of technology products

SWEDEN
No.3
No. 3 distributor of technology products

FRANCE
No.7
Leading player in the distribution of technology products

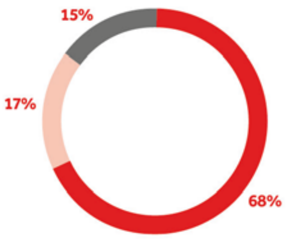
CHINA
Divisional sourcing operations

UAE
Expanding share of the technology distribution market

NORTH AMERICA
Expanding share of the technology distribution market. Leading specialist distributor of Pro AV products

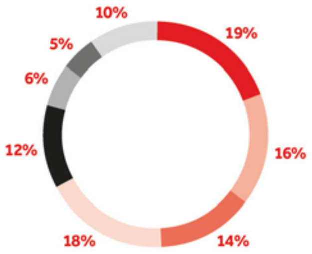



Technology total revenue by business unit



- UK and Ireland
- Continental Europe
- Rest of World

Technology revenue by product type



- Consumer electronics
- Computing
- Communications & mobile
- Audio visual
- Networking, security and components
- Server & storage
- Gaming hardware
- Other

Strategy and Development

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

Our 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 becoming the leading player in these areas; and
- establishing Exertis as the industry leader in providing end-to-end market development and channel optimisation services.

Exertis will grow organically by attracting new suppliers, opening new channels and routes to market for our suppliers' products and by continuing to develop value-added services. Exertis will seek to develop a global organisation focused on a range of specific product sectors with services tailored to 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 future growth in these areas.

Customers

The business has an extensive customer base, selling to approximately 50,000 customers globally. In the year ended 31 March 2020, Exertis' largest customer accounted for approximately 9% of revenues and the 10 largest customers together accounted for 31% 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 with the introduction of a significantly enhanced web offering.

Our supply chain services customers include IT equipment manufacturers, outsourced equipment manufacturers, consumer electronics companies and telecommunications equipment manufacturers. The business has also 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 10 years.

Suppliers

Exertis has a diverse supplier base and partners with thousands of suppliers including many of the world's leading technology brands such as Acer, Apple, Asus, Dell, Epson, Focusrite, Google, HP, Huawei, Intel, Lenovo, LG, Logitech, Microsoft, Oculus, Poly, Samsung, Seagate, Sonos and Toshiba. The largest supplier represented 10% of total revenue in the year ended 31 March 2020 and the top 10 suppliers represented 40% of total revenue.

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 service 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 4,203 people in Europe, North America and Asia and recognises that they are fundamental to the continued success of the business. At all levels, employees are encouraged to continue to adopt an innovative, service-oriented approach to meeting the demands of suppliers and customers.

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

Exertis is committed to conducting its business in a sustainable manner and this is reflected in how we interact with our employees. In common with the rest of the DCC Group, the business has processes to assess and control material health and safety risks and aims to provide an attractive working environment for all our employees. The business also undertakes regular employee surveys in order to hear the employee voice and embed a culture of continuous listening and improvement.

Operating Review continued
DCC Technology continued

Exertis operates a wide variety of employee training programmes within individual businesses to promote the ongoing development of our colleagues 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. Exertis continues to place specific focus on the development of leadership skills for its management team; at senior levels this is focused on building longer term leadership capability. Our businesses actively participate in DCC's talent planning processes as well as the Group's leadership development programmes, including DCC's Graduate Programme, which supports the development of a high-potential and mobile talent pool at graduate level.

Key Risks

Exertis faces several strategic, operational, compliance and financial risks. The business partners with a broad range of suppliers and customers with whom we have built excellent commercial relationships. However, the business would be negatively impacted by the loss of a small number of key suppliers or customers, a decline in demand for particular technology products or ineffective stock management processes.

Further risks include the widespread commoditisation of products, lagging digitalisation, changing market dynamics, concentration of supply chain to a particular region/country and failure to realise anticipated benefits from acquisitions.

The risks associated with Brexit, and more recently, Covid-19, continue to be addressed as part of the ongoing strategic plans.

In the UK, the ERP system upgrade is progressing with a full business simulation phase plan in progress to demonstrate readiness before migrating to the new system.

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

Exertis' market leading position in geographic and product areas is strengthened by ongoing acquisition activity and helps to mitigate margin erosion in what is a competitive environment. Acquisition activity remains a key driver of growth for Exertis. 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.

Case study

Continued development of our services led propositions

At Exertis, our technology services are quickly becoming a key enabler in creating new sources of recurring revenues.

Environment

Exertis is committed to minimising the impact of our business operations on the environment. As a global technology distributor, we produce zero industrial waste and our energy consumption is low. Nevertheless, where we do have an environmental impact, our policy ensures that we are continually monitoring and reducing carbon emissions, transportation, energy consumption, and complying with regulations for the disposal of waste.

Our MTR business partners with retailers, mobile handset manufacturers and insurance companies to provide a second-life to used and unwanted phones, reducing the number of technology units that may otherwise end up in landfills around the UK.

We provide a range of development and lifecycle managed services to our global vendor and reseller partners for leading networking, unified communications, security, software, portals and wireless solutions. Our services strategy takes the distribution business model and layers additional revenue generating touch points throughout the lifecycle of the solution, from initial staging through deployment, in-life support services with end of life recovery and disposal services available.

Many of our services are provided on a 'white label' basis, as complete or modular solutions, depending on partner needs. We have taken complex technical services and simplified them, so they are easier to understand, under our 'Good', 'Better' and 'Best' configuration options.

Of our wide range of offerings, the following key scalable services form part of the blueprint of our services expansion strategy:

- 24/7/365 Services: Our ISO27001 accredited Centre of Excellence provides in-house technical remote monitoring and support to a wide range of network solutions, 24 hours a day, 365 days a year;
- Mobility Services: Our specialist mobility teams provide technical solutions, including strategic design, secure configuration, company policy application and control, device deployment and in-life proactive support across handsets, tablets and laptops, on any operating system. Many of these services are also provided on a 24/7/365 basis; and
- 'X as a Service': Our innovative 'X (any solution) as a Service' enables partners to customise their clients' requirements, including mixed brand technologies wrapped with support services, on a monthly subscription basis. On selected technologies, we also provide guaranteed residual values or trade-in options. This not only increases the affordability aspect and improves renewal rates, but also supports sustainability initiatives and the growing second-life refurbishment markets.

Both our 24/7/365 and Mobility Services primarily use remote support platforms, enabling accelerated growth in the UK and Ireland, with the potential to scale across other geographical territories, minimising the need to replicate additional facilities in other countries.

It is an exciting time to continue to develop our existing services infrastructure and in conjunction with our world class distribution network and future targeted services-led acquisitions, we will continue to provide innovative market leading managed services, providing our partners with even more reason to choose to work with us. Simplifying the complex.

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 is involved in the manufacturing, sales, marketing and distribution of medical products and pharmaceuticals in the British and Irish markets. DCC Vital markets and sells a broad range of own and third-party products and has comprehensive market coverage in Ireland and the UK across hospitals, community and primary care providers. DCC Vital has longstanding relationships with a range of leading international medical device companies. DCC Vital's own brand portfolio encompasses products across the areas of laparoscopic surgery, theatre consumables, cardiac monitoring, wound care and urology. The business exports internationally through a network of distributors.

Key brands

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

DCC Health & Beauty Solutions

DCC Health & Beauty Solutions ('DCC H&BS') provides outsourced product development, manufacturing, packing and other services to Health and Beauty brand owners, specialist retailers and direct sales organisations in Europe and the US, principally in the areas of nutrition and beauty products. DCC H&BS operates eight high-quality contract manufacturing facilities – five in Britain and three in the US. Our manufacturing capability encompasses soft gels, tablets, capsules, effervescents, gummies, creams, liquids, powders and gels across a range of packaging formats.

Key brands

Alliance Pharma, Apoteket, Arbonne, The Body Shop, Boots, Elemis, Estée Lauder, Eve Lom, Glanbia, GSK, Healthspan, Holland & Barrett, Iovate Naturals, Liz Earle, P&G (*Seven Seas, Nature's Best, Lamberts*), Nestlé Health Science, Nuun Hydrate, Omega Pharma, Oriflame, PZ Beauty, Ren, Space NK, Target, Vitabiotics, Weider Global Nutrition, Windmill Organics.

* DCC-owned brands.

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
- Primary care (GPs and Community Care)
- Fragmented healthcare settings

DCC Health & Beauty Solutions

Our services
- Product development, contract manufacturing and packing of heath & beauty products

Our customers
- Health & beauty brand owners
- Specialist health & beauty retailers
- Direct sales/ mail order companies

Performance for the Year Ended 31 March 2020

The reported growth in revenue and operating profit in DCC Healthcare was impacted by the disposal of its UK generic pharmaceutical activities and related manufacturing facility in Ireland (Kent Pharma and Athlone Laboratories) in September 2019. Accordingly, the analysis and commentary below relate to the activities of DCC Healthcare which continue to be part of the Group.

DCC Healthcare made considerable strategic progress during the year in generating very good profit growth, significantly expanding its presence in the US nutrition market with two substantial acquisitions and strengthening its position in the primary and secondary healthcare sectors in Britain with a number of small bolt-on acquisitions. In addition, DCC Healthcare sharpened its strategic focus in disposing of its activities in the highly competitive generic pharmaceutical sector in Britain in September 2019. DCC Healthcare's profit growth of 8.6% reflects the benefit of acquisitions and good organic profit growth, with the ROCE for the year reflecting the timing of the acquisition of Amerilab in March 2020.

DCC Vital generated strong organic profit growth and benefited from small bolt-on acquisitions completed during the first half of the year. In Britain, the business performed robustly against a market background which was impacted for much of the year by Brexit-related stock movements and funding constraints. In Ireland, the business generated good growth in the pharma sector, particularly in sales of blood plasma products and exempt medicinal products. Following the disposal of Kent Pharma, DCC Vital streamlined its operations, increasing efficiency and reducing costs during the second half of the year. In March 2020, DCC Vital responded quickly and effectively to meet urgent Covid-19 demand from the healthcare systems in Britain and Ireland for PPE, ICU-related medical devices and other healthcare products. The business' ability to respond quickly demonstrated the dedication of its people and the robustness of its operations and supply chain.

DCC Health & Beauty Solutions grew its profits in the nutrition sector and significantly expanded its US presence. The two acquisitions completed during the year, Ion Labs in November 2019 and Amerilab Technologies in March 2020, have both added important new customer relationships and enhanced product format capability in the US market. DCC Health & Beauty Solutions has now made three acquisitions in the US nutrition market in just over two years and is making good progress in executing on its strategy to build a business of scale in the world's largest nutritional products market. In the European nutrition sector, growth was held back due to destocking by a small number of customers which impacted demand for soft gels. In the final weeks of the year, the nutritional order book strengthened significantly across all facilities in the UK and US, as customers benefited from increased consumer interest in preventative healthcare as a result of the Covid-19 pandemic. In the beauty sector, DCC Health & Beauty Solutions made good progress during the year in enhancing its customer mix, moving the weighting further towards premium products for leading international brands and exiting

How we create value

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

Revenue +0.3%

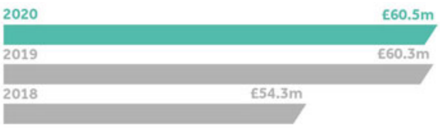
Strategic objective:
Drive for enhanced operational performance

£578.1m

Adjusted operating profit +0.3%

Strategic objective:
Drive for enhanced operational performance

£60.5m



Operating margin

Strategic objective:
Grow operating margin

10.5%

Return on capital employed

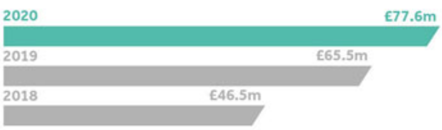
Strategic objective:
Deliver superior shareholder returns

14.7%

Operating cash flow

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

£77.6m



10-year adjusted operating profit CAGR

Strategic objective:
Deliver superior shareholder returns

14.3%

Operating Review continued
DCC Healthcare continued

certain mass-market product lines. This activity resulted in certain cost increases with the onboarding of more complex products, but, as anticipated, in the second half of the year these costs normalised following the implementation of increased automation. The business exited the year well positioned for growth.

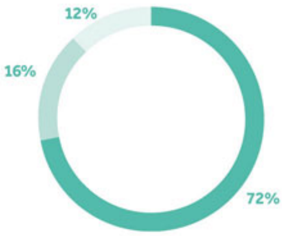
With both the sharpened strategic focus of DCC Vital and increased geographic reach and product capability in DCC Health & Beauty Solutions, DCC Healthcare has excellent platforms to continue its long-term growth and development in existing and new markets.

Markets and Market Position

DCC Vital – sales, marketing and distribution to healthcare providers
DCC Vital is involved in the manufacturing, sales, marketing and distribution of medical products and pharmaceuticals in the British and Irish markets with a growing international business through a network of distributors. DCC Vital markets and sells a broad range of own and third-party products and has comprehensive market coverage in Britain and Ireland across hospitals, community and primary care providers. The products sold are typically single use in nature across a range of categories including critical care, diagnostics, wound care, electro surgical, GP supplies and speciality pharmaceuticals with its own brand portfolio focused mainly on surgical products, including laparoscopic, theatre consumables, ECG, wound care and urology products and on GP supplies. In addition, DCC Vital has longstanding relationships with a range of leading international medical device companies and provides them with a tailored service through specialist and highly trained clinical sales teams. 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 ('EMPs') and hospital supplies generally in Ireland.

DCC Vital has the most comprehensive sales channel coverage in the Irish healthcare market 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 Ireland. The portfolio of medical devices and pharmaceuticals extends across both own brand and third-party brands. DCC Vital has approximately 100 highly trained customer-facing sales, marketing, engineering and customer support professionals who have strong relationships with senior management, clinicians and procurement professionals in the Irish healthcare sector (HSE and private hospitals), major and regional pharmacy wholesale/retail groups and private healthcare providers. DCC Vital represents leading medical, surgical and diagnostics brands including BioRad, Diagnostica Stago, ICU Medical,

DCC Healthcare revenue by geography



DCC Healthcare revenue by business

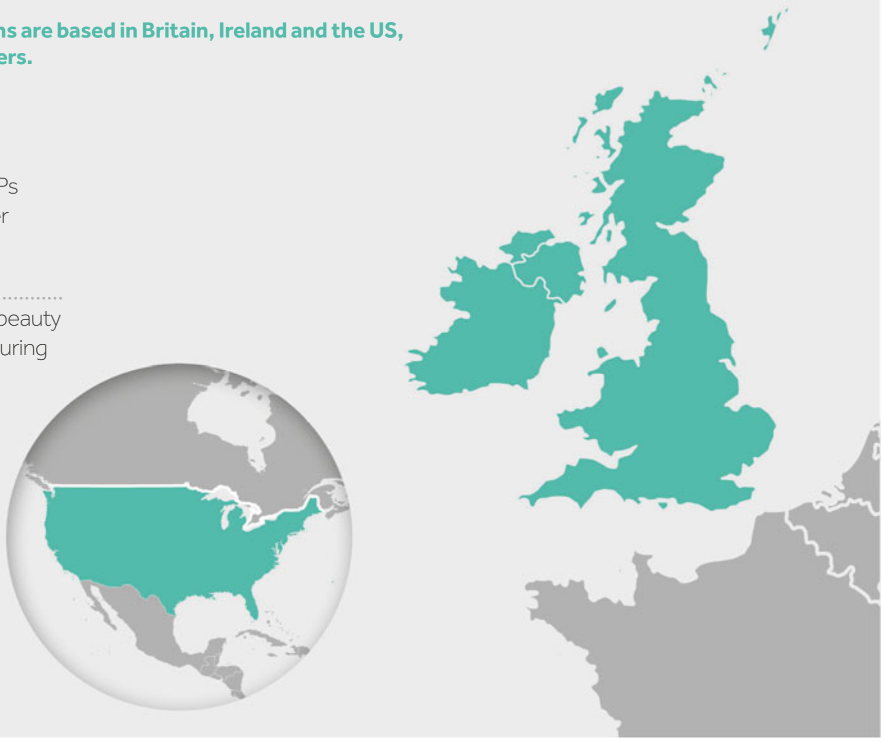
DCC Healthcare's principal operating locations are based in Britain, Ireland and the US, servicing domestic and international customers.

IRELAND
No.1
No. 1 supplier of devices and pharma to hospitals

USA
Three facilities in Montana, Florida and Minnesota

BRITAIN
No.1
No. 1 supplier to GPs and leading supplier to broader primary care market

No.1 in health and beauty contract manufacturing



Mölnlycke, Oxoid, Roche, Smiths Medical and Smith & Nephew. In addition, DCC Vital has a strong franchise in the supply of specialist pharmaceuticals. In the pharmaceutical sector, it represents manufacturers such as Bowmed, CSL Behring, Demo, Helsinn Birex, Martindale Pharma, Medac and Rosemount. In addition, DCC Vital has a leadership position in the specialist procurement and sale of exempt medicinal products in Ireland, through its Medisource business. EMPs are pharmaceutical products which are imported into a market with the authorisation of the relevant regulatory authority (the Health Products Regulatory Authority in Ireland) in order to meet requirements of specific patients where no suitable licensed product is available in that market. The products are typically licensed in another jurisdiction. Medisource's leadership position in Ireland is based on its excellent customer service and strong network of international suppliers.

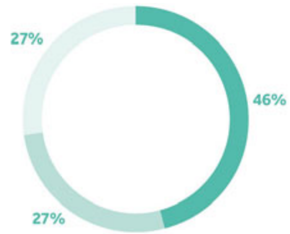
DCC Vital is also the market leader in the supply of medical consumables, equipment and services to GPs in Britain and has a growing presence in other fragmented healthcare settings. DCC Vital services a customer base of some 9,000 GP surgeries in Britain, through an omni channel approach encompassing e-commerce and physical product catalogues in tandem with a highly effective telesales customer contact centre based in Wales, and supported by a team of field based engineers and key account managers. Over the last number of years, DCC Vital has further strengthened its positions as the leading supplier of products to GPs in Britain through a number of complementary bolt-on acquisitions including e-Medical Supplies, OnCall Medical and Surgery Express. These acquisitions have expanded the customer base and allowed DCC Vital to enhance its product offering. In October 2019, DCC Vital further strengthened its position in the primary care sector by extending its product offering and reach into the 'blue light' and emergency services sector through the acquisition of SP Services. SP Services is a leading British supplier of emergency, medical, first aid, paramedic, rescue and occupational health equipment and its product portfolio ranges from first aid kits and defibrillators to crisis response kits and ambulance equipment.

DCC Vital is focused on driving growth in the sales of its range of own brand products, though its own sales force in Britain and a range of international distributors in other geographies. Over recent years, DCC Vital has been investing in product development and value-added sourcing to strengthen its portfolio of own branded products and related services, which in the last financial year accounted for approximately 40% of DCC Vital's aggregate gross profit. In addition to the investment in new product development, DCC Vital has further strengthened its portfolio through complementary product-based acquisitions, including VacSax, in the year under review. These acquisitions have strengthened the portfolio through the addition of complementary products and added further capability in new product development. VacSax manufacture and supply a range of disposable suction devices used in operating theatres and hospital wards. The VacSax range is highly complementary to DCC Vital's existing endoscopy/operating theatre product range, which includes Espiner (tissue retrieval bags for minimally invasive surgery), Skintact (electrodes and electro surgical equipment), IV sets and a range of equipment used to support anaesthetics. DCC Vital is also progressing with US FDA approvals in order to expand the range of Espiner products available for sale in the US market.

DCC Vital principally operates in sectors of the healthcare market that are government funded. Fiscal budgets in Britain and Ireland have been constrained for many years (as is the case in the majority of developed economies) as the burden of care, particularly to support ageing populations, continues to grow. Healthcare providers are constantly seeking cost-effective solutions from their commercial partners. Public healthcare policy makers have actively sought to shift 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 and framework agreements. They are switching to equivalent quality, lower cost medical devices as well as outsourcing activities deemed to be non-core. DCC Vital is very well placed to benefit from these trends given the scale and positioning of its portfolio and the depth of its relationships with international suppliers and manufacturers.

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

DCC Vital gross profit by channel



DCC Vital gross profit by brand

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

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

DCC Health & Beauty Solutions has capability across a wide variety of product formats (tablets, effervescents, soft gels, gummies, liquid capsules, capsules, powders, creams, liquids, sprays and gels) and packaging formats (pots, blisters, stickpacks, multi-packs sachets, bottles, tubes and pumps). The business operates five Good Manufacturing Practice ('GMP') certified facilities in Britain, four of which are licensed by the Medicines and Healthcare products Regulatory Agency ('MHRA') and three facilities in the US (Missoula in Montana, Largo in Florida and Minneapolis in Minnesota). The US facilities comply with FDA current Good Manufacturing Practices ('cGMP') standards and are also certified by leading third-party regulatory bodies including NSF and USDA Organic.

Operating Review continued
DCC Healthcare continued

The US continues to be a key strategic development focus for DCC Health & Beauty Solutions over the last three years. The US is the world's largest dietary supplements market and has enjoyed consistently strong growth for many years with continued growth forecast. The market is significantly larger than the European market and has a greater level of fragmentation within the contract manufacturing base; both of these characteristics are attractive to a growth focused, acquisitive business like DCC Health & Beauty Solutions. We believe that the US market continues to offer DCC Health & Beauty Solutions significant opportunities for growth both through acquisition and organic growth. DCC entered the US market through the acquisition of Elite One Source Nutritional Services, Inc ('Elite') in early 2018. During the year, DCC Health & Beauty Solution further strengthened its position in the US contract manufacturing market through two acquisitions.

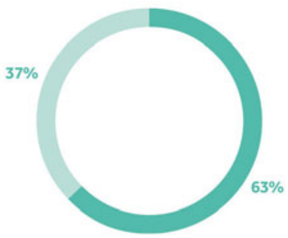
In November 2019, DCC Health & Beauty Solutions acquired Ion Labs, Inc. ('Ion') based in Florida. Ion has a broad product format capability encompassing tablets, capsules, powders and liquids across a variety of product categories including herbal and botanical products, probiotics and liquid nutritionals. Ion is developing capability in nutritional gummies, a fast growing category. Ion's customer base largely consists of specialty brand owners and its service offering includes product development, formulation, manufacturing, packaging and regulatory services.

In March 2020, DCC Health & Beauty Solutions acquired Amerilab Technologies, Inc. ('Amerilab') based in Plymouth, Minnesota. Amerilab is a specialist manufacturer of effervescent nutritional products in powder and tablet formats, which are packed in stickpacks, sachets and tubes. Amerilab's customer base consists of high-quality consumer healthcare companies, specialty brand owners and direct sales organisations. Effervescents are a higher growth product segment within the US nutritional market, with attractive demographic characteristics and environmental credentials. Amerilab's complementary effervescent capability will create opportunities for cross-selling and other synergies within DCC Health & Beauty Solutions.

DCC continually invests in its manufacturing facilities to expand capacity, add flexibility and enhance its service offering to customers. In addition to a strong programme of capital investment to enhance capability and improve operational efficiencies across all our facilities, DCC has made significant progress in the project to almost double its soft gel encapsulation capacity at its facility in south Wales. This investment will provide capacity to support organic growth such as leveraging developments in new soft gel encapsulation technologies including organic vegetarian soft gels, cosmetic twist off soft gels and Algigel capsules, which offers an alternative to enteric coating.

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

DCC Health & Beauty Solutions revenue



Our competitors in nutrition include Aenova, Ayanda (part of Sirio Group), Catalent, IVC, and numerous US operators in a very fragmented market and LF Beauty and numerous smaller manufacturers in cosmetic creams and liquids in Britain.

Strategy and Development

DCC Healthcare's vision is to build a substantial international healthcare business focused on the sales, marketing and distribution of medical products 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 in excess of the DCC Group's cost of capital.

DCC Vital

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

Targeted acquisition activity coupled with strong valuation discipline and integration execution has resulted in:

- a leading position in the supply of healthcare products in Ireland;
- a leading position in the supply of medical consumables, equipment and services to GPs and other primary care providers in Britain; and
- a growing portfolio of own-brand surgical products for the acute care sector in the British and international markets.

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

- expanding the product portfolio both organically through focused new product development and by acquisition, with a particular focus on own brand medical products in product categories which can deliver sustainable returns over the longer term and on supplies and services for GPs, other primary care providers and in other fragmented healthcare settings;
- 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 through a combination of organic and acquisitive growth. The scale of the business has increased significantly over the last number of years with operating profits growing strongly through product development for existing customers, new customer acquisitions and a focus on higher value, more complex products.

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

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

Case study

DCC Vital supports the Covid-19 pandemic response

By the middle of February 2020, the Covid-19 pandemic had begun to spread across Europe and DCC Vital responded quickly to meet demand from the healthcare systems in Britain and Ireland for personal protective equipment ('PPE'), Intensive Care Unit ('ICU') related medical devices and other healthcare products.

DCC Vital, a leading supplier of healthcare products to the hospital, community and primary care sectors in Britain and Ireland, experienced a significant increase in customer demand arising from the Covid-19 crisis. The business' ability to respond quickly to this surge in demand demonstrated the dedication of its people and the robustness of its operations and supply chain. Its procurement and logistics teams worked with supply partners to ensure that DCC Vital could supply the PPE and other healthcare products that have played an essential role in the fight to slow the spread of the virus.

DCC Vital's long-term strategic relationships with its suppliers mitigated the impact the pandemic had on its supply chain. The increased demand worldwide put enormous pressure on all healthcare manufacturers and where DCC Vital was unable to meet demand through existing suppliers, its sourcing teams worked quickly to identify, qualify and engage with alternative suppliers. In that regard, the support of colleagues from DCC Technology's China-based sourcing team was critical to ensuring new suppliers were vetted promptly for required regulatory, quality and supply chain integrity standards.

As a designated 'essential business' in both the UK and Ireland, and with the dedication of DCC Vital's staff, all locations remained operational. Customer service, field-based sales, engineering and logistics teams continued to ensure that orders were processed and life-saving equipment was delivered, installed and any necessary end-user training completed. Every part of the business worked to meet the increasing demands of the market as the crisis grew. Williams Medical Supplies was appointed by the UK government to assist in the distribution of its centrally held pandemic stock, whilst also meeting dramatically increased demand for its products from GPs and other primary care settings. The business provided PPE to the NHS Nightingale Hospital in London – this order was processed, picked, packed and delivered to the hospital within 12 hours.

DCC Vital's two most recent bolt-on acquisitions (both completed in September 2019) have also played a key role in the British market. SP Services was a key supplier of face masks and gloves to the emergency services, while VacSax played a significant role in the installation of critical medical suction equipment across all of the NHS Nightingale hospitals. In Ireland, Fannin, the market leader in hospital supplies, was a key provider of PPE and ICU equipment to hospitals, while Medisource sourced and supplied hospitals and pharmacies with alternative unlicensed pharmaceuticals, where the licensed products were in short supply.

DCC Vital's long established culture of going the extra mile to ensure patient needs are met has been very much in evidence through this extraordinary crisis. The crisis put immense pressure on some parts of the business with customer interaction and order volumes increasing dramatically overnight. Team members from all parts of the business responded by volunteering to help out in the warehouses thus ensuring that customer service levels were maintained despite the increase in volume. DCC Vital is proud to have played a critical role in supporting the Irish and British healthcare systems response to one of the greatest challenges they have ever had to face.

Operating Review continued
DCC Healthcare continued

Customers
DCC Vital services in excess of 30,000 customers across all channels to market (public and private hospitals, procurement groups, community healthcare providers, GPs, retail pharmacies, emergency services including ambulance, police and fire services and occupational healthcare settings) in Britain and Ireland as well as over 50 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, Continental European, US and international brand owners, direct sales companies and specialist retailers in the areas of nutrition and beauty products. DCC Health & Beauty Solutions works with leading brands (such as Elemis, Estée Lauder, Eve Lom, Nestlé Health Science, Nuun, Omega Pharma, P&G, PZ Beauty, Ren, Windmill Organics and Vitabiotics), direct selling companies (such as Arbonne, Oriflame, Nature's Best and Healthspan), specialist health and beauty retailers (such as Apoteket, The Body Shop, Holland & Barrett and Walgreen Boots) and consumer healthcare/pharma companies (such as Alliance Pharma, Astellas Pharma, GSK and Stada).

DCC Healthcare has a broad customer base and its 10 largest customers account for approximately 25% of revenue in the year ended 31 March 2020.

Suppliers
DCC Vital represents leading medical, surgical and diagnostics device brands including BioRad, Carefusion, Diagnostica Stago, ICU Medical, Mölnlycke, Omron, Oxoid, Roche, Siemens, Smiths Medical and Smith & Nephew. In Ireland DCC Vital works with leading innovative and generic pharma companies such as CSL Berhring, Demo, Martindale Pharma and Rosemont.

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

DCC Healthcare's supplier portfolio is broadly based with the top 10 suppliers representing approximately 19% of cost of sales in the year ended 31 March 2020.

Our People
DCC Healthcare employs 2,588 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 provides ongoing training and development which 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. Our businesses are focused on building longer term leadership capability and actively participate in DCC's talent planning processes, as well as the Group's leadership development programmes including DCC's Graduate Programme, which supports the development of a high-potential and mobile talent pool at graduate level.

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

During the year we rolled out a number of new initiatives aimed at improving employee well-being and supporting employee's mental health, including regular group discussions, providing confidential support services, employee engagement initiatives and continued involvement in tackling some of the problems associated with mental health issues.

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

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

We continually invest in technical resources, quality systems, staff training and our 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 continues to be highly acquisitive and ensuring the smooth integration of these acquisitions is critical to the success of the division. This will be achieved through close monitoring of the acquired businesses and ongoing management development.

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

DCC Healthcare has actively monitored the risks associated with Brexit, and more recently, Covid-19 and their potential impact on its various businesses and will continue to implement appropriate plans and changes as required.

Environment

DCC Healthcare is focused on improving the environmental sustainability of its businesses and its range of products and services. Our Health & Beauty Solutions' customers remain very focused on 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, sustainable sourcing, sustainable packaging and reduced waste to landfill. DCC Healthcare has continued to build on its progress in recent years with the further roll out of energy management initiatives across our contract manufacturing sites, including the introduction of high efficiency compressors, installation of new high efficiency driers which reduce the amount of air used, high efficiency steam boilers and installation of LED lights in offices and facilities.

We believe that our soft gel manufacturing facility is now one of the most environmentally friendly soft gel producers in the world following a number of investments over the last few years that have reduced our carbon footprint and delivered on-site electricity generation. Throughout the expansion project at the soft gel facility, we have focused on ensuring that it is as energy efficient as possible including selecting the most appropriate building fabrics, 100% LED lighting, high efficiency chiller units (the units supply the new facility with the required cooling capacity at a lower like-for-like power consumption) and the addition of solar panels on the roof.

DCC Health & Beauty Solutions continues to enhance its procurement capability of sustainable ingredients and we continue to work with the Roundtable for Sustainable Palm Oil, the Marine Stewardship Council, the Soil Association and Friends of the Sea to ensure the use of sustainable raw materials in our processes. In addition, we have worked with cardboard suppliers to source their raw materials from sustainable sources and utilise recycled material where possible.

Sustainable Business Report

Delivering sustainable growth

DCC is committed to creating sustainable value. We will only be able to deliver on our long-term strategic goals and meet the expectations of our stakeholders if we operate our business sustainably. We will continue to evolve our business model and practices in line with societal expectations and best practice in sustainability.

Introduction

DCC operates across four divisions, each focused on different business sectors over multiple geographies. In our devolved business model, it is important that we concentrate our core sustainability effort on those aspects most material to the Group as a whole, supplemented by additional elements that are material to individual divisions and businesses.

We have structured this report to align with the requirements of the EU Non-Financial Reporting Directive and also to take account of developing best practice in sustainability frameworks. This has led us to focus on issues that are material at a Group level, being: safety, people, environment, respect for human rights, preventing bribery and community involvement.

In the period under review we carried out a detailed assessment of the current range of sustainability reporting frameworks, using external expert advice. This year's report has been informed by current good practice in sustainability reporting, including GRI and TCFD (Task Force on Climate-Related Financial Disclosures) frameworks. We will continue to closely monitor legal and policy developments in this area and will adjust our reporting accordingly.

We have also reviewed the governance of sustainability within DCC. The sustainability agenda is set by the Board and by senior Group management. There is now a cross functional Sustainability Working Group in place, chaired by the Head of Group Sustainability with representatives from all relevant Group functions as well as divisional representation and its brief is to drive all aspects of the sustainability agenda and to provide regular updates to the Group Management Team and the Board.

The Annual Report this year also reflects the priority we are giving to energy transition, i.e. the need to move to a decarbonised energy system. We summarise on page 76 our approach to this issue.

Other sections of the Annual Report are also relevant to sustainability in DCC, including the operating reviews.

Safety

Safety is a core value of DCC. We believe that a successful approach to safety must be grounded in a widespread and empowering culture of openness that is built on trust and encourages every DCC employee and contractor to identify and raise concerns, whether it is about safety or any other aspect of operating responsibly.

The Group Health & Safety Policy, which is available on our website, sets out clear expectations in key areas including leadership, risk management, asset integrity, training and emergency preparedness. It aligns with HSE management system good practice, such as ISO standards. Group wide tools, such as our Safety F1rst programme, Learning from Events processes and performance metrics support the development of a positive and proactive safety culture across all our businesses.

Every business has in place a health & safety management system reflecting the specific risks from their operations. These are aligned with the high-level expectations set out in the DCC Group Health & Safety Policy. The Certas Energy, Exertis Supply Chain Services and Laleham businesses are certified to the OHSAS18001/ISO45001 standards. Our Group Health & Safety Policy expectations extend to contractor organisations working on our behalf or at our facilities, and specific standards are defined for activities in hazardous process areas.

As a result of the challenges presented by the Covid-19 pandemic in early 2020, our teams took steps to ensure our businesses were able to continue to meet our customers needs whilst maintaining a robust position on health & safety. Following risk assessment, this included changes to ways of working, enhanced infection prevention measures, and revalidation of process safety arrangements.

Cross-Group collaboration and communication on key safety issues is supported by five Working Groups, including Transport Safety and Process Safety, which focus on specific areas of significance for our operations. Membership of these working groups is drawn from all four divisions and includes input from operational, logistics and HR functions, as well as health & safety professionals. The Health and Well-being sub-group of the Occupational Health and Safety Working Group is a good example of cross-functional collaboration that is driving the development of a focal point for resources to support mental health and employee well-being. Sharing good practice, learning from events and setting Group standards are key objectives for the working groups.

The Learning from Events ('LFE') operating principle took a step forward in April 2019 with the launch of a formal Group-wide LFE reporting process and e-tool. This aims to capture the key learning points from incidents and significant near misses in a consistent way, identify relevant actions and communicate them across the Group businesses, with any identified actions being tracked to closure. To date, 20 LFEs have been shared, with average time to closure now at four weeks.

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

Process Safety

Process safety management is a disciplined framework for managing the integrity of hazardous operating systems and processes by applying good design principles, engineering and operating practices. It deals with the prevention and control of incidents that have the potential to release hazardous materials or energy, such as those related to unloading, storage, transfer and loading. For the LPG and Retail & Oil divisions, these scenarios include fire or explosion during the movement of fuel, fire within fuel vapour recovery systems, loss of containment leading to the formation of a vapour cloud, or a hydrocarbon spill.

A dedicated DCC Process Safety Working Group develops internal standards and shares good practice and tools to continuously improve process safety management performance. During the year, the Working Group has completed consequence analyses of key process hazards (also known as 'bowtie' analysis) associated with tanker loading activities, undertaken barrier reviews to generate common minimum standards and identify best practices, and created 'model' or 'parent' bowties for use by the LPG and Retail & Oil divisions. This work has also been reviewed externally and benchmarked against the approaches taken by the Energy Institute and the Centre for Chemical Process Safety.

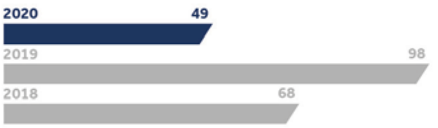
Process safety risks are managed through detailed risk analysis, asset management, high reliability engineering controls and employee awareness training. The DCC Standard for the management of contractors in process areas, also a product of the Working Group, has been implemented during the year, and there will be a focus on standardising and enhancing our Permit to Work approach and process safety training programmes in the forthcoming year.

Our LFE process is a key tool for sharing knowledge and driving improvement in process safety management across the DCC Group, and in the year, 10 of the LFE reports had a process safety component associated with them. Approximately half involved loss of containment (including those at customer locations identified by our employees), two were related to contractors working at remote sites on our behalf, and another two were associated with emergency response arrangements at our facilities. As a result, our businesses have taken action in the areas of maintenance, emergency planning, contractor management, process hazard analysis, management of change and human performance factors.

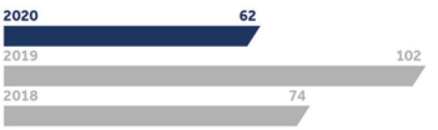
Leading process safety performance metrics, such as on-time maintenance completion, reliability information, process alarm activations and safety inspections are used to monitor trends and take early action as necessary.

In the year, these trends indicate a stable or improving picture across all metrics. DCC is building up more detailed data on a wider set of process safety metrics and intends to report on them more fully in the coming years.

General Maintenance >30 Days Overdue



Safety Critical Assets – Failure on Test/Inspection



Senior management receive regular external training on process safety leadership to ensure understanding of the risks, controls and monitoring systems in place.

Occupational Safety

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

Lost Time Injury ('LTI') Rates

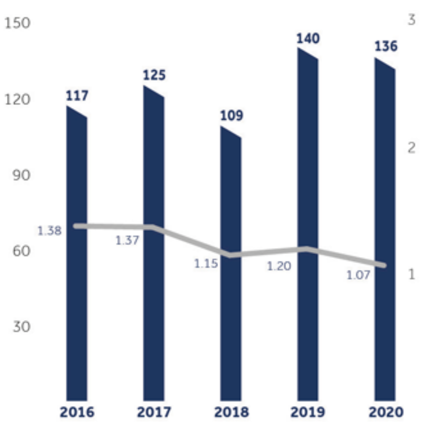
● Number of calendar days lost per 200,000 hours worked
● Number of lost time injuries per 200,000 hours worked

We continue to monitor all Lost Time Injuries ('LTIs'), accidents and unsafe conditions and our emphasis remains on identification of underlying causal factors and sharing of broader learnings across the Group.

LTIs, defined as an accident resulting in at least one day lost after the date of the accident, remain an important lagging indicator for overall HSE performance. However, the reporting and analysis of near misses, 'good saves' and employee concerns provide us with the opportunity to take improvement action before an accident occurs. In addition, the systematic evaluation of potential consequences allows us to further strengthen our systems and processes.

During the year, the LTI frequency rate continued a long-term downward trend, against a background of continued growth. The LTI severity rate has again decreased slightly – a reflection on the short-term nature of many injuries. The majority of LTIs are relatively minor including slips, trips and manual handling related, with injured parties returning to work after a very short period of recovery. Support is provided to injured parties to facilitate recovery.

Total Lost Time Injuries ('LTIs')



● Total number of LTIs across the Group
● Number of lost time injuries per 200,000 hours worked

Sustainable Business Report continued

Case study

Energie Direct

Our Austrian business has enhanced its asset management system through the use of advanced software, photo upload capability and the ability to generate, and subsequently scan, QR codes for safety critical assets, thus providing a high level of process control and assurance that equipment is being maintained to schedule.

This is especially powerful at our unmanned retail sites. This same software system is being extended to manage training for our employees and will also be used to deliver content to complement the practical hands-on process safety training already received.

Assurance is also provided through a cross-site auditing process, whereby assets and processes in one region are assessed by personnel from another. In addition to ensuring our high standards are maintained, this provides an opportunity for organisational learning and people development.

Environmental

All businesses are required to manage their activities to support long-term environmental sustainability. Protecting the environment is integral to our success, and we are committed to continually improving our environmental performance through careful management of our operations.

All DCC businesses are covered by the Group Environment Policy. DCC businesses minimise the environmental impact of their operations with appropriate business specific systems and processes and ensure compliance with regulatory requirements. Local management systems are certified to ISO 14001 standard where appropriate.

Climate Change and Energy Transition

We recognise climate change as a global challenge with significant social and economic implications. Energy transition is one of the major opportunities for the world to tackle climate change. We are cognisant of our role in energy transition, both in reducing the carbon intensity of our operations and supporting our customers in providing lower carbon and non-carbon solutions in our LPG and Retail & Oil divisions.

Climate change risks, both physical and transitional, are assessed as part of the internal risk management process to identify and manage both threats and opportunities over the medium to long term.

DCC makes an annual response to the CDP climate questionnaire, which is now aligned with the framework for the Financial Stability Board's Task Force on Climate Related Disclosures ('TCFD'). As climate change issues have become of greater interest to a range of stakeholders and as it is becoming clear that the TCFD methodology is predominant, we will increasingly align with TCFD methodology.

DCC LPG and DCC Retail & Oil primarily sell energy-related products to end consumers, so bridging the gap between energy producers and millions of customers. As a result, DCC can play an active role in energy transition, assisting customers to transition over time from carbon based fuels to alternative, cleaner sources of energy as they become available. In the short term this means helping to support cleaner carbon-based fuels and energy efficiency measures.

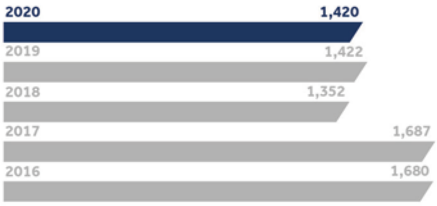
The implications of energy transition are assessed by Group divisional and subsidiary management, with support from the Group Strategy function, and are considered as part of the risk and opportunity assessment processes carried out by the Group. Energy transition risks and opportunities are acted on by individual businesses as they arise and are presented regularly to the Board. Energy transition matters are therefore embedded within DCC's operating and strategic processes.

There are many examples of our businesses already selling sustainably produced fuels. Our Scandinavian businesses sell fully renewable HVO (Hydrogenated Vegetable Oil) as a replacement for heating oil. In LPG, we are this year taking a first delivery of bio propane into the UK after a successful launch in France last year. We are also assessing the viability of electric charging units on many of our forecourts across Europe after initial pilots in Norway. Whilst as a proportion of energy sold today these examples are modest, they do demonstrate that DCC is well positioned to be an active agent in the move to renewably sourced energy.

In addition, we are active in helping to assess and to increase awareness of the opportunities that exist to develop sustainable sources of energy further. We participate in industry and trade association initiatives to promote the options for renewable fuels, both at a European level and in individual countries, which are highlighting the role decarbonised liquid fuels can play in a future energy mix. We are also working to commercialise new production methods for renewable fuels by partnering with producers to bring such fuels to market.

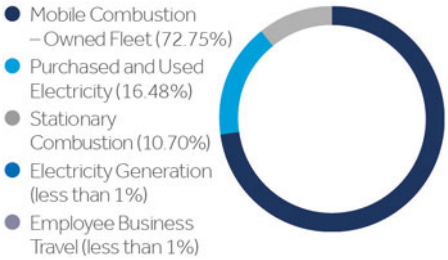
Energy Usage

Absolute Energy Used in 000's Gigajoules



DCC used 1.4 million gigajoules of energy during the year, in line with the prior year. Three-quarters of this energy is used by our LPG and Retail & Oil divisions in making deliveries to customers using our transport fleet and the split by source is shown to the right. Our transport fleet efficiency is a key part of our energy saving initiatives, looking for savings through more efficient driving, more efficient vehicles and more efficient routing. As an example, our UK and Ireland businesses made 'Energy Savings Opportunity Scheme' submissions in 2019 detailing the size and nature of the energy savings opportunities and the actions required to achieve them.

Energy Use by Source Category



Greenhouse Gas Emissions

All DCC businesses record their usage of energy (transport fuels, heating fuels and electricity). This data is then converted into greenhouse gas ('GHG') emissions by CDP accredited software.

The data collated is subject to a limited assurance audit, conducted by EY, whose assurance opinion is set out on page 231.

Overall, there was a slight decrease (1%) in carbon emissions in absolute terms, as shown in the chart overleaf. This was achieved by increasing operational efficiency in distribution and manufacturing, in addition to the continuing decarbonisation of national electricity grids, particularly in Ireland and the UK.

Case study

Flogas Sverige AB

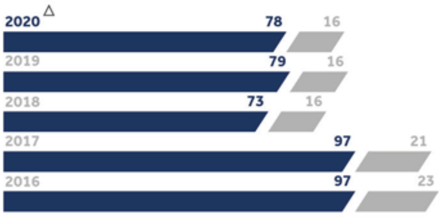
Flogas Sverige AB ('Flogas') is the market leading LPG supplier in Sweden and Norway supplying 260,000 tonnes of LPG per year mainly for heating and industrial process use.

Flogas has worked to develop a range of renewable energy options, all with proven sustainability credentials, which enables the business to help new and existing customers in cutting their CO_2 emissions. That work has also seen the company deliver trial quantities of a bio-based LPG replacement know as bio-DME. Flogas continuously seeks to expand its ability to supply sustainable energy solutions for industrial and heating purposes.

Flogas has worked in partnership on renewable fuels with one of its long-standing industrial customers, Saint-Gobain Sweden AB, with whom it had already converted two sites in Sweden from oil to LPG for the provision of heat for use in industrial processing. When looking at the option to upgrade the heating requirements at a third site, Flogas was able to work with the customer to offer a sustainable energy solution. Flogas assisted in providing the customer with the necessary boiler, burner and tank modifications which facilitated this change in energy source. The first burner was converted in late 2019 and a second in early 2020.

Sustainable Business Report continued

Absolute CO_2e Emissions (000's tonnes) by Scope



- Scope 1 (Direct – Road transport and heating fuels, fugitive emissions)
- Scope 2 (Indirect – Electricity)
- △ Refer to EY Report on page 231

DCC measures its carbon intensity by using Group revenue figures as the common denominator between all of the divisions. In 2020 there was an increase in the carbon intensity measure, to 6.4 tonnes of CO_2 per million pounds sterling of revenue, an increase from 6.2 tonnes in 2019. This was due to a decrease in headline revenue, itself a mix of volume and price changes across the divisions which outweighs the modest drop in absolute emissions, leading to an intensity increase.

We are currently reviewing the relative importance of absolute and intensity measures and the optimum method of intensity calculations.

During the year, compliance with the national legislation implementing the requirements of Article 8 of the EU Energy Efficiency Directive was achieved though energy efficiency audits and accreditation to the ISO50001 energy management standard. Findings from these audits are considered by company management and shared between businesses to ensure opportunities for further improvements in energy efficiency are identified and implemented.

DCC continues to respond to the annual CDP Climate Change questionnaire (www.cdp.net), providing investors and other stakeholders with publicly available details on our carbon emissions, energy consumption and management approach to climate risks and opportunities.

Scope 3 Emissions

Scope 3 emissions are broadly defined as various indirect emissions made as a result of business activities but not directly generated by them. As two of our four divisions primarily sell energy to end consumers, our scope 3 emission profile is dominated by the 'use of product sold' category. We actively work with customers across the Group to help them reduce the carbon intensity of their energy use by educating on energy solutions, using technology to find efficiency and by providing customers with a choice of products, including alternative fuels, such as biofuels. Unlike scope 1 and 2 emissions, the scope 3 calculation is not formally audited, but it is calculated from the volume and mix of energy we sell. We are also working to provide more detail on scope 3 emissions beyond the 'use of products sold' category and intend to report these emissions in our 2020 CDP disclosure. As the world transitions to cleaner, more efficient energy consumption, we will continue to work with our customers to offer new technologies and new fuels and to drive progress towards a more sustainable energy future.

Spills

A spill is defined as any unplanned release to ground or the environment. All spills, and near misses, for which DCC is responsible are recorded regardless of quantity in order that we can learn the lessons from such events. Spills are categorised using a risk matrix, with low level spills classified as 'events' and any other more significant spills classified according to severity. The nature and materiality of a spill also varies across the four divisions, spills in the Healthcare or Technology divisions being different in nature to those in the two Energy divisions.

The data opposite is spill data from the two Energy divisions, which are the most material divisions from an environmental perspective. In the year ended March 2020, there were

Case study

Exertis UK Packaging Initiative

Exertis UK is a leading supply chain partner for established and emerging technology brands across consumer, business and enterprise. Exertis is committed to minimising the impact of business operations on the environment, and sustainability is integral to the overall strategy to build a long-term, profitable business.

Exertis UK has worked in partnership with Macfarlane, a major supplier of packaging, to optimise packaging and reduce material usage and waste. Exertis UK has begun the process of optimisation on three large trial sites.

Analysis of the stretch wrap and pallet top sheets used revealed opportunities to reduce the amount of material used by 24% – a total of 17.6 tonnes of plastic material across the three sites – through innovative solutions that ensured load containment and material performance was not compromised. This equates to 45.4 tonnes of CO_2e emission reduction in the plastic material manufacturing process* – equivalent to the greenhouse gas emissions from 112,838 miles driven by an average passenger vehicle.

The second stage of the project is underway and initial findings predict removal of a further 19.3 tonnes of plastic material – reducing material manufacturing* CO_2e emissions by 35.9 tonnes.

The third stage will be to implement this process across other Exertis facilities with the support of Macfarlane Groups Europe.

* CO_2e calculated on UK Government material manufacturing averages,

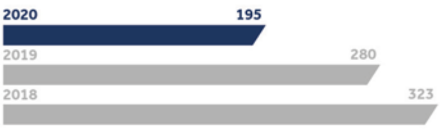
in total 948 spills of any significance, or 4.5 spills per 10,000 deliveries. Of those, 195 were categorised above the minimum reporting level, being 20.6% of total spills. All the spills metrics showed an improvement over the prior year, as illustrated in the charts below.

Any spills of significance are reported to the relevant environmental authorities and are cleared to their standards resulting in no long-term environmental impact.

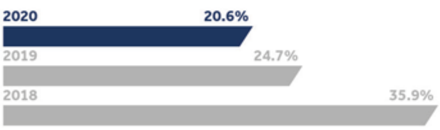
Total Spills

Total Spill Rate per 10,000 Deliveries

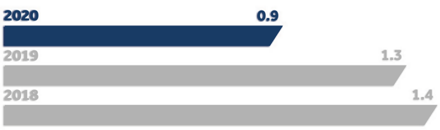
Number Above Minimum Category



% Reported Above Minimum Category



Rate per 10,000 Deliveries Above Minimum Category



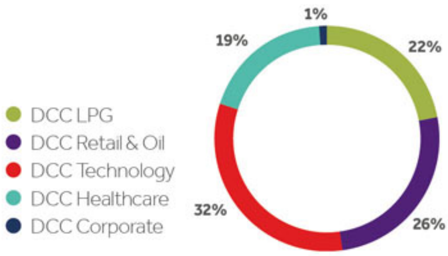
People

DCC's continued success is due to our people, who together support the achievement of the performance and growth plans of the Group.

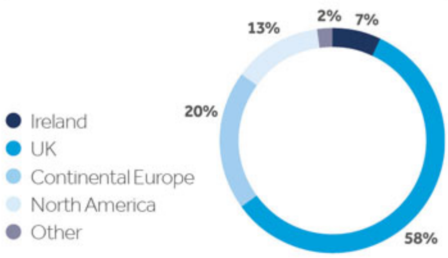
As a result of the challenges presented by Covid-19, we have taken significant steps to ensure the health, safety and well-being of our people. One such step is the introduction of a knowledge sharing platform for our business network around employee communications, policies and practices as we work together to prioritise our people's well-being during this time. Our response to Covid-19 is covered more broadly in our Chairman and Chief Executive statements.

At 31 March 2020, we employed 13,232 people, which is a 5% increase since last year. We aim to attract and develop a workforce that is as diverse as our customers and communities, recognising that people are critical to sustaining competitive advantage and long-term success.

DCC Employees by Division



DCC Employees by Geographic Area



Leavers and Joiners

Our employee turnover rate over this financial year was 24.9% and the new joiners amounted to 30.1%. Both of these figures include our seasonal workforce, who support our businesses in peak periods of trading, many of whom return year after year to work for us. We work to limit the impacts of seasonality and provide assistance to employees and managers when it is necessary. Fair and flexible hiring and lay-off practices apply, particularly in our seasonal businesses. For major operational changes, appropriate notice periods and change management procedures are implemented.

Talent Development Practices

We have been focused on further developing our talent management practices in a number of key areas over the past three years and are beginning to see the benefits of that investment.

Talent Planning and Career Pathing

We introduced a common succession planning process across our businesses in 2016. Each of our businesses actively engages in the annual process and we use a consistent talent scorecard to measure leadership bench strength.

We have well established management teams in our businesses, bringing a balance of knowledge and experience to their leadership. The purpose of the annual process is to ensure we continue to identify and develop talent to meet the future needs of our businesses and offer our people the opportunity to grow and progress their careers in the Group.

Over the period 2016 to 2019, the number of roles in scope for succession planning has increased by 70%. The growth in the management population over that period is largely attributable to our acquisitive growth over the same period. We strive to make talent visible and identify career paths for people within their own business and across the Group. As of today, c.78% of our management team positions have internally identified successors from within and/or across our businesses. Of those, all critical positions in our subsidiaries have succession coverage and we have worked hard over the past three years to create visibility of our internal talent options.

Sustainable Business Report continued

Common Talent Management Platform
In 2018, we invested in a common talent management platform to help us identify internal talent and ensure talent management processes are embedded consistently across the Group. The platform currently supports the automation of succession planning and performance management processes across 13 geographies. As more of our businesses have recognised the value of the system, we have had an increase of 43% of users in the last 12-month period and at 31 March 2020, 35% of all employees have a presence on the platform.

High Performance Culture
Our people are driven to achieve and have an unwavering focus on results. We are open and transparent on performance and constantly measure our progress. Every member of our business management teams actively engages in our annual performance review process. In the year ended 31 March 2019, 95% of our business management population completed the annual performance cycle.

Our performance management process includes financial and personal objectives and, where relevant, embeds key metrics related to HSE and compliance. The core competencies required for leadership in DCC are also fully integrated into our performance management cycle.

To support and drive our high performance culture, we offer regular coaching skills based training to our business management teams at key points during the performance cycle.

Developing Leaders
We strive to foster a culture of continuous development for our employees, ensuring we have the talent and capabilities we need, now and in the future. We continue to develop our Executive Development programmes and during the financial year made a number of significant investments to evolve our leadership development offering, including:

- We successfully delivered a new professional development programme, in partnership with Ashridge Hult business school. That programme was designed to bring acute focus to individual development as well as deepening and broadening strategic perspective to stimulate growth and innovation. It targets experienced leaders who are identified during our annual talent processes. See Strategy in Action, pages 46 and 47.
- We also launched a new Management Essentials programme, which can be delivered in multiple languages across our businesses to support ongoing professional development at manager level (where English is not the first language of the business).

These programmes are attended by a range of talent from different parts of our business, ensuring there is a diverse, capable and expanding leadership pool across all levels and key geographies within the organisation, to help us deliver our business strategy into the future.

Graduate
The DCC Graduate Programme is an integral part of the Group's Talent Development practices, designed to create a pipeline of high potential, internationally mobile, early career talent for the Group.

Case study

Thompson & Capper – health and well-being

THOMPSON&CAPPER

Thompson & Capper, part of DCC Health & Beauty Solutions, is a full-service partner for the nutritional and pharmaceutical industry who tailor-make vitamins, minerals, health supplements and speciality tablets.

Based in Runcorn, Cheshire, the business makes around 3 billion tablets and capsules per annum and employs over 300 people in a variety of office based, logistics and manufacturing roles.

Thompson & Capper have put in place a series of initiatives, all aimed at improving employee awareness of health and well-being issues as well as encouraging them to stay healthy. The company provided briefings to staff on a range of health-related issues. A session on physical health was followed by a session emphasising the role and importance of physical activity, and a session was also dedicated to mental health awareness and coping strategies.

The company provides support to its employees by providing free health checks on site to anyone regardless of age. In addition, the company is training a 'health champion', sponsoring training to Royal Society for Public Health Level 2 in 'Understanding Health Improvement' in order to provide ongoing training and awareness support to all employees.

These initiatives will now form part of an ongoing programme for supporting Thompson & Capper employees across a range of health and well-being topics.

"In the first year of this initiative the uptake has been excellent and the feedback from our people has been extremely positive. As time goes on, we will be offering more sessions on more specific areas such as smoking cessation, weight management and exercise, but we will tailor these based on the feedback from our staff."

Matthew Dyal,
Managing Director, Thompson & Capper

DCC is a fast-paced environment, and graduates on our two-year programme are exposed to the 70-20-10 model for learning and development. Graduates get unrivalled on-the-job experience through placements in our international operations where they learn about the diversity of the markets in which we operate. The remaining development is through formal training focused on targeted learning modules and ongoing mentoring and coaching.

Local Skills Based Training Support
DCC encourages and supports talent development at all levels in the organisation. Each business within DCC has the autonomy to develop and roll out local development programmes with an emphasis on driving performance improvement at an individual business level.

To ensure we share knowledge and develop programmes for everyone in a way that leverages best practice, we have created a Leadership Development community which is a key enabler for sharing resources and developing talent more consistently across the Group.

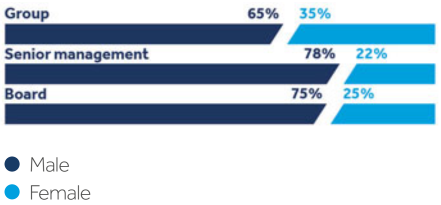
Inclusion and Diversity
With 13,232 colleagues across 20 countries, DCC is a multinational and multicultural organisation. We believe that to reap the benefits of our diverse and talented workforce we need inclusive work environments where all of our colleagues have the freedom to achieve their ambitions and a culture that cultivates the energy and passion our colleagues bring to work.

We refreshed our approach to inclusion and diversity this year with the launch of a new Policy, 'You Belong Here' which outlines the core principles and expectations we have for ourselves, our colleagues and our businesses to foster positive workplace environments. Our ambition is to be an organisation where everyone feels welcome, respected and valued; that they belong in DCC and have the same opportunity for success as anyone else.

Our Inclusion and Diversity strategy is enabled by focus on a number of key areas, including communication, education and awareness, people practices and measuring trends.

Gender Balance in DCC

Gender Diversity



It is particularly pleasing that the percentage of female talent in our senior management population has increased to 22% from 17% in the prior year.

We actively support the 30% Club which consists of Chairs and CEOs committed to better gender balance at all levels of their organisations. A number of our colleagues participate in development programmes that we believe will be helpful in building a pipeline of future female leadership talent for DCC. These include the 30% Club Board Ready Programme and the Mentoring Foundations FTSE 100 cross-company mentoring programme for next generation women leaders. 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 to equality and human rights in the workplace.

Rewarding Our Employees
DCC offers fair and competitive rates of pay to attract and retain our employee base while offering benefits in line with industry, local or national practice. We are committed to meeting high standards of business conduct in every area of our activities. As part of this commitment, we regularly review our reward policies to ensure we reward employees fairly and comply with any minimum wage requirements. We believe in performance-related rewards for our colleagues, dependent upon their contribution to the success of the business and the extent they demonstrate company values.

Transparency
We welcome increased focus on transparency on pay practices. A number of countries in which we operate have mandatory reporting requirements in relation to remuneration practices with which we fully comply:

- UK: Under UK legislation, employers with more than 250 employees are required to publish key metrics on their Gender Pay Gap. Our affected UK businesses publish individual reports annually as required by legislation and are committed to taking action, at a local level, in terms of deeper analysis of the data and implementation of appropriate initiatives.
- France: Since September 2019, our French businesses with more than 250 employees are obliged to calculate and to publish a Gender Pay Equality Index. This has now been extended to businesses between 50 and 250 employees since March 2020.
- Canada: Our businesses based in Canada with more than 10 employees are required to complete a Pay Equity exercise and a maintenance exercise every five years.

Sustainable Business Report continued

Respect for Human Rights

DCC is focused on ensuring that human rights are respected in every area of our own activities and in our supply chains.

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. The section of this report on Rewarding our Employees deals with our approach to standards of pay.

DCC has a Supply Chain Integrity Policy in place which sets out specific steps that businesses in the Group must take to assess the risk of human rights abuses, including forced or compulsory labour, taking place 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, among other compliance breaches, do not arise.

DCC has issued a statement under section 54 of the Modern Slavery Act 2015 covering the year ended 31 March 2020. A number of DCC Group businesses are subject to that reporting provision in their own right and have issued statements on their own websites. Those statements note where the activities of Group businesses or their suppliers present particular risks and the measures being taken to reduce those risks.

Case study

Certas Energy UK and the Oliver King Foundation

The Oliver King Foundation ('OKF') was set up in January 2012 following the tragic death of 12-year-old Oliver King. Oliver died from Sudden Arrhythmic Death Syndrome, a hidden heart condition which kills 12 young people every week.

Oliver attended King David High School in Liverpool and suffered a cardiac arrest whilst taking part in a swimming race. The mission of the OKF is to save lives by making defibrillators accessible throughout the UK.

The OKF has placed 4,000 defibrillators in schools and organisations across the UK and has trained 60,000 staff in defibrillator awareness along the way. The OKF is aware of 36 lives being saved by the defibrillators placed. The OKF is also working with Parliamentarians to ensure defibrillators are more widely available and recently the UK Government issued guidance to all schools in England and Wales recommending they have access to a lifesaving defibrillator, naming the OKF as a stakeholder in that document.

Certas Energy UK has worked with the OKF since 2014. Certas is a community-based business, providing fuels for transport, heating and other uses in both domestic and commercial applications, taking those fuels directly into local communities and homes and both mirrors the reach of the OKF as well as supporting its aims. Certas has contributed to the work of the OKF by providing an annual donation, by ensuring defibrillators are available in its own offices, by placing defibrillators directly into local communities and by working closely with local schools, community centres and service stations which give the community access to and training in the use of a defibrillator should they need it.

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 risk-assessed policies, procedures and records in relation to the provision and acceptance of gifts, hospitality and sponsorship and the disclosure of conflicts of interest;
- 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.

Businesses in the Group report twice a year on their controls in this area, including on their primary risk – the use of representatives in countries where corruption is a significant problem – and on completion rates for online training among their employees. A report on these performance indicators is then provided to the Executive Risk Committee and Audit Committee. During the period under review, no Group business was involved in any public legal case regarding corruption.

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

As an international Group we believe in the importance of 'making a contribution' and having a positive influence in the communities where we have businesses. At a Group level, we provide financial and other support to Social Entrepreneurs Ireland, which is involved in supporting high potential entrepreneurs in tackling social problems, and to Laura Lynn, Ireland's only children's hospice. Our operations span across thousands of communities around the world and due to the devolved nature of our business model, each business in the DCC Group have the autonomy at a local level to partner with bodies that they feel make the most impact in their community. Many of our efforts in the last financial year went into improving the health, education and safety of our many neighbours and the community engagement case study from Certas Energy UK, highlighting its support of the Oliver King Foundation, is one such example.

Governance

Chairman's Introduction

The Board is fully committed to high standards of corporate governance, in line with our values of excellence and integrity.

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 with the 2018 version of the UK Corporate Governance Code ('the Code'), which applied to DCC for the first time for the year ended 31 March 2020.

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

Governance
In the prior year, the Nomination and Governance Committee, on behalf of the Board, had completed a detailed review of the impact on DCC of the updated principles and provisions as set out in the revised 2018 Code and had identified a number of enhancements to our governance processes. The focus during the current year has been on the full implementation of these enhancements.

During the year, the Remuneration Committee conducted a thorough review of the current Remuneration Policy to ensure it remains appropriate to support the business, is aligned with shareholders' interests and takes into account evolving best practice and regulatory developments. We have concluded that while the current Policy remains overall fit for purpose, we are proposing a number of minor changes to the Policy and are also seeking to clarify the wording in the Policy in respect of a number of matters.

Further details on these changes are set out in the Remuneration Report on page 109.

Board Composition and Diversity
I remain focused on ensuring that we have the right balance of skills, knowledge and experience on the Board, taking account of our business model, the specific sectors in which the Group operates and developments in terms of scale, geographic expansion and external factors.

Caroline Dowling joined the Board on 13 May 2019 bringing experience in the technology sector and Tufan Erginbilgic joined the Board on 6 April 2020 bringing expertise in the downstream global fuels, lubricants and petrochemicals businesses.

I am conscious of the fact that following Tufan's appointment, the percentage of female Directors on the Board is now 25%, which is below the level of over 30%, which we had attained for a number of years and which remains our firm objective.

Leslie Van de Walle will not be seeking re-election at the Annual General Meeting ('AGM') and will retire from the Board as a non-executive Director, Senior Independent Director and Chairman of the Remuneration Committee on 17 July 2020. I would like to thank Leslie, who has contributed greatly to our Board and Committees over almost 10 years by bringing significant international business experience and insights to bear in his Board roles. We wish him every success in the future.

Chief Financial Officer Succession
On 24 February 2020, we announced that Fergal O'Dwyer, who has been Chief Financial Officer since 1994, has decided to retire from the Group after 31 years of service. He will stand down from his executive position and from the Board at the conclusion of the AGM on 17 July 2020.

Fergal will be succeeded as Chief Financial Officer by Kevin Lucey, Head of Capital Markets, who will be appointed to the Board of DCC as an Executive Director, following the conclusion of the AGM. I want to sincerely acknowledge Fergal's outstanding track record in the financial leadership of the Group. His exceptional commitment and dedication over many years has contributed greatly to the successful growth and development of DCC.

Further details on the above Board changes are set out on page 101 of the Nomination and Governance Committee Report.

Chairman Succession
I have been a Director of the Company since February 2009 and Chairman since September 2014. Taking account of the provisions in respect of Board tenure in the Code, the Nomination and Governance Committee, led in this case by the Senior Independent Director, is advancing a comprehensive Chairman succession process.

Board Effectiveness
In 2020, the performance evaluation of the Board, its Committees and individual Directors was internally facilitated, having been externally facilitated in 2018 by Independent Audit.

I am pleased to report that the results of the 2020 evaluation process were positive and that a number of actions were agreed which will be implemented during the current year. These are designed to drive Board effectiveness as the Group continues to grow and develop.

More information on the 2020 process can be found on page 97 of the Corporate Governance Statement.

Board Committees
Our Board Committees have continued to perform very effectively. You will find, on pages 99 to 133, individual reports, introduced by the Chairman of each Committee, giving details of their activities during the year.

Board Development
I continue to encourage non-executive Directors to undertake visits to Group subsidiaries in order to familiarise themselves with the Group's operations and meet with subsidiary management.

Stakeholder Engagement
Stakeholder engagement is important for the Board to help us in understanding their views and taking them into account when making business decisions. Further details on Board stakeholder engagement is set out on page 95.

Priorities for the Year Ahead
The governance priorities for the coming year include Chairman succession and a focus on increasing diversity, both at Board and management levels.

John Moloney
Chairman
18 May 2020

Board of Directors

Committee Membership Key:

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

John Moloney

Non-executive Chairman N Ⓡ

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

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

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

Key external appointments
Non-executive director of Smurfit Kappa plc.

Donal Murphy

Chief Executive

Date of appointment
December 2008

Expertise
Donal joined DCC in 1998 and has a detailed knowledge of the operations of the Group, having held a number of senior leadership roles, including Managing Director of DCC Technology from 2004 to 2006 and Managing Director of DCC Energy from 2006 to 2017. He led the very significant growth of the Energy division and its transition from a small UK and Irish business to a substantial international business operating in 10 countries.

Donal was appointed Chief Executive in July 2017.

Key external appointments
None

Fergal O'Dwyer

Chief Financial Officer

Date of appointment
February 2000

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

Key external appointments
None

Leslie Van de Walle

Non-executive Director and Senior Independent Director R Ⓝ

Date of appointment
November 2010

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

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

Key external appointments
Chairman of Euromoney Institutional Investor PLC and non-executive director of HSBC UK Bank plc.

Mark Breuer

Non-executive Director Ⓐ Ⓝ

Date of appointment
November 2018

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

Key external appointments
Non-executive director of Arix Bioscience plc.

Caroline Dowling

Non-executive Director Ⓐ Ⓡ

Date of appointment
May 2019

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

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

Key external appointments
Non-executive director of IMI plc.

Tufan Erginbilgic

Non-executive Director N R

Date of appointment
April 2020

Expertise
Tufan was BP's Downstream Chief Executive, and a member of its executive team, from 2014 to March 2020, with responsibility for BP's global fuels, lubricants and petrochemicals businesses. Prior to that Tufan was Chief Operating Officer of BP's Downstream segment, Chief of Staff to the Group Chief Executive, Chief Executive, Castrol Lubricants and held several other management and executive roles within BP. Tufan previously held various management roles in Mobil Oil. Tufan is a former non-executive director of GKN plc.

Tufan's detailed knowledge and leadership experience in global fuels businesses and new energy technologies are of particular relevance to DCC.

Key external appointments
Non-executive director of CNH Industrial N.V. and member of the advisory board of the University of Surrey.

David Jukes

Non-executive Director R

Date of appointment
March 2015

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

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

Key external appointments
President and Chief Executive Officer of Univar Solutions Inc.

Pamela Kirby

Non-executive Director N R

Date of appointment
September 2013

Expertise
Pamela has more than 30 years' experience in the international healthcare sector. She was the CEO of Quintiles Transnational Corporation and previously held senior executive positions at AstraZeneca plc and F. Hoffman-La Roche.

Pamela was chairman of Scynexis Inc and Oxford Immunotec Ltd and she has held a number of non-executive director roles at companies including Novo Nordisk A/S and Smith and Nephew plc and was senior independent director at Informa plc and Victrex plc.

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

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

Jane Lodge

Non-executive Director A

Date of appointment
October 2012

Expertise
Jane 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 an international business perspective. She was a member of the CBI Manufacturing Council until 2011. Other previous roles include non-executive director of Sirius Minerals plc and Devro plc.

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

Key external appointments
Non-executive director of Costain Group PLC and Bakkavor Group plc.

Cormac McCarthy

Non-executive Director A

Date of appointment
May 2016

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

Cormac brings considerable plc financial expertise to the Board.

Key external appointments
Chairman of University College Dublin Foundation Limited and chairman of H&K International Limited.

Mark Ryan

Non-executive Director A

Date of appointment
November 2017

Expertise
Mark is a highly experienced board director and business leader who has successfully operated at senior management levels in Ireland and internationally. Mark was Country Managing Director of Accenture in Ireland between 2005 and 2014. During his career with Accenture, he spent extended periods working in the US and UK. Mark served in numerous management and executive roles in delivering major strategy, IT and business change programmes both locally and internationally. Mark was previously a non-executive director of Immedis.

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

Key external appointments
Non-executive director of Wells Fargo Bank International, Econiq and Publicis and chairman of Blueface.

Group Management Team

Donal Murphy
Chief Executive

See Donal's biography on page 86.

Fergal O'Dwyer
Chief Financial Officer

See Fergal's biography on page 86.

Kevin Lucey
Chief Financial Officer Designate

Kevin was appointed Chief Financial Officer Designate in February 2020 and will succeed Fergal O'Dwyer as DCC's Chief Financial Officer in July 2020. Kevin joined DCC in 2010 as Finance & Development Director of the Technology division and since then has held a number of senior Group finance roles, including most recently as Head of Capital Markets. Prior to joining DCC, Kevin was CFO and a principal of a leading Irish private equity firm.

Henry Cubbon
Managing Director,
DCC LPG

Henry has been Managing Director of DCC's LPG division since 2018, having joined DCC in 2008 as Managing Director of Flogas Britain. Prior to joining DCC, he was Managing Director of Antalis from 2000 to 2008, overseeing its paper distribution business in the UK, Ireland and South Africa. Previously he held a strategic planning role at paper manufacturer Arjo Wiggins Appleton and was a senior manager at Barclays Bank, Paris, having started his career on their graduate programme.

Eddie O'Brien
Managing Director,
DCC Retail & Oil

Eddie has been the Managing Director of DCC Retail & Oil since 2018. Eddie joined DCC in 2012 as the Managing Director of Oil and was subsequently Managing Director of Retail & Fuel Cards. Prior to joining DCC, Eddie was CEO at Topaz Energy, Ireland's largest fuel and convenience brand. Before this he spent 13 years at Statoil across a number of finance, pricing, commercial and leadership roles, including Vice President Finance and Vice President Retail Operations at Statoil Fuel and Retail in Oslo.

Tim Griffin
Managing Director,
DCC Technology

Tim has been the Managing Director of DCC Technology since he joined DCC in 2018. Having spent over a decade of his 30 year career in roles based in Australia and Singapore for NCR and Dell, Tim has extensive experience in performing regional and global functional, operational and general management roles. At Dell he led Global Services & Solutions for Consumer & Small Business and was GM of Displays & Client Peripherals, before being appointed CEO & Senior Vice President of Dell's business in the UK.

Conor Costigan
Managing Director, DCC Healthcare

Conor has been the Managing Director of DCC Healthcare since 2006. Conor joined DCC in 1997 and has held a number of senior leadership roles within the Group, including in the Food & Beverage division and Investor Relations. Conor moved into the Healthcare division in 2003, initially as Finance & Development Director before being appointed Managing Director in 2006.

Clive Fitzharris
Head of Group Strategy & Development*

Clive was appointed Head of Group Strategy and Development in 2017. Clive joined DCC in 2009 as the Development Director responsible for delivering acquisitive growth for the Energy division and from 2014 to 2017 he held the position of Managing Director of Oil Europe. Prior to joining DCC, Clive spent 11 years working across a variety of banking and investment roles at AIB and in private equity.

Nicola McCracken
Head of Group Human Resources

Nicola has been the Head of Group Human Resources since she joined DCC in May 2016. Prior to joining DCC, Nicola was the HR Director responsible for Talent and Reward at CRH plc from 2007 to 2016. Prior to that, she enjoyed a consulting career with PricewaterhouseCoopers in Europe and North America where she helped global organisations from multiple industry sectors adapt their human capital strategies to improve business performance.

Conor Murphy
Head of Group Financial Planning & Control

Conor was appointed Director of Group Finance in February 2020 and will assume this role in July 2020, from his current role, Head of Group Financial Planning & Control, which he has held since July 2017. Conor joined DCC in 1998 and has held a number of senior financial leadership roles across the Group, including Finance Director of DCC Energy, Finance & Development Director DCC Technology and Investor Relations Manager. Prior to joining DCC, Conor trained as an accountant with KPMG.

Peter Quinn
Chief Information Officer

Peter has been Chief Information Officer since he joined DCC in 2004. He also spent three years as Chief Operating Officer of DCC's largest oil distribution business, Certas Energy UK. Prior to joining DCC, Peter worked as an IT consultant with an international firm where he specialised in the delivery of complex IT solutions across a range of business sectors. He had previously worked in the food and transport industries in a variety of IT leadership roles.

Ger Whyte
Company Secretary & Head of Enterprise Risk Management

Ger has been the Head of Enterprise Risk Management and Company Secretary since 2000. Ger joined DCC in 1987 and has held a number of senior Group roles in investment management and compliance. Prior to joining DCC, Ger worked with KPMG in general practice and in corporate finance.

* With effect from 11 May 2020, Clive Fitzharris was appointed as Managing Director Exertis International.

Corporate Governance Statement

This statement describes DCC's governance principles and practices. For the year ended 31 March 2020, DCC's corporate governance practices were subject to the UK Corporate Governance Code, which was issued by the FRC in July 2018 ('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

The Board is collectively responsible for the long-term sustainable success of the Group. Its role is to provide leadership, to establish purpose, values and strategy, 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.

It is also responsible for establishing a framework to assess and manage risk.

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

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 99 to 102.

Audit Committee

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

Further details of the activities of the Audit Committee are set out in its Report on pages 103 to 107.

Remuneration Committee

- Determining the Remuneration Policy
- Determining the remuneration packages of the Chairman, executive Directors and senior management
- Oversight of other Group and subsidiary 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 108 to 133.

Chief Executive

The responsibilities of the Chief Executive are set out on the next page.

Executive Risk Committee

The responsibilities of the Executive Risk Committee are set out in the Risk Report on page 19.

Group Management Team

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

Role and Responsibilities

Chairman
A clear division of responsibility exists between the Chairman, who is non-executive, and the Chief Executive.

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 other stakeholders and for ensuring that members of the Board develop and maintain an understanding of the views of all stakeholders.

Before the beginning of each 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 on page 93.

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, and
- 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 operational, financial and strategic performance.

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 acts as an intermediary for other Directors, if necessary, and is available to shareholders who may have concerns that cannot be addressed through the Chairman or Chief Executive.

The Senior Independent Director leads the annual Board evaluation process, as detailed under 'Board Performance Evaluation' on page 97, and the succession planning process for the Chairman. The Senior Independent Director chairs meetings of the Board if the Chairman is unavailable or is conflicted in relation to any agenda item.

Non-Executive Directors
The Board consists of an appropriate combination of a non-executive Chairman, two executive Directors and nine independent non-executive Directors, such that no one individual or small group of individuals dominates the Board's decision-making.

There is a clear division of responsibilities between the leadership of the Board and the executive leadership of the business.

Non-executive Directors have a prime role in appointing and removing executive Directors. Non-executive Directors scrutinise and hold to account the performance of management and individual executive Directors against agreed performance objectives. The Chairman holds meetings with the non-executive Directors without the executive Directors present.

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

Schedule of Matters Reserved for Board Decision

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

The Schedule includes responsibility for the matters set out below:
- Group strategy.
- Annual budget.
- Oversight of the Group's operations.
- Interim and annual accounts.
- Major acquisitions and disposals.
- Significant capital expenditure proposals.
- Approval of changes to the Group's capital structure.
- Composition of the Board and of its Committees.
- Remuneration policy.
- Dividend policy and dividends.
- Treasury policy.
- Risk management policy.

Corporate Governance Statement continued

Board of Directors

Leadership
The Board's leadership responsibilities involve working with management to set corporate purpose and values and to develop strategy, including deciding which risks it is prepared to take in pursuing its strategic objectives.

Oversight
The Board's oversight responsibilities involve it constructively challenging the management team in relation to operational aspects of the business, including approval of budgets, and probing whether risk management and internal controls are sound. It is also responsible for ensuring that accurate, timely and understandable information is provided about the Group to shareholders, debt providers and regulators.

Purpose
A detailed review of DCC's organisational purpose was conducted during the year by the Group Management Team, which was presented to the Board. DCC's purpose is 'enabling people and businesses to grow and progress'. The Board and management will focus on adopting purpose into key processes such as three-year planning to help align purpose and long-term strategy.

Values
The Board continued to promote the Group's core values through ongoing site visits to Group companies by individual Directors throughout the year and the Board meetings at subsidiary locations.

Strategy
DCC's strategy is set out on pages 2 and 3 and the Board's responsibilities in regard to strategy are summarised on page 93.

Culture
The Board monitors culture to ensure it is aligned with purpose, values and strategy. This is achieved through senior management briefings, review of employees surveys and direct observation, including interaction with local management teams and employees during Board and individual Director site visits and via the activities of the Workforce Engagement Director. Further details on purpose is set out in the Chief Executive's Review on page 9.

Activities
The Board's activities during the year are set out on pages 93 and 94.

Board of Directors: Attendance at meetings during the year ended 31 March 2020

	Board Scheduled	Board Unscheduled	Audit Committee	Remuneration Committee	Nomination and Governance Committee
Meetings held during the year ended 31 March 2020	**8**	**3**	**5**	**5**	**7**
John Moloney	8	3	–	5	7
Mark Breuer	8	2	5	–	–
Caroline Dowling[1]	7	2	–	3	5
David Jukes	8	2	–	5	–
Pamela Kirby	8	2	–	5	7
Jane Lodge	8	2	5	–	–
Cormac McCarthy	8	3	5	–	–
Donal Murphy	8	3	–	–	–
Fergal O'Dwyer	8	3	–	–	–
Mark Ryan	8	3	5	–	–
Leslie Van de Walle	8	3	–	5	6

1. Caroline Dowling was appointed as a non-executive Director and as a member of the Nomination and Governance Committee and the Remuneration Committee on 13 May 2019. Ms Dowling attended all meetings held during her period as a non-executive Director and as a member of the respective Committees.

Any other non-attendance was due to the meetings being unscheduled and called at short notice. All Directors were provided with papers in advance and had the opportunity to pass on any comments to the Chairman ahead of the meetings.

Board activities during the year

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. The key recurrent Board agenda themes are divided into normal business and developmental issues.

Normal Business

Trading performance

- Received reports from the Chief Executive at every meeting in respect of operational and financial performance and outlook
- Approved the Group's Preliminary Results Announcement, Annual Report and Accounts, Interim Report and Half Year Group Accounts and Interim Management Statements
- Approved the Group Budget for the year ending 31 March 2021 including capital expenditure

Investor relations

- Received regular reports from the Group Investor Relations function
- Reviewed regular reports from the Company's brokers and from analysts
- Received a presentation on Shareholder Activism from the Company's broker, J.P. Morgan Cazenove
- Received updates from the Head of Capital Markets on meetings with institutional investors and related activity
- Reviewed stock exchange announcements

Risk

- Received a report at each meeting from the Chairman of the Audit Committee on its risk activities
- Considered the Group Risk Register and Integrated Assurance Report
- Received a quarterly report from the Head of Group Sustainability
- Received regular reports from the Head of Group Legal & Compliance
- Considered and approved the Principal Risks and Uncertainties for the Annual Report

IT matters

- Received regular reports on IT projects and developments from the Chief Information Officer
- Reviewed the Group's progress on business continuity planning, IT project assurance, IT risk and security and cybersecurity, including through reports from the Audit Committee on its oversight of the Group IT Assurance function

Developmental Issues

Strategy

- 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
- Reviewed future capital allocation plans
- Received regular divisional strategy updates
- The Board met with local management at two technology businesses, Stampede in the US and Jam in Canada, and also at our DCC Health & Beauty Solutions business in the UK, Thompson & Capper, and received briefings on divisional and company strategies

Acquisitions

- Considered potential acquisition opportunities requiring Board level approval and received updates at every Board meeting on other development opportunities
- Established an Investment Committee, comprising the Chairman, the executive Directors and up to two non-executive Directors, to review and evaluate the pipeline of proposed acquisitions, prior to their consideration by the Board
- Reviewed post-acquisition business performance

Leadership, management development and succession planning

- Received a report at each meeting from the Chairman of the Nomination and Governance Committee on its activities
- Reviewed the Board's composition, diversity and succession plans
- Approved the appointment of Kevin Lucey as Chief Financial Officer Designate following a process overseen by the Nomination and Governance Committee
- Considered detailed presentations from the Chief Executive and Head of Group HR on Talent Strategy and Development, to ensure the appropriate focus on management development and succession planning
- Supported the professional development of Board members
- Approved the appointment of Caroline Dowling and Tufan Erginbilgic as non-executive Directors

Governance and remuneration

- Received reports and discussed the latest regulatory developments including changes arising from the 2018 UK Corporate Governance Code and the UK Companies (Miscellaneous Reporting) Regulations 2018 and approved actions proposed
- Conducted an internally facilitated Board evaluation process
- Received updates on corporate regulatory matters
- Received a report at each meeting from the Chairman of the Remuneration Committee on its activities
- Approved the remuneration of the Chairman and other non-executive Directors
- Received reports from the designated non-executive Director on workforce engagement activities

Corporate Governance Statement continued

Stampede

Meetings at subsidiary locations

During the year ended 31 March 2020, the Board held 11 meetings, one of which took place at Jam Industries in Canada and one at Thompson & Capper in the UK. The Board also visited a number of companies, including Stampede in the US.

The away Board meetings and visits provide an opportunity for the Directors to meet local teams, see the operations on the ground and have presentations on current operations, projects and future plans. The Board also experiences culture and values in action in the daily activities of colleagues on site.

In October 2019, the Board visited Stampede, in Buffalo, US and Jam, in Montreal, Canada, two recently acquired technology businesses. Each visit included meetings and presentations by senior management with discussions on key industry issues. The Board had a detailed tour of each facility and talked informally to the local teams on key issues for the businesses.

In February 2020, the Board and Committee meetings were held at Thompson & Capper, Runcorn, UK. The Directors received presentations from the senior management team and from DCC Health & Beauty Solutions' senior executives to explain the current and future plans of the business and the sub-division and also undertook a full tour of the facilities.


Jam Industries

Thompson & Capper

Board engagement with stakeholders

Shareholders and Investors	Employees	Customers and Suppliers	Communities
The Board is kept informed of the views of shareholders through the executive Directors' attendance at investor presentations and results presentations. Relevant feedback from investor 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, on topics such as fundraising, market perception and shareholder activism. The Company Secretary engages annually with proxy advisors in advance of the Company's AGM which provides shareholders with the opportunity to question the Chairman, the Committee Chairmen and the Board. The Chairman of the Remuneration Committee led a process whereby major shareholders, the Investment Association and various proxy advisory firms were consulted in respect of the proposed changes to the 2020 Remuneration Policy.	Our businesses have undertaken a variety of methods to engage with our employees including local intranets, employee engagement surveys, town halls, listening/project groups, employee polls/pulse surveys, hse forums and recognition programmes. The Board met with local management and employees at Group companies where Board meetings were held during the year. Non-executive Directors visited businesses as part of their ongoing Director induction, training and site visit schedule. The designated non-executive Director, Cormac McCarthy, visited businesses as part of his role to engage with the workforce and report to the Board. The Board received regular updates from the Head of Group HR on Talent Development, Succession Planning and on the launch of the new Group-wide Inclusion and Diversity Policy.	The Group as a whole trades with a very broad customer and supplier base. Our businesses work to maintain effective communications with customers and suppliers to build strong and lasting relationships. The Group has worked with customers and suppliers to plan and deal with various Brexit outcomes. The Board receives regular reports from senior management regarding ongoing communication and collaboration with customers and suppliers across the Group.	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. DCC is the lead sponsor of the annual awardee selection process and employees participate in the assessment of applicants' proposals. DCC has a partnership with LauraLynn, Ireland's Children's Hospice, comprising corporate donations, sponsorship of the Annual Heroes Ball and 'In-kind' support through the donation of products and equipment. DCC businesses support local communities and national organisations both financially and practically with volunteer days, sponsorship, fund raising and hands-on education programmes. Further details on these activities are set out in the Sustainable Business Report on page 82.

First year in the role of the Workforce Engagement Director

by Cormac McCarthy

In April 2019, I was appointed by the Board as the designated non-executive Director for the purposes of engagement with the workforce, in accordance with the requirements of Provision 5 of the UK Corporate Governance Code ('the Code').

The purpose of the role, as set out in the Code, is to assist the Board in understanding the views of the workforce and in taking account of employees interests in its discussions and decisions.

A formal Terms of Reference for the role was agreed by the Board, which envisages the key responsibilities of the designated non-executive Director as being:

- to liaise with the Group HR function on the employee engagement mechanisms in place across the Group's businesses, so as to ensure they remain effective and relevant over time;
- to be kept informed, by Group HR, of trends and issues emerging from those employee engagement mechanisms and of management's action plans in response to these trends and issues;
- to consolidate his own observations and the observations of other non-executive Directors on engagement with Head Office and subsidiary management and employees, in particular following group or individual non-executive Director visits to subsidiary locations;
- to brief the Board regularly on his activities and findings/observations on the views and interests of employees; and
- to ensure that these views and interests are considered in Board discussions.

During the year, I have committed significant time to meeting these responsibilities.

I meet regularly with the Head of Group HR to discuss developments in regard to employee engagement activity across the Group's subsidiaries, including surveys, suggestion mechanisms and townhalls.

I commenced a series of scheduled visits to companies across the Group, both on my own and in the company of other non-executive Directors. These visits involved engagement with subsidiary management, who provided a comprehensive overview of operations and introduced me to members of the workforce at all levels, which enabled me to have direct and open conversations.

I also sought feedback from other non-executive Directors on subsidiary visits they undertook, either as part of their induction or ongoing development.

During the year ended 31 March 2020, two Board meetings were held at subsidiary locations in the UK and Canada, which allowed for interaction with management and employees in those subsidiaries.

I report to the Board at every meeting on my activities and the Board also hears from executive and non-executive Directors on subsidiary visits which they have undertaken.

I am satisfied that the Board is well informed of the views of the Group's workforce, which assists it in assessing and monitoring the culture of the organisation.

Corporate Governance Statement continued

Composition
Following the appointment of Tufan Erginbilgic as a Director on 6 April 2020, the Board of DCC currently comprises the non-executive Chairman, nine other non-executive Directors and two executive Directors, including the Chief Executive.

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. The Nomination and Governance Committee is conscious of the provisions in the 2018 Code in respect of Chairman tenure and a formal succession process, is being led by the Senior Independent Director. Further details are set out in the Nomination and Governance Committee Report on page 101.

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.

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 101.

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

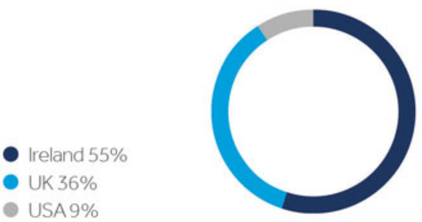
In accordance with our practice since 2008 and the provisions of the Code, all Directors submit to re-election at each AGM.

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.

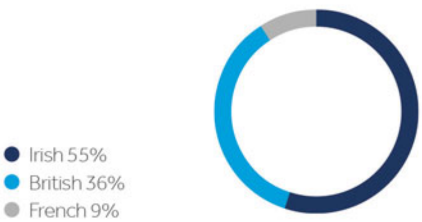
The terms and conditions of appointment of non-executive Directors are set out in their letters of appointment, which are available for inspection at the Company's registered office during normal office hours and at the AGM of the Company.

Details of the length of tenure of each Director on the Board as at 31 March 2020 are set out in the table below.

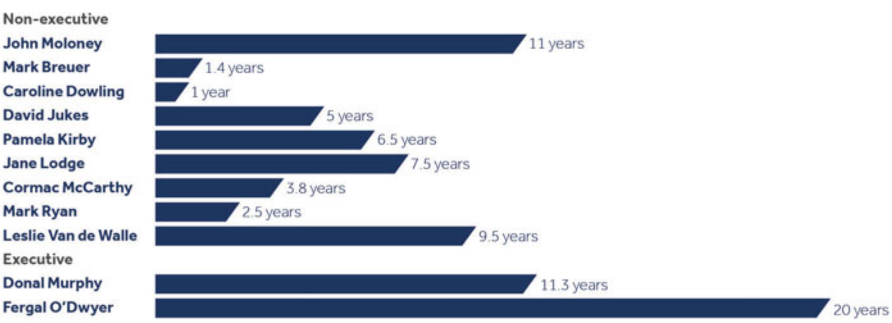
Geographic location of Directors
as at 31 March 2020



Nationality of Directors
as at 31 March 2020



Length of tenure on Board as at 31 March 2020



Induction and Development
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 Board encourages overseas Board meetings which are instrumental in gaining a better understanding of the Group's diverse businesses and the environments in which they operate.

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

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

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

All Directors are encouraged to avail of opportunities to hear the views of and meet with the Group's shareholders and analysts.

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

Board Performance Evaluation

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

In 2018, the entire performance evaluation was externally defined and conducted by Independent Audit, in accordance with the requirement under the Code to have it externally facilitated every three years. The next externally facilitated evaluation will take place in 2021.

In 2019 and 2020, the performance evaluation process was conducted internally.

The various phases of the 2020 internal performance evaluation process which commenced in early February and concluded in May were:

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

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

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

2020 Board Evaluation

Topic	Findings and agreed actions
Board Diversity	The Board noted the need to address as a priority the percentage of female Directors and also the gender split in senior Group management. It was also agreed that Board and senior management renewal should be informed by the need to better reflect the Group's presence in Continental Europe and North America.
Agenda Items	Progress was noted in regard to achieving an appropriate balance between operational and strategic/development items. It was agreed to place increased focus and devote more time to acquisitions & capital deployment and to management resources and organisation.
Board Papers	It was agreed to continue the practice of providing detailed pre-read material in advance of Board meetings, with shorter papers being presented at meetings.
Senior Management Succession	It was agreed to place a particular focus on succession planning for senior Group executives.
Consideration of Strategy	It was agreed that divisional strategies should be formally reviewed by the Board in the course of the year. In addition, it was agreed to revise the format of the annual two-day Strategy Board meeting to place a greater focus on Group-wide issues.

Corporate Governance Statement continued

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

Our current 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 in a range of areas, including anti-bribery and corruption, protection of human rights, data protection, 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 and 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, including human rights, competition law, data protection, information security, diversity and inclusion 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. Our 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 our whistleblowing facilities and how they operate. This is referred to on page 105, as part of the Audit Committee Report.

Share Ownership and Dealing

Details of the Directors' interests in DCC shares are set out in the Remuneration Report on page 127.

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 105.

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 105.

There is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group, which has been in place for the year under review and up to the date of approval of the financial statements. 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 18 and in the Audit Committee Report on page 103.

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 Statement

DCC has complied, throughout the year ended 31 March 2020, with the provisions set out in the Code.

John Moloney, Donal Murphy
Directors
18 May 2020

Nomination and Governance Committee Report

The key focus of the Committee was succession planning at Board and senior management levels to ensure the long-term success of the Company.

John Moloney
Chairman, Nomination and
Governance Committee

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 2020.

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

This report sets out the Nomination and Governance Committee's key areas of focus during the year ended 31 March 2020, as well as the Committee's priorities for the year ending 31 March 2021.

Succession planning was a key area of focus for the Committee in the past year, in particular across the Group Management Team and their direct reports. A highlight was the internal appointment of Kevin Lucey as the successor to our Chief Financial Officer, Fergal O'Dwyer, who will retire from that position at the conclusion of the Annual General Meeting on 17 July 2020.

Another key focus for the Committee was Board renewal and composition. Caroline Dowling joined the Board on 13 May 2019 and brings expertise in the technology sector, in particular electronic, technical and logistic services, which are particularly relevant to DCC.

Following a recommendation from the Committee, Tufan Erginbilgic was appointed as a new non-executive Director of the Company on 6 April 2020. Tufan's leadership experience and expertise in the downstream global fuels, lubricants and petrochemicals businesses will deepen Board knowledge and insight in regard to key sectors in which DCC operates.

The Committee has spent significant time reviewing the Directors' backgrounds, skills and experience in order to identify the criteria for future appointments. These criteria include knowledge of and experience in the sectors and geographies in which the Group operates and skills relevant to future development and expansion. The Committee sees value in all elements of diversity on the Board and has a particular focus on bringing the percentage of female Directors back to over 30%, which had been DCC's position for a number of years.

The Committee also recommended changes to the composition of the Board Committees to improve the position in terms of cross-committee membership. These changes were approved by the Board and took effect on 18 May 2020.

On corporate governance, the Committee ensured that the governance enhancements required as a result of the 2018 UK Corporate Governance Code ('the Code'), which applied to DCC for the first time for the financial year ended 31 March 2020, were fully implemented during the year.

In the current year, Board balance and diversity, my successor as Chairman and senior management succession planning will continue to be priorities for the Committee, taking into consideration the continued expansion of the Group.

On behalf of the Nomination and Governance Committee.

John Moloney
Chairman, Nomination and Governance Committee
18 May 2020

Terms of Reference
The responsibilities of the Nomination and Governance Committee are summarised in the table on page 100 and are set out in full in its Terms of Reference, which are available on the DCC website, **www.dcc.ie**.

Nomination and Governance Committee Report continued

Governance

Committee Composition, Attendance and Tenure

At the date of this Report, the Nomination and Governance Committee comprised John Moloney (Chairman) and four independent non-executive Directors, Mark Breuer, Tufan Erginbilgic, Pamela Kirby and Leslie Van de Walle. Tufan Erginbilgic joined the Committee on 6 April 2020. Mark Breuer joined the Committee on 18 May 2020, replacing Caroline Dowling, who had served on the Committee since May 2019.

Biographical details for the members of the Committee are set out on page 86.

The Nomination and Governance Committee met seven times during the year ended 31 March 2020 and attendance details are set out in the table on page 92 of the Corporate Governance Statement.

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

Length of Tenure on the Nomination and Governance Committee as at 31 March 2020

Meetings

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

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

Annual Evaluation of Performance

The conclusion from the internally facilitated 2020 Board evaluation process was that the performance of the Nomination and Governance Committee and of the Chairman of the Committee was satisfactory. The Committee will focus on agreed actions arising from the 2020 evaluation process.

All agreed actions from the internally facilitated evaluation process in 2019 were implemented during the year.

The next externally facilitated Board evaluation will take place in 2021.

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.

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.

Principal Activities in 2020

Board Composition and Renewal

The Nomination and Governance Committee considers, on an ongoing basis, the composition of the Board to ensure it has the appropriate balance of skills, knowledge, experience and diversity, taking account of the development of the Group, in terms of scale, activities and geographic locations, and of the length of tenure of existing Directors.

In 2019, the Committee identified a need for a new non-executive Director with experience in the energy sector given that Leslie Van de Walle was close to serving nine years as a Director. An external professional search firm, MWM Consulting, was employed to carry out a wide ranging international search. The search firm produced a long list of candidates which was reviewed by the Chairman, who undertook preliminary interviews with a number of candidates. A short list was then drawn up, reviewed with and approved by the Committee.

Those on the short list were interviewed by the Chairman and a number of the executive and non-executive Directors. When Tufan Erginbilgic emerged as the preferred candidate, he further met on an individual basis with the executive Directors and most of the non-executive Directors, before a formal proposal was made to the Board. It was agreed that Tufan had a balance of skills, knowledge and experience which matched the specific criteria which had been agreed, primarily relating to downstream global fuels, lubricants and petrochemicals businesses and knowledge of new energy technologies and applications. The Committee then recommended his appointment to the Board, following which Tufan was appointed as a non-executive Director and as a member of the Remuneration Committee and Nomination and Governance Committee.

As highlighted in my introduction, the Committee is particularly conscious that the current position of 25% female Directors is below DCC's objective of returning to at least 30% female Directors as soon as practicable, which had been our position for a number of years. This will be a key focus in the current year.

Chairman Succession

The Committee is also cognisant of the fact that John Moloney has served 11 years as a Director, including over five years as Chairman.

In proposing to the Board in February 2018 that John, having served nine years as a Director, be invited to serve a further term of up to three years, the Committee was influenced by the need for continuity in light of Donal Murphy's appointment to the position of Chief Executive in July 2017 and the need to plan for orderly succession to the position of Chairman.

The Committee is conscious of the provisions in the 2018 Code in respect of Chairman tenure and is undertaking a formal succession process, which is being led by Leslie Van de Walle, as Senior Independent Director, and will be continued by Mark Breuer when he assumes that role following Leslie's retirement at the 2020 AGM.

Re-appointment of Non-executive Directors

During the year, Pamela Kirby, Cormac McCarthy and Leslie Van de Walle 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 the non-executive Directors serve additional terms.

A number of recommendations in respect of renewed Committee membership were also made during the year.

The length of tenure of the Directors on the Board is set out on page 96. The length of tenure of members of Board Committees is dealt with in the individual Committee reports.

Succession Planning

The Committee is heavily focused on the leadership needs of the organisation at Board and senior management level. The Committee gives full consideration to succession planning for Directors, in particular the Chairman, the Chief Executive and Chief Financial Officer, taking into account Group strategy, as well as the challenges and opportunities facing the Group and the skills, knowledge and experience required.

This was a key area of focus for the Committee in the past year, culminating with the appointment of Kevin Lucey as the successor as Chief Financial Officer to Fergal O'Dwyer, who will retire from that position at the conclusion of the Annual General Meeting on 17 July 2020.

The Group engaged in a comprehensive process over time to identify Fergal's successor. This was led by the Chief Executive, with detailed oversight by the Committee and external input from an international executive search firm in relation to benchmarking.

Following the process, the Committee unanimously supported the appointment of Kevin Lucey as Chief Financial Officer and recommended his appointment to the Board.

As a result of the Chief Financial Officer succession planning process, a number of internal senior management promotions were also made.

The Committee also has oversight of Group management talent development programmes and reviews these with the Chief Executive and the Head of Group HR before they are presented to the Board. During the year, the Board received updates from the Head of Group HR on succession planning and talent development initiatives for the senior management teams at Group, divisional and subsidiary levels.

Commitments

The Committee is conscious of other commitments and demands on Directors' time, including other external appointments, when making recommendations to the Board in respect of new non-executive Director appointments and the re-appointment of existing non-executive Directors.

Upon review of the attendance of the Board members during the year, the Committee is satisfied that all Directors are fully committed, dedicate appropriate time to their responsibilities as Directors and are also available at short notice for any unscheduled Board meetings.

The Committee has also concluded that the external commitments of the non-executive Directors can bring valuable perspective to the Board and do not detract from their ability to perform their role effectively. In accordance with the 2018 Code, all new external commitments now require Board approval in advance of a Director taking up an external role. This requirement has been included in all letters of appointment and in the Matters Reserved for Board Decision.

Nomination and Governance Committee Report continued

Diversity

One of the regular agenda items at Committee meetings during the year is Board 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. The current Board comprises of 25% female Directors. As stated earlier, the Committee's key priority is to exceed the target of 30% female Directors.

A Board Diversity Policy, developed by the Committee and approved by the Board in 2013, is available on the Company's website, www.dcc.ie.

At senior management level, a number of our female colleagues participate in development programmes that we believe will be helpful in building a pipeline of future female leadership talent for DCC. These include the 30% Club Board Ready Programme and the Mentoring Foundations FTSE 100 cross-company mentoring programme for next generation women leaders. 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 to equality and human rights in the workplace.

The Group HR function has recently launched a new Group Inclusion and Diversity Policy entitled 'You belong here', which applies to all Group employees. The Policy expects every Group business to take active steps to foster diverse teams and inclusive practices in the workplace. This Policy clearly outlines the expectations we have of our businesses in this regard. As part of the launch of the new Policy, every employee will be invited to complete unconscious bias training. Further details in this regard are set out in the Sustainable Business Report on page 81. Inclusion and Diversity link very closely to our core values, in particular Integrity and Partnership.

In addition to tracking gender diversity at Board and senior management level, the Group HR team is in the process of making arrangements to facilitate increased levels of disclosure on diversity reporting and have determined the following metrics for the businesses to report on an annual basis:

- Gender balance in senior management teams.
- Gender balance in succession nominations.
- Gender representation on leadership. development programmes.
- Progress on establishing inclusion networks and mentoring support for diverse talent.

Gender representation on high potential development programmes is also being tracked by Group HR.

Group HR require all companies, and their recruitment advisors, to establish clear and realistic guidelines on the level of diversity required in their candidate shortlists for roles, taking into account local legislation and the Group Inclusion and Diversity Policy.

Corporate Governance

The Committee advises the Board on significant developments in the law and practice of corporate governance and monitors the Company's compliance with corporate governance best practice, with particular reference to the UK Corporate Governance Code.

The Committee has reviewed the Company's corporate governance practices against the 2018 Code, which applied to the financial year ended 31 March 2020, and advised the Board of full compliance with the Code following enhancements to governance practices.

As noted in last year's Annual Report, the Board has appointed Cormac McCarthy as a 'designated' non-executive Director for the purposes of engagement with the workforce. Cormac is responsible for keeping the Board informed of the views and interests of the Group's workforce, so that those views and interests are considered in the Board's discussions and decision making. Further details on Cormac's first year in this role are set out in the Corporate Governance Statement on page 95.

We have reported full compliance with the 2018 Code for the year ended 31 March 2020.

Audit Committee Report

The Audit Committee's key focus is on ensuring that risk management and internal control systems are meeting the ongoing needs of the Group.

Jane Lodge
Chairman, Audit Committee

As Chairman of DCC's Audit Committee, I am pleased to present the report of the Committee for the year ended 31 March 2020.

This report sets out the Audit Committee's principal activities and particular areas of focus during the year ended 31 March 2020, as well as the Committee's priorities for the year ending 31 March 2021.

The Committee supports the Board in assessing the principal risks facing the Company, reviewing the Group's risk management and internal control systems and overseeing the operation of the Group Internal Audit function.

The work done by the Committee in this regard, encompassing ongoing monitoring and the review of effectiveness, is detailed on page 105.

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 and our engagement with the external auditor is detailed on page 107.

Other areas of particular focus to which the Committee devoted time during the year are set out at page 105.

Covid-19 Pandemic

The Audit Committee is conscious of the impact of the ongoing Covid-19 pandemic on the Group's employees and operations. Against that background, we have engaged with Group management to seek to ensure that robust internal controls and risk management systems continue to apply, and that the Group Internal Audit function operates effectively, while recognising the additional pressure and stress on the management and employees of the Group's businesses as a result of the pandemic.

We have also discussed with Group management the additional work done in respect of the Going Concern and Viability Statements to seek to assess the impact, in the short to medium term, of the Covid-19 pandemic on the Group's prospects. Further detail is set out on page 106.

Finally, we engaged with the external auditor KPMG Ireland ('KPMG') on planning for the audit to be conducted remotely.

Priorities for the Year Ahead

The Committee's key priorities for the coming year will include continued focus on the impact of the Covid-19 pandemic, cybersecurity, ensuring recommendations from Group Internal Audit reviews are implemented and the oversight of the external quality assessment ('EQA') of the Group Internal Audit function.

The Board, the Audit Committee and Group management are fully committed to continuous improvement of risk and financial management across the Group, in particular taking account of the Group's continuing growth and expanding geographical footprint.

I would like to thank Group management for the quality of the information presented to the Committee and compliment the members of the Committee, Group management and the external auditor, KPMG, for their contribution to the open and comprehensive discussion at our meetings.

On behalf of the Audit Committee

Jane Lodge
Chairman, Audit Committee
18 May 2020

Terms of Reference

The responsibilities of the Audit Committee are summarised in the table on page 104 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

Governance

Committee Composition, Attendance and Tenure

The Audit Committee currently comprises five independent non-executive Directors, Jane Lodge (Chairman), Mark Breuer, Caroline Dowling, Cormac McCarthy and Mark Ryan.

Caroline Dowling joined the Committee on 18 May 2020.

Biographical details for the members of the Committee are set out on page 86.

The Board is satisfied that the members of the Audit Committee bring a wide range of skills, expertise and experience in commercial, financial and audit matters arising from the senior positions they hold or held in other organisations and that Jane Lodge, Mark Breuer and Cormac McCarthy meet the specific requirements for recent and relevant financial experience, as set out in the UK Corporate Governance Code ('the Code'). The Board is also satisfied that the Committee, as a whole, has competence relevant to the sectors in which DCC operates.

The Committee met five times during the year ended 31 March 2020 and there was full attendance by all members of the Committee.

The Company Secretary is the Secretary to the Audit Committee.

Length of Tenure on the Audit Committee as at 31 March 2020

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 a s a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's performance, business model and strategy.
- Assist the Board in its responsibilities in regard to the assessment of the principal risks facing the Company, the monitoring of risk management and internal control systems, including the review of effectiveness, and the Going Concern and Viability Statements.
- Review the operation and effectiveness of the Group Internal Audit function.
- Make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.
- Oversee the relationship with the external auditor, including approval of remuneration and terms of engagement.
- Review the effectiveness of the external audit process.
- Ensure the external audit is put to tender at least every 10 years.
- Develop and implement a policy on the supply of non-audit services by the external auditor to avoid any threat to auditor objectivity and independence.
- Review, on behalf of the Board, the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters.

Meetings

The Chief Executive, Chief Financial Officer, Head of Enterprise Risk Management, Head of Group Internal Audit, Head of Capital Markets, Head of Group Financial Planning & Control, Head of Group Legal & Compliance and representatives of the external auditor are typically invited to attend all meetings of the Committee. Other Directors and executives are invited to attend as necessary.

The Committee meets separately a number of times each year with the external auditor and with the Head of Group Internal Audit, without other executive management being present.

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

Annual Evaluation of Performance

The conclusion from the internally facilitated 2020 Board evaluation process was that the performance of the Audit Committee and of the Chairman of the Committee were satisfactory. The Committee will focus on a small number of agreed actions arising from the 2020 Board evaluation process.

All agreed actions from the 2019 internally facilitated evaluation process were fully implemented during the year.

Reporting

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

The Chairman of the Audit Committee attends the Annual General Meeting to answer questions on the report on the Committee's activities and matters within the scope of the Committee's responsibilities.

Principal Activities in 2020

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 18 to 26.

The Audit Committee is briefed in detail at each meeting by Group Internal Audit ('GIA') and by executive management on the updated Group Risk Register and the divisional risk registers. There is a particular focus on emerging risks and on ensuring that changes to the Group's risk profile are matched by enhancements to risk assurance activities, as set out in the Integrated Assurance Report.

The Head of Group Legal & Compliance attends each Committee meeting to provide an update on legal and compliance risks, on related assurance activities and on broader developments in his area of responsibility.

Findings from audits and other reviews completed by the GIA function that impact the risk profile are discussed with the Committee and appropriate responses are agreed.

The Chairman of the Audit Committee briefs the Board at each meeting on the Committee's activities in regard to the Group's risk management and internal control systems and, to facilitate this, the papers relating to risk management and internal control, as noted above, are also made available to all Directors. Separately, the Board receives a quarterly report on health, safety and environmental matters from the Head of Group Sustainability.

The Audit Committee conducted, on behalf of the Board, the annual assessment of the operation of the Group's system of risk management and internal control, as required under the Code. This assessment was based on a detailed review carried out by GIA, utilising the risk register process described in the Risk Report on page 20. 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. The Board statement on Risk Management and Internal Control is included in the Corporate Governance Statement on page 98.

Whistleblowing Arrangements

The Board has delegated responsibility to the Audit Committee for ensuring that the Group maintains suitable whistleblowing arrangements for employees.

Those arrangements are outlined in the Corporate Governance Statement on page 98 and are also described in our 'Code of Conduct' which is available on the Company's website, www.dcc.ie.

The Committee reviewed the operation of the Group's whistleblowing facilities, including the matters raised and how they were resolved, on the basis of a report from the Head of Group Legal & Compliance.

Group Internal Audit

The Audit Committee approves the charter and the annual work programme for the GIA function, ensures that it is adequately resourced and has appropriate standing within the Group.

The Head of GIA, the Deputy Head of GIA and the Head of IT Assurance, together with other executives from the GIA function, report to each meeting of the Committee on:

- the findings from each audit, IT audit and special investigation completed;
- reviews being undertaken in respect of newly acquired subsidiaries;
- audits in progress and the short-term audit plan; and
- progress on other projects.

Issues arising from audits completed and related corrective action plans are tracked using the Teammate audit management system. The Audit Committee reviews progress on these corrective actions with the Head of GIA at each of its meetings.

Other Key Areas of Focus in 2020

In addition to the work performed by the Audit Committee with regard to risk management and the Group's financial statements, the Committee also placed particular focus on the following:

IAASA

The Committee has been briefed regularly by Group management on interaction with the Irish Auditing and Accounting Supervisory Authority ('IAASA') in respect of their examination of the Group's financial statements. All such reviews have been concluded satisfactorily. In addition, the Audit Committee has discussed with the external auditor, KPMG, the quality assurance report on KPMG issued by IAASA in March 2020 as part of their remit to inspect public interest entity audit firms' systems of quality control.

Brexit

The Committee considered a series of update papers and had detailed discussions on the impact of Brexit on the Group's activities.

Emerging Risks

The Committee has placed increased focus on emerging risks, both through review of reports prepared by an external risk advisory company and discussions with Group management and GIA of the risk register process.

Data Analytics

The Committee has received detailed briefings from a specialist member of the GIA function on the use of data analytics in audits performed by the function and wider use across the finance functions in the Group's subsidiaries.

External Auditor Partner Changes

The Committee engaged with KPMG on a change during the year in lead partner for the audit of the Group's financial statements and also discussed succession planning for the new lead partner.

Appointment of CFO Designate

Jane Lodge, as Chairman of the Committee, and Cormac McCarthy were involved with the Nomination and Governance Committee in the process which lead to the Board accepting a recommendation that Kevin Lucey be appointed as Chief Financial Officer Designate.

Audit Committee Report continued

External Quality Assessments ('EQA') by independent external consultants are conducted at least every five years to confirm compliance by the GIA function with the International Professional Performance Framework of the Institute of Internal Auditors. An internal review, against the same standards, is completed in years in which an EQA is not conducted. The results of both external and internal reviews are considered by the Audit Committee.

The Audit Committee ensures co-ordination between GIA and the external auditor, KPMG, with regular meetings being held each year to maximise the benefits from clear communication and co-ordinated activities.

The Head of GIA has direct access to the Chairman of the Audit Committee and the Audit Committee meets with the Head of GIA on a regular basis without the presence of management.

IT Assurance
In addition to IT audit reports, the Head of IT Assurance reports to the Audit Committee on initiatives being undertaken around the Group in relation to IT security, cybersecurity and IT project management. This includes the ongoing rollout of the Group cybersecurity programme and the update of the Group's Target IT Standards framework.

A dedicated resource has been assigned to continue to develop and deliver the GIA data analytics strategy. Various data analytics tools, including ACL and QlikView, are used to support the audit process.

Financial Reporting and Significant Financial Judgements
With regard to the 2020 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 2020.

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.

Significant Issues in relation to the Financial Statements for the year ended 31 March 2020

Goodwill and Intangible Assets
As set out in note 3.3 to the Group financial statements, the Group had goodwill and intangible assets of £2,126.9 million at 31 March 2020. In order to satisfy itself that this balance was appropriately stated, the Committee considered the impairment reviews carried out by management. The Group's annual impairment reviews are normally carried out using the carrying values of subsidiaries at 31 December and the latest three-year plan information.

Given that the Covid-19 pandemic was declared before the Group's year end, management deemed it appropriate to run the impairment review using carrying values as at 31 March 2020 and the latest cash flow forecasts. Whilst the full financial impact of the crisis is impossible to predict with a high degree of certainty, cash flows extracted from the three-year plans were adjusted in line with management's judgement and estimation of the likely timing and cash flow impact of Covid-19.

In performing their impairment reviews, management determined the recoverable amount of each cash generating unit ('CGU') and compared this to the carrying value at the date of testing. The recoverable amount of each CGU is defined as the higher of its fair value less costs to sell and its value in use. Management uses the present value of future cash flows to determine the value in use. In calculating the value in use, management judgement is required in forecasting cash flows of CGUs, in determining the long-term growth rate and selecting an appropriate discount rate.

Management reported to the Committee that future cash flows of each CGU had been estimated based on the most up to date three-year plan as approved by the Board, as adjusted for the likely impact of Covid-19, and discounted using discount rates that reflected the risks associated with each CGU. Sensitivity analysis was considered on the discount rate, cash flows and the long-term growth rate. The Committee considered and discussed with management the key assumptions to understand their impact on the CGUs recoverable amounts. The Committee was satisfied that the significant assumptions used for determining the recoverable amounts 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.

First Year Application of IFRS 16 *Leases*
The adoption and implementation of IFRS 16 *Leases* has represented a significant undertaking for the Group. The Group adopted the modified retrospective approach without restating comparative information and, on transition to the new standard on 1 April 2019, the Group recognised a right-of-use asset of £296.8 million and a lease creditor of £294.1 million.

The incremental borrowing rate ('IBR') used to discount future lease rentals represents a key judgement in applying the provisions of IFRS 16 and given the complexity and level of judgement involved, management engaged independent specialist valuation experts to assist in calculating the IBR rate tables. Judgement is also involved in determining if a contract is, or contains, a lease.

The Committee considered and discussed with management the key assumptions used in determining the impact of transition to IFRS 16 and was satisfied that the process and assumptions used in determining the right-of-use assets and lease creditors had been appropriately scrutinised and challenged and were sufficiently robust. The Committee was satisfied that the related disclosures required under IFRS 16 were complete, accurate and understandable. The Audit Committee also reviewed the impact of the application of IFRS 16 on the relevant Alternative Performance Measures utilised by the Group.

Other Matters
In addition, the Committee considered and is satisfied with a number of other judgements which have been made by management including revenue recognition, business combinations, exceptional items, provisioning for impairment of trade receivables and inventories, tax provisioning and the carrying amounts of the Parent Company's investments in subsidiary undertakings and the amounts owed by these subsidiary undertakings.

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 2020 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 2020 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 21.

External Auditor

The Audit Committee oversees the relationship with the external auditor, KPMG, 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 2019 and received an update at the meeting in April 2020, at the commencement of the audit.

This review focused on key audit risks as identified by KPMG, materiality, the background and experience of the KPMG audit partners responsible for the largest local teams and the extent of oversight and review by the Irish firm, including of Group components not audited by KPMG.

Following the audit, the Audit Committee met with KPMG to review the findings from their audit of the Group financial statements.

The Audit Committee meets with the external auditor on a regular basis without the presence of management.

The Audit Committee discusses with KPMG their approach to audit quality and the findings from the reports issued by the Irish and UK regulators in respect of audits completed by KPMG firms in Ireland and in the UK.

In accordance with its Terms of Reference, the Audit Committee is required to make a recommendation to the Board on the appointment, reappointment and removal of the external auditor.

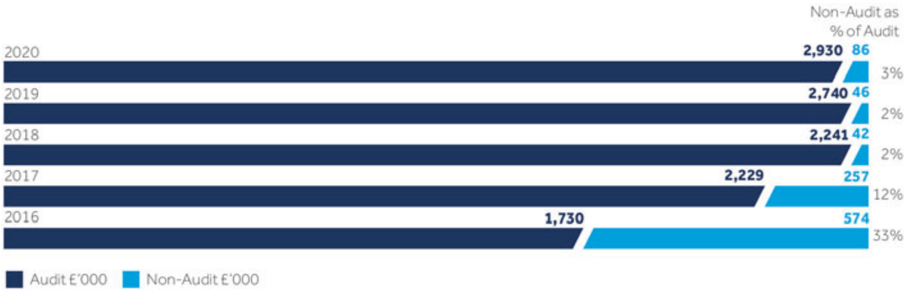
As noted on page 105, the Committee engaged with KPMG on audit lead partner changes and succession planning.

Effectiveness

The Audit Committee reviews the effectiveness of the external audit process.

As part of this process, the Head of Group Accounting sought the views of Group and subsidiary finance executives and their responses were summarised by management in a report to the Audit Committee. Based on its consideration of this report and its own interaction with KPMG, in the form of reports and meetings, the Audit Committee noted that the overall feedback was positive and that a number of areas for improvement had been agreed.

Audit vs Non-Audit Fees



The Audit Committee's conclusion that the external audit process was effective was conveyed to the Board.

Independence

The Audit Committee has a process in place to ensure that the independence of the audit is not compromised, which includes monitoring the nature and extent of services provided by the external auditor through its annual review of fees paid to the external auditor for audit and non-audit work and seeking confirmation from the external auditor that they are in compliance with relevant ethical and professional guidance and that, in their professional judgement, they are independent from the Group.

The Audit Committee has approved a policy on the employment of employees or former employees of the external auditor. This policy provides that the Chief Executive will consult with the Chairman of the Audit Committee prior to the appointment to a senior financial reporting position, to a senior management role or to a Company officer role of any employee or former employee of the external auditor, where such a person was a member of the external audit team in the previous two years. No such appointments were made in the year ended 31 March 2020.

Non-Audit Services

The Audit Committee has approved a policy on the engagement of the external auditor to provide non-audit services, which provides that the external auditor is permitted to provide non-audit services that are not, or are not perceived to be, in conflict with auditor independence, providing they have the skill, competence and integrity to carry out the work and are considered to be the most appropriate to undertake such work in the best interests of the DCC Group. In addition, a number of specific types of non-audit services are prohibited under the policy.

The policy also provides that any non-audit work which would result in the aggregate of non-audit fees paid to the external auditor exceeding 50% of annual audit fees must be approved in advance by the Chief Executive and the Chairman of the Audit Committee.

The Chairman of the Audit Committee is kept informed by management of all non-audit assignments being undertaken by the external auditor and the aggregate level of fees to be paid for such assignments is pre-approved by 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 158. The table opposite sets out the audit and non-audit fees paid to the external auditor over the five-year period from 2016 to 2020 inclusive.

Remuneration Report

The Remuneration Committee's key focus is aligning executive remuneration with Company performance and strategy and with the interests of shareholders.

Leslie Van de Walle
Chairman, Remuneration Committee

Chairman's Introduction

As Chairman of DCC's Remuneration Committee, I am pleased to present the Remuneration Report for the year ended 31 March 2020.

The Report includes the following sections:

- This Chairman's Introduction
- Remuneration at a Glance (page 112)
- Remuneration Policy Report (pages 113 to 120)
- Annual Report on Remuneration (pages 121 to 133)

The purpose of DCC's Remuneration Policy is to incentivise executive Directors and other senior Group executives to create shareholder value on a consistent and sustainable basis. Consequently, their remuneration is weighted towards performance, both in terms of financial and strategic objectives.

Review of Remuneration Policy

During the year, the Remuneration Committee conducted a thorough review of the current Remuneration Policy to ensure it remains appropriate to support the business, is aligned with shareholders' interests and takes into account evolving best practice and regulatory developments. We have concluded that while the current Policy remains overall fit for purpose, we are proposing a number of minor changes to the Policy and are also seeking to clarify the wording in the Policy in respect of a number of matters.

A summary of the proposed changes is set out in the table on page 109 and the proposed new Remuneration Policy is set out on pages 113 to 120.

A letter setting out the background to and details of the proposed changes was sent by me to the Company's major shareholders (representing 48% of the issued share capital), to the Investment Association and to various proxy voting agencies. Both the Company Secretary, Ger Whyte, and I subsequently engaged with these shareholders and with a number of the organisations to hear their views on the proposed changes, which were overall very positive.

Performance for the Year

DCC delivered a strong performance in the year ended 31 March 2020.

Group adjusted operating profit was 7.3% ahead of the prior year.

Adjusted earnings per share grew by 1.3% and it is proposed that the total dividend for the year will be increased by 5%.

Return on capital employed, a key metric for DCC, was 16.5% and is again substantially in excess of the Group's cost of capital.

DCC has generated a total shareholder return of 36% over the last five years and 274% over the last ten years as demonstrated in the charts on page 110.

The Committee is satisfied that the executive Directors' short and longer term remuneration, as detailed below, properly reflects the Group's strong performance in the year.

Terms of Reference

The responsibilities of the Remuneration Committee are summarised in the table on page 132 and are set out in full in its Terms of Reference, which are available on the DCC website, **www.dcc.ie.**

Summary of Proposed Changes to Remuneration Policy:

Current Policy	Proposed Changes
Long Term Incentive Plan ('LTIP')	
Quantum of Award • Nominal cost options granted, with the market value of the shares subject to the options granted in respect of any accounting period not to exceed 200% of base salary.	**Proposed Policy Change:** • No change to the normal award limit. However, it is proposed to introduce an exceptional limit of 300% of base salary. This higher limit will only be used in exceptional circumstances, for example, if necessary in the case of external recruitment.
Vesting and Performance Conditions • Awards normally vest five years from the date of grant, with the extent of vesting being determined over the first three years, based on the following performance conditions: - Return on Capital Employed ('ROCE'). - Earnings per Share ('EPS'). - Total Shareholder Return ('TSR') relative to the FTSE 350 Index. • The relative weighting of these performance conditions in recent years has been 40%/40%/20%. • The requirements/ranges for each of the performance conditions are either specified or are determined each year by the Remuneration Committee and disclosed in the Annual Report on Remuneration. • The performance conditions, their relative weighting and the requirements/ranges 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.	**Proposed Policy Change and Clarification:** • We propose, in line with market practice, that details of the performance conditions, their weightings and the requirements/ranges for each of the performance conditions will be contained in the 'Operation of Remuneration Policy' section of the Annual Report on Remuneration, rather than in the Remuneration Policy table. • This will continue to give the Committee flexibility to set performance conditions, weightings and requirements/ranges for each annual award based on evolving strategic priorities at the time of grant. • The performance conditions, the weightings and the requirements/ranges set will be disclosed, in full, in the Annual Report on Remuneration. • We propose to make a change to the TSR performance condition, such that performance will now be measured compared to the constituents of the FTSE 100 Index, rather than the FTSE 350 Index at present. • For the awards in November 2020 we intend that the performance conditions and weightings will be unchanged from the 2019 awards, i.e. ROCE (40%), EPS (40%) and TSR (20%).
Leaver Policy • The provisions in respect of leavers under the LTIP are set out in detail in the Remuneration Policy Report on page 118.	• While no changes to leaver provisions are proposed, we intend to clarify that the normal approach will be to pro-rate awards for 'Good Leavers' based on time served as a proportion of the three-year performance period. The extent of vesting under the performance conditions will be determined in the normal way at the end of the three-year performance period.
Pension	
Contributions • Pension contributions (paid into the defined contribution scheme or as cash in lieu) for executive Directors of between 15% and 25% of base salary. Existing executive Directors receive 15% of base salary.	**Proposed Policy Change and Clarification:** • Contributions for existing executive Directors capped at 15%, in line with the broader workforce. • Newly appointed executive Directors will receive pension contributions in line with the broader workforce.
Restricted Retirement Stock • The 2017 Policy included a one-off Restricted Retirement Stock arrangement for the CFO, Fergal O'Dwyer, to grant restricted shares with an annual value of €575,000 to replace a cash allowance in lieu of defined benefit pension benefits foregone.	• Does not form part of revised Policy.

No changes are proposed to the Policy in respect of Base Salary, Benefits, Annual Bonus, Clawback Policy, Remuneration Committee Discretion or the Remuneration Policy for Recruitment of New Executive Directors.

Remuneration Report continued

Bonuses

Annual bonuses for the executive Directors were based on performance against targets for growth in Group adjusted earnings per share ('Group EPS') and overall contribution and attainment of personal/strategic objectives.

Group and individual Director performance against these targets has been reflected in bonus outcomes for each of the current executive Directors, Donal Murphy and Fergal O'Dwyer, of 95.0% and 95.9% of salary respectively (compared to maximum potentials of 180% of salary).

Further details of the performance targets and achievement against those targets are set out on pages 121 to 122.

Long Term Incentive Plan

Vesting of Long Term Incentives

In November 2019, the Remuneration Committee determined that 80% of the share options granted in February 2017 under the LTIP would vest in February 2022, based on DCC's performance over the three-year period ended 31 March 2019 under the ROCE, EPS and TSR conditions (this was the same as the estimated vesting of 80% included in last year's Report). The earliest exercise date will be February 2022.

The extent of vesting of the share options granted in November 2017, which was based on DCC's performance over the three-year period ended 31 March 2020, under the ROCE, EPS and TSR conditions, will be formally determined by the Remuneration Committee in November 2020. It is expected that 62.75% of the share options granted will vest. The earliest exercise date will be November 2022.

Further details on these vestings are set out on page 123.

Further details in relation to the LTIP are set out on page 115.

Grant of Long Term Incentives

Details of share options granted to the executive Directors during the year are set out in the table on page 128. Details of the performance conditions are also set out on page 128.

DCC's TSR versus the FTSE 100 over the last 5 years

DCC's TSR versus the FTSE 100 over the last 10 years

DCC FTSE 100

The charts above show the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2015 and 1 April 2010 respectively, relative to the FTSE 100 Index.

CFO Succession

In February 2020, we announced that our Chief Financial Officer, Fergal O'Dwyer, will be retiring at the conclusion of our forthcoming Annual General Meeting ('AGM') on 17 July 2020. We are pleased to have a successor from within DCC and Kevin Lucey (currently Head of Capital Markets) will be appointed as Chief Financial Officer from the same date. Details of Fergal's remuneration arrangements on retirement, which are in line with the current Remuneration Policy, are provided on page 129.

Details of Kevin Lucey's remuneration as Chief Financial Officer, which are also in line with Remuneration Policy, are set out on pages 129 to 131.

Impact of Covid-19

The global onset of Covid-19 means that we are operating in unprecedented times, and target setting for the financial year ending 31 March 2021 is extremely challenging. Against this very uncertain context, we are postponing our financial target setting for bonuses and long term incentives until later in the first half of the year when our businesses and the markets have stabilised.

In terms of salaries for the year ending 31 March 2021, the executive Directors will not be receiving any salary increases this year. In addition, the non-executive Directors' fees will not be increased for the year ending 31 March 2021.

Further details in relation to remuneration arrangements for the year ending 31 March 2021 are set out on page 129.

Shareholder Engagement

The Committee engages in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in Policy. The Committee also takes into account the views of shareholder organisations and proxy voting agencies. The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Report and the Remuneration Policy, as required, to advisory votes at the AGM. At the 2020 AGM, 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. The Remuneration Policy will also be put to shareholders, again on an advisory basis.

Details of shareholders' proxy votes on the 2019 Remuneration Report are set out in the chart on page 111, along with a history of votes on remuneration reports and/or policies since 2009.

Employee Engagement

The Committee is conscious of the provisions in the 2018 UK Corporate Governance Code in regard to taking account of workplace remuneration in setting policy for executive Director remuneration. The Committee's approach to this matter is detailed on page 117.

UK Corporate Governance Code, UK Companies (Miscellaneous Reporting) Regulations 2018 and Shareholders Rights Directive II

The Committee's approach to the implementation of the requirements in regard to remuneration in the 2018 UK Corporate Governance Code, which applied to DCC with effect from 1 April 2019, was set out in detail in last year's Report, on page 95 of the 2019 Annual Report.

As an Irish registered company, DCC is not subject to UK regulations but we recognise that they represent best practice and, given our listing on the London Stock Exchange, we continue our established practice of substantially applying these regulations on a voluntary basis. Details of implementation of the UK Companies (Miscellaneous Reporting) Regulations 2018 were also set out in last year's Report, on page 95 of the 2019 Annual Report.

I can confirm that all actions required in relation to the 2018 UK Corporate Governance Code and the UK Companies (Miscellaneous Reporting) Regulations have been completed.

The Shareholders Rights Directive II has been implemented in Ireland and took effect on 30 March 2020. The Directive requires an advisory shareholder vote on the Remuneration Report and the Remuneration Policy at the AGM. As indicated earlier, these will be put to shareholders in line with DCC's existing practices.

Priorities for the Year Ahead

Our priorities for the coming year will include:

- Implementation of new Remuneration Policy once approved.
- Taking appropriate account of the impact of Covid-19.
- Continuing focus on the gender pay gap and the 'fair pay' agenda.

Conclusion

I am satisfied that the Remuneration Committee has implemented the Group's existing Remuneration Policy in the year ended 31 March 2020 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 proposed new Remuneration Policy and the Remuneration Report at the 2020 AGM.

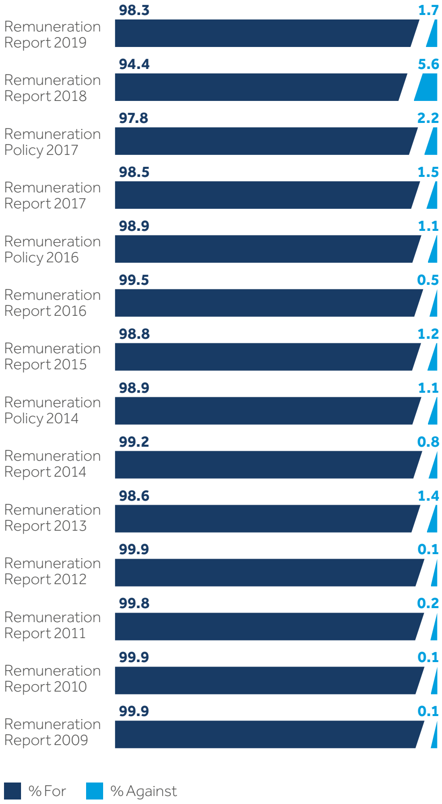
We welcome and will consider any shareholder feedback on the Remuneration Policy and the Remuneration Report.

Finally, I will be retiring from the Board and all Committees at the conclusion of the 2020 AGM on 17 July. I would like to thank all Directors who served on the Committee with me, executive management and our external advisors for their support and assistance during my period as Chairman of the Committee and I would also like to wish my successor, David Jukes, the very best.

On behalf of the Remuneration Committee

Leslie Van de Walle
Chairman, Remuneration Committee
18 May 2020

AGM Votes on Directors' Remuneration Report and Policy



Remuneration Report continued

Remuneration at a Glance

DCC delivered a strong performance in the year ended 31 March 2020 and this strong performance is reflected in the executive Directors' short and longer term remuneration.

Adjusted operating profit **+7.3%**

Adjusted EPS **+1.3%**

Return on capital employed

Salary

	2021 €	Increase %	2020 €	Increase %	2019 €
Donal Murphy	857,300	0%	857,300	2.0%	840,500
Fergal O'Dwyer	522,750	0%	522,750	2.0%	512,500
Kevin Lucey (with effect from 17 July 2020)	450,000	n/a	n/a	n/a	n/a

Pension

	% of base salary	
	2021 €	2020 €
Donal Murphy	15%	15%
Fergal O'Dwyer	15%	15%
Kevin Lucey	14%	n/a

Annual Bonus

The maximum bonus potential that applied to the executive Directors for the year ended 31 March 2020 was 180% of base salary.

The annual bonus is based on performance against targets for growth in EPS (70% i.e. up to a bonus of 126% of salary) and overall contribution and attainment of personal/strategic objectives (30% i.e. up to a bonus of 54% of salary).

Target growth in EPS

Min 1% – Max 8%

Actual 3.5%[1]

Bonus

Min 0% – Max 126%

Actual 44.6%

Personal/Strategic objectives

The Remuneration Committee, in determining the achievement of personal/strategic objectives, considered the factors set out on page 122.

Bonus

Min 0% – Max 54%

Actual Donal Murphy 50.4% Fergal O'Dwyer 51.3%

Total Bonus[2]

Min 0% – Max 180%

Actual Donal Murphy 95.0% (€814,500) Fergal O'Dwyer 95.9% (€501,340)

For the year ending 31 March 2021, the maximum bonus potentials that will apply are 180% of base salary for Donal Murphy, 180% of base salary on a pro-rata basis for Fergal O'Dwyer and 150% of base salary for Kevin Lucey.

Further details on **Annual Bonus** on **page 121**

1. As detailed on page 121, the Committee made certain adjustments to ensure that growth in Group EPS was calculated on a consistent and like-for-like basis.
2. 33% of any bonus earned is deferred into DCC shares and available after 3 years. Deferral will not apply to Fergal O'Dwyer this year as explained on page 122.

Long Term Incentive Plan

The extent of vesting of the LTIP awards granted in November 2017 was based on results for the three-year period ended 31 March 2020. The performance conditions which applied to these awards, the actual performance under those conditions and the expected vesting are summarised below.

ROCE

Min 14% – Max 18%

Actual 17%

Extent of vesting

32.5%

EPS excess over UK RPI

Min 3% – Max 7%

Actual 5.7%

Extent of vesting

30.25%

TSR outperformance of FTSE 350 Index

Min Index – Max 8%

Actual -5.4%

Extent of vesting

0%

Total amount of November 2017 awards to vest: 62.75%

Further details on **LTIP** on **page 123**

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. Furthermore, the Shareholders Rights Directive II which was implemented in Ireland on 30 March 2020 requires an advisory shareholder vote on the Remuneration Policy at the AGM.

As such, we will be submitting the revised Remuneration Policy to an advisory, non-binding vote at the 2020 AGM, reflecting the changes outlined in the Chairman's Introduction and set out in detail on pages 113 to 120.

The Company would intend to operate its remuneration arrangements in line with the proposed new Remuneration Policy, from the date of the 2020 AGM, subject to shareholder approval.

The Policy is designed and managed to support a high performance and entrepreneurial culture, taking into account competitive market positioning.

The Board seeks to align the interests of executive Directors and other senior Group executives with those of shareholders, within the framework set out in the UK Corporate Governance Code. Central to this policy is the Group's belief in long-term, performance based incentivisation and the encouragement of share ownership.

The basic policy objective is to have overall remuneration reflect performance and contribution, while having salary rates and the short-term element of incentive payments at the median of a market capitalisation comparator group.

DCC's strategy of fostering entrepreneurship requires well designed incentive plans that reward the creation of shareholder value through organic and acquisitive growth while maintaining high returns on capital employed, strong cash generation and a focus on good risk management. The typical elements of the remuneration package for executive Directors are base salary, pension and other benefits, annual performance related bonuses and participation in long-term performance plans which promote the creation of sustainable shareholder value.

The Remuneration Committee seeks to ensure:

- that the Group will attract, motivate and retain individuals of the highest calibre;
- that executives are rewarded in a fair and balanced way for their individual and team contribution to the Group's performance;
- that executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- that the overall approach to remuneration has regard to the sectors and geographies within which the Group operates and the markets from which it draws its executives; and
- that risk is properly considered in setting remuneration policy and in determining remuneration packages.

The Remuneration Committee takes external advice from remuneration consultants on market practice within similar sized UK listed and Irish companies to ensure that remuneration remains competitive and structures continue to support the key remuneration policy objectives. Benchmarking data is used to inform remuneration decisions, but not to drive changes.

In its decision-making process regarding the determination of the revised Remuneration Policy, the Remuneration Committee considered its appropriateness to support the business, its alignment with shareholders' interests and evolving best practice and regulatory developments. The Committee developed the Policy and consulted with the Company's major shareholders, whose views were overall very positive. The Committee was mindful of managing any conflicts of interest during the process and no individual was involved in determining his/her own arrangements.

Remuneration Report continued

Element and link to strategy	Operation	Maximum opportunity	Changes from previous policy
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 • Salary increases across the Group • 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 increase across the Group's workforce. Increases may be higher in certain circumstances such as changes in role and responsibility or significant changes in market practice.	No change.
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.	No change.
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 130. 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 116. The Committee has discretion in relation to bonus payments to joiners and leavers.	The maximum bonus potential, for the executive Directors, permitted under the Policy is 200% of base salary. The Remuneration Committee will set a maximum to apply for each financial year, which 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.	No change.

Element and link to strategy	Operation	Maximum opportunity	Changes from previous policy
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 in the Annual Report on Remuneration. 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 in the Annual Report on Remuneration each year.	The market value of the shares subject to the options granted in respect of any accounting period may not normally exceed 200% of base salary. In exceptional circumstances, the market value of the shares subject to the options granted in respect of any accounting period may not exceed 300% of base salary. This higher limit will only be used in exceptional circumstances, for example if necessary in the case of external recruitment. 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% or 300% maximum, as having been made in the preceding accounting period.	An exceptional limit of 300% of base salary is being introduced. In line with market practice, details of the performance conditions, their weightings and the requirements/ranges for each of the performance conditions will be contained in the 'Operation of Remuneration Policy' section of the Annual Report on Remuneration, rather than in this Remuneration Policy table. This will continue to give the Committee flexibility to set performance conditions, weightings and requirements/ranges for each annual award based on evolving strategic priorities at the time of grant. For the awards in November 2020 we intend that the performance conditions and weightings will be unchanged from the 2019 awards i.e. ROCE (40%), EPS (40%) and TSR (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 116.		TSR performance will now be measured compared to the constituents of the FTSE 100 Index, rather than the FTSE 350 Index.

Remuneration Report continued

Element and link to strategy	Operation	Maximum opportunity	Changes from previous policy
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) for existing executive Directors are capped at 15% of base salary, in line with the broader workforce. Newly appointed executive Directors will receive pension contributions in line with the broader workforce. Pensionable salary is defined as base salary.	Pension contributions could be between 15% and 25% of base salary, although existing executive Directors were eligible to receive 15% of base salary.
Restricted Retirement Stock			
The Restricted Retirement Stock arrangement does not form part of Policy and all payments to Fergal O'Dwyer under it will cease on his retirement on 17 July 2020.			The 2017 Policy included a one-off Restricted Retirement Stock arrangement for the CFO, Fergal O'Dwyer, to grant restricted shares with an annual value of €575,000 to replace a cash allowance in lieu of defined benefit pension benefits foregone. Full details are set out on page 100 of the 2019 Annual Report. This arrangement does not form part of the revised Policy.

Fixed pay comprises base salary, benefits, pension and, for the current CFO only, Restricted Retirement Stock. Variable pay comprises annual bonus and LTIP.

Remuneration Committee Discretion
The discretion available to the Committee in respect of the various elements of executive remuneration is summarised below.

Pay element	Discretion available
Bonus	The Committee can apply appropriate discretion in specific circumstances in respect of the financial and personal/strategic targets which determine the bonuses to be awarded and, in particular, the Committee has the discretion to reduce bonuses in the event that a pre-determined target return on capital employed is not achieved.
LTIP	The extent of vesting for awards granted to participants is determined by the Remuneration Committee, in its absolute discretion, based on certain performance conditions.

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.

Clawback Policy
Bonus payments made to executives may be subject to clawback for a period of three years from payment in certain circumstances including:
- a material restatement of the Company's audited financial statements;
- a material breach of applicable health and safety regulations; or
- business or reputational damage to the Company or a subsidiary arising from a criminal offence, serious misconduct or gross negligence by the individual executive.

The LTIP allows for the giving of discretion to the Remuneration Committee to reduce or impose further conditions on awards prior to vesting in some circumstances as outlined above.

Remuneration 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.

For an internal appointment, any variable pay element awarded in respect of the prior role and any other ongoing remuneration obligations existing prior to appointment would be honoured.

Remuneration Policy for Other Employees
While the Remuneration Committee's specific oversight of individual executive remuneration packages extends only to the executive Directors and a number of senior Group executives, it aims to create a broad policy framework, to be applied by management to senior executives throughout the Group, through its oversight of remuneration structures for other Group and subsidiary senior management and of any major changes in employee benefits structures throughout the Group.

DCC employs over 13,200 people in 20 countries. Remuneration arrangements across the Group differ depending on the specific role being undertaken, the industry in which the business operates, the level of seniority and responsibilities, the location of the role and local market practice.

Consultation with Employees
Although the Remuneration Committee does not consult directly with employees on the Remuneration Policy, it does consider remuneration arrangements and trends across the broader employee population when determining the Policy. In this regard, it receives regular briefings from the Group HR function.

In addition, matters relating to remuneration which come to the attention of Cormac McCarthy, in his capacity as the non-executive Director designated by the Board for the purposes of engagement with the workforce, will be reported to the Committee.

Consultation with Shareholders
The Committee engages in dialogue with major shareholders on remuneration matters, particularly in relation to planned significant changes in Policy. The Committee also takes into account the views of shareholder organisations and proxy voting agencies.

The Committee acknowledges that shareholders have a right to have a 'say on pay' by putting the Remuneration Report and the Remuneration Policy, as required, to advisory votes at the AGM.

Exit Payments Policy
The provisions on exit in respect of each of the elements of pay are as follows:

Salary and Benefits
Exit payments are made only in respect of base salary for the relevant notice period. The Committee may in its discretion also allow for the payment of benefits (such as payments in lieu of defined contribution pension) for the notice period. In all cases, the notice period applies to both the Company and the executive.
Annual Bonus
The Remuneration Committee can apply appropriate discretion in respect of determining the bonuses to be awarded based on actual performance achieved and the period of employment during the financial year. In relation to deferred bonuses which have been invested in DCC shares, they will be made available on the participant's cessation date, together with accrued dividends.

Remuneration Report continued

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.

The normal approach is to pro-rate awards for 'good leavers' based on time served as a proportion of the three-year performance period. The extent of vesting under the performance conditions will be determined in the normal way at the end of the three-year performance period.

In the event that a participant ceases to be an employee by reason of a termination of his employment for serious misconduct, each share award and option held by the participant, whether or not vested, will automatically lapse immediately upon the service of notice of such termination, unless the Committee in its sole discretion determines otherwise.

Pension

The rules of the Company's defined contribution pension scheme contain detailed provisions in respect of termination of employment.

Restricted Retirement Stock

The Restricted Retirement Stock awards made to the outgoing 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, ceases 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. Kevin Lucey has a letter of appointment which provides for a three month notice period.

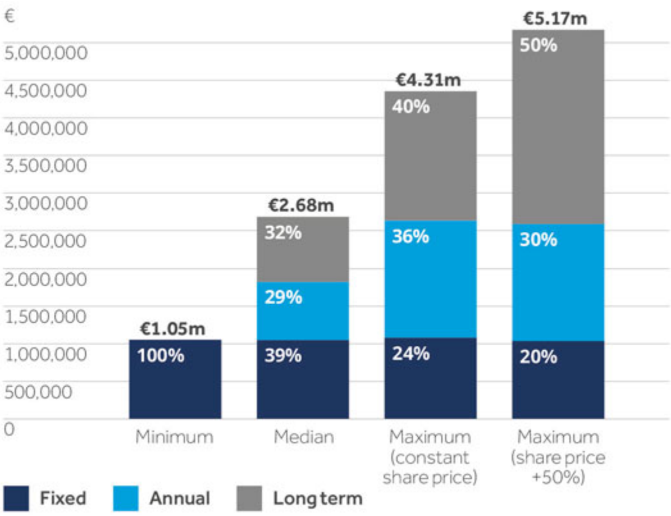
Scenario Charts

Set out below is an illustration of the potential future remuneration that could be received by each executive Director for the year ending 31 March 2021 at minimum, median and maximum performance (assuming (i) a constant share price and (ii) an uplift of 50% in the share price).

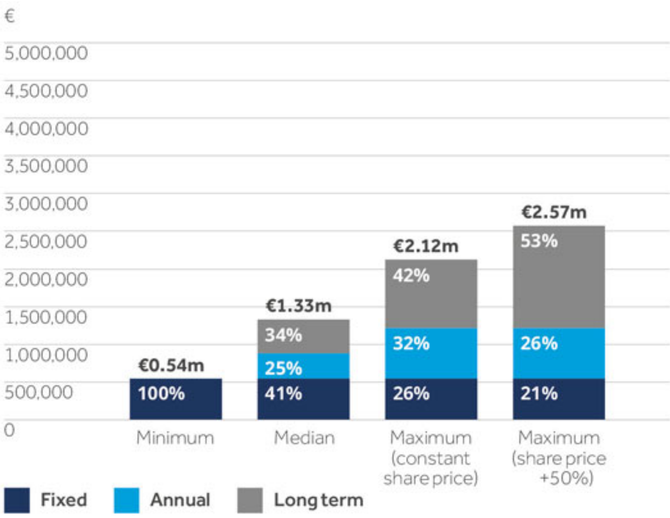
Kevin Lucey is due to take up the position of CFO on 17 July 2020. The figures disclosed here in relation to his remuneration are on a full year basis. As Fergal O'Dwyer is due to retire on 17 July 2020, no scenario chart is shown for him.

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



Kevin Lucey, Chief Financial Officer Designate



Notes:

Minimum Performance comprises:
- Fixed pay – base salary, benefits and retirement benefit expense.
- No annual bonus payout.
- No LTIP vesting.

Median Performance comprises:
- Fixed pay – base salary, benefits and retirement benefit expense.
- 50% annual bonus payout i.e. 90% of salary for CE and 75% of salary for CFO.
- 50% vesting of LTIP i.e. 100% of salary.

Maximum Performance (constant share price) comprises:
- Fixed pay – base salary, benefits and retirement benefit expense.
- 100% annual bonus payout i.e. 180% of salary for CE and 150% of salary for CFO.
- 100% vesting of LTIP i.e. 200% of salary.

Maximum Performance (share price + 50%) comprises:
- Fixed pay – base salary, benefits and retirement benefit expense.
- 100% annual bonus payout i.e. 180% of salary for CE and 150% of salary for CFO.
- 100% vesting of LTIP and 50% uplift in share price, equating to 300% of salary.

Share Ownership Guidelines

DCC's Remuneration Policy has at its core recognition that the spirit of ownership and entrepreneurship is essential to the creation of long-term high performance and that share ownership is important in aligning the interests of executive Directors and other senior Group executives with those of shareholders.

A set of share ownership guidelines is in place, effective from 1 April 2011, under which the Chief Executive, other executive Directors and other senior Group executives are encouraged to build, over a five-year period, a shareholding in the Company with a valuation relative to base salary as follows:

Executive	Share ownership guideline
Chief Executive	3 times annual base salary
Other executive Directors	2 times annual base salary
Senior Group executives	1 times annual base salary

The position of the executive Directors and senior Group executives under the Share Ownership Guidelines is reviewed annually by the Remuneration Committee. The position of the executive Directors as at 31 March 2020 is set out in the Annual Report on Remuneration on page 129.

Remuneration Report continued

Post-Employment Share Ownership Requirements
In accordance with the requirements of Provision 36 of the UK Corporate Governance Code, the Remuneration Committee has introduced, with effect from 1 April 2019, Post-Employment Share Ownership Requirements under which the Chief Executive and other executive Directors are required, after leaving the Group, including through retirement, to maintain a shareholding in the Company for a two-year period, as below:

Executive	Ratio of Share Ownership to Base Salary
Chief Executive	3 times annual base salary
Other executive Directors	2 times annual base salary

Base salary will be the base salary of the Director in effect at the date of ceasing employment.

For the purposes of these Requirements, share ownership will include shares, vested share options, unvested options no longer subject to performance conditions, deferred bonus share awards, restricted stock awards and any other vested or unvested share awards made under incentive plans operated by the Company which are not subject to performance conditions.

Shares held by a Director's spouse and/or minor children and shares held in any trust for the benefit of the Director and/or his/her spouse and minor children will be counted towards the share ownership requirement.

The valuation of the shareholdings in the Company will be reviewed at the end of each year, based on the closing market price of the Company's shares. If the required ratio fails to be met due to factors other than a decrease in the market price of the Company's shares, the Director will be allowed an additional period of twelve months, or such other period as the Remuneration Committee may determine, to bring the shareholding back to the required level.

Policy on External Board Appointments
Executive Directors may accept external non-executive directorships with the prior approval of the Board. The Board recognises the benefits that such appointments can bring both to the Company and to the Director in terms of broadening their knowledge and experience. The fees received for such roles may be retained by the executive Directors.

Mr. Murphy does not currently hold any external board appointments. Following Board approval earlier this year, Mr. O'Dwyer has taken up a non-executive director position with an Irish private company, which is in a different area of business and not in any way in conflict with DCC.

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 €850,000 was set at the 2019 AGM. 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 2020, sets out how DCC's proposed new Remuneration Policy, as described on pages 113 to 120, will operate in the year ending 31 March 2021 and provides additional information on the operation of the Remuneration Committee.

Remuneration outcomes for the year ended 31 March 2020

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 2020, 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	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000
Donal Murphy	**857**	840	**66**	69	**815**	1,332	**129**	126	**–**	–	**747**	722	**2,614**	3,089
Fergal O'Dwyer	**523**	512	**34**	35	**501**	812	**78**	77	**575**	575	**456**	722	**2,167**	2,733
	1,380	1,352	**100**	104	**1,316**	2,144	**207**	203	**575**	575	**1,203**	1,444	**4,781**	5,822

Fixed remuneration comprises Salary, Benefits, Retirement Benefit Expense and, in the case of Mr. O'Dwyer, Restricted Retirement Stock. Variable remuneration comprises Bonus and LTIP. The proportion of fixed and variable remuneration for the year ended 31 March 2020 for Mr. Murphy is 40:60 and for Mr. O'Dwyer is 56:44.

Salary

The salaries of the executive Directors for the year ended 31 March 2020 represented increases over the prior year as shown in the table below. These increases were in line with the expected salary inflationary increase of 2% to 3% across the Group.

	Salary €	Increase %
Donal Murphy	857,300	2%
Fergal O'Dwyer	522,750	2%

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 2020

The table below sets out the performance in the year ended 31 March 2020 in terms of growth in Group adjusted earnings per share ('Group EPS') compared to the performance target range set for the year.

	Target		
	Minimum	Maximum	Outcome
Growth in Group EPS	1%	8%	3.5%

While Group EPS increased by 1.3% on a reported basis, the Committee was mindful that the Group EPS figure for the year ended 31 March 2020 was negatively impacted by the adoption of IFRS16 and by the prior year comparatives including a full year's contribution from DCC Healthcare's generic pharmaceutical business, which was disposed of during the year. Accordingly, to calculate Group EPS growth on a consistent and like-for-like basis and to maintain the intention of the original targets, these two items were adjusted for, on a purely formulaic non-discretionary basis, giving a revised growth in Group EPS of 3.5%.

The increase of 3.5% in Group EPS compared to the range set resulted in the Remuneration Committee determining that there should be payment of 35.4% 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:

Executive Director	Area	Objectives for the year and Committee assessment of performance	
Donal Murphy, Chief Executive	Succession planning and broader talent development	Led a comprehensive process over time to identify the CFO's successor, with detailed oversight by the Nomination and Governance Committee, which led to the appointment of a new CFO from July 2020. Beyond Board succession, he also played a leading role in ensuring that our Ashridge Business Leadership Programme was implemented successfully, and took an active role in other management development programmes for high-potential executives and in connection with the Graduate Programme.	● (Fully met)
	Strategic approach and decision-making	Significant progress has been made with a number of critical objectives for our go-forward strategy, including: • A strategic review of our approach for maturing markets in the oil/gas sector and the impact of Energy Transition for our businesses and shareholders. • Re-shaping of the DCC Vital business. • Ensuring our plans for international development, including the Americas, are well resourced in terms of both numbers and talent. • Implementing the Investment Committee which is already taking an active support role in early development project appraisal.	● (Fully met)
	Business operation and innovation	Ensured that measures have been implemented to capture Group/Divisional innovation to help drive future business performance. This will include tracking the showcasing of new innovation, and creating a culture of innovation across the Group.	● (Partially met)
	HSE and sustainability	Has overseen the appointment of a new Head of Sustainability at DCC, with a broader and holistic approach to health & safety, environmental and Energy Transition.	● (Fully met)
Fergal O'Dwyer, Chief Financial Officer	Succession planning	Worked closely with the CEO during the comprehensive process of identifying the CFO's successor, with detailed oversight by the Nomination and Governance Committee, which led to the appointment of a new CFO from July 2020. Worked throughout the year to develop a new structure and support team to enable a smooth transition for the new CFO once in place.	● (Fully met)
	Talent development	Took an active role in the Group's talent development and graduate talent programmes. Addressed a number of talent gaps during the year.	● (Partially met)
	Capital allocation decisions	One of the main contributors to the decision-making process for capital allocation and the acquisition process, resulting in £168.6 million of capital committed during the year ended 31 March 2020.	● (Fully met)
	HSE and sustainability	A visible leader for our health & safety agenda, including completing numerous safety tours across the operations.	● (Fully met)

● Fully met ● Partially met ● Not met

After due consideration of the above matters, the Remuneration Committee determined that 93% of this element of the bonus should be awarded to Mr. Murphy and that 95% of this element of the bonus should be awarded to Mr. O'Dwyer.

The resultant bonus payout levels for the year ended 31 March 2020 were as follows:

	Donal Murphy – % of Salary		Fergal O'Dwyer – % of Salary	
Component	Max %	Payout %	Max %	Payout %
Group EPS	126.0	44.6	126.0	44.6
Contribution and Personal/Strategic	54.0	50.4	54.0	51.3
	180.0	95.0	180.0	95.9

In the case of Mr. Murphy, 33% of his bonus, net of tax and social security deductions, will be invested in DCC shares, which will be made available to him after three years, or on his employment terminating if earlier, together with accrued dividends.

In the case of Mr. O'Dwyer, as he is retiring in July 2020 and to avoid administrative costs, deferral will not apply to this 2020 bonus.

Retirement Benefit Expense

Retirement Benefit Expense for Donal Murphy and Fergal O'Dwyer comprised 15% of base salary in the form of a cash allowance, in lieu of contribution to a defined contribution pension scheme.

The current Remuneration Policy, which applied for the year ended 31 March 2020, allowed for a range of between 15% to 25% of salary, with 15% applying for the existing executive Directors.

Restricted Retirement Stock

Fergal O'Dwyer receives an annual award of DCC shares with a value of €575,000, which do not vest until he retires. The value of these annual awards is based on an actuarial assessment of the defined benefit pension cash allowance foregone less the defined contribution payment at 15% of base salary.

As noted earlier, this arrangement will cease on Mr. O'Dwyer's retirement on 17 July 2020.

Long Term Incentive Plan

The values of the LTIP as shown in the table on page 121 for 2020 and 2019 relate to awards made in November 2017 and February 2017 respectively.

LTIP – 2020
(November 2017 grants)

The LTIP awards granted in November 2017 will vest in November 2022 (five years after the grant date). The extent of vesting will be formally determined by the Committee in November 2020 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 2020.

DCC's average ROCE for the three years ended 31 March 2020 was 17%. As this was within the range of 14% to 18% set for minimum to maximum vesting, 81.25% of this portion of the award (32.5% of the total award) will vest.

DCC's adjusted EPS increased by 8.5% annualised over the three-year period. UK RPI increased by 2.8% annualised over the same period. As the excess over RPI was less than the 7% excess set for maximum vesting, 75.62% of this portion of the award (30.25% 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 2020. This analysis showed that DCC's TSR annualised underperformance of the FTSE 350 Index was -5.4%. As such, none of this portion of the award will vest.

Consequently, the Group's ROCE, EPS and TSR performance is expected to give rise to a vesting of 62.75%.

The value of the LTIP for the year ended 31 March 2020 of €1,203,000 is estimated using the number of options expected to vest in November 2022 and the share price at 31 March 2020 of €57.54 (£51.00) less the amount payable to purchase the shares (i.e. the exercise cost).

As the share price at the date of grant was higher than the share price at 31 March 2020, there is no value attributable to a share price uplift to be disclosed.

LTIP – 2019
(February 2017 grants)

The LTIP awards granted in February 2017 will vest in February 2022 (five years after the grant date). The extent of vesting, 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 2019.

DCC's average ROCE for the three years ended 31 March 2019 was 18.3%. As this was in excess of the range of 13% to 17% set for minimum to maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

DCC's adjusted EPS increased by 13.8% annualised over the three-year period. UK RPI increased by 3% annualised over the same period. As the excess over RPI was greater than the 7% excess set for maximum vesting, 100% of this portion of the award (40% of the total award) will vest.

An analysis was conducted by Willis Towers Watson to measure the level of DCC's TSR performance relative to the FTSE 350 Index over the three year period ended 31 March 2019. This analysis showed that DCC's TSR annualised underperformance of the FTSE 350 Index was -5.1%. As such, none of this portion of the award will vest.

Consequently, the Remuneration Committee determined that 80% of the February 2017 awards will vest in February 2022.

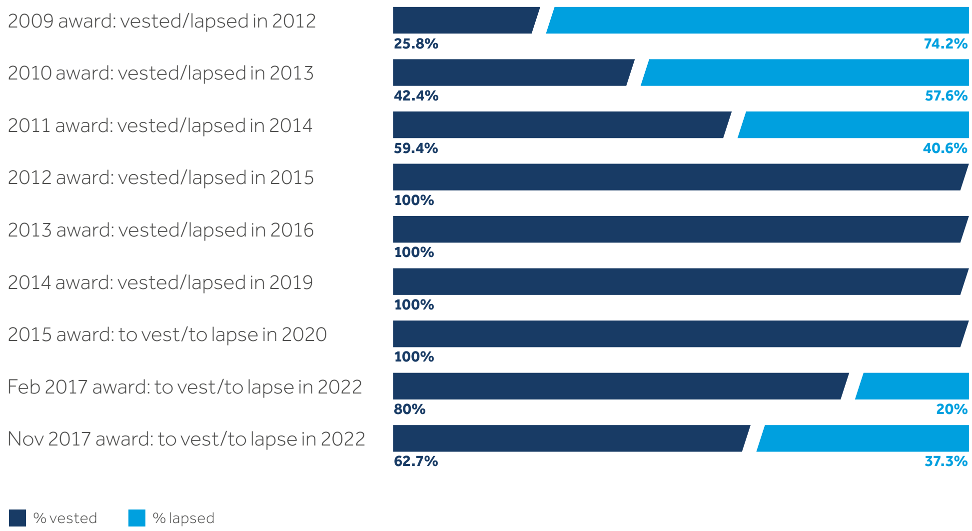
The value of the LTIP for the year ended 31 March 2019 of €1,444,000 is calculated using the number of options which will vest in February 2022 and the share price at 31 March 2019 of €77.30 (£66.35) less the amount payable to purchase the shares (i.e. the exercise cost).

As the share price at the date of grant was higher than the share price at 31 March 2019, there is no value attributable to a share price uplift to be disclosed.

Remuneration Report continued

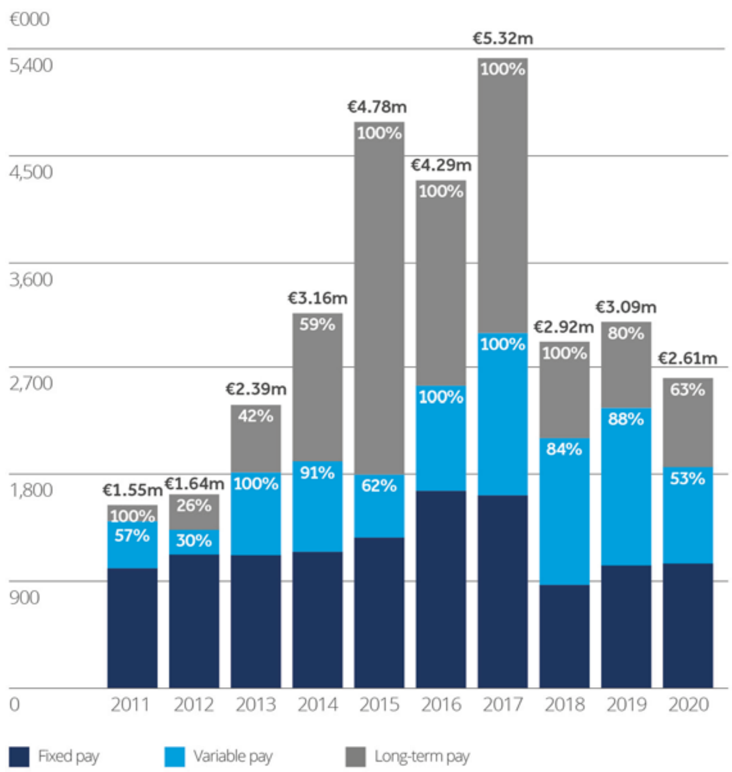
LTIP – Vesting

The extent of vesting of awards made under the LTIP since its introduction in 2009 is set out below.



Chief Executive's Remuneration

The chart below shows the total remuneration for the Director undertaking the role of Chief Executive for the ten years from 1 April 2010 to 31 March 2020. The years 2011 to 2017 inclusive relate to Tommy Breen and the years 2018 to 2020 relate to Donal Murphy.

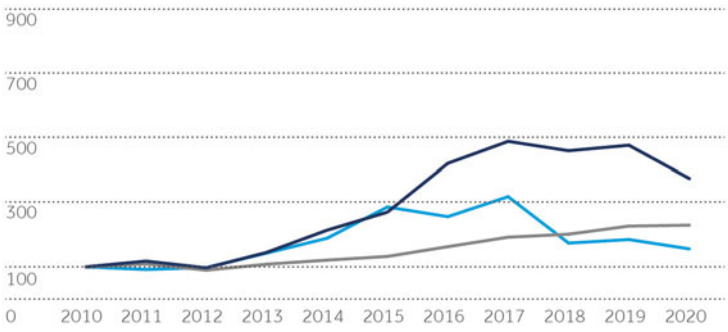


Notes:

1. Fixed pay comprises salary, benefits and retirement benefit expense.
2. Variable pay comprises the annual bonus; the percentage shown is the value of the bonus paid as a percentage of the maximum opportunity.
3. Long-term pay comprises the value of awards under the DCC plc 1998 Employee Share Option Scheme (for 2011) and the DCC plc Long Term Incentive Plan 2009 (for 2012 to 2020); the percentage shown is the value of the awards vested as a percentage of the maximum opportunity (actual vesting for 2011 to 2019 and expected vesting for 2020).

Chief Executive's Remuneration versus EPS and TSR

This graph maps the total remuneration for the Director undertaking the role of Chief Executive against the ten-year trend in EPS and TSR, using a base of 100 for 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 2018/19 and 2019/20				
	Salary	Benefits	Bonus	Pension	Overall
Donal Murphy	+2%	-4%	-39%	+2%	-21.2%
All Group employees					+1.7%

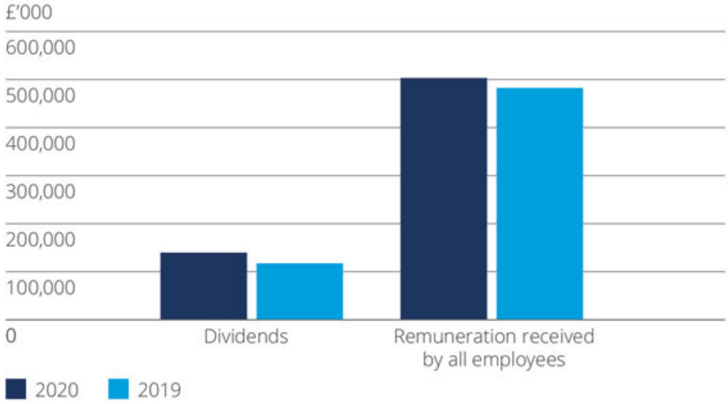
Chief Executive Pay Ratio

The Chief Executive's total remuneration for the year ended 31 March 2020 is 56 times that of the average Group employee for the same period.

In addition, taking account of the UK Companies (Miscellaneous Reporting) Regulations, we are voluntarily disclosing the ratio of Chief Executive's total pay to the average UK employee's total pay, based on UK gender pay gap data, of 56 times.

Relative Importance of Spend on Pay

The chart below sets out the amount paid in remuneration to all employees of the Group compared to dividends to shareholders, for 2020 and 2019.



Remuneration Report continued

Total Shareholder Return

The chart below shows the growth of a hypothetical £100 holding in DCC plc shares since 1 April 2010, relative to the FTSE 100 Index.

Non-executive Directors' Remuneration Details

The remuneration paid to non-executive Directors for the year ended 31 March 2020 is set out below. Non-executive Directors are paid a basic fee. Additional fees are paid to the members and the Chairmen of Board Committees, to the Chairman and to the Senior Independent Director.

	Basic Fee		Committee Chair and Membership Fees		Chairman/Senior Independent Director Fees		Audited Total	
	2020 €'000	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000	**2020 €'000**	2019 €'000
John Moloney	**73**	72	**8**	8	**233**	228	**314**	308
Mark Breuer[1]	**73**	28	**8**	3	**–**	–	**81**	31
Caroline Dowling[2]	**65**	–	**7**	–	**–**	–	**72**	–
Emma FitzGerald[3]	**–**	42	**–**	3	**–**	–	**–**	45
David Jukes	**73**	72	**5**	7	**–**	–	**78**	79
Pamela Kirby	**73**	72	**8**	8	**–**	–	**81**	80
Jane Lodge	**73**	72	**23**	23	**–**	–	**96**	95
Cormac McCarthy	**73**	72	**8**	8	**–**	–	**81**	80
Mark Ryan	**73**	72	**8**	8	**–**	–	**81**	80
Leslie Van de Walle	**73**	72	**23**	23	**15**	15	**111**	110
Total	**649[4]**	574	**98**	91	**248**	243	**995**	908

1. Mark Breuer was appointed as a Director on 9 November 2018.
2. Caroline Dowling was appointed as a Director on 13 May 2019.
3. Emma FitzGerald resigned as a Director on 30 October 2018.
4. Compares to current shareholder approved limit of €850,000.
5. Tufan Erginbilgic was appointed as a Director on 6 April 2020.
6. All of the above fees are considered to be fixed remuneration under the Shareholders Rights Directive II.

Total Directors' Remuneration

	Audited Total	
	2020 €'000	2019 €'000
Executive Directors		
Salary	**1,380**	1,352
Benefits	**100**	104
Bonus	**1,316**	2,144
Retirement Benefit Expense	**207**	203
Restricted Retirement Stock	**575**	575
LTIP	**1,203**	1,444
Total executive Directors' remuneration	**4,781**	5,822
Non-executive Directors		
Fees	**995**	908
Total non-executive Directors' remuneration	**995**	908
Total Directors' remuneration	**5,776**	6,730

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 2020 (together with their interests at 31 March 2019) are set out below:

	No. of Ordinary Shares At 31 March 2020	No. of Ordinary Shares At 31 March 2019
Directors		
John Moloney	**2,000**	2,000
Donal Murphy[1]	**129,849**	118,746
Caroline Dowling[2]	**–**	–
Mark Breuer	**340**	340
David Jukes	**94**	94
Pamela Kirby	**2,500**	2,500
Jane Lodge	**3,000**	3,000
Cormac McCarthy	**1,200**	1,200
Fergal O'Dwyer[3]	**213,480**	211,863
Mark Ryan	**9,696**	9,696
Leslie Van de Walle	**670**	670
Emma FitzGerald[4]	**–**	224
Company Secretary		
Gerard Whyte	**155,000**	155,000

1. Donal Murphy's 2020 and 2019 holdings include 6,529 and 3,878 shares respectively held under the deferred bonus arrangement as detailed on page 114.
2. Caroline Dowling was appointed as a Director on 13 May 2019.
3. Fergal O'Dwyer's 2020 and 2019 holdings include 4,591 and 2,974 shares respectively held under the deferred bonus arrangement as detailed on page 114. In addition to the above holdings, Mr. O'Dwyer has a right to shares under the Restricted Retirement Stock arrangement (holding of 15,933 shares on 31 March 2020).
4. Emma FitzGerald resigned as a Director on 30 October 2018. Her holding is at the date of her 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 2020.

There were no changes in the above Directors' and Secretary's interests between 31 March 2020 and 18 May 2020.

The shareholdings held by the executive Directors are substantially in excess of the share ownership guidelines in place, which are set out on page 129 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 below:

	Number of options									Market price at date of exercise
	At 31 March 2019	Granted in year	Exercised in year	Lapsed in year	**At 31 March 2020**	Date of grant	Market price on grant	Three-year performance period end	Normal exercise period	£
Executive Directors										
Donal Murphy	17,652	–	(17,652)	–	**0**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	£69.51
	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	–	–	(2,341)	**9,366**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 09 Feb 2024	
	20,783	–	–	–	**20,783**	16.11.17	£70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	24,127	–	–	–	**24,127**	15.11.18	£60.65	31 Mar 2021	15 Nov 2023 – 14 Nov 2025	
	–	21,373	–		**21,373**	14.11.19	£68.80	31 Mar 2022	14 Nov 2024 – 13 Nov 2026	
	113,844	**21,373**	**(17,652)**	**(2,341)**	**115,224**					
Fergal O'Dwyer	17,652	–	(17,652)	–	**0**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	£69.51
	12,647	–	(12,647)	–	**0**	12.11.13	£28.54	31 Mar 2016	12 Nov 2016 – 11 Nov 2020	£69.51
	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	–	–	(2,341)	**9,366**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 09 Feb 2024	
	12,672	–	–	–	**12,672**	16.11.17	£70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	14,711	–	–	–	**14,711**	15.11.18	£60.65	31 Mar 2021	15 Nov 2023 – 14 Nov 2025	
	–	13,032	–		**13,032**	14.11.19	£68.80	31 Mar 2022	14 Nov 2024 – 13 Nov 2026	
	98,008	**13,032**	**(30,299)**	**(2,341)**	**78,400**					
Company Secretary										
Gerard Whyte	8,109	–	(8,109)	–	**0**	12.11.12	€22.66	31 Mar 2015	12 Nov 2015 – 11 Nov 2019	£69.51
	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	–	–	(752)	**3,006**	10.02.17	£67.75	31 Mar 2019	10 Feb 2022 – 09 Feb 2024	
	3,875	–	–	–	**3,875**	16.11.17	£70.95	31 Mar 2020	16 Nov 2022 – 15 Nov 2024	
	5,113	–	–	–	**5,113**	15.11.18	£60.65	31 Mar 2021	15 Nov 2023 – 14 Nov 2025	
	–	4,530	–	–	**4,530**	14.11.19	£68.80	31 Mar 2022	14 Nov 2024 – 13 Nov 2026	
	35,822	**4,530**	**(8,109)**	**(752)**	**31,491**					

As at 31 March 2020, the total number of options granted under the LTIP, net of options lapsed, amounted to 1.5% of issued share capital, of which 0.8% is currently outstanding.

The extent of vesting of the LTIP awards which were granted in November 2019 will be based on the three-year performance period from 1 April 2019 to 31 March 2022. The requirements/ranges set by the Remuneration Committee in respect of these performance conditions were set out at page 116 of the 2019 Annual Report.

Other Information

The market price of DCC shares on 31 March 2020 was £51.00 and the range during the year was £38.78 to £74.96.

Additional information in relation to the DCC plc Long Term Incentive Plan 2009 appears in note 2.5 to the financial statements on pages 160 to 161.

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 2020 was €3.7 million (2019: €4.3 million).

Share Ownership Guidelines

The shareholdings held by the executive Directors as at 31 March 2020, as shown below, are substantially in excess of the guidelines set out on page 119.

Executive	Number of shares held as at 31 March 2020	Shareholding as a multiple of base salary for the year ended 31 March 2020	Share ownership guideline
Donal Murphy	129,849	9	3
Fergal O'Dwyer	213,480	23	2

The shareholdings in the table comprise the shares held by the executive Directors (including those shares held in trust as part of the deferred bonus arrangement), valued based on the share price at 31 March 2020 of £51.00 (€57.54). Unvested and unexercised share options are not included.

Operation of Remuneration Policy in the year ending 31 March 2021

CFO Retirement

Fergal O'Dwyer will be retiring from the Company on 17 July 2020. His remuneration arrangements on retirement have been determined in line with the current Policy, the rules of the LTIP and best practice:

- Base salary, benefits and retirement benefit expense will be paid as normal until 17 July 2020.
- Any bonus for the year ending 31 March 2021 will be paid in May 2021 subject to performance and will be pro-rated to reflect time served during the financial year. Where part of previous years' bonuses were deferred into shares, these shares will transfer to Mr. O'Dwyer at the date of retirement, in line with the Policy. To avoid administrative costs, deferral will not apply to the bonus for the year ended 31 March 2020 and for any pro-rated bonus for the year ending 31 March 2021.
- Mr. O'Dwyer will be treated as a good leaver in respect of his outstanding incentive awards. Unvested LTIP awards will be pro-rated to reflect time served during the period from grant date as a proportion of the three-year performance period. The awards will remain subject to performance and will vest three years after the grant date.
- Under the Restricted Retirement Stock arrangement, on retirement Mr. O'Dwyer will become the beneficial owner of shares which were acquired in respect of the last three financial years (value of €575,000 per annum). In addition, the amount of €170,137, being €575,000 (annual) pro-rated for the period 1 April 2020 to 17 July 2020 will be invested in shares in May 2020 and also released to Mr. O'Dwyer on retirement.

Salary

The salaries of the executive Directors for the year commencing on 1 April 2020, together with comparative figures, are as follows:

Executive Director	Year ending 31 March 2021 €	Year ended 31 March 2020 €
Donal Murphy	857,300	857,300
Fergal O'Dwyer	522,750	522,750
Kevin Lucey	450,000	n/a

Fergal O'Dwyer will retire as Chief Financial Officer on 17 July 2020 and will be succeeded by Kevin Lucey, whose salary of €450,000 will commence upon his appointment as Chief Financial Officer. The salaries of Donal Murphy and Fergal O'Dwyer are not being increased for the year commencing 1 April 2020.

Benefits

Benefits payable to the executive Directors for the year ending 31 March 2021 include the use of a company car, life/disability cover, health insurance and club subscriptions.

Remuneration Report continued

Bonus
The Remuneration Committee has maintained the maximum bonus potential that will apply for the year ending 31 March 2021 at 180% for the current executive Directors. Kevin Lucey, on his appointment as a Director and Chief Financial Officer will have a maximum bonus potential of 150%. All of these potentials are below the Policy maximum of 200%, as shown below.

Executive Director	Maximum bonus potential	Deferral of bonus
Donal Murphy	180% of salary	33% of any bonus earned by the executive Directors will be deferred into DCC shares and be available after three years.
Fergal O'Dwyer	180% of salary	
Kevin Lucey	150% of salary	

As noted earlier, in the case of Mr. O'Dwyer who will retire in July 2020, deferral will not apply.

The extent of payment of bonuses to the executive Directors will be determined 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	
Kevin Lucey	

Growth in Group adjusted EPS will be measured against a pre-determined range, with zero payment below threshold up to full payment at the maximum of the range.

The global onset of the Covid-19 pandemic has resulted in target setting for the year ending 31 March 2021 being extremely challenging. Given this very uncertain context, the Remuneration Committee has postponed the setting of the Group adjusted EPS range until later in the first half of the year.

The Committee considers that information on the Group adjusted EPS range and on the personal/strategic objectives is commercially confidential and therefore it will not be disclosed on a prospective basis but, to the extent no longer commercially confidential, will be disclosed on a retrospective basis.

The Committee will keep the performance targets under review in light of acquisition and other development activity during the year ending 31 March 2021.

The Committee has the discretion to reduce bonuses in the event that a pre-determined target return on capital employed is not achieved.

Retirement Benefits
For Donal Murphy and Fergal O'Dwyer, retirement benefits comprise a cash allowance, paid in lieu of contributions to a defined contribution pension plan, at a rate of 15% of base salary.

Kevin Lucey, on his appointment as a Director and Chief Financial Officer, will be entitled to contributions to a defined contribution pension plan at a rate of 14% of base salary.

Restricted Retirement Stock
An amount of €170,137, being €575,000 (annual) pro-rated for the period 1 April 2020 to 17 July 2020, will be invested in shares in May 2020 and released to Mr. O'Dwyer on retirement.

Mr. O'Dwyer will also, on retirement, become the beneficial owner of those shares which were acquired in respect of the years ended 31 March 2018, 31 March 2019 and 31 March 2020 (value of €575,000 per annum).

Long Term Incentives
The extent of vesting for awards granted during the year commencing 1 April 2020 will be based on the performance conditions set out below. After due consideration, the Remuneration Committee took a decision to postpone the setting of the requirements/ranges for each of the performance conditions until later in the first half of the year, given the uncertainty that the Covid-19 pandemic has created.

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 in respect 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	% if total award vesting
Below % set as threshold	0%
At % set as threshold	10%
Between % set as threshold and % set as maximum	10% to 40% pro-rata
Above % set as maximum	40%

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 set out below. The intention is that the specified threshold percentage and specified maximum percentage (level of excess over RPI) will be set in respect 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.

Annualised EPS growth in excess of annualised change in RPI	% if total award vesting
Less than % set as threshold	0%
At % set as threshold	10%
Between % set as threshold and % set as maximum	10% to 40% pro-rata
Above % set as maximum	40%

However, as noted above, the Remuneration Committee, taking account of the current impact of Covid-19, has deferred any decision on the threshold and maximum ranges for both ROCE and EPS until later in the first half of the year.

Both the ROCE range and the EPS range will be kept under review and adjusted if necessary in light of acquisition and other development activity in the year ending 31 March 2021.

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 100.

TSR	% if total award vesting
Below median	0%
At median	5%
Between median and upper quartile	5% to 20% pro-rata
Above upper quartile	20%

For the year ending 31 March 2021, the Committee has agreed that the market value of the shares subject to the options which will be granted to Donal Murphy, the Chief Executive and Kevin Lucey, the Chief Financial Officer (from 17 July 2020) will be up to 200% of base salary.

Non-executive Directors Remuneration

The Board has agreed that non-executive Directors' fees and the Chairman's total fee will not be increased for the year commencing 1 April 2020.

As such, the non-executive Director fee structure for the year ending 31 March 2021 is the same as the prior year as set out below.

	Year ending 31 March 2021 €	Year ended 31 March 2020 €
Chairman (to include basic and Committee fees)	313,650	313,650
Basic Fee	73,185	73,185
Committee Fees:		
Audit	8,000	8,000
Nomination and Governance	3,000	3,000
Remuneration	5,000	5,000
Additional Fees:		
Audit Committee Chairman	15,000	15,000
Remuneration Committee Chairman	15,000	15,000
Senior Independent Director Fee	15,000	15,000

Remuneration Report continued

Governance

Role and Responsibilities

- To ensure that remuneration policy and practice is aligned to the Company's purpose and values and is clearly linked to delivery of the Company's long-term strategic goals.
- To determine and agree with the Board the policy for the remuneration of the Chief Executive, other executive Directors and certain Group senior executives (as determined by the Committee).
- To determine the remuneration packages of the Chairman, Chief Executive, other executive Directors and senior executives, including salary, bonuses, pension rights and compensation payments.
- To oversee remuneration structures for other Group and subsidiary senior management and to oversee any major changes in employee benefits structures throughout the Group.
- To nominate executives for inclusion in the Company's long-term incentive schemes, to grant options or awards under these schemes, to determine whether the criteria for the vesting of options or awards have been met, to determine if these criteria have been met and to make any necessary amendments to the rules of these schemes.
- To review workforce remuneration and related policies and the alignment of incentives and rewards with culture, taking these into account when setting the policy for executive Director remuneration.
- To ensure that contractual terms on termination or redundancy, and any payments made, are fair to the individual and the Company.
- To be exclusively responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- To develop a formal policy for post-employment shareholding requirements, encompassing shares, vested award and unvested awards.
- To obtain reliable, up to date information about remuneration in other companies of comparable scale and complexity.
- To agree the policy for authorising claims for expenses from the Directors.
- The Committee shall, through the Chairman of the Board and the Chairman of the Remuneration Committee, as appropriate, ensure the Company maintains contact as required with its principal shareholders about remuneration and has engagement with the workforce to explain how executive remuneration aligns with wider Company pay policy.

Committee Composition, Attendance and Tenure

At the date of this Report, the Remuneration Committee comprised five independent non-executive Directors, Leslie Van de Walle (Chairman), Caroline Dowling, Tufan Erginbilgic, David Jukes and Pamela Kirby, and the Chairman of the Board, John Moloney. Tufan Erginbilgic was appointed as a member of the Committee on 6 April 2020.

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 2020 is set out in the table below. Further biographical details regarding the members of the Remuneration Committee are set out on pages 86 and 87.

The Committee met five times during the year ended 31 March 2020 and attendance details are set out in the table on page 92 of the Corporate Governance Statement.

The Company Secretary is the Secretary to the Remuneration Committee.

Length of tenure on the Remuneration Committee as at 31 March 2020

Meetings
The main agenda items for meetings of the Committee included remuneration policy, remuneration trends and market practice, the remuneration packages of the Chairman, the Chief Executive and the other executive Directors, pension matters, grants of share options under the Company's LTIP, review of the changes contained in the 2018 Code and the 2018 UK Regulations, gender pay gap reporting and approval of this Report.

Typically, the Chief Executive, the Head of Group Human Resources and representatives of Willis Towers Watson are invited to attend all meetings of the Committee. Other Directors and executives may be invited to attend meetings of the Committee, except when their own remuneration is being discussed. No Director is involved in consideration of his or her own remuneration. Other external advisors are invited to attend meetings when required.

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

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

The Chairman of the Remuneration Committee attends the Annual General Meeting to answer questions on the Report, on the Committees' activities and matters within the scope of the Committee's responsibilities.

Annual Evaluation of Performance
As detailed on page 97, the Board conducts an annual evaluation of its own performance and that of its Committees, Committee Chairmen and individual Directors. The conclusion from the 2020 process was that the performance of the Remuneration Committee and of the Chairman of the Committee were satisfactory. The Committee will focus on agreed actions arising from the 2020 evaluation process.

Gender Pay Gap Reporting
As noted in the Sustainable Business Report on page 74, 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 the businesses' websites.

External Advice
During the year, Willis Towers Watson provided advice to the Remuneration Committee in relation to market trends, competitive positioning and developments in remuneration policy and practice. Willis Towers Watson is a signatory to the Remuneration Consultants Group Code of Conduct and any advice was provided in accordance with this code. In light of this, and the level and nature of the service received, the Committee remains satisfied that the advice is indeed objective and independent.

In the year ended 31 March 2020, Willis Towers Watson received fees of €45,019 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 2020, Mercer received fees of €2,761 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.

2019 Annual General Meeting ('AGM') Vote on Annual Report on Remuneration

Vote	Total votes cast	Total votes for	Total votes against	Total abstentions
Advisory vote on 2019 Annual Report on Remuneration	75,841,126	74,550,499	1,290,627	1,083,310
		(98.3%)	(1.7%)	

This table shows the voting outcome at the 2019 AGM in relation to the Annual Report on Remuneration. The Remuneration Policy was not required to be put to the 2019 AGM.

Report of the Directors

The Directors of DCC plc present their report and the audited financial statements for the year ended 31 March 2020.

Principal Activities

DCC plc is an international sales, marketing and support services group headquartered in Dublin with operations in Europe, North America and Asia. DCC has four divisions – DCC LPG, DCC Retail & Oil, DCC Technology and DCC Healthcare. DCC employs over 13,200 people in 20 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 amounted to £14,755.4 million (2019: £15,226.9 million). The profit for the year attributable to owners of the Parent Company amounted to £245.5 million (2019: £262.6 million). Adjusted earnings per share amounted to 362.64 pence (2019: 358.16 pence). Further details of the results for the year are set out in the Group Income Statement on page 144.

The Chairman's Statement on pages 6 to 7, the Chief Executive's Review on pages 8 to 11, the Operating Reviews on pages 48 to 73 and the Financial Review on pages 27 to 37 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 2020, 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 206. The Covid-19 situation which emerged earlier this year is having a significant impact on the Group's employees, customers and business operations. The impact is compounded by the fact that the duration and full extent of the pandemic is difficult to predict. Further information is available on page 23.

Dividends

An interim dividend of 49.48 pence per share, amounting to £49.8 million, was paid on 11 December 2019. The Directors recommend the payment of a final dividend for the year ended 31 March 2020 of 95.79 pence per share, amounting to £94.3 million (based on the number of shares in issue at 18 May 2020). Subject to shareholders' approval at the Annual General Meeting on 17 July 2020, this dividend will be paid on 23 July 2020 to shareholders on the register on 29 May 2020. The total dividend for the year ended 31 March 2020 amounts to 145.27 pence per share, a total of £144.0 million. This represents an increase of 5% on the prior year's total dividend per share.

The profit attributable to owners of the Parent Company, which has been transferred to reserves, and the dividends paid during the year ended 31 March 2020 are shown in note 4.3 on page 194.

Share Capital and Treasury Shares

DCC's authorised share capital is 152,368,568 ordinary shares of €0.25 each, of which 98,401,430 shares (excluding treasury shares) and 2,932,474 treasury shares were in issue at 31 March 2020. 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 3,075,681 (3.13% of the then issued share capital (excluding treasury shares)) with a nominal value of €0.769 million.

A total of 143,207 shares (0.15% of the issued share capital (excluding treasury shares)) with a nominal value of €0.036 million were re-issued during the year consequent to the exercise of share options under the DCC plc Long Term Incentive Plan 2009 (138,939 shares at a price of €0.25) and the deferred bonus arrangements for executive Directors (4,268 shares at a price of €79.57), leaving a balance held as treasury shares at 31 March 2020 of 2,932,474 shares (2.98% of the issued share capital (excluding treasury shares)) with a nominal value of €0.733 million.

At the Annual General Meeting ('AGM') held on 12 July 2019:

- The Company was granted authority to purchase up to 9,829,507 of its own shares (10% of the issued share capital (excluding treasury shares)) with a nominal value of €2.457 million.
- The Directors were given authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €8.19 million, representing approximately one-third of the issued share capital (excluding treasury shares) of the Company. They were also given authority to allot shares for cash, other than strictly pro-rata to existing shareholdings. This authority was limited to the allotment of shares in specific circumstances relating to rights issues and other issues up to approximately 5% of the issued share capital (excluding treasury shares) of the Company.
- In addition, the Directors were given authority to allot additional shares for cash other than strictly pro-rata to existing shareholdings. This authority was limited to the allotment of shares for cash up to approximately 5% of the issued share capital (excluding treasury shares) and would only be used in connection with an acquisition or other capital investment which was announced contemporaneously with the allotment or that took place in the preceding six-month period and was disclosed in the announcement of the allotment.

These authorities have not been exercised and will expire on 17 July 2020, the date of the next AGM of the Company.

At the 2020 AGM:

- The Directors will seek authority to purchase up to 9,849,283 of its own shares (10% of the issued share capital (excluding treasury shares)) with a nominal value of €2.462 million.
- The Directors will seek authority to exercise all the powers of the Company to allot shares up to an aggregate amount of €8.21 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 192 and are deemed to form part of this Report. For the purposes of the European Communities (Directive 2006/46/EC) Regulations 2009, details in relation to the purchase of the Company's own shares are set out above.

Non-Financial Information

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, the Group is required to report on certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities, relating to, at least, environmental matters, social matters, employee matters, respect for human rights and bribery and corruption. Information on these matters can be found in the following sections of the Annual Report, which are deemed to form part of this Report: the Sustainable Business Report on pages 74 to 83, the Business Model on pages 4 and 5, the Risk Report on pages 18 to 26 and the Key Performance Indicators on pages 14 to 17.

The Board has approved a formal Board Policy on Diversity, which applies to the Board of DCC plc. Details of the policy, its objectives and its application in the current financial year are set out in the Nomination and Governance Committee Report on pages 99 to 102.

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 18 to 26.

Directors

The names of the Directors and a short biographical note on each Director appear on pages 86 and 87. In accordance with the UK Corporate Governance Code, all Directors submit to re-election at each Annual General Meeting. Donal Murphy has a service agreement with the Company with a notice period of six months. Fergal O'Dwyer has a letter of appointment which provides for a three-month notice period. Details of the Directors' interests in the share capital of the Company are set out in the Remuneration Report on pages 108 to 133.

Corporate Governance

The Corporate Governance Statement on pages 90 to 98 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 2018 version of the UK Corporate Governance Code, which applied to the Company for the year ended 31 March 2020.

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.

Report of the Directors continued

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the notes to the Notice convening the meeting.

Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote on some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the notes to the Notice convening the meeting.

A shareholder or a group of shareholders, holding at least 5% of the issued share capital of the Company, has the right to requisition a general meeting. A shareholder or a group of shareholders, holding at least 3% of the issued share capital, has the right to put an item on the agenda of an AGM or to table a draft resolution for an item on the agenda of a general meeting.

Due to the continuation of the Irish Government's Covid-19 restrictions in relation to travel and public gatherings and to prioritise the health and safety of our shareholders and employees, the 2020 Annual General Meeting will be held at 11.00 am on 17 July 2020 at DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland with the minimum necessary quorum of three shareholders (which will be facilitated by the Chairman of the meeting) and with revised arrangements in regard to attendance at and the conduct of the meeting.

Memorandum and Articles of Association
The Company's Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association detail the rights attaching to shares, the method by which the Company's shares can be purchased or re-issued, the provisions which apply to the holding of and voting at general meetings and the rules relating to the Directors, including their appointment, retirement, re-election, duties and powers.

The Company's Articles of Association may be amended by a special resolution passed by the shareholders at an AGM or EGM of the Company.

A copy of the Memorandum and Articles of Association can be obtained from the Company's website, www.dcc.ie.

Transparency Rules
As required by SI 277/2007 Transparency (Directive 2004/109/EC) Regulations 2007, the following sections of the Annual Report shall be treated as forming part of this Report: the Chairman's Statement on pages 6 and 7, the Chief Executive's Review on pages 8 and 11, the Operating Reviews on pages 48 to 73, the Financial Review on pages 27 to 37, the Principal Risks and Uncertainties on pages 22 to 26, the Transparency Report in Statement of Directors' Responsibilities on page 139, the earnings per ordinary share in note 2.11 on page 166, the Key Performance Indicators on pages 14 to 17 and the derivative financial instruments in note 3.10 on pages 176 and 177.

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 2020 and 18 May 2020. For the purposes of the European Communities (Directive 2006/46/EC) Regulations 2009, details of the substantial shareholdings in the Company are set out below:

	As at 31 March 2020		As at 18 May 2020	
	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	10,081,058	10.24%	10,160,863	10.33%
Allianz Global Investors GmbH	7,800,599	7.93%	7,622,530	7.75%
BlackRock, Inc	7,288,685	7.41%	7,347,845	7.47%
Pelham Capital Limited	4,355,822	4.43%	4,105,822	4.17%
The Capital Group Companies, Inc.	3,820,836	3.88%	3,775,611	3.84%
Setanta Asset Management	3,482,721	3.54%	3,605,045	3.66%

These entities have indicated that the shareholdings are not ultimately beneficially owned by them.

Principal Subsidiaries
Details of the Company's principal operating subsidiaries are set out on pages 224 to 227.

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 104.

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 defined in Section 330(2) of the Companies Act 2014) as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of such information.

Auditors

The auditors, KPMG, who were appointed on 17 July 2015, will continue in office in accordance with the provisions of Section 383 of the Companies Act 2014.

As required under Section 381(1) (b) of the Companies Act 2014, a resolution authorising the Directors to determine the remuneration of the auditors will be proposed at the 2020 AGM.

John Moloney, Donal Murphy
Directors
18 May 2020

Financial Statements

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Annual Report and the Group and Parent Company financial statements, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements each year. Under that law, the Directors are required to prepare the Group financial statements in accordance with IFRS as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with IFRS as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2014.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the Group and Parent Company and of the Group and Parent Company's profit or loss for that year.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS as adopted by the European Union, and as regards the Parent Company, as applied in accordance with the Companies Act 2014; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Parent Company will continue in business.

The Directors are also required by the Transparency (Directive 2004/109/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 86 and 87 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 2020 and of the profit or loss of the Group for the year then ended;
- the Report of the Directors contained in the Annual Report includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face; and
- the Annual Report and financial statements, taken as a whole, provide the information necessary to assess the Group's performance, business model and strategy and is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

On behalf of the Board

John Moloney
Non-executive Chairman

Donal Murphy
Chief Executive

Independent Auditor's Report to the Members of DCC plc

1. Opinion: our opinion is unmodified

We have audited the financial statements of DCC plc ('the Company') for the year ended 31 March 2020 which comprise the Group Income Statement, the Group Statement of Comprehensive Income, the Group and Parent Company Balance Sheet, the Group and Parent Company Statement of Changes in Equity, the Group and Parent Company Cash Flow Statement, and the related notes, including the summary of accounting policies. The financial reporting framework that has been applied in their preparation is Irish Law and International Financial Reporting Standards ('IFRS') as adopted by the European Union and, as regards the Company financial statements, as applied in accordance with the provisions of the Companies Act 2014.

In our opinion:

- the financial statements give a true and fair view of the assets, liabilities and financial position of the Group and the Parent Company as at 31 March 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- The Parent Company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union, as applied in accordance with the provisions of the Companies Act 2014; and
- The Group and Parent Company financial statements have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) and applicable law. Our responsibilities under those standards are further described in the Auditor's Responsibilities section of our report. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit Committee.

We were appointed as auditor by the members on 31 July 2015. The period of total uninterrupted engagement is the five years ended 31 March 2020. 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 judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In arriving at our audit opinion above, the key audit matters, in decreasing order of audit significance, were as follows:

Valuation of goodwill and intangible assets £2,127 million (2019: £2,070 million)

Refer to note 5.9 (accounting policy) and note 3.3 (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 CGUs were identified. To assess the Group's cash flow forecast models calculations we: • evaluated the mathematical accuracy of the cash flow forecasts; • considered the accuracy of management's cash flow estimates in previous years by comparing historical forecasts to actual outturns; • assessed the appropriateness of the country specific discount rates applied in determining the value in use of each CGU with the assistance of an in-house valuation specialist; • evaluated and challenged the key assumptions used to develop the projected financial information regarding future profitability and the long-term economic growth rates applied; • assessed and challenged the assumptions used by management in relation to the possible impact of Covid-19 on the projected financial information, in particular the assumption regarding the period of disruption to normal activity levels; • performed an overall evaluation of the individual CGU discounted cash flow models based on our knowledge of the Group and our reading of the Group's 3 Year Plan combined with external data which we considered relevant; • compared the value in use for the Group as a whole to the Group's market capitalisation; • evaluated the sensitivity analysis carried out by management in relation to the key assumptions used in developing the projections; and • read the description of the impairment testing of goodwill and intangible assets set out in note 3.3 to the financial statements to assess the accuracy of the Group's disclosures relating to estimation uncertainty, key judgements and assumptions made. Our procedures in respect of this risk were performed as planned. We found that the assumptions applied in management's cash flow forecast models used in the determination of value in use were appropriate. We read the disclosures of key judgements made and found them to be appropriate.

Acquisition accounting on business combinations £235 million (2019: £296 million)
Refer to note 5.9 (accounting policy) and note 5.2 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
During the year ended 31 March 2020, the Group completed a number of acquisitions at a cost of £235 million. 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.	For significant acquisitions completed during the year, our audit engagement team, supported by our tax and valuation specialists, challenged the purchase price allocation adjustments, and the identification of and valuation of acquired intangible assets as all such elements involved significant judgement by management. As part of our procedures we considered: • the appropriateness of the acquisition accounting applied, including the timing at which control was deemed to have passed; • the appropriateness of the fair values ascribed to assets and liabilities of the acquired business by management; • the appropriateness of the period over which intangible assets identified will be amortised; and • the adequacy of the related disclosures in the notes to the financial statements. Significant audit resources were allocated to these procedures, including, the audit of the opening balance sheets by our KPMG component teams. Our audit procedures in respect of this risk were performed as planned and without exception.

Investment in subsidiary undertakings £1,218 million (2019: £807 million) and amounts owed by subsidiary undertakings £379 million (2019: £570 million)
Refer to note 5.9 (accounting policy) and notes 6.4 and 6.5 (financial disclosures)

The key audit matter	How the matter was addressed in our audit
The carrying amount of the Parent Company's investments in and the amounts owed by subsidiary undertakings represents 99% (2019: 95%) of the Parent Company's total assets. Their recoverability is not a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Parent Company financial statements, this is considered to be the area that had the greatest effect on our overall Parent Company audit.	We compared the carrying amount of 100% of amounts included in investments in subsidiaries with the respective subsidiaries' net assets values to identify whether the net assets values, being an approximation of their minimum recoverable amount, were in excess of the carrying amount. We found the carrying amount of the investment in and amounts owed by subsidiaries to be acceptable.

3. Our application of materiality and an overview of the scope of our audit

The materiality for the Group financial statements as a whole was set at £15.4 million. This has been calculated based on 5% of the Group profit before taxation of £311 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 £16.4 million. This was calculated based on 5% of the Group profit before taxation. We report to the Audit Committee all corrected and uncorrected misstatements we identified through our audit with a value in excess of £0.8 million (2019: £0.8 million), in addition to other audit misstatements below that threshold that we believe warranted reporting on qualitative grounds.

Materiality for the Parent Company financial statements as a whole was set at £13 million (2019: £11.8 million), determined with reference to a benchmark of Parent Company total assets of which it represents 0.8% (2019: 0.8%).

All of the Group's reporting components were subjected to audits for Group reporting purposes. The Group audit team instructed component auditors as to the significant areas to be covered, including the relevant risks detailed above and the information to be reported back. The Group audit team approved the materiality for components, which ranged from £1.5 million to £5.0 million, having regard to the mix of size and risk profile of the Group across the components. The work on all components was performed by component auditors.

The Group audit team liaised extensively with all significant components in order to assess the audit risk and strategy and work undertaken. Video and telephone conference meetings were held with these component auditors, as well as with auditors of other components across the Group. At these 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 Auditor's 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 21 of the financial statements on the use of the going concern basis of accounting with no material uncertainties that may cast significant doubt over the Group and Parent Company's use of that basis for a period of at least 12 months from the date of approval of the financial statements; or
- if the related statement under the Listing Rules of the UK Listing Authority is materially inconsistent with our audit knowledge.

We have nothing to report in these respects.

5. We have nothing to report on the other information in the Annual Report
The Directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information the Directors' Report and the Strategic Report and Governance sections of the Annual Report.

The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Based solely on our work on the other information in those parts of the Directors' Report specified for our consideration;
- we have not identified material misstatements in the Directors' Report;
- in our opinion, the information given in the Directors' Report is consistent with the financial statements; and
- in our opinion, the Directors' Report has been prepared in accordance with the Companies Act 2014.

Disclosures of principal risks and longer-term viability
Based on the knowledge we acquired during our financial statements audit, we have nothing material to add or draw attention to in relation to:
- the Principal Risks disclosures describing these risks and explaining how they are being managed and mitigated;
- the Directors' confirmation within the Risk Report on pages 18 to 26 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 members 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 of the UK Listing Authority 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 90 to 98, 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 2006 and specified for our consideration, is consistent with the financial statements and has been prepared in accordance with the Act;
- based on our knowledge and understanding of the Parent Company and its environment obtained in the course of our audit, we have not identified any material misstatements in that information; and
- the Directors' Report contains the information required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017.

We also report that, based on work undertaken for our audit, other information required by the Act is contained in the Corporate Governance Statement.

6. Our opinions on other matters prescribed the Companies Act 2014 are unmodified
We have obtained all the information and explanations which we consider necessary for the purpose of our audit.

In our opinion, the accounting records of the Parent Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

7. We have nothing to report on other matters on which we are required to report by exception
The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of Directors' remuneration and transactions required by Sections 305 to 312 of the Act are not made.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by section 5(2) to (7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 for the year ended 31 March 2020 as required by the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) (amendment) Regulations 2018.

The Listing Rules of the UK Listing Authority require us to review:
- the Directors' statement, set out on page 21, in relation to going concern and longer-term viability;
- the part of the Corporate Governance Statement on pages 90 to 98 relating to the Company's compliance with the provisions of the UK Corporate Governance Code specified for our review; and
- certain elements of disclosures in the report to shareholders by the Board of Directors' remuneration committee.

8. Respective responsibilities
Directors' responsibilities
As explained more fully in their statement set out on page 139, 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.

Conall O'Halloran
for and on behalf of
KPMG
Chartered Accountants, Statutory Audit Firm
1 Stokes Place
St. Stephen's Green
Dublin 2
Ireland

18 May 2020

Group Income Statement
For the year ended 31 March 2020

	Note	2020 Pre-exceptionals £'000	2020 Exceptionals (note 2.6) £'000	2020 Total £'000	2019 Pre-exceptionals £'000	2019 Exceptionals (note 2.6) £'000	2019 Total £'000
Revenue	2.1	**14,755,393**	**–**	**14,755,393**	15,226,893	–	15,226,893
Cost of sales		**(13,015,419)**	**–**	**(13,015,419)**	(13,589,254)	–	(13,589,254)
Gross profit		**1,739,974**	**–**	**1,739,974**	1,637,639	–	1,637,639
Administration expenses		**(457,722)**	**–**	**(457,722)**	(410,388)	–	(410,388)
Selling and distribution expenses		**(813,326)**	**–**	**(813,326)**	(793,514)	–	(793,514)
Other operating income/(expenses)	2.2	**25,342**	**(65,486)**	**(40,144)**	26,785	(28,185)	(1,400)
Adjusted operating profit	2.1	**494,268**	**(65,486)**	**428,782**	460,522	(28,185)	432,337
Amortisation of intangible assets	2.1	**(62,138)**	**–**	**(62,138)**	(63,312)	–	(63,312)
Operating profit		**432,130**	**(65,486)**	**366,644**	397,210	(28,185)	369,025
Finance costs	2.7	**(94,824)**	**(860)**	**(95,684)**	(83,595)	–	(83,595)
Finance income	2.7	**39,510**	**–**	**39,510**	36,980	4,307	41,287
Share of equity accounted investments' profit after tax	2.8	**1,015**	**–**	**1,015**	717	–	717
Profit before tax		**377,831**	**(66,346)**	**311,485**	351,312	(23,878)	327,434
Income tax expense	2.9	**(60,625)**	**3,290**	**(57,335)**	(55,617)	(685)	(56,302)
Profit after tax for the financial year		**317,206**	**(63,056)**	**254,150**	295,695	(24,563)	271,132
Profit attributable to:							
Owners of the Parent Company		**308,500**	**(62,991)**	**245,509**	287,156	(24,563)	262,593
Non-controlling interests		**8,706**	**(65)**	**8,641**	8,539	–	8,539
		317,206	**(63,056)**	**254,150**	295,695	(24,563)	271,132
Earnings per ordinary share							
Basic earnings per share	2.11			**249.64p**			280.14p
Diluted earnings per share	2.11			**249.21p**			279.73p

The current financial year includes the impact of the adoption of IFRS 16 *Leases*; the comparatives have not been restated in accordance with transitional guidelines.

Group Statement of Comprehensive Income
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Group profit for the financial year		**254,150**	271,132
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Currency translation:			
– arising in the year		**5,763**	5,649
– recycled to the Income Statement on disposal		**(397)**	–
Movements relating to cash flow hedges		**(34,206)**	1,555
Movement in deferred tax liability on cash flow hedges	2.9	**5,816**	(264)
		(23,024)	6,940
Items that will not be reclassified to profit or loss			
Group defined benefit pension obligations:			
– remeasurements	3.15	**4,132**	(1,346)
– movement in deferred tax asset	2.9	**(560)**	223
		3,572	(1,123)
Other comprehensive income for the financial year, net of tax		**(19,452)**	5,817
Total comprehensive income for the financial year		**234,698**	276,949
Attributable to:			
Owners of the Parent Company		**224,496**	269,387
Non-controlling interests		**10,202**	7,562
		234,698	276,949

Group Balance Sheet
As at 31 March 2020

	Note	2020 £'000	2019 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	3.1	**1,089,027**	996,536
Right-of-use leased assets	3.2	**304,097**	–
Goodwill	3.3	**1,467,150**	1,445,145
Intangible assets	3.3	**659,742**	624,413
Equity accounted investments	3.4	**27,729**	24,233
Deferred income tax assets	3.14	**35,362**	26,142
Derivative financial instruments	3.10	**232,766**	143,554
		3,815,873	3,260,023
Current assets			
Inventories	3.5	**630,996**	678,006
Trade and other receivables	3.6	**1,647,117**	1,517,507
Derivative financial instruments	3.10	**32,656**	67,987
Cash and cash equivalents	3.9	**1,794,467**	1,554,093
		4,105,236	3,817,593
Total assets		**7,921,109**	7,077,616
EQUITY			
Capital and reserves attributable to owners of the Parent Company			
Share capital	4.1	**17,422**	17,422
Share premium	4.1	**882,887**	882,561
Share based payment reserve	4.2	**34,914**	28,706
Cash flow hedge reserve	4.2	**(43,277)**	(14,887)
Foreign currency translation reserve	4.2	**111,527**	107,722
Other reserves	4.2	**932**	932
Retained earnings	4.3	**1,482,288**	1,368,250
Equity attributable to owners of the Parent Company		**2,486,693**	2,390,706
Non-controlling interests	4.4	**54,765**	42,821
Total equity		**2,541,458**	2,433,527
LIABILITIES			
Non-current liabilities			
Borrowings	3.11	**1,856,004**	1,441,904
Lease creditors	3.12	**259,456**	452
Derivative financial instruments	3.10	**3,729**	1,122
Deferred income tax liabilities	3.14	**179,959**	174,250
Post-employment benefit obligations	3.15	**(7,315)**	(1,397)
Provisions for liabilities	3.17	**264,208**	269,580
Acquisition related liabilities	3.16	**77,381**	73,586
Government grants	3.18	**331**	342
		2,633,753	1,959,839
Current liabilities			
Trade and other payables	3.7	**2,318,758**	2,218,838
Current income tax liabilities		**36,487**	49,799
Borrowings	3.11	**230,264**	331,124
Lease creditors	3.12	**47,411**	449
Derivative financial instruments	3.10	**30,144**	9,008
Provisions for liabilities	3.17	**46,581**	47,208
Acquisition related liabilities	3.16	**36,253**	27,824
		2,745,898	2,684,250
Total liabilities		**5,379,651**	4,644,089
Total equity and liabilities		**7,921,109**	7,077,616

John Moloney, Donal Murphy, Directors

The current financial year includes the impact of the adoption of IFRS 16 *Leases*; the comparatives have not been restated in accordance with transitional guidelines.

Group Statement of Changes in Equity

For the year ended 31 March 2020

	Attributable to owners of the Parent Company					Non-controlling interests (note 4.4) £'000	Total equity £'000
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total £'000		
At 1 April 2019	**17,422**	**882,561**	**1,368,250**	**122,473**	**2,390,706**	**42,821**	**2,433,527**
Profit for the financial year	**–**	**–**	**245,509**	**–**	**245,509**	**8,641**	**254,150**
Other comprehensive income:							
Currency translation:							
– arising in the year	**–**	**–**	**–**	**4,202**	**4,202**	**1,561**	**5,763**
– recycled to the Income Statement on disposal	**–**	**–**	**–**	**(397)**	**(397)**	**–**	**(397)**
Group defined benefit pension obligations:							
– remeasurements	**–**	**–**	**4,132**	**–**	**4,132**	**–**	**4,132**
– movement in deferred tax asset	**–**	**–**	**(560)**	**–**	**(560)**	**–**	**(560)**
Movements relating to cash flow hedges	**–**	**–**	**–**	**(34,206)**	**(34,206)**	**–**	**(34,206)**
Movement in deferred tax liability on cash flow hedges	**–**	**–**	**–**	**5,816**	**5,816**	**–**	**5,816**
Total comprehensive income	**–**	**–**	**249,081**	**(24,585)**	**224,496**	**10,202**	**234,698**
Re-issue of treasury shares	**–**	**326**	**–**	**–**	**326**	**–**	**326**
Share based payment	**–**	**–**	**–**	**6,208**	**6,208**	**–**	**6,208**
Sale of equity interest to non-controlling interest	**–**	**–**	**4,169**	**–**	**4,169**	**1,742**	**5,911**
Dividends	**–**	**–**	**(139,212)**	**–**	**(139,212)**	**–**	**(139,212)**
At 31 March 2020	**17,422**	**882,887**	**1,482,288**	**104,096**	**2,486,693**	**54,765**	**2,541,458**

For the year ended 31 March 2019

	Attributable to owners of the Parent Company					Non-controlling interests (note 4.4) £'000	Total equity £'000
	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 4.3) £'000	Other reserves (note 4.2) £'000	Total £'000		
At 1 April 2018	15,455	280,533	1,237,937	108,733	1,642,658	35,259	1,677,917
IFRS 9 transition adjustment	–	–	(3,349)	–	(3,349)	–	(3,349)
At 1 April 2018 (restated)	15,455	280,533	1,234,588	108,733	1,639,309	35,259	1,674,568
Profit for the financial year	–	–	262,593	–	262,593	8,539	271,132
Other comprehensive income:							
Currency translation	–	–	–	6,626	6,626	(977)	5,649
Group defined benefit pension obligations:							
– remeasurements	–	–	(1,346)	–	(1,346)	–	(1,346)
– movement in deferred tax asset	–	–	223	–	223	–	223
Movements relating to cash flow hedges	–	–	–	1,555	1,555	–	1,555
Movement in deferred tax liability on cash flow hedges	–	–	–	(264)	(264)	–	(264)
Total comprehensive income	–	–	261,470	7,917	269,387	7,562	276,949
Issue of share capital	1,967	600,970	(10,847)	–	592,090	–	592,090
Re-issue of treasury shares	–	1,058	–	–	1,058	–	1,058
Share based payment	–	–	–	5,823	5,823	–	5,823
Dividends	–	–	(116,961)	–	(116,961)	–	(116,961)
At 31 March 2019	17,422	882,561	1,368,250	122,473	2,390,706	42,821	2,433,527

Group Cash Flow Statement
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Operating activities			
Cash generated from operations before exceptionals	5.3	**723,965**	607,505
Exceptionals		**(30,922)**	(34,619)
Cash generated from operations		**693,043**	572,886
Interest paid (including lease interest)		**(84,975)**	(78,031)
Income tax paid		**(78,961)**	(34,500)
Net cash flow from operating activities		**529,107**	460,355
Investing activities			
Inflows:			
Proceeds from disposal of property, plant and equipment		**13,166**	8,810
Dividends received from equity accounted investments		**–**	420
Disposals of subsidiaries		**36,688**	8,492
Interest received		**39,188**	34,831
		89,042	52,553
Outflows:			
Purchase of property, plant and equipment		**(181,014)**	(182,311)
Acquisition of subsidiaries	5.2	**(192,189)**	(266,525)
Payment of accrued acquisition related liabilities	3.16	**(35,339)**	(30,311)
		(408,542)	(479,147)
Net cash flow from investing activities		**(319,500)**	(426,594)
Financing activities			
Inflows:			
Proceeds from issue of shares		**326**	593,148
Net cash inflow on derivative financial instruments		**18,574**	–
Increase in interest-bearing loans and borrowings		**408,095**	201,357
Increase in finance lease liabilities		**–**	492
		426,995	794,997
Outflows:			
Repayment of interest-bearing loans and borrowings		**(248,017)**	(201,357)
Repayment of lease creditors (principal)		**(55,225)**	(630)
Dividends paid to owners of the Parent Company	2.10	**(139,212)**	(116,961)
		(442,454)	(318,948)
Net cash flow from financing activities		**(15,459)**	476,049
Change in cash and cash equivalents		**194,148**	509,810
Translation adjustment		**24,597**	(8,075)
Cash and cash equivalents at beginning of year		**1,466,028**	964,293
Cash and cash equivalents at end of year	3.9	**1,684,773**	1,466,028

Cash and cash equivalents consist of:			
Cash and short-term bank deposits	3.9	**1,794,467**	1,554,093
Overdrafts	3.9	**(109,694)**	(88,065)
		1,684,773	1,466,028

The current financial year includes the impact of the adoption of IFRS 16 *Leases*; the comparatives have not been restated in accordance with transitional guidelines.

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 21 forms part of the Group financial statements.

DCC plc, the ultimate Parent Company, is a publicly traded limited company incorporated and domiciled in the Republic of Ireland. DCC plc's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority and are traded solely on the London Stock Exchange.

1.2 Basis of Preparation

This section includes information on new accounting standards, amendments and interpretations, whether they are effective for the current year or in later years, and how they are expected to impact the financial position and performance of the Group.

The consolidated financial statements, which are presented in sterling, rounded to the nearest thousand, have been prepared under the historical cost convention, as modified by the measurement at fair value of share-based payments at the date of grant, post-employment benefit obligations and certain financial assets and liabilities including derivative financial instruments. The carrying values of recognised assets and liabilities that are hedged via fair value hedges are adjusted to record changes in the fair values attributable to the risks that are being hedged.

The accounting policies applied in the preparation of the financial statements for the year ended 31 March 2020 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 except for the adoption of IFRS 16 *Leases* which has been applied in the current financial year only.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are detailed in note 1.4.

Adoption of IFRS and International Financial Reporting Interpretations Committee ('IFRIC') Interpretations
The Group has adopted the following standards, interpretations and amendments to existing standards during the financial year:

IFRS 16 *Leases*
This standard replaces IAS 17 *Leases*. The changes under IFRS 16 are significant and predominantly affect lessees, the accounting for which is substantially reformed. The lessor accounting requirements contained in IFRS 16's predecessor, IAS 17, remain largely unchanged. The main impact on lessees is that almost all leases are 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 liability (the lease creditor) to pay rentals are recognised. The only exemptions are short-term leases and low-value leased assets. The standard introduces new estimates and judgemental thresholds that affect the identification, classification and measurement of lease transactions.

The Group adopted IFRS 16 on the transition date of 1 April 2019 using the modified retrospective approach, which means that comparatives do not need to be restated. The Group applied the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Account for leases ending within 12 months of the date of initial application as short-term leases;
- Apply a single discount rate to a portfolio of leases with reasonably similar characteristics; and
- Rely on a previous assessment of whether leases are onerous in accordance with IAS 37 immediately before the date of initial application as an alternative to performing an impairment review.

Notes to the Financial Statements continued

1.2 Basis of Preparation continued

At transition date, the Group calculated the lease commitments outstanding at that date and applied appropriate discount rates to calculate the present value of the lease commitment which was recognised as a creditor and a right-of-use leased asset on the Group's Balance Sheet. Adjustments were made for any related prepayments, accruals and onerous lease provisions with no adjustment to opening retained earnings. The discount rates applied were arrived at using a methodology to calculate the incremental borrowing rates across the Group. The Group engaged a specialist valuation expert to assist with this process. The weighted average incremental borrowing rate applied to lease creditors on the Consolidated Balance Sheet was 3.0% at 1 April 2019.

In the Income Statement, the Group previously recognised operating lease rentals in operating expenses. Under IFRS 16, a right-of-use leased asset is capitalised and depreciated over the term of the lease as an operating expense with an associated finance cost applied annually to the lease creditor. The Group avails of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met; such lease costs continue to be expensed in the Income Statement as incurred. Wholly variable lease payments directly linked to sales or usage are also expensed as incurred. See note 3.12, Lease Creditors, for further information.

The adoption of IFRS 16 had a material impact on the Group's financial statements as follows:
- Right-of-use leased assets: increase of £297 million on transition at 1 April 2019;
- Lease creditors: increase of £294 million on transition at 1 April 2019;
- Adjusted operating profit: increase of £5.0 million in the year; and
- Net finance cost: increase of £8.6 million in the year.

A reconciliation of the operating lease commitment previously reported under IAS 17 to the discounted lease creditor as at 1 April 2019 under IFRS 16 is as follows:

	As at 1 April 2019 £'000
Operating lease commitment under IAS 17	376,337
Contracts identified as leases under IFRS 16	25,509
Wholly variable leases not capitalised under IFRS 16	(29,749)
Commitments relating to low-value leased assets and short-term leases	(5,017)
Impact of discounting	(72,940)
Impact of adoption of IFRS 16	294,140
Existing IAS 17 finance leases	901
Discounted lease creditor under IFRS 16 as at 1 April 2019	295,041

IFRIC 23 *Uncertainty over Income Tax Treatments*
This IFRIC clarifies the accounting for uncertainties in income taxes and is applied to the determination of taxable profit (or tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under IAS 12 *Income Taxes*. The adoption of this IFRIC has had an immaterial impact on the Group's financial statements.

Amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform*
The Group has elected to early adopt the amendments to IFRS 9, IAS 39 and IFRS 7 *Interest Rate Benchmark Reform* issued in September 2019 for the financial year ended 31 March 2020. In accordance with the transition provisions, the amendments have been adopted retrospectively to hedging relationships that existed at the start of the financial year or were designated thereafter, and to the amount accumulated in the cash flow hedge reserve at 1 April 2019. The amendments provide temporary relief from applying specific hedge accounting requirements to hedging relationships directly affected by Interbank Offered Rates ('IBOR') reform. The reliefs have the effect that IBOR reform should not generally cause hedge accounting to terminate. However, any hedge ineffectiveness continues to be recorded in the Income Statement. Furthermore, the amendments set out triggers for when the reliefs will end, which include the uncertainty arising from interest rate benchmark reform no longer being present.

The following changes to IFRS became effective for the Group during the year but did not result in material changes to the Group's consolidated financial statements:
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS 19: *Plan Amendment, Curtailment or Settlement*
- Amendments to IAS 28: *Long-term Interests in Associates and Joint Ventures*
- Amendments to IFRS 9: *Prepayment Features with Negative Compensation*

Standards, interpretations and amendments to published standards that are not yet effective
The Group has not applied certain new standards, amendments and interpretations to existing standards that have been issued but are not yet effective. These include:
- Amendments to References to Conceptual Framework in IFRS Standards
- Definition of a Business (Amendments to IFRS 3)
- Definition of Material (Amendments to IAS 1 and IAS 8)
- IFRS 17 *Insurance Contracts*

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. Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. 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 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 preparation of financial statements in conformity with IFRS requires the use of accounting estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The Group's main accounting policies affecting its results of operations and financial condition are set out in note 5.9. We continually evaluate our estimates, assumptions and judgements based on available information and experience. As the use of estimates is inherent in financial reporting, actual results could differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis and management has discussed its critical accounting estimates and associated disclosures with the Audit Committee. Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates ('E') and judgements ('J'):

Goodwill (E, J)

The Group has capitalised goodwill of £1,467.2 million at 31 March 2020. 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 and estimation 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 3.3.

Business combinations (E)

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.

Exceptional items (J)

The Group considers that items of income or expense which are significant by virtue of their scale and nature should be disclosed separately if the Group financial statements are to fairly present the financial performance and financial position of the Group. Determining which transactions are to be considered exceptional in nature is often a subjective matter. However, circumstances that the Group believes would give rise to exceptional items for separate disclosure are outlined in the accounting policy on exceptional items in note 5.9. Exceptional items are included on the Income Statement line item to which they relate. In addition, for clarity, separate disclosure is made of all items in one column on the face of the Group Income Statement.

Notes to the Financial Statements continued

1.4 Critical Accounting Estimates and Judgements continued

Taxation (E, J)

The Group is subject to income taxes in a number of jurisdictions. Provisions for tax liabilities require management to make judgements and estimates in relation to tax issues and exposures. Amounts provided are based on management's interpretation of country specific tax laws and the likelihood or probability of settlement. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the current tax and deferred tax provisions in the period in which such determination is made.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. The Group estimates the most probable amount of future taxable profits, using assumptions consistent with those employed in impairment calculations, and taking into account applicable tax legislation in the relevant jurisdiction. These calculations require the use of estimates.

Allowances for impairment of trade receivables (E)

The Group trades with a large and varied number of customers on credit terms. Some debts due will not be paid through the default of a small number of customers. The Group uses estimates based on expected credit losses and current information in determining the level of debts for which an allowance for impairment is required. The level of allowance required is reviewed on an ongoing basis.

Useful lives for property, plant and equipment and intangible assets (E, J)

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 depend 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 (E)

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 £81.0 million at 31 March 2020. 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 2020 the Group has plan assets totalling £88.3 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 3.15.

Cylinder and tank deposits provisions (E, J)

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 and estimation is used to determine the provisions required and is based on a broad range of information and prior experience.

Environmental and remediation provisions (E, J)

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 estimates based on 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.

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

DCC LPG is a leading liquefied petroleum gas ('LPG') sales and marketing business with presences in Europe, North America and Asia and a developing business in the retailing of natural gas and electricity as well as the sales and distribution of industrial gases including refrigerants;

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;

DCC Technology is a leading route-to-market and supply chain partner for global technology brands and customers; and

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

The chief operating decision maker monitors the operating results of segments separately in order to allocate resources between segments and to assess performance. Segment performance is predominantly evaluated based on operating profit before amortisation of intangible assets and net operating exceptional items ('adjusted operating profit'). Net finance costs and income tax are managed on a centralised basis and therefore these items are not allocated between operating segments for the purpose of presenting information to the chief operating decision maker and accordingly are not included in the detailed segmental analysis.

Intersegment revenue is not material and thus not subject to separate disclosure.

Notes to the Financial Statements continued

2.1 Segment Information continued

The segment results for the year ended 31 March 2020 are as follows:

Income Statement items

	Year ended 31 March 2020				
	DCC LPG £'000	**DCC Retail & Oil £'000**	**DCC Technology £'000**	**DCC Healthcare £'000**	**Total £'000**
Segment revenue	**1,657,341**	**8,607,302**	**3,912,652**	**578,098**	**14,755,393**
Adjusted operating profit	**228,230**	**140,240**	**65,280**	**60,518**	**494,268**
Amortisation of intangible assets	**(32,719)**	**(5,386)**	**(19,437)**	**(4,596)**	**(62,138)**
Net operating exceptionals (note 2.6)	**(6,030)**	**(3,281)**	**(15,404)**	**(40,771)**	**(65,486)**
Operating profit	**189,481**	**131,573**	**30,439**	**15,151**	**366,644**
Finance costs					**(95,684)**
Finance income					**39,510**
Share of equity accounted investments' profit after tax					**1,015**
Profit before income tax					**311,485**
Income tax expense					**(57,335)**
Profit for the year					**254,150**

	Year ended 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment revenue	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Adjusted operating profit	201,826	133,731	64,638	60,327	460,522
Amortisation of intangible assets	(31,525)	(10,574)	(14,885)	(6,328)	(63,312)
Net operating exceptionals (note 2.6)	(7,041)	(4,063)	(16,175)	(906)	(28,185)
Operating profit	163,260	119,094	33,578	53,093	369,025
Finance costs					(83,595)
Finance income					41,287
Share of equity accounted investments' profit after tax					717
Profit before income tax					327,434
Income tax expense					(56,302)
Profit for the year					271,132

2.1 Segment Information continued

Balance Sheet items

	As at 31 March 2020				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment assets	**1,896,457**	**1,729,999**	**1,586,451**	**585,222**	**5,798,129**
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					**27,729**
Derivative financial instruments (current and non-current)					**265,422**
Deferred income tax assets					**35,362**
Cash and cash equivalents					**1,794,467**
Total assets as reported in the Group Balance Sheet					**7,921,109**
Segment liabilities	**669,395**	**898,539**	**942,925**	**111,362**	**2,622,221**
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Borrowings (current and non-current)					**2,086,268**
Lease creditors (current and non-current)					**306,867**
Derivative financial instruments (current and non-current)					**33,873**
Income tax liabilities (current and deferred)					**216,446**
Acquisition related liabilities (current and non-current)					**113,634**
Government grants (current and non-current)					**342**
Total liabilities as reported in the Group Balance Sheet					**5,379,651**

	As at 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Segment assets	1,763,899	1,702,878	1,332,031	462,799	5,261,607
Reconciliation to total assets as reported in the Group Balance Sheet:					
Equity accounted investments					24,233
Derivative financial instruments (current and non-current)					211,541
Deferred income tax assets					26,142
Cash and cash equivalents					1,554,093
Total assets as reported in the Group Balance Sheet					7,077,616
Segment liabilities	621,335	1,064,881	740,906	107,096	2,534,218
Reconciliation to total liabilities as reported in the Group Balance Sheet:					
Borrowings (current and non-current)					1,773,929
Derivative financial instruments (current and non-current)					10,130
Income tax liabilities (current and deferred)					224,049
Acquisition related liabilities (current and non-current)					101,410
Government grants (current and non-current)					353
Total liabilities as reported in the Group Balance Sheet					4,644,089

Notes to the Financial Statements continued

2.1 Segment Information continued

Other segment information

	Year ended 31 March 2020				
	DCC LPG £'000	**DCC Retail & Oil £'000**	**DCC Technology £'000**	**DCC Healthcare £'000**	**Total £'000**
Capital expenditure – additions (note 3.1)	**73,657**	**69,398**	**19,029**	**22,760**	**184,844**
Capital expenditure – business combinations (note 3.1)	**4,326**	**2,965**	**987**	**25,998**	**34,276**
Depreciation (note 3.1)	**60,121**	**39,509**	**10,576**	**8,339**	**118,545**
Total consideration – business combinations (note 5.2)	**34,905**	**12,529**	**59,696**	**128,103**	**235,233**
Intangible assets acquired – business combinations (note 3.3)	**29,633**	**8,320**	**34,076**	**85,338**	**157,367**

	Year ended 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Capital expenditure – additions (note 3.1)	80,082	58,168	17,921	18,090	174,261
Capital expenditure – business combinations (note 3.1)	1,144	5,955	5,692	–	12,791
Depreciation (note 3.1)	56,291	36,109	9,759	7,467	109,626
Total consideration – business combinations (note 5.2)	4,632	35,828	256,011	–	296,471
Intangible assets acquired – business combinations (note 3.3)	5,737	29,781	148,273	–	183,791

Geographical analysis

The Group has a presence in 20 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 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***	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000
Republic of Ireland (country of domicile)	**842,680**	849,795	**155,712**	128,138
United Kingdom	**6,818,145**	7,345,634	**1,229,019**	1,118,552
France	**2,875,390**	2,958,479	**952,818**	862,014
Other	**4,219,178**	4,072,985	**1,210,196**	981,623
	14,755,393	15,226,893	**3,547,745**	3,090,327

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

2.1 Segment Information continued

Disaggregation of revenue

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

	Year ended 31 March 2020				
	DCC LPG £'000	**DCC Retail & Oil £'000**	**DCC Technology £'000**	**DCC Healthcare £'000**	**Total £'000**
Republic of Ireland (country of domicile)	**116,161**	**356,382**	**277,232**	**92,905**	**842,680**
United Kingdom	**299,645**	**3,753,823**	**2,347,476**	**417,201**	**6,818,145**
France	**843,974**	**1,786,321**	**245,095**	**–**	**2,875,390**
Other	**397,561**	**2,710,776**	**1,042,849**	**67,992**	**4,219,178**
	1,657,341	**8,607,302**	**3,912,652**	**578,098**	**14,755,393**
Products transferred at point in time	**1,657,341**	**8,607,302**	**3,912,652**	**578,098**	**14,755,393**
Products transferred over time	**–**	**–**	**–**	**–**	**–**
	1,657,341	**8,607,302**	**3,912,652**	**578,098**	**14,755,393**
LPG and related products	**1,657,341**	**–**	**–**	**–**	**1,657,341**
Oil and related products	**–**	**8,607,302**	**–**	**–**	**8,607,302**
Technology products and services	**–**	**–**	**3,912,652**	**–**	**3,912,652**
Medical and pharmaceutical products	**–**	**–**	**–**	**328,597**	**328,597**
Nutrition and health & beauty products	**–**	**–**	**–**	**249,501**	**249,501**
	1,657,341	**8,607,302**	**3,912,652**	**578,098**	**14,755,393**

	Year ended 31 March 2019				
	DCC LPG £'000	DCC Retail & Oil £'000	DCC Technology £'000	DCC Healthcare £'000	Total £'000
Republic of Ireland (country of domicile)	128,086	365,814	268,795	87,100	849,795
United Kingdom	298,731	4,125,047	2,477,365	444,491	7,345,634
France	911,829	1,835,326	211,324	–	2,958,479
Other	439,647	2,915,094	673,450	44,794	4,072,985
	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Products transferred at point in time	1,778,293	9,241,281	3,630,934	576,385	15,226,893
Products transferred over time	–	–	–	–	–
	1,778,293	9,241,281	3,630,934	576,385	15,226,893
LPG and related products	1,778,293	–	–	–	1,778,293
Oil and related products	–	9,241,281	–	–	9,241,281
Technology products and services	–	–	3,630,934	–	3,630,934
Medical and pharmaceutical products	–	–	–	344,955	344,955
Nutrition and health & beauty products	–	–	–	231,430	231,430
	1,778,293	9,241,281	3,630,934	576,385	15,226,893

Notes to the Financial Statements continued

2.2 Other Operating Income/Expenses

This note provides an analysis of the amounts included in other operating income and expenses presented in the Group Income Statement.

Other operating income/(expenses) comprise the following credits/(charges):

	2020 £'000	2019 £'000
Other operating income/(expenses)		
Fair value gains on non-hedge accounted derivative financial instruments – commodities	**20,389**	3,179
Fair value gains on non-hedge accounted derivative financial instruments – forward exchange contracts	**1,659**	1,535
Rental income	**20,149**	17,016
Profit on disposal of property, plant and equipment	**5,604**	2,182
Throughput	**5,411**	6,286
Haulage	**4,110**	4,211
Fair value losses on non-hedge accounted derivative financial instruments – commodities	**(20,389)**	(3,179)
Fair value losses on non-hedge accounted derivative financial instruments – forward exchange contracts	**(1,711)**	(1,374)
Expensing of employee share options and awards (note 2.5)	**(6,208)**	(5,823)
Other operating (expenses)/income	**(3,672)**	2,752
Net other operating income before exceptional items	**25,342**	26,785
Other operating income included in net exceptional items	**1,297**	2,537
Other operating expenses included in net exceptional items	**(66,783)**	(30,722)
Total other operating expenses	**(40,144)**	(1,400)

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:

	2020 £'000	2019 £'000
Depreciation (note 3.1)	**118,545**	109,626
Depreciation on right-of-use assets (note 3.2)	**58,189**	–
Amortisation of intangible assets (note 3.3)	**62,138**	63,312
Amortisation of government grants (note 3.18)	**(11)**	(40)
Foreign exchange gain	**(1,061)**	(30)

During the year the Group obtained the following services from the Group's auditors (KPMG):

	2020 £'000	2019 £'000
KPMG Ireland (statutory auditor):		
Audit fees	**1,542**	1,527
Tax compliance and advisory services	**24**	41
	1,566	1,568
Other KPMG network firms:		
Audit fees	**1,388**	1,213
Tax compliance and advisory services	**62**	5
	1,450	1,218

2.4 Employment

This section provides an analysis of the average number of employees in the Group by segment together with their related payroll expense for the year. Further information on the compensation of key management personnel is included in note 5.6, Related Party Transactions.

The average number of persons (including executive Directors) employed by the Group during the year, analysed by class of business, was:

	2020 Number	2019 Number
DCC LPG	**2,868**	2,808
DCC Retail & Oil	**3,453**	3,503
DCC Technology	**4,122**	3,822
DCC Healthcare	**2,330**	2,285
	12,773	12,418

The employee benefit expense (excluding termination payments – note 2.6) for the above were:

	2020 £'000	2019 £'000
Wages and salaries	**501,469**	480,954
Social welfare costs	**71,367**	69,096
Share based payment expense (note 2.5)	**6,208**	5,823
Pension costs – defined contribution plans	**18,574**	16,667
Pension costs – defined benefit plans (note 3.15)	**471**	571
	598,089	573,111

Directors' emoluments (which are included in operating costs) and interests are presented in the Remuneration Report on pages 108 to 133. 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 £6.208 million (2019: £5.823 million) has been arrived at by applying a Monte Carlo simulation technique for share awards issued under the DCC plc Long Term Incentive Plan 2009.

Impact on Income Statement

The total share option expense is analysed as follows:

Date of grant	Grant price	Minimum duration of vesting period	Number of share awards/ options granted	Weighted average fair value	Expense in Income Statement 2020 £'000	2019 £'000
DCC plc Long Term Incentive Plan 2009						
12 November 2014	£34.56	5 years	192,407	£26.96	**672**	1,054
17 November 2015	£57.35	5 years	131,455	£49.56	**1,125**	1,305
10 February 2017	£67.75	5 years	137,269	£54.17	**973**	1,506
16 November 2017	£70.95	5 years	128,451	£56.52	**1,394**	1,446
15 November 2018	£60.65	5 years	167,567	£46.13	**1,518**	512
14 November 2019	£68.80	5 years	147,939	£53.32	**526**	–
Total expense					**6,208**	5,823

Share options and awards

DCC plc Long Term Incentive Plan 2009

At 31 March 2020, under the DCC plc Long Term Incentive Plan 2009, Group employees hold awards to subscribe for 757,460 ordinary shares.

The general terms of the DCC plc Long Term Incentive Plan 2009 are set out in the Remuneration Report on pages 130 and 131.

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:

	2020 Number of share awards	2019 Number of share awards
At 1 April	**798,603**	719,170
Granted	**147,939**	167,567
Exercised	**(138,939)**	(73,094)
Expired and forfeited	**(50,143)**	(15,040)
At 31 March	**757,460**	798,603

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 £67.16 (2019: £69.66). The share awards outstanding at the year end have a weighted average remaining contractual life of 4.4 years (2019: 4.3 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 2020	**£53.32**
Granted during the year ended 31 March 2019	£46.13

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:

	2020	2019
Risk-free interest rate (%)	**0.47**	0.92
Dividend yield (%)	**2.1**	1.8
Expected volatility (%)	**21.0**	21.0
Expected life in years	**6.0**	6.0
Share price at date of grant	**£68.80**	£60.65

The risk free rate of return is the yield on government bonds of a term consistent with the assumed option life. The dividend yield is based on historic dividend rates. The expected volatility is based on historic volatility over the past three years. The expected life is the average expected period to exercise.

Analysis of closing balance:

Date of grant	**Date of expiry**	**2020 Number of share awards**	2019 Number of share awards
12 November 2012	12 November 2019	**–**	62,853
12 November 2013	12 November 2020	**26,381**	44,594
12 November 2014	12 November 2021	**87,413**	143,881
17 November 2015	17 November 2022	**110,371**	118,526
10 February 2017	10 February 2024	**92,566**	134,550
16 November 2017	16 November 2024	**126,225**	127,634
15 November 2018	15 November 2025	**166,565**	166,565
14 November 2019	14 November 2026	**147,939**	–
Total outstanding at 31 March		**757,460**	798,603
Total exercisable at 31 March		**113,794**	107,447

DCC plc 1998 Employee Share Option Scheme

The remaining 55,000 outstanding basic tier options under the DCC plc 1998 Employee Share Option Scheme were exercised during the year ended 31 March 2019. The weighted average share price at the dates of exercise for share options exercised during the prior year ended 31 March 2019 under the DCC plc 1998 Employee Share Option Scheme was £72.91.

Notes to the Financial Statements continued

2.6 Exceptionals

Exceptional items are those items which, in the judgement of the Directors, need to be disclosed separately by virtue of their scale and nature. These exceptional items, detailed below, could distort the understanding of our underlying performance for the year and comparability between periods and are therefore presented separately.

	2020 £'000	2019 £'000
Loss on disposal	**(34,709)**	–
Restructuring costs	**(22,011)**	(19,430)
Acquisition and related costs	**(8,286)**	(9,564)
Adjustments to contingent acquisition consideration (note 3.16)	**673**	1,727
Other operating exceptional items	**(1,153)**	(918)
Net operating exceptional items	**(65,486)**	(28,185)
Mark-to-market of swaps and related debt (note 2.7)	**(860)**	4,307
Net exceptional items before taxation	**(66,346)**	(23,878)
Income tax credit/(charge) attaching to exceptional items	**3,290**	(685)
Net exceptional items after taxation	**(63,056)**	(24,563)
Non-controlling interest share of net exceptional items after taxation	**65**	–
Net exceptional items attributable to owners of the Parent Company	**(62,991)**	(24,563)

In September 2019, DCC Healthcare completed the disposal of DCC Vital's UK generic pharma activities and related manufacturing facility in Ireland (Kent Pharma and Athlone Laboratories). The disposal sharpens the strategic focus of DCC Vital, allowing it to concentrate on those areas where it has market-leading positions and sustainable competitive advantage, in particular in the sales, marketing and distribution of medical products in Britain and Ireland. Whilst part of the DCC Group, the cash flows generated by the disposed business more than recovered its acquisition cost, however, the transaction resulted in a loss on disposal of £34.709 million, principally representing proceeds received of £28.777 million, a non-cash impairment of the goodwill recognised on the initial acquisition of the business of £46.781 million together with costs, recycled currency translation and net tangible assets disposed of £16.705 million.

Restructuring and integration costs of £22.011 million principally relate to restructuring of operations related to the integration of completed acquisitions across a number of businesses, including within the LPG business in Britain and Ireland and the Technology business in the UK, and smaller restructuring costs in other businesses. The other significant contributor is ongoing dual running costs relating to the UK SAP implementation which is live in an element of the UK business and to which the remaining components of the business will transition on a phased basis during the upcoming summer months.

Acquisition and related costs include the professional fees and tax costs relating to the evaluation and completion of acquisition opportunities and amounted to £8.286 million.

Most of the Group's debt has been raised in the US private placement market, denominated in US dollars, euro and sterling. Long-term interest and cross currency interest rate derivatives have been utilised to achieve an appropriate mix of fixed and floating rate debt across the three currencies. The level of ineffectiveness calculated under IAS 39 on the fair value and cash flow hedge relationships relating to this debt is charged or credited as an exceptional item. In the year ended 31 March 2020, this amounted to an exceptional non-cash charge of £0.860 million. Following this charge, the cumulative net exceptional charge taken in respect of the Group's outstanding US Private Placement debt and related hedging instruments is £2.134 million. This, or any subsequent similar non-cash charges or gains, will net to zero over the remaining term of this debt and the related hedging instruments.

There was a related income tax credit of £3.290 million and non controlling interest credit of £0.065 million in relation to certain exceptional charges.

The net cash flow impact in the current year for exceptional items was an inflow of £5.766 million (2019: an outflow of £26.127 million).

2.7 Finance Costs and Finance Income

This note details the interest income generated by our financial assets and the interest expense incurred on our financial liabilities. Finance income principally comprises interest on cash and term deposits whilst finance costs mainly comprise interest on Unsecured Notes, bank borrowings and lease creditors. 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.

	2020 £'000	2019 £'000
Finance costs		
On bank loans, overdrafts and Unsecured Notes	**(75,373)**	(72,650)
Unwinding of discount applicable to lease creditors (note 3.12)	**(8,635)**	(29)
Unwinding of discount applicable to acquisition related liabilities (note 3.16)	**(1,439)**	(805)
Unwinding of discount applicable to provisions for liabilities (note 3.17)	**(1,741)**	(2,481)
Facility fees	**(2,023)**	(1,905)
Other interest	**(5,613)**	(5,725)
	(94,824)	(83,595)
Mark-to-market of swaps and related debt*	**(860)**	–
	(95,684)	(83,595)
Finance income		
Interest on cash and term deposits	**8,805**	3,030
Net income on interest rate and currency swaps	**30,609**	33,726
Net interest income on defined benefit pension schemes (note 3.15)	**96**	75
Other income	**–**	149
	39,510	36,980
Mark-to-market of swaps and related debt*	**–**	4,307
	39,510	41,287
Net finance cost	**(56,174)**	(42,308)

* Mark-to-market of swaps and related debt		
Interest rate swaps designated as fair value hedges	**11,924**	12,359
Cross currency interest rate swaps designated as fair value hedges	**59,202**	76,211
Adjusted hedged fixed rate debt	**(71,986)**	(84,829)
Mark-to-market of swaps designated as fair value hedges and related debt	**(860)**	3,741
Movement on cross currency interest rate swaps designated as cash flow hedges	**31,874**	24,732
Transferred to cash flow hedge reserve	**(31,874)**	(24,166)
	–	566
Total mark-to-market of swaps and related debt	**(860)**	4,307

Notes to the Financial Statements continued

2.8 Share of Equity Accounted Investments' Profit after Tax

Share of equity accounted investments' profit after tax represents the results of businesses we do not control, but instead exercise significant influence and generally have an equity holding of up to 50%.

The Group's share of equity accounted investments' (i.e. 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:	2020 £'000	2019 £'000
Revenue	35,030	30,706
Operating profit and profit before tax	1,146	831
Income tax expense	(131)	(114)
Profit after tax	1,015	717

2.9 Income Tax Expense

Tax is payable in the territories in which we operate. This note details the current tax charge which is the tax payable on this year's taxable profits and the deferred tax charge which represents the tax expected to arise in the future due to differences in the accounting and tax bases of assets and liabilities.

(i) Income tax expense recognised in the Income Statement

	2020 £'000	2019 £'000
Current taxation		
Irish corporation tax at 12.5%	8,619	5,251
United Kingdom corporation tax at 19% (2019: 19%)	14,442	15,790
Other overseas tax	53,004	49,627
Income tax credit attaching to exceptional items	(3,163)	–
Over provision in respect of prior years	(8,335)	(3,889)
Total current taxation	64,567	66,779
Deferred tax		
Irish at 12.5%	937	218
United Kingdom at 19% (2019: 17%)	2,612	278
Other overseas deferred tax	(12,780)	(10,472)
Deferred tax (credit)/charge attaching to exceptional items	(127)	685
Under/(over) provision in respect of prior years	2,126	(1,186)
Total deferred tax	(7,232)	(10,477)
Total income tax expense	57,335	56,302

(ii) Deferred tax recognised in Other Comprehensive Income

	2020 £'000	2019 £'000
Deferred tax relating to defined benefit pension obligations	560	(223)
Deferred tax relating to cash flow hedges	(5,816)	264
Total deferred tax recognised in Other Comprehensive Income	(5,256)	41

2.9 Income Tax Expense continued

(iii) Reconciliation of effective tax rate

	2020 £'000	2019 £'000
Profit before taxation	**311,485**	327,434
Less: share of equity accounted investments' profit after tax	**(1,015)**	(717)
Add back: amortisation of intangible assets	**62,138**	63,312
Profit before share of equity accounted investments' profit after tax and amortisation of intangible assets	**372,608**	390,029
Add back: net exceptional items before tax	**66,346**	23,878
Profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**438,954**	413,907

Profit before share of equity accounted investments' profit after tax and amortisation of intangible assets	**372,608**	390,029
At the standard rate of corporation tax in Ireland of 12.5%	**46,576**	48,754
Adjustments in respect of prior years	**(6,209)**	(5,075)
Effect of earnings taxed at higher rates	**33,644**	25,286
Other differences	**611**	1,399
Income tax expense	**74,622**	70,364
Income tax attaching to exceptional items	**(3,290)**	685
Deferred tax attaching to amortisation of intangible assets	**(13,997)**	(14,747)
Total income tax expense	**57,335**	56,302

	2020 %	2019 %
Income tax expense as a percentage of profit before share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**17.0%**	17.0%
Impact of share of equity accounted investments' profit after tax, amortisation of intangible assets and net exceptionals	**1.4%**	0.2%
Total income tax expense as a percentage of profit before tax	**18.4%**	17.2%

(iv) Factors that may affect future tax rates and other disclosures

No significant change is expected to the standard rate of corporation tax in the Republic of Ireland which is currently 12.5%. The standard rate of corporation tax in the UK is 19%. A French corporate income tax rate of 34.4% applied for the year ended 31 March 2020. 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 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:	**2020 £'000**	2019 £'000
Final: paid 93.37 pence per share on 18 July 2019 (2019: paid 82.09 pence per share on 19 July 2018)	**89,424**	73,108
Interim: paid 49.48 pence per share on 11 December 2019 (2019: paid 44.98 pence per share on 12 December 2018)	**49,788**	43,853
	139,212	116,961

The Directors are proposing a final dividend in respect of the year ended 31 March 2020 of 95.79 pence per ordinary share (£94.259 million). This proposed dividend is subject to approval by the shareholders at the Annual General Meeting.

Notes to the Financial Statements continued

2.11 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.

	2020 £'000	2019 £'000
Profit attributable to owners of the Parent Company	**245,509**	262,593
Amortisation of intangible assets after tax	**48,141**	48,565
Exceptionals after tax (note 2.6)	**62,991**	24,563
Adjusted profit after taxation and non-controlling interests	**356,641**	335,721

Basic earnings per ordinary share	**2020 pence**	2019 pence
Basic earnings per ordinary share	**249.64p**	280.14p
Amortisation of intangible assets after tax	**48.95p**	51.81p
Exceptionals after tax	**64.05p**	26.21p
Adjusted basic earnings per ordinary share	**362.64p**	358.16p
Weighted average number of ordinary shares in issue (thousands)	**98,345**	93,736

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	**2020 pence**	2019 pence
Diluted earnings per ordinary share	**249.21p**	279.73p
Amortisation of intangible assets after tax	**48.87p**	51.73p
Exceptionals after tax	**63.94p**	26.17p
Adjusted diluted earnings per ordinary share	**362.02p**	357.63p
Weighted average number of ordinary shares in issue (thousands)	**98,514**	93,874

The earnings used for the purposes of the diluted earnings per ordinary share calculations were £245.509 million (2019: £262.593 million) and £356.641 million (2019: £335.721 million) for the purposes of the adjusted diluted earnings per ordinary share calculations.

The weighted average number of ordinary shares used in calculating the diluted earnings per ordinary share for the year ended 31 March 2020 was 98.514 million (2019: 93.874 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:

	2020 '000	2019 '000
Weighted average number of ordinary shares in issue	**98,345**	93,736
Dilutive effect of options and awards	**169**	138
Weighted average number of ordinary shares for diluted earnings per share	**98,514**	93,874

Diluted earnings per ordinary share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. Share options and awards are the Company's only category of dilutive potential ordinary shares. The adjusted figures for diluted earnings per ordinary share (a non-GAAP financial measure) are intended to demonstrate the results of the Group after eliminating the impact of amortisation of intangible assets and net exceptionals.

Employee share options and awards, which are performance-based, are treated as contingently issuable shares because their issue is contingent upon satisfaction of specified performance conditions in addition to the passage of time. These contingently issuable shares are excluded from the computation of diluted earnings per ordinary share where the conditions governing exercisability would not have been satisfied as at the end of the reporting period if that were the end of the vesting period.

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 2020					
Opening net book amount	**353,671**	**490,288**	**89,763**	**62,814**	**996,536**
Effect of adopting IFRS 16	**–**	**(396)**	**(489)**	**(646)**	**(1,531)**
Exchange differences	**(1,448)**	**6,029**	**1,230**	**1,199**	**7,010**
Arising on acquisition (note 5.2)	**16,176**	**14,920**	**1,620**	**1,560**	**34,276**
Disposal of subsidiaries	**(2,890)**	**(3,076)**	**(35)**	**–**	**(6,001)**
Additions	**24,442**	**116,228**	**31,530**	**12,644**	**184,844**
Disposals	**(1,628)**	**(1,602)**	**(3,058)**	**(1,274)**	**(7,562)**
Depreciation charge	**(12,991)**	**(73,027)**	**(20,325)**	**(12,202)**	**(118,545)**
Closing net book amount	**375,332**	**549,364**	**100,236**	**64,095**	**1,089,027**
At 31 March 2020					
Cost	**435,837**	**1,118,428**	**235,895**	**151,331**	**1,941,491**
Accumulated depreciation and impairment losses	**(60,505)**	**(569,064)**	**(135,659)**	**(87,236)**	**(852,464)**
Net book amount	**375,332**	**549,364**	**100,236**	**64,095**	**1,089,027**
Year ended 31 March 2019					
Opening net book amount	330,393	456,330	79,533	66,782	933,038
Exchange differences	(2,953)	(1,812)	(972)	289	(5,448)
Arising on acquisition (note 5.2)	5,107	228	6,706	750	12,791
Disposal of subsidiaries	(163)	(925)	–	(764)	(1,852)
Additions	36,270	100,013	27,641	10,337	174,261
Disposals	(1,870)	(3,155)	(1,058)	(545)	(6,628)
Depreciation charge	(11,978)	(63,743)	(19,721)	(14,184)	(109,626)
Reclassifications	(1,135)	3,352	(2,366)	149	–
Closing net book amount	353,671	490,288	89,763	62,814	996,536
At 31 March 2019					
Cost	404,675	998,228	202,913	152,110	1,757,926
Accumulated depreciation and impairment losses	(51,004)	(507,940)	(113,150)	(89,296)	(761,390)
Net book amount	353,671	490,288	89,763	62,814	996,536

Notes to the Financial Statements continued

3.2 Right-Of-Use Leased Assets

The Group adopted IFRS 16 *Leases* with effect from 1 April 2019. At the date of transition, the Group calculated the lease commitments outstanding at that date and applied appropriate discount rates to calculate the present value of the lease commitment which was recognised as a right-of-use leased asset (and a lease creditor) on the Group's Balance Sheet. This note details the right-of-use assets utilised by the Group to generate revenues and profits. 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 2020					
Opening net book amount	–	–	–	–	–
Effect of adopting IFRS 16	255,212	1,967	234	39,393	296,806
Exchange differences	2,270	39	4	(53)	2,260
Arising on acquisition (note 5.2)	17,338	–	–	377	17,715
Additions (note 3.12)	37,460	2,654	447	6,139	46,700
Disposals	(879)	(73)	(28)	(215)	(1,195)
Depreciation charge	(38,348)	(1,114)	(192)	(18,535)	(58,189)
Closing net book amount	273,053	3,473	465	27,106	304,097

3.3 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 2020				
Opening net book amount	1,445,145	450,600	173,813	2,069,558
Exchange differences	10,410	12,456	6,020	28,886
Write-down of goodwill*	(20,000)	–	–	(20,000)
Arising on acquisition (note 5.2)	78,376	76,626	2,365	157,367
Disposal of subsidiary	(46,781)	–	–	(46,781)
Amortisation charge	–	(55,399)	(6,739)	(62,138)
Closing net book amount	1,467,150	484,283	175,459	2,126,892
At 31 March 2020				
Cost	1,506,619	774,972	200,429	2,482,020
Accumulated amortisation and impairment losses	(39,469)	(290,689)	(24,970)	(355,128)
Net book amount	1,467,150	484,283	175,459	2,126,892

* Goodwill arising on an acquisition completed in the year ended 31 March 2019 has been reduced by £20.0 million during the year. This adjustment was matched by the receipt of a corresponding amount of proceeds under a related warranty claim. Both amounts were accounted for through the current year Income Statement with no net effect.

3.3 Intangible Assets and Goodwill continued

	Goodwill £'000	Customer & supplier related intangibles £'000	Brand related intangibles £'000	Total £'000
Year ended 31 March 2019				
Opening net book amount (restated)	1,342,783	430,920	180,128	1,953,831
Exchange differences	(5,001)	4,247	(1,623)	(2,377)
Arising on acquisition (note 5.2)	109,738	72,157	1,896	183,791
Disposal of subsidiary	(6,381)	–	–	(6,381)
Adjustments to contingent consideration (note 3.16)	4,006	–	–	4,006
Amortisation charge	–	(56,724)	(6,588)	(63,312)
Closing net book amount	1,445,145	450,600	173,813	2,069,558
At 31 March 2019				
Cost	1,483,785	677,231	191,496	2,352,512
Accumulated amortisation and impairment losses	(38,640)	(226,631)	(17,683)	(282,954)
Net book amount	1,445,145	450,600	173,813	2,069,558

Customer and supplier related intangible assets principally comprise contractual and non-contractual customer and supplier relationships arising from business combinations and are amortised over their estimated useful lives. The weighted average remaining amortisation period for customer related intangibles is 12.6 years (2019: 12.9 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 28.2 years (2019: 29.2 years). There are no internally generated brand related intangibles recognised on the Group Balance Sheet.

In accordance with IAS 38 *Intangible Assets*, details of individually significant intangible assets and their remaining amortisation periods as at 31 March 2020 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	**127,261**	**10.5 years**	**123,271**	**35.5 years**
DSG Hong Kong & Macau	DCC LPG	**71,599**	**22.8 years**	**–**	**–**
DCC Propane	DCC LPG	**39,623**	**12.1 years**	**18,279**	**17.9 years**
Esso Retail Norway	DCC Retail & Oil	**40,827**	**17.6 years**	**–**	**–**
TEGA	DCC LPG	**30,971**	**11.9 years**	**16,913**	**18.0 years**
Gaz Européen	DCC LPG	**28,188**	**8.8 years**	**11,116**	**16.8 years**
Jam	DCC Technology	**30,070**	**7.4 years**	**1,862**	**18.4 years**
Others		**115,744**		**4,018**	
Closing net book amount		**484,283**		**175,459**	

Notes to the Financial Statements continued

3.3 Intangible Assets and Goodwill continued

In accordance with IAS 38 *Intangible Assets*, details of individually significant intangible assets and their remaining amortisation periods as at 31 March 2019 are as follows:

CGU	Segment	Customer & supplier related intangibles £'000	Remaining amortisation period in years	Brand related intangibles £'000	Remaining amortisation period in years
Butagaz	DCC LPG	134,963	11.5 years	122,726	36.5 years
DSG Hong Kong & Macau	DCC LPG	69,710	23.8 years	–	–
DCC Propane	DCC LPG	38,306	13.0 years	17,926	19.0 years
Esso Retail Norway	DCC Retail & Oil	49,787	18.6 years	–	–
TEGA	DCC LPG	32,762	12.8 years	17,286	19.0 years
Gaz Européen	DCC LPG	30,384	9.8 years	11,403	17.8 years
Jam	DCC Technology	32,221	8.4 years	1,854	19.4 years
Others		62,467		2,618	
Closing net book amount		450,600		173,813	

Cash-generating units

Goodwill acquired in business combinations is allocated, at acquisition, to the cash-generating units ('CGUs') that are expected to benefit from that business combination. A CGU is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or group of assets. The CGUs represent the lowest level within the Group at which the associated goodwill is assessed for internal management purposes and are not larger than the operating segments determined in accordance with IFRS 8 *Operating Segments*. A total of 35 CGUs (2019: 31 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	
	2020 number	2019 number	**2020 £'000**	2019 £'000
DCC LPG	**9**	9	**478,046**	452,242
DCC Retail & Oil	**9**	9	**545,498**	551,970
DCC Technology	**10**	8	**215,507**	215,044
DCC Healthcare	**7**	5	**228,099**	225,889
	35	31	**1,467,150**	1,445,145

In accordance with IAS 36 *Impairment of Assets*, the CGUs to which significant amounts of goodwill have been allocated are as follows:

CGU	Segment	2020 £'000	2019 £'000
Certas Energy UK Group	DCC Retail & Oil	**279,177**	275,367
Butagaz	DCC LPG	**193,126**	186,729
DCC Vital Group	DCC Healthcare	**139,141**	173,434
Esso Retail Norway	DCC Retail & Oil	**106,523**	122,379
Exertis UK Group	DCC Technology	**101,592**	115,640
Others		**647,591**	571,596
Closing net book amount		**1,467,150**	1,445,145

For the purpose of impairment testing, the discount rates applied to these CGUs to which significant amounts of goodwill have been allocated were 8.8% (2019: 9.3%) for the Certas Energy UK Group, Butagaz and Esso Norway, 10.1% (2019: 10.6%) for the DCC Vital Group and 10.2% (2019: 10.7%) for the Exertis UK Group. The long-term growth rates assumed for the Certas Energy UK, DCC Vital and Exertis UK Groups was 1.5% and no growth was assumed for Butagaz or Esso Norway. The remaining goodwill balance of £647.591 million is allocated across 30 CGUs (2019: £571.596 million over 26 CGUs), none of which are individually significant.

3.3 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 based on the three year plan that has been formally approved by the Board of Directors and specifically excludes future acquisition activity. Cash flows for a further two years are based on the assumptions underlying the three year plan. A long-term growth rate reflecting the lower of the extrapolated cash flow projections and the long-term GDP rate for the country of operation is applied to the year five cash flows. The weighted average long-term growth rate used in the impairment testing was 1.3% (2019: 1.3%).

Management have given consideration to its assessment of impairment risk given that the preparation and Board approval of the Group's three year plans was completed before the global spread of Covid-19 which began before the end of the Group's financial year ending 31 March 2020. Whilst the full financial impact of the crisis is impossible to predict with a high degree of certainty, the risk of impairment of goodwill at the balance sheet date due to the impact of Covid-19 was considered and cash flows extracted from the three year plans were adjusted in line with Management's judgement and estimation.

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 8.8% to 10.2% (2019: 9.3% to 10.7%) and reflect the fact that the forecasting risk associated with Covid-19 was included in the adjusted cash flows.

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.

Applying these techniques, no impairment charge arose in 2020 (2019: 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 33 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 a CGU which forms part of the DCC Retail & Oil segment, the value in use of £246.8 million represented an excess of £17.8 million over its carrying value of £229.0 million. In relation to a CGU which forms part of the DCC Technology segment, the value in use of £57.9 million represented an excess of £1.1 million over its carrying value of £56.8 million. The table below identifies the amounts by which each of the key assumptions must change in order for the recoverable amount of each CGU to be equal to its carrying amount:

	CGU in DCC Retail & Oil	CGU in DCC Technology
Increase in discount rate	0.6 percentage points	0.2 percentage points
Reduction in long-term growth rate	0.8 percentage points	0.2 percentage points
Reduction in cash flow	8%	1%

Notes to the Financial Statements continued

3.4 Equity Accounted Investments

Equity accounted investments represent the Group's interests in certain entities where we exercise significant influence and generally have an equity holding of up to 50%.

	2020 £'000	2019 £'000
At 1 April	**24,233**	24,461
Acquisition of equity accounted investments (note 5.2)	**1,646**	164
Share of profit after tax	**1,015**	717
Dividends received	**–**	(420)
Exchange and other	**835**	(689)
At 31 March	**27,729**	24,233

Investments in associates at 31 March 2020 include goodwill of £19.094 million (2019: £17.351 million).

Summarised financial information for the Group's share of its investment in associates which are accounted for using the equity method is as follows:

	2020 £'000	2019 £'000
Non-current assets	**37,410**	31,840
Current assets	**6,924**	5,739
Non-current liabilities	**(819)**	–
Current liabilities	**(15,786)**	(13,346)
	27,729	24,233

Details of the Group's principal associates are included in the Group Directory on page 227.

3.5 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.

	2020 £'000	2019 £'000
Raw materials	**64,871**	85,577
Work in progress	**4,284**	4,810
Finished goods	**561,841**	587,619
	630,996	678,006

Write-downs of inventories recognised as an expense within cost of sales amounted to £7.3 million (2019: £7.2 million) and arose in the normal course of activities.

3.6 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.

	2020 £'000	2019 £'000
Trade receivables	**1,428,578**	1,321,570
Allowance for impairment of trade receivables	**(36,744)**	(33,367)
Prepayments and accrued income	**134,432**	126,827
Value-added tax recoverable	**26,734**	27,888
Other debtors	**94,117**	74,589
	1,647,117	1,517,507

Information about the Group's exposure to credit and market risks, and impairment losses for trade receivables is included in note 5.7. Included in the Group's trade and other receivables as at 31 March 2020 are balances of £249.868 million (2019: £171.212 million) which are past due at the reporting date but not impaired and are expected to be fully recoverable. The aged analysis of these balances is as follows:

	2020 £'000	2019 £'000
Less than 1 month overdue	**158,914**	118,036
1 – 3 months overdue	**46,702**	34,250
3 – 6 months overdue	**35,060**	14,212
Over 6 months overdue	**9,192**	4,714
	249,868	171,212

The movement in the allowance for impairment of trade receivables during the year is as follows:

	2020 £'000	2019 £'000
At 1 April	**33,367**	22,120
IFRS 9 transition adjustment	**–**	3,349
At 1 April (restated)	**33,367**	25,469
Allowance for impairment recognised in the year	**10,644**	12,240
Subsequent recovery of amounts previously provided for	**(1,002)**	(1,213)
Amounts written off during the year	**(7,803)**	(8,199)
Arising on acquisition	**883**	5,427
Exchange	**655**	(357)
At 31 March	**36,744**	33,367

The vast majority of the allowance for impairment relates to trade and other receivables balances which are over six months overdue.

Notes to the Financial Statements continued

3.7 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 12 months.

	2020 £'000	2019 £'000
Trade payables	**1,673,409**	1,664,664
Other creditors and accruals	**517,775**	426,865
PAYE and National Insurance or equivalent	**16,160**	19,564
Value-added tax	**93,156**	99,845
Government grants (note 3.18)	**11**	11
Interest payable	**11,963**	5,058
Amounts due in respect of property, plant and equipment	**6,284**	2,831
	2,318,758	2,218,838

3.8 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 2020				
At 1 April 2019	**678,006**	**1,517,507**	**(2,218,838)**	**(23,325)**
Translation adjustment	**10,026**	**20,813**	**(21,356)**	**9,483**
Arising on acquisition (note 5.2)	**44,307**	**65,888**	**(59,626)**	**50,569**
Disposal of subsidiaries	**(12,522)**	**(9,426)**	**9,703**	**(12,245)**
Effect of adopting IFRS 16	**–**	**(1,913)**	**124**	**(1,789)**
Exceptional items, interest accruals, capital accruals and other	**(2,113)**	**226**	**(12,261)**	**(14,148)**
(Decrease)/increase in working capital (note 5.3)	**(86,708)**	**54,022**	**(16,504)**	**(49,190)**
At 31 March 2020	**630,996**	**1,647,117**	**(2,318,758)**	**(40,645)**
Year ended 31 March 2019				
At 1 April 2018	530,473	1,426,217	(2,063,260)	(106,570)
IFRS 9 transition adjustment	–	(3,349)	–	(3,349)
At 1 April 2018 (restated)	530,473	1,422,868	(2,063,260)	(109,919)
Translation adjustment	(2,343)	(15,398)	18,377	636
Arising on acquisition (note 5.2)	104,591	141,388	(129,118)	116,861
Disposal of subsidiaries	(559)	(8,280)	8,263	(576)
Exceptional items, interest accruals, capital accruals and other	–	70	7,068	7,138
Increase/(decrease) in working capital (note 5.3)	45,844	(23,141)	(60,168)	(37,465)
At 31 March 2019	678,006	1,517,507	(2,218,838)	(23,325)

3.9 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.

	2020 £'000	2019 £'000
Cash at bank and in hand	**616,229**	526,546
Short-term deposits	**1,178,238**	1,027,547
	1,794,467	1,554,093

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:

	2020 £'000	2019 £'000
Cash and short-term deposits	**1,794,467**	1,554,093
Bank overdrafts	**(109,694)**	(88,065)
	1,684,773	1,466,028

Bank overdrafts are included within current borrowings (note 3.11) in the Group Balance Sheet.

Notes to the Financial Statements continued

3.10 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.

	2020 £'000	2019 £'000
Non-current assets		
Cross currency interest rate swaps – fair value hedges	**145,983**	101,158
Cross currency interest rate swaps – cash flow hedges	**58,209**	25,477
Interest rate swaps – fair value hedges	**28,530**	16,878
Commodity forward contracts – cash flow hedges	**44**	41
	232,766	143,554
Current assets		
Cross currency interest rate swaps – fair value hedges	**10,430**	62,482
Currency swaps – not designated as hedges	**1,379**	27
Foreign exchange forward contracts – cash flow hedges	**1,581**	316
Foreign exchange forward contracts – not designated as hedges	**115**	36
Commodity forward contracts – cash flow hedges	**750**	3,248
Commodity forward contracts – not designated as hedges	**18,401**	1,878
	32,656	67,987
Total assets	**265,422**	211,541
Non-current liabilities		
Interest rate swaps – fair value hedges	**–**	(273)
Commodity forward contracts – cash flow hedges	**(3,729)**	(849)
	(3,729)	(1,122)
Current liabilities		
Currency swaps – not designated as hedges	**(3)**	(531)
Foreign exchange forward contracts – cash flow hedges	**(1,419)**	(338)
Foreign exchange forward contracts – not designated as hedges	**(138)**	(26)
Commodity forward contracts – cash flow hedges	**(27,946)**	(6,235)
Commodity forward contracts – not designated as hedges	**(638)**	(1,878)
	(30,144)	(9,008)
Total liabilities	**(33,873)**	(10,130)
Net asset arising on derivative financial instruments	**231,549**	201,411

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 12 months and as a current asset or current liability if the maturity of the hedged item is less than 12 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 2020 total £197.5 million and €300.0 million. At 31 March 2020, the fixed interest rates vary from 1.96% to 4.49% and the floating rates are based on sterling LIBOR and EURIBOR.

3.10 Derivative Financial Instruments continued

Cross currency interest rate swaps

The Group utilises cross currency interest rate swaps to swap fixed rate US dollar denominated debt of $783.0 million into floating rate sterling debt of £156.885 million and floating rate euro debt of €401.338 million. At 31 March 2020 the fixed interest rates vary from 3.41% to 5.81%. These swaps are designated as fair value hedges under IAS 39.

The Group utilises cross currency interest rate swaps to swap fixed rate US dollar denominated debt of $317.0 million into fixed rate sterling debt of £61.189 million and fixed rate euro debt of €163.045 million. At 31 March 2020 the fixed US dollar 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 2020, the Group entered into currency swaps to manage currency risk related to the funding of certain acquisitions. The principal amounts of outstanding currency swaps at 31 March 2020 total £40.254 million (2019: £40.557 million).

Forward foreign exchange contracts

The notional principal amounts of outstanding forward foreign exchange contracts at 31 March 2020 total £104.011 million (2019: £79.141 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2020 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 12 months after the reporting date.

Commodity price forward contracts

The notional principal amounts of outstanding forward commodity contracts at 31 March 2020 total £280.662 million (2019: £170.099 million). Gains and losses recognised in the cash flow hedge reserve in equity (note 4.2) at 31 March 2020 on forward commodity contracts designated as cash flow hedges under IAS 39 will be released to the Income Statement at various dates up to 47 months after the reporting date.

3.11 Borrowings and Lease Creditors

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.

	2020 £'000	2019 £'000
Non-current		
Lease creditors (note 3.12)	**259,456**	452
Unsecured Notes	**1,856,004**	1,441,904
Total non-current borrowings and lease creditors	**2,115,460**	1,442,356
Current		
Bank borrowings	**166,328**	88,065
Unsecured Notes	**63,936**	243,059
Total borrowings	**230,264**	331,124
Lease creditors (note 3.12)	**47,411**	449
Total current borrowings and lease creditors	**277,675**	331,573
Total borrowings and lease creditors	**2,393,135**	1,773,929

The maturity of non-current borrowings is as follows:

	2020 £'000	2019 £'000
Between 1 and 2 years	**207,653**	59,843
Between 2 and 5 years	**743,678**	411,190
Over 5 years	**1,164,129**	971,323
	2,115,460	1,442,356

Notes to the Financial Statements continued

3.11 Borrowings and Lease Creditors continued

Bank borrowings

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 Group has a £400 million five-year committed revolving credit facility with nine relationship banks: Barclays, BNP Paribas, Danske Bank, HSBC, ING, J.P. Morgan, RBS, Bank of Ireland and Deutsche Bank. The facility matures in March 2023 and £343.4 million remained undrawn at 31 March 2020. The Group had various other uncommitted bank facilities available at 31 March 2020.

Unsecured Notes

The Group's Unsecured Notes which fall due between 2020 and 2034 are comprised of fixed rate debt of US$59.0 million issued in 2010 and maturing in 2022 (the '2022 Notes'), fixed rate debt of US$525 million issued in 2013 and maturing in 2020, 2023 and 2025 (the '2020/23/25 Notes'), fixed rate debt of US$516.0 million, €85.0 million and £70.0 million issued in 2014 and maturing in 2021, 2024, 2026 and 2029 (the '2021/24/26/29 Notes'), fixed rate debt of £127.5 million and €215.0 million issued in September 2017 and maturing in 2027 and 2029 (the '2027/29 Notes'), floating rate debt of €145.0 million issued in September 2017 and maturing in 2024, 2027 and 2029 (the '2024/27/29 Notes') and fixed rate debt of US$350.0 million and €100.0 million issued in April 2019 and maturing in 2026, 2029, 2031 and 2034 (the '2026/29/31/34 Notes').

Of the 2022 Notes denominated in US dollars, $44.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ to floating sterling rates, repricing quarterly based on sterling LIBOR and $15.0 million has been swapped (using cross currency interest rate swaps designated as fair value hedges under IAS 39) from fixed US$ 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 2026/29/31/34 Notes have not been swapped.

The maturity and interest profile of the Unsecured Notes is as follows:

	2020	2019
Average maturity	**6.1 years**	6.4 years
Average fixed interest rates*:		
– US$ denominated	**4.42%**	4.69%
– sterling denominated	**3.36%**	3.36%
– euro denominated	**2.33%**	2.33%
Average floating rate including swaps:		
– sterling denominated	**2.53%**	2.56%
– euro denominated	**1.17%**	1.31%

* Issued and repayable at par.

3.12 Lease Creditors

The Group adopted IFRS 16 *Leases* with effect from 1 April 2019. At the date of transition, the Group calculated the lease commitments outstanding at that date and applied appropriate discount rates to calculate the present value of the lease commitment which was recognised as a lease creditor (and a right-of-use leased asset) on the Group's Balance Sheet.

The movement in the Group's lease creditors during the year ended 31 March 2020 is as follows:

	2020 £'000
At 1 April 2019	901
Effect of adopting IFRS 16	294,140
Exchange differences	1,474
Additions of right-of-use assets (note 3.2)	46,700
Disposals	(589)
Arising on acquisition (note 5.2)	19,466
Lease repayments	(63,860)
Unwinding of discount applicable to lease creditors (note 2.7)	8,635
At 31 March 2020	306,867

An analysis of the maturity profile of the discounted lease creditor arising from the Group's leasing activities as at 31 March 2020 is as follows:

	2020 £'000
Within one year	47,411
Between one and two years	40,131
Between two and five years	90,905
Over five years	128,420
At 31 March 2020	306,867
Analysed as:	
Non-current liabilities	259,456
Current liabilities	47,411
	306,867

The Group has availed of the exemption from capitalising lease costs for short-term leases and low-value assets where the relevant criteria are met. Wholly variable lease payments directly linked to sales or usage are also expensed as incurred. The following lease costs have been charged to the Income Statement as incurred:

	2020 £'000
Short-term leases	7,931
Leases of low-value assets	483
Wholly variable lease payments (not included in lease creditors)	50,304
Total	58,718

The total cash outflow for lease payments during the period was as follows:

	2020 £'000
Cash outflow for short-term leases, leases of low value assets and wholly variable lease payments	58,718
Lease payments relating to capitalised right-of-use leased assets	63,860
Total cash outflow for lease payments	122,578

Notes to the Financial Statements continued

3.12 Lease Creditors continued

Lease commitments for short-term leases are similar to the portfolio of short-term leases for which costs were expensed to the Income Statement. Certain contracts within the Group contain variable payment terms. The overall financial effect of using variable payment terms is that higher levels of activity result in higher wholly variable lease payments.

The effect of excluding future cash outflows arising from termination options and leases not yet commenced from lease creditors was not material for the Group. Income from subleasing and gains/losses on sales and leaseback transactions were not material for the Group.

Comparative Lease Disclosures under IAS 17 for Commitments under Operating and Finance Leases

Operating leases

Future minimum rentals payable under non-cancellable operating leases at 31 March 2019 are as follows:

	2019 £'000
Within one year	60,079
After one year but not more than five years	154,225
More than five years	162,033
	376,337

The Group entered into operating leases for a range of assets, primarily comprising property and motor vehicles. During the year ended 31 March 2019, £65.971 million was recognised as an expense in the Income Statement in respect of operating leases.

Finance leases

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments as at 31 March 2019 were as follows:

	2019	
	Minimum payments £'000	Present value of payments £'000
Within one year	454	449
After one year but not more than five years	469	452
	923	901
Less: amounts allocated to future finance costs	(22)	–
Present value of minimum lease payments	901	901

	2019 £'000
Operating lease rentals:	
– land and buildings	51,800
– plant and machinery	1,437
– motor vehicles	12,734
	65,971

3.13 Analysis of Net Debt

Net (debt)/cash is a key metric of the Group and represents cash and cash equivalents less borrowings, derivative financial instruments and lease creditors.

Reconciliation of opening to closing net debt

The reconciliation of opening to closing net debt for the year ended 31 March 2020 is as follows:

	At 1 April 2019 £'000	Adoption of IFRS 16 £'000	Cash/debt movements £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2020 £'000
Cash and short-term deposits	**1,554,093**	**–**	**214,596**	**–**	**–**	**25,778**	**1,794,467**
Overdrafts	**(88,065)**	**–**	**(20,448)**	**–**	**–**	**(1,181)**	**(109,694)**
	1,466,028	**–**	**194,148**	**–**	**–**	**24,597**	**1,684,773**
Bank loans and loan notes	**–**	**–**	**(54,885)**	**–**	**–**	**(1,749)**	**(56,634)**
Unsecured Notes	**(1,684,963)**	**–**	**(105,193)**	**(71,986)**	**–**	**(57,798)**	**(1,919,940)**
Derivative financial instruments (net)	**201,411**	**–**	**13,669**	**71,126**	**(55,481)**	**824**	**231,549**
Group net debt (excl. lease creditors)	**(17,524)**	**–**	**47,739**	**(860)**	**(55,481)**	**(34,126)**	**(60,252)**
Lease creditors	**(901)**	**(294,140)**	**(10,352)**	**–**	**–**	**(1,474)**	**(306,867)**
Group net debt (incl. lease creditors)	**(18,425)**	**(294,140)**	**37,387**	**(860)**	**(55,481)**	**(35,600)**	**(367,119)**

The reconciliation of opening to closing net debt for the year ended 31 March 2019 is as follows:

	At 1 April 2018 £'000	Cash/debt movements £'000	Fair value adjustment: Income Statement £'000	Fair value adjustment: Cash Flow Hedge Reserve £'000	Translation adjustment £'000	At 31 March 2019 £'000
Cash and short-term deposits	1,038,827	523,013	–	–	(7,747)	1,554,093
Overdrafts	(74,534)	(13,203)	–	–	(328)	(88,065)
	964,293	509,810	–	–	(8,075)	1,466,028
Unsecured Notes	(1,597,829)	–	(84,829)	–	(2,305)	(1,684,963)
Derivative financial instruments (net)	91,929	(3,334)	89,136	24,166	(486)	201,411
Group net debt (excl. finance leases)	(541,607)	506,476	4,307	24,166	(10,866)	(17,524)
Finance leases	(1,055)	138	–	–	16	(901)
Group net debt (incl. finance leases)	(542,662)	506,614	4,307	24,166	(10,850)	(18,425)

Notes to the Financial Statements continued

3.13 Analysis of Net Debt continued

Currency profile

The currency profile of net debt at 31 March 2020 and 31 March 2019 is as follows:

	Cash and cash equivalents £'000	Borrowings and lease creditors* £'000	Derivatives £'000	Total £'000
As at 31 March 2020				
Euro	**531,402**	**(1,263,225)**	**143,631**	**(588,192)**
Sterling	**754,180**	**(714,676)**	**72,665**	**112,169**
US dollar	**327,699**	**(373,258)**	**(2,465)**	**(48,024)**
Danish krone	**56,269**	**(8,198)**	**17,778**	**65,849**
Swedish krona	**43,724**	**(19,231)**	**–**	**24,493**
Norwegian krone	**36,484**	**(11,782)**	**(60)**	**24,642**
Hong Kong dollar	**23,610**	**(1,048)**	**–**	**22,562**
Other	**21,099**	**(1,717)**	**–**	**19,382**
At 31 March 2020	**1,794,467**	**(2,393,135)**	**231,549**	**(367,119)**
As at 31 March 2019				
Euro	420,643	(1,015,769)	102,924	(492,202)
Sterling	883,529	(730,745)	99,214	251,998
US dollar	110,849	(26,834)	(718)	83,297
Danish krone	54,877	(2)	(7)	54,868
Swedish krona	29,764	(579)	(1)	29,184
Norwegian krone	19,537	–	(1)	19,536
Hong Kong dollar	26,178	–	–	26,178
Other	8,716	–	–	8,716
At 31 March 2019	1,554,093	(1,773,929)	201,411	(18,425)

* Euro, sterling and US dollar borrowings reflect the cross currency interest rate swaps referred to in note 3.10.

Interest rate profile

Cash and cash equivalents at 31 March 2020 and 31 March 2019 have maturity periods up to three months (note 3.9).

Bank borrowings are at floating interest rates for periods less than three months while the Group's Unsecured Notes due 2020 to 2034 comprises debt swapped to a combination of fixed rates and floating rates which reset on a quarterly and semi-annual basis, and debt which has not been swapped.

3.14 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 2020:

	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 2019	**17,562**	**145,127**	**(1,442)**	**23**	**(3,271)**	**(9,891)**	**148,108**
Consolidated Income Statement	**7,873**	**(13,259)**	**627**	**580**	**(127)**	**(2,926)**	**(7,232)**
Recognised in Other Comprehensive Income	**–**	**–**	**–**	**560**	**(5,816)**	**–**	**(5,256)**
Arising on acquisition (note 5.2)	**372**	**5,018**	**(96)**	**–**	**–**	**29**	**5,323**
Exchange differences and other	**551**	**3,489**	**(8)**	**(9)**	**–**	**(369)**	**3,654**
At 31 March 2020	**26,358**	**140,375**	**(919)**	**1,154**	**(9,214)**	**(13,157)**	**144,597**
Analysed as:							
Deferred tax asset	**(2,866)**	**(78)**	**(919)**	**(588)**	**(9,214)**	**(21,697)**	**(35,362)**
Deferred tax liability	**29,224**	**140,453**	**–**	**1,742**	**–**	**8,540**	**179,959**
	26,358	**140,375**	**(919)**	**1,154**	**(9,214)**	**(13,157)**	**144,597**

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group for the year ended 31 March 2019:

	Property, plant and equipment £'000	Intangible assets £'000	Tax losses and credits £'000	Retirement benefit obligations £'000	Derivative financial instruments £'000	Short-term temporary differences and other £'000	Total £'000
At 1 April 2018 (restated)	14,265	142,601	(836)	935	(3,740)	(9,958)	143,267
Consolidated Income Statement	4,065	(15,535)	(95)	(801)	685	1,204	(10,477)
Recognised in Other Comprehensive Income	–	–	–	(223)	264	–	41
Arising on acquisition (note 5.2)	(770)	19,051	(474)	100	–	(1,187)	16,720
Exchange differences and other	2	(990)	(37)	12	(480)	50	(1,443)
At 31 March 2019	17,562	145,127	(1,442)	23	(3,271)	(9,891)	148,108
Analysed as:							
Deferred tax asset	(7,192)	(83)	(1,442)	(1,460)	(3,271)	(12,694)	(26,142)
Deferred tax liability	24,754	145,210	–	1,483	–	2,803	174,250
	17,562	145,127	(1,442)	23	(3,271)	(9,891)	148,108

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 2020 of £35.362 million is expected to be settled/recovered more than 12 months after the reporting date.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. Deferred income tax has not been recognised for withholding and other taxes that may be payable on the unremitted earnings of certain subsidiaries as the timing of the reversal of these temporary differences is controlled by the Group and it is probable that these temporary differences will not reverse in the foreseeable future.

Notes to the Financial Statements continued

3.15 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 ('ROI'), four in the UK and four in Germany. The projected unit credit method has been employed in determining the present value of the defined benefit obligation arising, the related current service cost and, where applicable, past service cost.

Full actuarial valuations were carried out between 31 August 2015 and 1 April 2019. 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 2020 for IAS 19 by a qualified actuary.

The schemes expose the Group to a number of risks, the most significant of which are as follows:

Discount rates
The calculation of the present value of the defined benefit obligation is sensitive to changes in the discount rate. The discount rate is based on the interest yield at the reporting date on high-quality corporate bonds of a currency and term consistent with the currency and term of the post-employment benefit obligation. Changes in the discount rate can lead to volatility in the Group's Balance Sheet, Income Statement and Statement of Comprehensive Income.

Asset volatility
The scheme assets are reported at fair value using bid prices where relevant. The majority of the Group's scheme assets comprise of bonds. A decrease in corporate bond yields will increase the value of the Group's bond holdings although this will be partially offset by an increase in the value of the scheme's liabilities. The Group also holds a significant proportion of equities which are expected to outperform corporate bonds in the long term while providing some volatility and risk in the short term. External consultants periodically conduct investment reviews to determine the most appropriate asset allocation, taking account of asset valuations, funding requirements, liability duration and the achievement of appropriate returns.

Inflation risk
The majority of the Group's defined benefit obligations are linked to inflation and higher inflation will lead to higher scheme liabilities although caps are in place to protect the schemes against extreme inflation.

Mortality risk
The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the defined benefit obligation.

The principal actuarial assumptions used were as follows:

	2020	2019
Republic of Ireland schemes		
Rate of increase in salaries	**n/a***	n/a*
Rate of increase in pensions in payment	**1.10% – 2.50%**	1.25% – 2.50%
Discount rate	**1.80%**	1.75%
Inflation assumption	**1.10%**	1.75%
UK schemes		
Rate of increase in salaries	**0.00% – 2.55%**	0.00% – 3.25%
Rate of increase in pensions in payment	**1.28% – 4.00%**	1.63% – 4.00%
Discount rate	**2.30%**	2.50%
Inflation assumption	**2.55%**	3.25%
German schemes		
Rate of increase in salaries	**2.10%**	2.50%
Rate of increase in pensions in payment	**1.10%**	1.25% – 1.70%
Discount rate	**1.80%**	1.75%
Inflation assumption	**1.10%**	1.75%

* There is no future service accrual for the Irish schemes.

3.15 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:

	2020 Years	2019 Years
Current retirees		
Male	**23.3**	23.2
Female	**25.2**	25.1
Future retirees		
Male	**25.7**	25.6
Female	**27.6**	27.5

The Group does not operate any post-employment medical benefit schemes.

The net pension asset recognised in the Balance Sheet is analysed as follows:

	2020			
	ROI £'000	**UK £'000**	**Germany £'000**	**Total £'000**
Equities	**11,651**	**2,668**	**–**	**14,319**
Bonds	**39,052**	**13,879**	**–**	**52,931**
Property	**36**	**–**	**–**	**36**
Investment funds	**3,222**	**10,662**	**–**	**13,884**
Cash	**5,203**	**1,092**	**886**	**7,181**
Total fair value at 31 March 2020	**59,164**	**28,301**	**886**	**88,351**
Present value of scheme liabilities	**(47,438)**	**(23,729)**	**(9,869)**	**(81,036)**
Net pension asset/(liability) at 31 March 2020	**11,726**	**4,572**	**(8,983)**	**7,315**

	2019			
	ROI £'000	UK £'000	Germany £'000	Total £'000
Equities	14,497	7,370	–	21,867
Bonds	34,741	21,295	–	56,036
Property	53	–	–	53
Investment funds	3,107	3,067	–	6,174
Cash	5,494	1,600	823	7,917
Total fair value at 31 March 2019	57,892	33,332	823	92,047
Present value of scheme liabilities	(49,858)	(30,107)	(10,685)	(90,650)
Net pension asset/(liability) at 31 March 2019	8,034	3,225	(9,862)	1,397

Notes to the Financial Statements continued

3.15 Post-Employment Benefit Obligations continued

The amounts recognised in the Group Income Statement in respect of defined benefit pension schemes are as follows:

	2020 £'000	2019 £'000
Current service cost	**(318)**	(335)
Past service cost	**–**	(193)
Administration expenses	**(153)**	(43)
Total, included in employee benefit expense (note 2.4)	**(471)**	(571)
Interest cost on scheme liabilities	**(1,801)**	(2,004)
Interest income on scheme assets	**1,897**	2,079
Net interest income, included in net finance costs (note 2.7)	**96**	75

Based on the assumptions employed for the valuation of assets and liabilities at 31 March 2020, the net charge in the Group Income Statement in the year ending 31 March 2021 is expected to be broadly in line with the current year figures.

Remeasurements recognised in Other Comprehensive Income are as follows:

	2020 £'000	2019 £'000
Return on scheme assets excluding interest income	**(4,520)**	3,300
Experience variations	**2,581**	369
Actuarial gain/(loss) from changes in financial assumptions	**6,071**	(5,015)
Total, included in Other Comprehensive Income	**4,132**	(1,346)

Cumulatively since transition to IFRS on 1 April 2004, £48.367 million has been recognised as a charge in the Group Statement of Comprehensive Income.

3.15 Post-Employment Benefit Obligations continued

The movement in the fair value of plan assets is as follows:

	2020 £'000	2019 £'000
At 1 April	**92,047**	89,651
Interest income on scheme assets	**1,897**	2,079
Remeasurements:		
– return on scheme assets excluding interest income	**(4,520)**	3,300
Contributions by employers	**2,144**	2,920
Contributions by members	**11**	9
Administration expenses	**(153)**	(43)
Benefit and settlement payments	**(4,988)**	(4,719)
Exchange	**1,913**	(1,150)
At 31 March	**88,351**	92,047

The actual return on plan assets was a loss of £2.623 million (2019: gain of £5.379 million).

The movement in the present value of defined benefit obligations is as follows:

	2020 £'000	2019 £'000
At 1 April	**90,650**	89,365
Current service cost	**318**	335
Past service cost	**–**	193
Interest cost	**1,801**	2,004
Remeasurements:		
– experience variations	**(2,581)**	(369)
– actuarial (gain)/loss from changes in financial assumptions	**(6,071)**	5,015
Contributions by members	**11**	9
Benefit and settlement payments	**(4,988)**	(4,719)
Exchange	**1,896**	(1,183)
At 31 March	**81,036**	90,650

The weighted average duration of the defined benefit obligation at 31 March 2020 was 18.9 years (2019: 20.3 years).

Employer contributions for the forthcoming financial year are estimated at £0.6 million. The difference between the actual employer contributions paid in the current year of £2.1 million and the expectation of £1.7 million included in the 2019 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 2019 financial statements.

Notes to the Financial Statements continued

3.15 Post-Employment Benefit Obligations continued

Sensitivity analysis for principal assumptions used to measure scheme liabilities

There are inherent uncertainties surrounding the financial assumptions adopted in calculating the actuarial valuation of the Group's defined benefit pension schemes. The following table analyses, for the Group's Irish, UK and German pension schemes, the estimated impact on plan liabilities resulting from changes to key actuarial assumptions, whilst holding all other assumptions constant.

Assumption	Change in assumption	Impact on Irish plan liabilities	Impact on UK plan liabilities	Impact on German plan liabilities
Discount rate	Increase/decrease by 0.25%	Decrease/increase by 4.5%	Decrease/increase by 5.2%	Decrease/increase by 4.7%
Price inflation	Increase/decrease by 0.25%	Increase/decrease by 2.5%	Increase/decrease by 4.5%	Increase/decrease by 4.4%
Mortality	Increase/decrease by one year	Increase/decrease by 3.4%	Increase/decrease by 3.9%	Increase/decrease by 4.3%

Split of scheme assets

	Republic of Ireland		UK		Germany		Total	
	2020 £'000	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000	**2020 £'000**	2019 £'000
Investments quoted in active markets:								
Equity instruments:								
– developed markets	**11,203**	13,863	**2,668**	7,003	**–**	–	**13,871**	20,866
– emerging markets	**448**	634	**–**	367	**–**	–	**448**	1,001
Debt instruments:								
– non government debt instruments	**2,406**	–	**12,316**	19,859	**–**	–	**14,722**	19,859
– government debt instruments	**36,646**	34,741	**1,563**	1,436	**–**	–	**38,209**	36,177
Investment funds	**3,222**	3,107	**10,662**	3,067	**–**	–	**13,884**	6,174
Cash and cash equivalents	**5,203**	5,494	**1,092**	1,600	**886**	823	**7,181**	7,917
Unquoted investments:								
Property	**36**	53	**–**	–	**–**	–	**36**	53
	59,164	57,892	**28,301**	33,332	**886**	823	**88,351**	92,047

3.16 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 £113.634 million (2019: £101.410 million) as stated on the Balance Sheet are payable as follows:

	2020 £'000	2019 £'000
Within one year	**36,253**	27,824
Between one and two years	**40,322**	27,693
Between two and five years	**37,059**	45,893
	113,634	101,410
Analysed as:		
Non-current liabilities	**77,381**	73,586
Current liabilities	**36,253**	27,824
	113,634	101,410

The currency profile of the Group's acquisition related liabilities, which are all floating rate liabilities, is as follows:

	2020 £'000	2019 £'000
Euro	**54,987**	46,954
Sterling	**7,031**	25,155
US dollar	**44,859**	22,050
Hong Kong dollar	**6,648**	6,437
Other	**109**	814
	113,634	101,410

The movement in the Group's acquisition related liabilities is as follows:

	2020 £'000	2019 £'000
At 1 April	**101,410**	97,853
Arising on acquisition (note 5.2)	**43,044**	29,946
Unwinding of discount applicable to acquisition related liabilities (note 2.7)	**1,439**	805
Adjustments to contingent consideration (adjustment to goodwill) (note 3.3)	**–**	4,006
Adjustments to contingent consideration (recognised in the Income Statement) (note 2.6)	**(673)**	(1,727)
Paid during the year	**(35,339)**	(30,311)
Exchange and other	**3,753**	838
At 31 March	**113,634**	101,410

Notes to the Financial Statements continued

3.17 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 programmes, environmental obligations, cylinder and tank deposits and insurance liabilities.

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2020 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 2019	36,372	84,779	168,187	27,450	316,788
Effect of adopting IFRS 16	(654)	–	–	–	(654)
Provided during the year	15,888	2,218	7,380	8,653	34,139
Unwinding of discount applicable to provisions for liabilities (note 2.7)	–	291	1,450	–	1,741
Utilised during the year	(19,233)	(1,899)	(1,259)	(9,147)	(31,538)
Unutilised/reversed during the year	(284)	(3,182)	(14,181)	(2,362)	(20,009)
Arising on acquisition (note 5.2)	601	–	–	608	1,209
Exchange and other	1,140	1,912	5,578	483	9,113
At 31 March 2020	33,830	84,119	167,155	25,685	310,789
Analysed as:					
Non-current liabilities	18,020	78,836	157,025	10,327	264,208
Current liabilities	15,810	5,283	10,130	15,358	46,581
	33,830	84,119	167,155	25,685	310,789

The reconciliation of the movement in provisions for liabilities for the year ended 31 March 2019 is as follows:

	Rationalisation, restructuring and redundancy £'000	Environmental and remediation £'000	Cylinder and tank deposits £'000	Insurance and other £'000	Total £'000
At 1 April 2018	44,751	86,295	164,985	27,310	323,341
Provided during the year	5,393	869	9,394	11,631	27,287
Unwinding of discount applicable to provisions for liabilities (note 2.7)	15	287	2,179	–	2,481
Utilised during the year	(13,101)	(572)	(2,044)	(8,559)	(24,276)
Unutilised/reversed during the year	(1,154)	(717)	(2,056)	(2,630)	(6,557)
Arising on acquisition (note 5.2)	912	323	–	–	1,235
Exchange and other	(444)	(1,706)	(4,271)	(302)	(6,723)
At 31 March 2019	36,372	84,779	168,187	27,450	316,788
Analysed as:					
Non-current liabilities	19,143	79,552	160,301	10,584	269,580
Current liabilities	17,229	5,227	7,886	16,866	47,208
	36,372	84,779	168,187	27,450	316,788

3.17 Provisions for Liabilities continued

Rationalisation, restructuring and redundancy

This provision relates to various rationalisation and restructuring programmes 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 one to three years from the date of the claim.

3.18 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.

	2020 £'000	2019 £'000
At 1 April	**353**	246
Arising on acquisition (note 5.2)	**–**	147
Amortisation in year	**(11)**	(40)
At 31 March	**342**	353
Analysed as:		
Non-current liabilities	**331**	342
Current liabilities (note 3.7)	**11**	11
	342	353

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.

	2020 £'000	2019 £'000
Authorised		
152,368,568 ordinary shares of €0.25 each	**25,365**	25,365

Issued

Year ended 31 March 2020	**Number of shares**	**Share capital £'000**	**Share premium £'000**	**Total £'000**
At 31 March 2019 (including 3,075,681 ordinary shares held as treasury shares)	**101,333,904**	**17,422**	**882,561**	**899,983**
Premium arising on re-issue of treasury shares	**–**	**–**	**326**	**326**
At 31 March 2020 (including 2,932,474 ordinary shares held as treasury shares)	**101,333,904**	**17,422**	**882,887**	**900,309**

Year ended 31 March 2019	Number of shares	Share capital £'000	Share premium £'000	Total £'000
At 31 March 2018 (including 3,207,501 ordinary shares held as treasury shares)	92,429,404	15,455	280,533	295,988
Issue of share capital	8,904,500	1,967	600,970	602,937
Premium arising on re-issue of treasury shares	–	–	1,058	1,058
At 31 March 2019 (including 3,075,681 ordinary shares held as treasury shares)	101,333,904	17,422	882,561	899,983

As at 31 March 2020, the total authorised number of ordinary shares is 152,368,568 shares (2019: 152,368,568 shares) with a par value of €0.25 per share (2019: €0.25 per share). Share premium relates to the share premium arising on the issue of shares.

During the year the Company re-issued 143,207 treasury shares for a consideration of £0.326 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 130 and 131.

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% of the class of shares concerned, be entitled to withhold payment of any dividend or other amount payable (including shares issuable in lieu of dividends) in respect of the specified shares and/or to refuse to register any transfer of the specified shares or any renunciation of any allotment of new shares or debentures made in respect thereof unless such transfer or renunciation is shown to the satisfaction of the Directors to be an arm's length transfer or a renunciation to another beneficial owner unconnected with the holder or any person appearing to have an interest in the specified shares.

4.2 Other Reserves

This note details the movement in the Group's other reserves which are treated as different categories of equity as required by accounting standards.

	Share based payment reserve[1] £'000	Cash flow hedge reserve[2] £'000	Foreign currency translation reserve[3] £'000	Other reserves[4] £'000	Total £'000
At 31 March 2018	22,883	(16,178)	101,096	932	108,733
Currency translation	–	–	6,626	–	6,626
Cash flow hedges:					
– fair value gain in year – private placement debt	–	24,166	–	–	24,166
– fair value gain in year – other	–	3,000	–	–	3,000
– tax on fair value net gains	–	(4,618)	–	–	(4,618)
– transfers to sales	–	2,686	–	–	2,686
– transfers to cost of sales	–	(8,003)	–	–	(8,003)
– transfers to operating expenses	–	(20,294)	–	–	(20,294)
– tax on transfers	–	4,354	–	–	4,354
Share based payment	5,823	–	–	–	5,823
At 31 March 2019	**28,706**	**(14,887)**	**107,722**	**932**	**122,473**
Currency translation					
– arising in the year	**–**	**–**	**4,202**	**–**	**4,202**
– recycled to the Income Statement on disposal	**–**	**–**	**(397)**	**–**	**(397)**
Cash flow hedges:					
– fair value gain in year – private placement debt	**–**	**31,874**	**–**	**–**	**31,874**
– fair value loss in year – other	**–**	**(87,355)**	**–**	**–**	**(87,355)**
– tax on fair value net gains	**–**	**9,433**	**–**	**–**	**9,433**
– transfers to sales	**–**	**28**	**–**	**–**	**28**
– transfers to cost of sales	**–**	**30,056**	**–**	**–**	**30,056**
– transfers to operating expenses	**–**	**(8,809)**	**–**	**–**	**(8,809)**
– tax on transfers	**–**	**(3,617)**	**–**	**–**	**(3,617)**
Share based payment	**6,208**	**–**	**–**	**–**	**6,208**
At 31 March 2020	**34,914**	**(43,277)**	**111,527**	**932**	**104,096**

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 principally comprises a capital conversion reserve fund.

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.

	2020 £'000	2019 £'000
At 1 April	**1,368,250**	1,237,937
IFRS 9 transition adjustment	**–**	(3,349)
At 1 April (restated)	**1,368,250**	1,234,588
Net income recognised in Income Statement	**245,509**	262,593
Net income recognised in Other Comprehensive Income:		
– remeasurements of defined benefit pension obligations	**4,132**	(1,346)
– deferred tax on remeasurements	**(560)**	223
Sale of equity interest to non-controlling interest	**4,169**	–
Directly attributable costs of share capital issuance	**–**	(10,847)
Dividends	**(139,212)**	(116,961)
At 31 March	**1,482,288**	1,368,250

The cost to the Group and the Company of €42.831 million to acquire the 2,932,474 shares held in Treasury has been deducted from the Group and Company Retained Earnings. These shares were acquired at prices ranging from €12.80 to €17.90 each (average: €14.61) 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.

	2020 £'000	2019 £'000
At 1 April	**42,821**	35,259
Share of profit for the financial year	**8,641**	8,539
Sale of equity interest to non-controlling interest	**1,742**	–
Exchange	**1,561**	(977)
At 31 March	**54,765**	42,821

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	
	2020 Stg£1=	2019 Stg£1=	**2020 Stg£1=**	2019 Stg£1=
Euro	**1.1460**	1.1319	**1.1282**	1.1651
Danish krone	**8.5639**	8.4407	**8.4244**	8.6977
Swedish krona	**12.1816**	11.7467	**12.4789**	12.1146
Norwegian krone	**11.4062**	10.9172	**12.9851**	11.2536
US dollar	**1.2754**	1.3184	**1.2360**	1.3090
Hong Kong dollar	**9.9760**	10.3392	**9.5831**	10.2755

5.2 Business Combinations

The Group acquired a number of businesses during the year. This note provides details on the consideration paid and/or payable as well as the provisional fair values of the net assets acquired.

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

- The acquisition by DCC LPG in April 2019 of 100% of Pacific Coast Energy, an LPG distribution business operating in the north-west of the USA;
- The acquisition by DCC Technology in June 2019 of 75% of Amacom Holding BV ('Amacom'). Amacom is a leading distributor of consumer electronics, AV and IT products, primarily to the retail and e-tail sectors in the Netherlands;
- The acquisition by DCC Technology in July 2019 of 100% of Comm-Tec GmbH ('Comm-Tec'). Comm-Tec is a leading value-added distributor of Pro AV and IT products to system integrators and resellers across Germany, Austria, Switzerland, Italy and Spain;
- The acquisition in November 2019 of 100% of Ion Laboratories, Inc ('Ion'). Ion is a contract manufacturer of nutraceuticals based in Florida, USA, and has a broad product format capability encompassing tablets, capsules, powders and liquids across a variety of product categories; and
- The acquisition in March 2020 of 100% of Amerilab Technologies, Inc ('Amerilab'), a specialist provider of contract manufacturing and related services in effervescent nutritional products, based in Minnesota, USA.

Notes to the Financial Statements continued

5.2 Business Combinations continued

The acquisition data presented below reflects the fair value of the identifiable net assets acquired (excluding net cash/debt acquired) in respect of acquisitions completed during the year.

	Total 2020 £'000	Total 2019 £'000
Assets		
Non-current assets		
Property, plant and equipment (note 3.1)	**34,276**	12,791
Right-of-use leased assets (note 3.2)	**17,715**	–
Intangible assets (note 3.3)	**78,991**	74,053
Equity accounted investments (note 3.4)	**1,646**	164
Deferred income tax assets	**120**	2,602
Total non-current assets	**132,748**	89,610
Current assets		
Inventories (note 3.8)	**44,307**	104,591
Trade and other receivables (note 3.8)	**65,888**	141,388
Total current assets	**110,195**	245,979
Liabilities		
Non-current liabilities		
Deferred income tax liabilities	**(5,443)**	(19,322)
Provisions for liabilities	**(588)**	(846)
Government grants (note 3.18)	**–**	(147)
Lease creditors	**(16,403)**	–
Total non-current liabilities	**(22,434)**	(20,315)
Current liabilities		
Trade and other payables (note 3.8)	**(59,626)**	(129,118)
Provisions for liabilities	**(621)**	(389)
Current income tax (liability)/asset	**(342)**	966
Lease creditors	**(3,063)**	–
Total current liabilities	**(63,652)**	(128,541)
Identifiable net assets acquired	**156,857**	186,733
Goodwill (note 3.3)	**78,376**	109,738
Total consideration	**235,233**	296,471
Satisfied by:		
Cash	**186,324**	274,678
Net debt/(cash and cash equivalents) acquired	**5,865**	(8,153)
Net cash outflow	**192,189**	266,525
Acquisition related liabilities (note 3.16)	**43,044**	29,946
Total consideration	**235,233**	296,471

5.2 Business Combinations continued

None of the business combinations completed during the period were considered sufficiently material to warrant separate disclosure of the fair values attributable to those combinations. The carrying amounts of the assets and liabilities acquired, determined in accordance with IFRS, before completion of the combination together with the adjustments made to those carrying values disclosed above were as follows:

Total	Book value £'000	Fair value adjustments £'000	Fair value £'000
Non-current assets (excluding goodwill)	56,604	76,144	132,748
Current assets	116,020	(5,825)	110,195
Non-current liabilities	(17,416)	(5,018)	(22,434)
Current liabilities	(62,809)	(843)	(63,652)
Identifiable net assets acquired	92,399	64,458	156,857
Goodwill arising on acquisition	142,834	(64,458)	78,376
Total consideration	235,233	–	235,233

The initial assignment of fair values to identifiable net assets acquired has been performed on a provisional basis in respect of a number of the business combinations above given the timing of closure of these transactions. Any amendments to fair values within the 12 month timeframe from the date of acquisition will be disclosable in the 2021 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.

£40.5 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 £8.286 million (note 2.6).

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

The gross contractual value of trade and other receivables as at the respective dates of acquisition amounted to £66.771 million. The fair value of these receivables is £65.888 million (all of which is expected to be recoverable) and is inclusive of an aggregate allowance for impairment of £0.883 million.

The fair value of contingent consideration recognised at the date of acquisition is calculated by discounting the expected future payment to present value at the acquisition date. In general, for contingent consideration to become payable, pre-defined profit thresholds must be exceeded. On an undiscounted basis, the future payments for which the Group may be liable for acquisitions in the current year range from nil to £64.4 million.

The post-acquisition impact of business combinations completed during the year on Group profit for the financial year was as follows:

	2020 £'000
Revenue	149,359
Cost of sales	(99,880)
Gross profit	49,479
Operating costs	(33,183)
Operating profit	16,296
Finance costs (net)	(969)
Profit before tax	15,327
Income tax expense	(4,090)
Profit for the financial year attributable to Owners of the Parent Company	11,237

Notes to the Financial Statements continued

5.2 Business Combinations continued

The revenue and profit of the Group for the financial year determined in accordance with IFRS as though the acquisition date for all business combinations effected during the year had been the beginning of that year would be as follows:

	2020 £'000
Revenue	**14,886,693**
Profit for the financial year attributable to Owners of the Parent Company	**256,766**

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.

	2020 £'000	2019 £'000
Profit for the financial year	**254,150**	271,132
Add back non-operating expenses/(income):		
– tax	**57,335**	56,302
– share of equity accounted investments' profit	**(1,015)**	(717)
– net operating exceptionals	**65,486**	28,185
– net finance costs	**56,174**	42,308
Operating profit before exceptionals	**432,130**	397,210
– share-based payments expense (note 2.5)	**6,208**	5,823
– depreciation (including right-of-use leased assets)	**176,734**	109,626
– amortisation of intangible assets (note 3.3)	**62,138**	63,312
– profit on disposal of property, plant and equipment	**(5,604)**	(2,182)
– amortisation of government grants (note 3.18)	**(11)**	(40)
– other	**3,180**	(3,709)
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– inventories (note 3.8)	**86,708**	(45,844)
– trade and other receivables (note 3.8)	**(54,022)**	23,141
– trade and other payables (note 3.8)	**16,504**	60,168
Cash generated from operations before exceptionals	**723,965**	607,505

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 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

	2020 £'000	2019 £'000
Capital expenditure on property, plant and equipment that has been contracted for but has not been provided for in the financial statements	**13,734**	16,320
Capital expenditure on property, plant and equipment that has been authorised by the Directors but has not yet been contracted for	**144,148**	154,099
	157,882	170,419

5.5 Contingencies

Contingent liabilities include guarantees given in respect of borrowings and other obligations arising in the ordinary course of business.

Guarantees
The Company has given guarantees of £2,512.777 million (2019: £2,045.217 million) in respect of borrowings and other obligations arising in the ordinary course of business of the Company and other Group undertakings.

Other
Pursuant to the provisions of Section 357 of the Companies Act, 2014, the Company has guaranteed the liabilities of the following Irish subsidiaries; Alvabay Limited, CC Lubricants Limited, DCC Corporate Funding Unlimited Company, DCC Corporate Partners Unlimited Company, DCC Corporate Services dac, DCC Energy Limited, DCC Facilities Limited, DCC Finance & Treasury dac, DCC Finance Holdings Limited, DCC Finance Limited, DCC Financial Services Holdings ULC, DCC Financial Services International dac, DCC Financial Services Investments CLG, DCC Financial Services Ireland Limited, DCC Financial Services Unlimited Company, DCC Financial Services US dac, DCC Funding 2007 dac, DCC Healthcare Limited, DCC Management Services Limited, DCC Nominees Unlimited Company, DCC Technology Limited, DCC Treasury 2010 dac, DCC Treasury Ireland 2013 dac, DCC Treasury Management Unlimited Company, DCC Treasury Solutions Limited, Emo Oil Limited, Energy Procurement Ireland 2013 Limited, Energy Procurement Limited, Exertis Arc Telecom Limited, Exertis Ireland Limited, Fannin Limited, Flogas Ireland Limited, Flogas Natural Gas Limited, Heleconia Limited, Medisource Ireland Limited, SerCom (Holdings) Limited and Starata Limited. As a result, these companies will be exempted from the filing provisions of Sections 347 and 348 of the Companies Act, 2014.

Three of the Group's German subsidiaries, Bronberger & Kessler Handelsgesellschaft und Gilg & Schweiger GmbH & Co.KG, TEGA-Technische Gase und Gasetechnik GmbH and DCC Germany Holding GmbH availed of disclosure exemptions pursuant to Section 264 of the German Commercial Code (HGB) and are therefore exempted from the obligations to prepare and disclose audited financial statements.

5.6 Related Party Transactions

The Group's principal related parties are the Group's subsidiaries, 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 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 and associates
The consolidated financial statements include the financial statements of the Parent Company and its subsidiaries 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 and associates is provided in the Group Directory on pages 224 to 227 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:

	2020 £'000	2019 £'000
Short-term benefits	**3,809**	4,490
Post-employment benefits	**181**	179
Share-based payment (calculated in accordance with the principles disclosed in note 2.5)	**1,229**	1,240
	5,219	5,909

Notes to the Financial Statements continued

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, lease creditors and acquisition related liabilities, may be summarised as follows:

	2020 £'000	2019 £'000
Capital and reserves attributable to the owners of the Parent Company	**2,486,693**	2,390,706
Net debt (excl. lease creditors) (note 3.13)	**60,252**	17,524
Lease creditors (note 3.12)	**306,867**	901
Acquisition related liabilities (note 3.16)	**113,634**	101,410
At 31 March	**2,967,446**	2,510,541

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 2019. 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.

The Group's consistent focus on maintaining financial strength through a disciplined approach to balance sheet management and maintaining relatively low levels of financial risk leaves it well placed to address the uncertainty created by the Covid-19 pandemic. At 31 March 2020, the Group had cash and cash equivalents of £1,794.467 million (note 3.9) and £343.4 million undrawn under its committed revolving credit facility (note 3.11). At 31 March 2020, the capital structure, as summarised above had net debt excluding lease creditors of £60.252 million and the Group's net debt (excluding lease creditors):EBITDA ratio was 0.1 times.

(i) Credit risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. It arises principally from credit exposure to trade receivables, cash and cash equivalents including deposits with banks and financial institutions and derivative financial instruments.

The Group's trade receivables are generally unsecured and non-interest bearing and arise from a wide and varied customer base spread throughout the Group's operations and, as such, there is no significant concentration of credit risk. The Group allocates each exposure to a credit risk grade, based on data that is determined to be predictive of risk of loss. The Group's credit risk management policy in relation to trade receivables involves periodically assessing the financial reliability of customers, taking into account their financial position, past experience and other factors. The utilisation of credit limits is regularly monitored and a significant element of credit risk is covered by credit insurance.

The Group applies the simplified approach to providing for expected credit losses ('ECL') permitted by IFRS 9 *Financial Instruments*, which requires expected lifetime losses to be recognised from initial recognition of the trade receivables. The Group uses an allowance matrix to measure the ECL's of trade receivables, which comprises a very large number of small balances. Loss rates are based on actual credit loss experience.

5.7 Financial Risk and Capital Management continued

As detailed in note 3.6, the Group's trade receivables at 31 March 2020 amount to £1,428.578 million (2019: £1,321.570 million). Customer credit risk arising in the context of the Group's operations is not significant and the total allowance for impairment of trade receivables amounts to 2.6% of the Group's gross trade receivables (2019: 2.5%). The vast majority of the allowance for impairment relates to trade and other receivables balances which are over six months overdue.

Receivable balances classified as neither past due nor impaired represent 80% of the total trade receivables balance at 31 March 2020 (2019: 85%). These balances are expected to be fully recoverable. Included in the Group's trade receivables at 31 March 2020 are balances of £249.868 million (2019: £171.212 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 2020 was £207.840 million (2019: £211.391 million) and has been derecognised from 'Trade and other receivables' in accordance with the Group's accounting policy. Revenues relating to the non-recourse sale of receivables included in overall Group revenues in the year ended 31 March 2020 amounted to £1,402,707 million (2019: £1,324.932 million).

Risk of counterparty default arising on cash and cash equivalents and derivative financial instruments is controlled within a framework of dealing with high-quality institutions and, by policy, limiting the amount of credit exposure to any one bank or institution. DCC transacts with a variety of high credit quality financial institutions for the purpose of placing deposits and entering into derivative contracts. Deposits are also placed with AAA money market funds. The Group actively monitors its credit exposure to each counterparty to ensure compliance with the counterparty risk limits of the Board approved treasury policy. Of the total cash and cash equivalents at 31 March 2020 of £1,794.467 million, 26.6% (£476.799 million) was with money market funds, 97.3% (£1,746.543 million) was with money market funds or financial institutions with minimum short-term ratings of A-1 (Standard and Poor's) or P-1 (Moody's) and 99.1% (£1,777.944 million) was with money market funds or financial institutions with minimum short-term ratings of A-2 (Standard and Poor's) or P-2 (Moody's). In the normal course of business, the Group operates notional cash pooling systems, where a legal right of set-off applies. As at 31 March 2020, derivative transactions were with counterparties with ratings ranging from AA- to A- (long-term) with Standard and Poor's or Aa1 to A2 (long-term) with Moody's. The Group accordingly does not expect any loss in relation to its cash and cash equivalents or its derivative balances at 31 March 2020.

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 2020, all covenants have been complied with and, based on current forecasts, it is expected that all covenants will continue to be complied with for the foreseeable future. Further analysis of the Group's debt covenants is included in the Financial Review.

Notes to the Financial Statements continued

5.7 Financial Risk and Capital Management continued

The tables below show the projected contractual undiscounted total cash outflows (principal and interest) arising from the Group's trade and other payables, gross debt and derivative financial instruments. The tables also include the gross cash inflows projected to arise from derivative financial instruments. These projections are based on the interest and foreign exchange rates applying at the end of the relevant financial year.

As at 31 March 2020	**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	**(2,318,758)**	**–**	**–**	**–**	**(2,318,758)**
Interest bearing loans and borrowings	**(230,244)**	**(161,815)**	**(611,253)**	**(1,016,743)**	**(2,020,055)**
Interest payments on interest bearing loans and borrowings	**(66,382)**	**(62,050)**	**(143,257)**	**(112,100)**	**(383,789)**
Lease creditors	**(47,411)**	**(40,131)**	**(90,905)**	**(128,420)**	**(306,867)**
Interest payments on lease creditors	**(9,254)**	**(7,978)**	**(17,902)**	**(47,595)**	**(82,729)**
Acquisition related liabilities	**(36,253)**	**(40,322)**	**(37,059)**	**–**	**(113,634)**
Cross currency swaps – gross cash outflows	**(71,032)**	**(113,496)**	**(422,622)**	**(187,981)**	**(795,131)**
Other derivative financial instruments	**(5,966)**	**(4,114)**	**(1,523)**	**–**	**(11,603)**
	(2,785,300)	**(429,906)**	**(1,324,521)**	**(1,492,839)**	**(6,032,566)**
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	**5,368**	**4,745**	**12,121**	**6,983**	**29,217**
Cross currency swaps – gross cash inflows	**100,386**	**155,093**	**542,350**	**236,972**	**1,034,801**
	105,754	**159,838**	**554,471**	**243,955**	**1,064,018**

As at 31 March 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	(2,218,838)	–	–	–	(2,218,838)
Interest bearing loans and borrowings	(329,156)	(60,535)	(410,112)	(949,584)	(1,749,387)
Interest payments on interest bearing loans and borrowings	(73,875)	(62,872)	(161,882)	(141,424)	(440,053)
Acquisition related liabilities	(27,824)	(27,693)	(44,054)	(1,839)	(101,410)
Cross currency swaps – gross cash outflows	(201,642)	(69,423)	(358,166)	(351,728)	(980,959)
Other derivative financial instruments	(3,503)	(645)	(163)	–	(4,311)
	(2,854,838)	(221,168)	(974,377)	(1,444,575)	(5,494,958)
Derivative financial instruments – cash inflows					
Interest rate swaps – net cash inflows	4,647	4,584	11,997	7,986	29,214
Cross currency swaps – gross cash inflows	285,946	94,788	450,574	431,729	1,263,037
	290,593	99,372	462,571	439,715	1,292,251

The Group has sufficient cash resources and liquid assets to enable it to meet its current borrowing obligations and trade and other payables. The Group has a well balanced profile of debt maturities over the coming years which will be serviced through a combination of cash and cash equivalents, cash flows, committed bank facilities and the raising of additional long-term debt.

(iii) Market risk management

Foreign exchange risk management

DCC's presentation currency is sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations giving rise to exposure to other currencies, primarily the euro and the US dollar.

Divisional and subsidiary management, in conjunction with Group Treasury, manage foreign currency exposures within approved policies and guidelines using forward currency contracts.

The Group does not hedge translation exposure on the translation of the profits of foreign currency subsidiaries on the basis that there is no commitment or intention to remit earnings.

5.7 Financial Risk and Capital Management continued

The Group has investments in non-sterling, primarily euro and US dollar denominated, operations which are cash generative and cash generated from these operations is reinvested in development activities rather than being repatriated into sterling. The Group seeks to manage the resultant foreign currency translation risk through borrowings denominated in (or swapped utilising cross currency interest rate swaps into) the relevant currency or through currency swaps related to intercompany funding, although these hedges are offset by the strong ongoing cash flow generated from the Group's non-sterling operations, leaving DCC with a net investment in non-sterling assets. The gain of £5.8 million arising on the translation of DCC's non-sterling denominated net asset position at 31 March 2020 as set out in the Group Statement of Comprehensive Income mainly reflects the weakening in the value of sterling against the euro and the US dollar which was partly offset by a strengthening in the value of sterling against certain Scandinavian currencies.

The Group has a moderate level of transactional currency exposure arising from sales or purchases by operating units in currencies other than their functional currencies. Where sales or purchases are invoiced in currencies other than the local currency and there is not a natural hedge with other activities within the Group, DCC generally hedges between 50% and 90% of those transactions for the subsequent two months. The Group also hedges a proportion of anticipated transactions in certain subsidiaries for periods ranging up to 18 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 £20.0 million (2019: £16.8 million) impact on the Group's profit before tax and exceptional items, would change the Group's equity by £140.1 million and change the Group's net debt by £49.4 million (2019: £116.0 million and £27.3 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 2020 a one percentage point (100 basis points) change in average floating interest rates would have a £0.8 million (2019: £4.1 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 3.10 and 3.11.

Commodity price risk management

DCC, through its LPG and Retail & Oil divisions, procures, markets and sells LPG, natural gas, electricity and oil products, 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 may be 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 fuel oil 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 are centralised under the supervision of the DCC Group Commodity Risk Management function. Divisional and subsidiary management, in conjunction with the Group's Commodity Risk Management function, manage commodity price exposures within approved policies and guidelines.

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

Sensitivity to commodity price movements

Due to pricing dynamics in the oil distribution market, an increase or decrease of 10% in the commodity cost price of oil would have an immaterial impact on the Group's profit before tax (2019: immaterial) and an immaterial impact on the Group's equity (2019: immaterial).

The impact on the Group's profit before tax and on the Group's equity of an increase or decrease of 10% in the commodity cost price of LPG would be dependent on seasonal variations, competitive pressures and the underlying absolute cost of the commodity at the time and, as such, is difficult to quantify but would not be material.

Notes to the Financial Statements continued

5.7 Financial Risk and Capital Management continued

Fair values of financial assets and financial liabilities

The fair values of borrowings (none of which are listed) and derivative financial instruments are measured by discounting cash flows at prevailing interest and exchange rates. The fair values of expected future payments under contingent consideration arrangements are determined by applying a risk-adjusted discount rate to the future payments which are based on forecasted operating profits of the acquired entity over the relevant period. The carrying value of non-interest bearing financial assets, financial liabilities and cash and cash equivalents approximates their fair values, largely due to their short-term maturities. The nominal value less impairment allowance of trade receivables and payables approximate to their fair values, largely due to their short-term maturities. The following is a comparison by category of book values and fair values of the Group's financial assets and financial liabilities:

	2020		2019	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets				
Derivative financial instruments	**265,422**	**265,422**	211,541	211,541
Trade and other receivables	**1,647,117**	**1,647,117**	1,517,507	1,517,507
Cash and cash equivalents	**1,794,467**	**1,794,467**	1,554,093	1,554,093
	3,707,006	**3,707,006**	3,283,141	3,283,141
Financial liabilities				
Borrowings (excluding lease creditors)	**2,086,268**	**2,033,882**	1,773,028	1,783,888
Lease creditors	**306,867**	**306,867**	901	901
Derivative financial instruments	**33,873**	**33,873**	10,130	10,130
Acquisition related liabilities	**113,634**	**113,634**	101,410	101,410
Trade and other payables	**2,318,758**	**2,318,758**	2,218,838	2,218,838
	4,859,400	**4,807,014**	4,104,307	4,115,167

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 2020	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial assets				
Derivative financial instruments (note 3.10)	**–**	**265,422**	**–**	**265,422**
	–	**265,422**	**–**	**265,422**
Financial liabilities				
Acquisition related liabilities (note 3.16)	**–**	**–**	**113,634**	**113,634**
Derivative financial instruments (note 3.10)	**–**	**33,873**	**–**	**33,873**
	–	**33,873**	**113,634**	**147,507**

Fair value measurement as at 31 March 2019	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Financial assets				
Derivative financial instruments (note 3.10)	–	211,541	–	211,541
	–	211,541	–	211,541
Financial liabilities				
Acquisition related liabilities (note 3.16)	–	–	101,410	101,410
Derivative financial instruments (note 3.10)	–	10,130	–	10,130
	–	10,130	101,410	111,540

5.7 Financial Risk and Capital Management continued

Level 2 fair value measurement:

The specific valuation techniques used to value financial instruments that are carried at fair value using level 2 valuation techniques are:

- the fair value of interest rate, currency and cross currency interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves;
- the fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the reporting date with the resulting value discounted back to present value; and
- 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 3.16. The specific valuation techniques used to value contingent consideration that is carried at fair value using level 3 valuation techniques are:

- the expected future payments are determined by forecasting the acquiree's relevant basis for the contingent consideration (i.e. valuations based on EBITDA or EBIT multiples) as appropriate to the specific contractual earn out arrangement; and
- the present value of the estimated future expected payments are discounted using a risk-adjusted discount rate where the time value of money is material.

The significant unobservable inputs are as follows:

- forecasted average adjusted operating profit growth rate 2.5% to 9.0%;
- forecasted average outflow on Butagaz acquisition related liabilities £5 million per annum; and
- risk adjusted discount rate 1.0% to 3.0%.

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 2020, holding the other inputs constant, would have the following effects:

Impact on the carrying value of contingent consideration	2020 £'000	2019 £'000
Forecasted average adjusted operating profit growth rate (1% movement)	694	631
Forecasted outflow on Butagaz acquisition related liabilities (5% movement)	1,490	1,918
Risk adjusted discount rate (0.5% movement)	1,046	1,151

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 2020	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	243,152	–	243,152	–	–	243,152
Cash and cash equivalents	357,179	–	357,179	(108,175)	–	249,004
	600,331	–	600,331	(108,175)	–	492,156

As at 31 March 2019	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	205,995	–	205,995	(273)	–	205,722
Cash and cash equivalents	326,642	–	326,642	(84,911)	–	241,731
	532,637	–	532,637	(85,184)	–	447,453

Notes to the Financial Statements continued

5.7 Financial Risk and Capital Management continued

(ii) Financial liabilities

The following financial liabilities are subject to offsetting, enforceable master netting arrangements or similar agreements:

As at 31 March 2020	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	**108,175**	–	**108,175**	**(108,175)**	–	–
	108,175	–	**108,175**	**(108,175)**	–	–

As at 31 March 2019	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	273	–	273	(273)	–	–
Bank borrowings	84,911	–	84,911	(84,911)	–	–
	85,184	–	85,184	(85,184)	–	–

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 2020 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 applicable sales taxes, volume and promotional rebates, allowances and discounts. Revenue is generally recognised on a duty inclusive basis where applicable. The Group is deemed to be a principal in an arrangement when it controls a promised good or service before transferring them to a customer, and accordingly recognises revenue on a gross basis. Where the Group is determined to be an agent in a transaction, based on the principle of control, the net amount retained after the deduction of any costs to the principal is recognised as revenue.

The Group operates across a wide range of business segments and jurisdictions with varying customer credit terms which are in line with normal credit terms offered in that business segment and/or country of operation. Given the short-term nature of these credit terms, no element of financing is deemed present. Group revenues do not include any significant level of variable consideration.

Revenue is recorded when the collection of the amount is reasonably assured and when specific criteria have been met for each of the Group's activities as detailed below.

Sales of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and when the amount of revenue and costs incurred can be measured reliably. This generally arises on delivery or in accordance with specific terms and conditions agreed with individual customers. In the case of consignment stock arrangements, revenue is recognised on the date that legal title passes. Sales returns and discounts are recorded in the same period as the original revenue.

DCC LPG derives the majority of its revenue from the sale of LPG, refrigerants and natural gas. Revenue is recognised when the products are delivered to the customer. Products can be sold under short or long-term agreements at prevailing market prices or at fixed prices for which DCC LPG will have fixed supply prices.

DCC Retail & Oil derives most of its revenue from the sale of transport and commercial fuels, heating oils and related products. Revenue is recognised when the products are delivered to the customer.

DCC Technology derives the majority of its revenue from the sale of consumer and SME focused technology products. Revenue is generally recognised on despatch. Should volume and promotional rebates be granted to customers they are recognised as a reduction in sales revenue at the time of the sale based on managements' estimate of the likely rebate to be awarded to customers. Estimates are based on historical results, taking into consideration the type of customer, the type of transaction and the specific facts of each arrangement.

DCC Healthcare derives its revenue from the sale of a broad range of third-party and own-branded medical devices and pharmaceuticals. Revenue is also generated from the manufacture of products for health and beauty brand owners. Revenue is recognised on delivery of the product to the customer in the majority of cases.

Sales of services

Revenue from the rendering of services is recognised in the period in which the services are rendered. Contracts do not contain multiple performance obligations as defined by IFRS 15.

Service revenue in DCC LPG and DCC Retail & Oil is generated from a variety of value-added services provided to customers. Revenue is recognised as the service is provided.

DCC Technology generates service revenue from providing a range of value-added services to both its customers and suppliers including third party logistics, web site development and management, outsourced managed services, training and certain supply chain management services such as quality assurance and compliance. Revenue relating to these services is recognised as the service is provided.

DCC Healthcare generates service revenue from a variety of sources such as logistics services including stock management, distribution services to hospitals and healthcare manufacturers as well as engineering and preventative maintenance services. Revenue is recognised as the service is rendered and completed.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when shareholders' right to receive payment have been established.

Rental income

Rental income from operating leases is recognised on a straight line basis over the term of the lease. The related assets are recorded as plant and machinery within property, plant and equipment and are depreciated on a straight-line basis over the useful lives of the assets.

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker who is responsible for allocating resources and assessing performance of the operating segments. The Group has determined that it has four reportable operating segments: DCC LPG, DCC Retail & Oil, DCC Technology and DCC Healthcare.

Foreign currency translation

Functional and presentation currency

The functional currency of the Company is euro. The consolidated financial statements are presented in sterling which is the Company's and the Group's presentation currency as a significant portion of the Group's revenue and operating profit is generated in sterling. Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates.

Transactions and balances

Transactions in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the reporting date. Currency translation differences on monetary assets and liabilities are taken to the Group Income Statement except when cash flow or net investment hedge accounting is applied.

Group companies

Results and cash flows of subsidiaries 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 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 and acquisition related liabilities. The interest expense component of lease creditor payments is recognised in the Income Statement using the effective interest rate method. The net finance cost/income on defined benefit pension scheme assets or obligations are recognised in the Income Statement in accordance with IAS 19.

The mark-to-market of designated swaps and related debt and the mark-to-market of undesignated currency swaps and related debt are included in 'Finance Costs' in the case of a net loss. The mark-to-market of designated swaps and related debt comprises the gain or loss on interest rate swaps and cross currency interest rate swaps that are in hedge relationships with borrowings, together with the gain or loss on the hedged borrowings which is attributable to the hedged risk. The mark-to-market of undesignated swaps and related debt comprises the gain or loss on currency swaps which are not designated as hedging instruments, but which are used to offset movements in foreign exchange rates on certain borrowings, along with the currency movement on those borrowings.

Finance income

Interest income is recognised in the Income Statement as it accrues, using the effective interest method, and includes net gains on hedging instruments that are recognised in the Income Statement.

The mark-to-market of designated swaps and related debt and the mark-to-market of undesignated currency swaps and related debt, both as defined above, are included in 'Finance Income' in the case of a net gain.

Exceptional items

The Group has adopted an Income Statement format which seeks to highlight significant items within the Group results for the year. Such items may include restructuring, profit or loss on disposal or termination of operations, litigation costs and settlements, profit or loss on disposal of investments, profit or loss on disposal of property, plant and equipment, IAS 39 ineffective mark-to-market movements together with gains or losses arising from currency swaps offset by gains or losses on related fixed rate debt, acquisition costs, profit or loss on defined benefit pension scheme restructuring, adjustments to contingent acquisition consideration, the impact on deferred tax balances as a result of changes to enacted corporation tax rates and impairment of assets. Judgement is used by the Group in assessing the particular items, which by virtue of their scale and nature, should be presented in the Income Statement and disclosed in the related notes as exceptional items.

5.9 Summary of Significant Accounting Policies continued

Income tax

Current tax

The Group's income tax charge is based on reported profit and enacted statutory tax rates, which reflect various allowances and reliefs available to the Group in the multiple tax jurisdictions in which it operates. The determination of the Group's provision for income tax requires certain judgements and estimates in relation to matters where the ultimate tax outcome may not be certain. The recognition or non-recognition of deferred tax assets as appropriate also requires judgement as it involves an assessment of the future recoverability of those assets. In addition, the Group is subject to tax audits which can involve complex issues that could require extended periods to conclude, the resolution of which is often not within the control of the Group. Although management believes that the estimates included in the Consolidated Financial Statements and its tax return positions are correct, there is no certainty that the final outcome of these matters will not be different to that which is reflected in the Group's historical income tax provisions and accruals. Whilst it is possible, the Group does not currently anticipate that any such differences could have a material impact on the income tax provision and profit for the period in which such a determination is made nor does it expect any significant impact on its financial position in the near term. This is based on the Group's knowledge and experience, as well as the profile of the individual components which have been reflected in the current tax liability, the status of the tax audits, enquiries and negotiations in progress at each year end.

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. Any interest or penalties arising are included within current tax. Where items are accounted for outside of profit or loss, the related income tax is recognised either in other comprehensive income or directly in equity as appropriate.

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 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 and associates, a deferred tax asset is recognised only if it is probable that the deductible temporary difference will reverse in the foreseeable future and that sufficient taxable profits will be available against which the temporary difference can be utilised.

The carrying amounts of deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that sufficient taxable profits would be available to allow all or part of the deferred tax asset to be utilised.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided on a straight-line basis at the rates stated below, which are estimated to reduce each item of property, plant and equipment to its residual value level by the end of its useful life.

	Annual Rate
Freehold and long-term leasehold buildings	2%
Plant and machinery	5% – 33⅓%
Cylinders	6⅔% – 10%
Motor vehicles	10% – 33⅓%
Fixtures, fittings & office equipment	10% – 33⅓%

Land is not depreciated. The residual values and useful lives of property, plant and equipment are reviewed, and adjusted if appropriate, at each reporting date.

In accordance with IAS 36 *Impairment of Assets*, the carrying amounts of items of property, plant and equipment are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount.

Impairment losses are recognised in the Income Statement. Following the recognition of an impairment loss, the depreciation charge applicable to the asset or cash-generating unit is adjusted prospectively in order to systematically allocate the revised carrying amount, net of any residual value, over the remaining useful life.

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

Property, plant and equipment continued

Subsequent costs are included in an asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the replaced item can be measured reliably. All other repair and maintenance costs are charged to the Income Statement during the financial period in which they are incurred.

Borrowing costs directly attributable to the construction of property, plant and equipment are capitalised as part of the cost of those assets.

Investments in subsidiary undertakings

Investments in subsidiaries are stated at cost less any accumulated impairments and are reviewed for impairment if there are indications that the carrying value may not be recoverable.

Business combinations

Business combinations are accounted for using the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value. For each business combination, the acquirer measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition costs are expensed as incurred.

When the Group acquires a business it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through the Income Statement.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognised in the Income Statement.

Goodwill is initially measured at cost being the excess of the fair value of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the Income Statement.

A financial liability is recognised in relation to the non-controlling shareholder's option to put its shareholding back to the Group, being the fair value of the estimate of amounts payable to acquire the non-controlling interest. The financial liability is included in contingent consideration. The discount component is unwound as an interest charge in the Income Statement over the life of the obligation. Subsequent changes to the financial liability are recognised in the Income Statement.

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, net of any impairment, is included in investments in associates under the equity method in the Group Balance Sheet.

Goodwill is subject to impairment testing on an annual basis and at any time during the year if an indicator of impairment is considered to exist; the goodwill impairment tests are undertaken at a consistent time in each annual period. Impairment is determined by assessing the recoverable amount of the cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised. Impairment losses arising in respect of goodwill are not reversed following recognition.

Where a subsidiary is sold, any goodwill arising on acquisition, net of any impairments, is included in determining the profit or loss arising on disposal.

Where goodwill forms part of a cash-generating unit and part of the operations within that unit are disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured on the basis of the relative values of the operation disposed of and the proportion of the cash-generating unit retained.

5.9 Summary of Significant Accounting Policies continued

Intangible assets
Intangible assets acquired separately are capitalised at cost. Intangible assets acquired in the course of a business combination are capitalised at fair value being their deemed cost as at the date of acquisition.

Following initial recognition, intangible assets which have a finite life are carried at cost less any applicable accumulated amortisation and any accumulated impairment losses. Where amortisation is charged on assets with finite lives this expense is taken to the Income Statement.

The amortisation of intangible assets is calculated to write off the book value of intangible assets over their useful lives on a straight-line basis on the assumption of zero residual value. In general, finite-lived intangible assets are amortised over periods ranging from two to 40 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.

Trade and other receivables
Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less allowance for impairment.

An allowance for impairment of trade receivables is established based on both expected credit losses and information available that the Group will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows. The amount of the allowance is recognised in the Income Statement.

The Group derecognises a receivable only when the contractual rights to the cash flows from the receivable expire, or when it transfers the receivable and substantially all of the risks and rewards of ownership of the asset to another entity. The Group applies a number of tests to receivable purchase agreements to determine whether derecognition is appropriate or not. These tests are applied to the entire portfolio of receivables rather than to each individual receivable as the receivables comprise 'a group of similar assets' in accordance with IFRS 9. The testing procedure includes consideration of the following; whether the arrangement represents a qualifying transfer of assets, whether substantially all of the risks and rewards of the receivable transferred from the Group and whether the Group has lost control of the receivable.

On derecognition of a receivable the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Income Statement. Following derecognition, receivables arising from non-recourse sales are excluded from 'Trade and other receivables' in the Group Balance Sheet. The Group presents cash flows arising from non-recourse sales as part of operating activities in the Group Cash Flow Statement.

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.

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

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.

Leases

The Group enters into leases for a range of assets, principally relating to property. These property leases have varying terms and renewal rights, including periodic rent reviews linked with indices. The Group also leases motor vehicles, plant, machinery and other equipment. The terms and conditions of these leases do not impose significant financial restrictions on the Group.

A contract contains a lease if it is enforceable and conveys the right to control the use of a specified asset for a period of time in exchange for consideration, which is assessed at inception. A right-of-use asset and lease creditor are recognised at the commencement date for contracts containing a lease, with the exception of leases with a term of 12 months or less, leases where the underlying asset is of low value and leases with associated payments that vary directly in line with usage or sales (such lease costs continue to be expensed in the Income Statement as incurred). The commencement date is the date at which the asset is made available for use by the Group.

The lease creditor is initially measured at the present value of the future minimum lease payments, discounted using the incremental borrowing rate over the remaining lease term. Lease payments include fixed payments, variable payments that are dependent on an index known at the commencement date, payments for an optional renewal period and termination option payments, if the Group is reasonably certain to exercise those options. The lease term is the non-cancellable period of the lease adjusted for any renewal or termination options which are reasonably certain to be exercised. Management applies judgement in determining whether it is reasonably certain that a renewal or termination option will be exercised.

Incremental borrowing rates are calculated using a portfolio approach, based on the risk profile of the entity holding the lease and the term and currency of the lease.

After initial recognition, the lease creditor is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future minimum lease payments or when the Group changes its assessment of whether it is reasonably certain to exercise an option within the contract. A corresponding adjustment is made to the carrying amount of the right-of-use asset.

The right-of-use asset is initially measured at cost, which comprises the lease creditor adjusted for any payments made at or before the commencement date, initial direct costs incurred, lease incentives received and an estimate of the cost to dismantle or restore the underlying asset or the site on which it is located at the end of the lease term. The right-of-use asset is depreciated over the lease term and is tested periodically for impairment if an impairment indicator is considered to exist.

Regarding the 2019 prior year comparatives, leases where the lessor retains substantially all the risks and rewards of ownership were classified as operating leases. Operating lease rentals were charged to the Consolidated Income Statement on a straight-line basis over the lease term.

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/Expenses'.

5.9 Summary of Significant Accounting Policies continued

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 3.10 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 12 months and as a current asset or current liability if the remaining maturity of the derivative is less than 12 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 remeasurement 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.

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/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.

Notes to the Financial Statements continued

5.9 Summary of Significant Accounting Policies continued

Provisions continued

Cylinder and tank deposits provisions

In certain DCC LPG operations, 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 deferred tax impact of pension scheme surpluses and deficits is disclosed separately within deferred tax liabilities or assets as appropriate. Remeasurements, comprising actuarial gains and losses and the return on plan assets (excluding net interest) are recognised immediately in the Group Balance Sheet with a corresponding entry to retained earnings through Other Comprehensive Income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

The defined benefit pension asset or liability in the Group Balance Sheet comprises the total for each plan of the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly. Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Fair value is based on market price information and, in the case of published securities, it is the published bid price. The value of any defined benefit asset is limited to the present value of any economic benefits available in the form of refunds from the plan and reductions in the future contributions to the plan.

A curtailment arises when the Group is demonstrably committed to make a significant reduction in the number of employees covered by a plan. A past service cost, negative or positive, arises following a change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits. A settlement arises where the Group is relieved of responsibility for a pension obligation and eliminates significant risk relating to the obligation and the assets used to effect the settlement. Past-service costs, negative or positive, are recognised immediately in the Income Statement. Losses arising on settlement or curtailment not allowed for in the actuarial assumptions are measured at the date on which the Group becomes demonstrably committed to the transaction. Gains arising on a settlement or curtailment are measured at the date on which all parties whose consent is required are irrevocably committed to the transaction. Curtailment and settlement gains and losses are dealt with in the Income Statement.

Share-based payment transactions

Employees (including Directors) of the Group receive remuneration in the form of share-based payment transactions, whereby employees render service in exchange for shares or rights over shares.

The fair value of share entitlements granted is recognised as an employee expense in the Income Statement with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions and service conditions. It recognises the impact of the revision to original estimates, if any, in the Income Statement, with a corresponding adjustment to equity. The fair value at the grant date is determined using a Monte Carlo simulation technique for the DCC plc Long Term Incentive Plan 2009.

The DCC plc Long Term Incentive Plan 2009 contains both market and non-market based vesting conditions. Accordingly, the fair value assigned to the related equity instrument on initial application of IFRS 2 *Share-based Payment* is adjusted to reflect the anticipated likelihood at the grant date of achieving the market based vesting conditions. The cumulative non-market based charge to the Income Statement is only reversed where entitlements do not vest because non-market performance conditions have not been met or where an employee in receipt of share entitlements relinquishes service before the end of the vesting period.

5.9 Summary of Significant Accounting Policies continued

Share-based payment transactions continued

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.

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 18 May 2020.

Company Balance Sheet
As at 31 March 2020

	Note	**2020 £'000**	2019 £'000
ASSETS			
Non-current assets			
Investments in subsidiary undertakings	6.4	**1,218,408**	807,349
Current assets			
Trade and other receivables	6.5	**379,285**	569,825
Cash and cash equivalents	6.7	**4,899**	64,897
		384,184	634,722
Total assets		**1,602,592**	1,442,071
EQUITY			
Capital and reserves			
Share capital	4.1	**17,422**	17,422
Share premium	4.1	**882,887**	882,561
Other reserves	6.8	**156,099**	116,936
Retained earnings	6.9	**245,168**	315,760
Total equity		**1,301,576**	1,332,679
LIABILITIES			
Current liabilities			
Trade and other payables	6.6	**301,016**	109,392
Total equity and liabilities		**1,602,592**	1,442,071

John Moloney, Donal Murphy, Directors

Company Statement of Changes in Equity

For the year ended 31 March 2020

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.9) £'000	Other reserves (note 6.8) £'000	Total equity £'000
At 1 April 2019	**17,422**	**882,561**	**315,760**	**116,936**	**1,332,679**
Profit for the financial year	–	–	**68,620**	–	**68,620**
Other comprehensive income:					
Currency translation	–	–	–	**32,955**	**32,955**
Total comprehensive income	–	–	**68,620**	**32,955**	**101,575**
Re-issue of treasury shares	–	**326**	–	–	**326**
Share based payment	–	–	–	**6,208**	**6,208**
Dividends	–	–	**(139,212)**	–	**(139,212)**
At 31 March 2020	**17,422**	**882,887**	**245,168**	**156,099**	**1,301,576**

For the year ended 31 March 2019

	Share capital (note 4.1) £'000	Share premium (note 4.1) £'000	Retained earnings (note 6.9) £'000	Other reserves (note 6.8) £'000	Total equity £'000
At 1 April 2018	15,455	280,533	395,206	142,035	833,229
Profit for the financial year	–	–	48,362	–	48,362
Other comprehensive income:					
Currency translation	–	–	–	(30,922)	(30,922)
Total comprehensive income	–	–	48,362	(30,922)	17,440
Issue of share capital	1,967	600,970	(10,847)	–	592,090
Re-issue of treasury shares	–	1,058	–	–	1,058
Share based payment	–	–	–	5,823	5,823
Dividends	–	–	(116,961)	–	(116,961)
At 31 March 2019	17,422	882,561	315,760	116,936	1,332,679

Company Cash Flow Statement
For the year ended 31 March 2020

	Note	2020 £'000	2019 £'000
Operating activities			
Cash generated from operations	6.10	**125,090**	40,068
Interest paid		**(5)**	(12)
Income tax paid		**(1)**	(134)
Net cash flow from operating activities		**125,084**	39,922
Investing activities			
Inflows:			
Interest received		**9,623**	7,810
Proceeds on disposal		**482,723**	300,902
Dividends received from subsidiaries		**131,079**	33,284
		623,425	341,996
Outflows:			
Acquisition of subsidiaries		**(670,779)**	(849,506)
Net cash flow from investing activities		**(47,354)**	(507,510)
Financing activities			
Inflows:			
Proceeds from issue of shares		**326**	593,148
Outflows:			
Dividends paid	2.10	**(139,212)**	(116,961)
Net cash flow from financing activities		**(138,886)**	476,187
Change in cash and cash equivalents		**(61,156)**	8,599
Translation adjustment		**1,158**	(1,324)
Cash and cash equivalents at beginning of year		**64,897**	57,622
Cash and cash equivalents at end of year	6.7	**4,899**	64,897

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 £15,000 and is payable to KPMG, Ireland, the statutory auditor (2019: £13,000).

6.3 Profit Attributable to DCC plc

Profit after taxation for the year attributable to owners of the Parent Company amounting to £68.620 million (2019: £48.362 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

	2020 £'000	2019 £'000
At 1 April	**807,349**	266,408
Additions	**997,198**	849,506
Capital contribution in respect of share based payments	**2,307**	5,823
Disposals	**(468,520)**	(293,303)
Impairment	**(131,079)**	–
Exchange and other	**11,153**	(21,085)
At 31 March	**1,218,408**	807,349

Details of the Group's principal operating subsidiaries are included in the Supplementary Information section on pages 224 to 227. 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 de Paris SAS (97%) where put and call options exist to acquire the remaining 3%, Jam Industries Limited (94%) where put and call options exist to acquire the remaining 6%, Amacom Holding BV (75%) where put and call options exist to acquire the remaining 25% and Medisource Ireland Limited (87%) where put and call options exist to acquire the remaining 13%.

The Group's principal overseas holding company subsidiaries are DCC Limited, a company operating, incorporated and registered in England and Wales and DCC International Holdings B.V., a company operating, incorporated and registered in the Netherlands. The registered office of DCC Limited is at Hill House, 1 Little New Street, London, EC4A 3TR, England. The registered office of DCC International Holdings B.V. is Zuiderzeestraatweg 1, 3882 NC, Putten, The Netherlands.

6.5 Trade and Other Receivables

	2020 £'000	2019 £'000
Amounts owed by subsidiary undertakings	**379,285**	569,825
	379,285	569,825

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 2020 (31 March 2019: nil). The Company does not expect any loss in relation to trade and other receivables at 31 March 2020.

Notes to the Company Financial Statements continued

6.6 Trade and Other Payables

	2020 £'000	2019 £'000
Amounts due to subsidiary undertakings	**300,475**	108,867
Other creditors and accruals	**541**	525
	301,016	109,392

6.7 Cash and Cash Equivalents

	2020 £'000	2019 £'000
Cash at bank and in hand	**4,899**	64,897
	4,899	64,897

6.8 Other Reserves

	Share based payment reserve[1] £'000	Foreign currency translation reserve[2] £'000	Other reserves[3] £'000	Total £'000
At 1 April 2018	22,883	118,923	229	142,035
Share based payment	5,823	–	–	5,823
Currency translation	–	(30,922)	–	(30,922)
At 31 March 2019	**28,706**	**88,001**	**229**	**116,936**
Share based payment	**6,208**	**–**	**–**	**6,208**
Currency translation	**–**	**32,955**	**–**	**32,955**
At 31 March 2020	**34,914**	**120,956**	**229**	**156,099**

1. The share based payment reserve comprises capital contributions to subsidiaries in connection with share based payments.
2. The Company's foreign currency translation reserve represents all foreign exchange differences from 1 April 2004 arising from the translation of the net assets of the Company's euro denominated operations into sterling (the presentation currency), including the translation of the profits and losses of the Company from the average rate for the year to the closing rate at the balance sheet date.
3. The Company's other reserves is a capital conversion reserve fund.

6.9 Retained Earnings

	2020 £'000	2019 £'000
At 1 April	**315,760**	395,206
Total comprehensive income for the financial year	**68,620**	48,362
Directly attributable costs of share capital issuance	**–**	(10,847)
Dividends	**(139,212)**	(116,961)
At 31 March	**245,168**	315,760

6.10 Cash Generated from Operations

	2020 £'000	2019 £'000
Profit for the financial year	**68,620**	48,362
Add back non-operating income:		
– tax	**1**	134
– net operating exceptionals	**116,876**	(7,599)
– net finance income	**(9,618)**	(7,798)
– dividend income	**(175,819)**	(33,284)
Operating profit	**60**	(185)
Changes in working capital:		
– trade and other receivables	**205,939**	42,828
– trade and other payables	**(80,909)**	(2,575)
Cash generated from operations	**125,090**	40,068

6.11 Related Party Transactions

Subsidiaries and associates

The Company's Income Statement includes dividends from its subsidiary companies DCC Treasury Management Unlimited Company (£131.080 million), DCC Management Services (£38.827 million), DCC Business Expansion Fund Limited (£3.337 million) and DCC Food & Beverage Limited (£2.575 million). Details of loan balances to/from subsidiaries are provided in the Company Balance Sheet on page 216, in note 6.5 'Trade and Other Receivables' and in note 6.6 'Trade and Other Payables'.

6.12 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 2020 amount to £379.285 million (2019: £569.825 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 2020 of £4.899 million was held with financial institutions with a minimum rating in the A-2 (short-term) category of Standard and Poor's.

(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 2020	**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	**301,016**	**–**	**–**	**–**	**301,016**
	301,016	**–**	**–**	**–**	**301,016**

As at 31 March 2019	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Total £'000
Financial liabilities – cash outflows					
Trade and other payables	109,392	–	–	–	109,392
	109,392	–	–	–	109,392

The Company has sufficient cash resources and liquid assets to enable it to meet its trade and other payables.

Notes to the Company Financial Statements continued

6.12 Financial Risk Management continued

(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 2020 or at 31 March 2019 which would give rise to a significant transactional currency exposure. However, as the presentation currency for the Company is sterling, it is exposed to fluctuations in the sterling/euro exchange rate. A change in the value of euro by 10% against sterling would have a £6.2 million (2019: £4.4 million) impact on the Company's profit before tax, would change the Company's equity by £114.6 million and change the Company's net cash by £0.4 million (2019: £120.6 million and £6.6 million respectively).

Interest rate risk management

Based on the composition of net cash at 31 March 2020 a one percentage point (100 basis points) change in average floating interest rates would have a £0.1 million (2019: £0.6 million) impact on the Company's profit before tax. Finance income principally comprises guarantee fees charged at fixed rates on intergroup loans. Finance costs comprise interest on intergroup loans payable at variable market rates.

Commodity price risk management

The Company has no exposure to commodity price risk.

Fair values of financial assets and financial liabilities

The following is a comparison by category of book values and fair values of the Company's financial assets and financial liabilities:

	2020		2019	
	Book value £'000	**Fair value £'000**	Book value £'000	Fair value £'000
Financial assets				
Trade and other receivables	**379,285**	**379,285**	569,825	569,825
Cash and cash equivalents	**4,899**	**4,899**	64,897	64,897
	384,184	**384,184**	634,722	634,722
Financial liabilities				
Trade and other payables	**301,016**	**301,016**	109,392	109,392
	301,016	**301,016**	109,392	109,392

As at 31 March 2020 and 31 March 2019 the Company had no financial assets or financial liabilities which were carried at fair value.

6.13 Contingencies

Guarantees given in respect of borrowings and other obligations are detailed in note 5.5 to the Group financial statements.

Supplementary Information

Principal Subsidiaries 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 de Paris SAS (trading as Gaz Européen)	47-53 Rue Raspail, 92300 Levallois – Perret, Paris, France	Procurement, sales, marketing and distribution of natural gas	France	97
Flogas Britain Limited	81 Rayns Way, Syston, Leicester LE7 1PF, England	Procurement, sales, marketing and distribution of liquefied petroleum gas	Britain	100
Flogas Ireland Limited	Knockbrack House, Matthews Lane, Donore Road, Drogheda, Co. Louth, Ireland	Procurement, sales, marketing and distribution of liquefied petroleum gas and natural gas	Ireland	100
DSG Energy Limited	Suites 2201-2, 22nd Floor, AIA Kowloon Tower, Landmark East, 100 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Procurement, sales, marketing and distribution of liquefied petroleum gas	Hong Kong	100
DCC Propane LLC	204 North State Route 54, Roberts, IL 60962, USA	Procurement, sales, marketing and distribution of liquefied petroleum gas	USA	100
DCC Germany Holding GmbH	Werner-von Siemens-Str. 18, 97076 Würzburg, Germany	Holding company	Germany	100
TEGA – Technische Gase und Gasetechnik GmbH	Werner-von-Siemens-Straße 18, 97076 Würzburg, Germany	Procurement, sales, marketing and distribution of liquefied petroleum gas and refrigerant gases	Germany	100
Flogas Sverige AB	Brännkyrkagatan 63, 11822 Stockholm, Sweden	Procurement, sales, marketing and distribution of liquefied petroleum gas	Sweden	100
Flogas Norge AS	Nydalsveien 15, 0484 Oslo, Norway	Procurement, sales, marketing and distribution of liquefied petroleum gas	Norway	100
Benegas BV	Zuiderzeestraatweg 1, 3882NC, Putten, The Netherlands	Procurement, sales, marketing and distribution of liquefied petroleum gas	The Netherlands	100

DCC Retail & Oil

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Retail & Oil Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Certas Energy UK Limited	302 Bridgewater Place, Birchwood Park, Warrington WA3 6XG, England	Procurement, sales, marketing and distribution of petroleum and lubricant products	Britain	100
Fuel Card Services Limited	Alexandra House, Lawnswood Business Park, Redvers Close, Leeds LS16 6QY, England	Sale and administration of petroleum products through the use of fuel cards	Britain	100
Certas Energy Norway AS	Elias Smiths vei 24, 1337 Sandvika, Norway	Procurement, sales and marketing of petroleum products	Norway	100
Certas Energy France SAS	9 Avenue Edouard Belin, 92500 Rueil Malmaison, Paris, France	Procurement, sales and marketing of petroleum products	France	100
Energy Procurement Ireland 2013 Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Procurement, sales and marketing of petroleum products	Ireland	100
DCC Energi Danmark A/S	Naerum Hovedgade 8, 2850 Naerum, Denmark	Procurement, sales, marketing and distribution of petroleum and lubricant products and natural gas	Denmark	60
Qstar Försäljning AB	Spårgatan 5, Box 633,601 14 Norrköping, Sweden	Procurement, sales and marketing of petroleum products	Sweden	100

1. The information in this section relates only to the Group's principal subsidiaries and associates. A full list of subsidiaries and associates will be annexed to the Annual Return of the Company to be filed with the Irish Registrar of Companies.

DCC Retail & Oil continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Energie Direct Mineralölhandelsgesmbh	Alte Poststraße 400, A-8055 Graz, Austria	Procurement, sales, marketing and distribution of petroleum and lubricant products and natural gas	Austria	100
Swea Energi AB	Box 3123, 600 03 Norrköping, Sweden	Procurement, sales, marketing and distribution of petroleum products	Sweden	100
Emo Oil Limited	Clonminam Industrial Estate, Portlaoise, Co. Laois, Ireland	Procurement, sales, marketing and distribution of petroleum and lubricant products	Ireland	100

DCC Technology

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Technology Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
Exertis (UK) Ltd	Technology House, Magnesium Way, Hapton, Burnley BB12 7BF, England	Sales, marketing and distribution of technology products	Britain	100
Exertis Hammer Limited	Intec 1, Intec Business Park, Wade Road, Basingstoke, Hampshire RG24 8NE, England	Sales, marketing and distribution of technology products	Britain	100
MTR Group Limited	Unit 10, Spire Green Centre, The Pinnacles, Harlow, Essex CM19 5TR, England	Sales and refurbishment of mobile handsets	Britain	100
Kondor Limited	Christchurch Business Park, Radar Way, Christchurch BH23 4FL, England	Sales, marketing and distribution of technology products	Britain	100
Hypertec Limited	2 Charnham Park, Swangate, Hungerford RG17 0YX, England	Sales, marketing and distribution of memory and accessories	Britain	100
Exertis Ireland Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Sales, marketing and distribution of technology products	Ireland	100
Jam Industries Ltd.	21000 Trans-Canada Highway, Baie-D'Urfe, QC H9X 4B7, Canada	Sales, marketing and distribution of professional audio products, musical instruments and consumer electronics	Canada	94
Stampede Presentation Products, Inc.	55 Woodridge Drive, Amherst, NY 14228, USA	Sales, marketing and distribution of professional audiovisual products and solutions	USA	100
Exertis Arc Telecom Limited	Unit No. 702, X3 Building, Jumeirah Lake Towers, Dubai, UAE	Sales, marketing and distribution of technology products	Ireland and operating in Dubai	100
Exertis CapTech AB	Aminogatan 17, SE- 43153 Mölndal, Gotëborg, Sweden	Sales, marketing and distribution of technology products	Sweden	100
CUC SAS (trading as Exertis Connect)	Zone Industrielle Buchelay 3000, BP 1126, 78204 Mantes en Yvelines Cedex, France	Sales, marketing and distribution of technology products and connecting solutions	France	100
Exertis France SAS	5 Rue Pleyel, 93200 Saint Denis, France	Sales, marketing and distribution of technology peripherals and accessories	France	100
Go Telecom BV (trading as Exertis Go Connect)	Laan Van Kopenhagen 100, 3317 DM Dordrecht, The Netherlands	Sales, marketing and distribution of unified communications and audio visual products	The Netherlands	100

Principal Subsidiaries and Associates continued

DCC Technology continued

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
Amacom Holding BV	De Tweeling 24-A, 5215 MC 's-Hertogenbosch, The Netherlands	Sales, marketing and distribution of technology products and consumer electronics	The Netherlands	75
Comm-Tec GmbH	Siemensstraße 14, 73066 Uhingen, Germany	Sales, marketing and distribution of professional audiovisual and IT products	Germany	100
Exertis Supply Chain Services Limited	M50 Business Park, Ballymount Road Upper, Dublin 12, Ireland	Provision of supply chain management and outsourced procurement services	Ireland	100

DCC Healthcare

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
DCC Healthcare Limited	DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland	Holding and divisional management company	Ireland	100
DCC Vital				
DCC Vital Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Holding company for the operations of the DCC Vital group of companies	Ireland	100
Fannin Limited	Fannin House, South County Business Park, Leopardstown, Dublin 18, Ireland	Sales, marketing and distribution of medical and pharmaceutical products to healthcare providers	Ireland	100
Williams Medical Supplies Limited	Craiglas House, The Maerdy Industrial Estate, Rhymney, Gwent NP22 5PY, Wales	Sales, marketing and distribution of medical supplies and services to UK healthcare market, primarily GPs and primary care organisations	Britain	100
Fannin (UK) Limited	Westminster Industrial Estate, Repton Road, Measham, Swadlincote, Derbyshire DE12 7DT, England	Sales, marketing and distribution of medical devices to healthcare providers	Britain	100
Medisource Ireland Limited	Unit 24-26 Bullford Business Campus, Kilcoole, Co. Wicklow, Ireland	A leading provider of Exempt Medicinal Products ('EMP') in Ireland	Ireland	87
SP Services (UK) Limited	Bastion House, Hortonwood 30, Telford, Shropshire TF1 7XT, England	A leading provider of medical and safety equipment to the blue light and occupational health sectors	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 Limited	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Outsourced solutions for the health and beauty industry	Britain	100
Amerilab Technologies, Inc.	2765 Niagara Lane, North Plymouth, MN 55447, USA	Development, contract manufacture and packing of effervescent nutritional products in powder and tablet formats	USA	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
Ion Labs, Inc.	8031 114th Ave, Suite 4000, Largo, FL 33773, USA	Development, contract manufacture and packing of nutritional products across a range of formats including tablets, capsules, powders and liquids	USA	100
EuroCaps Limited	Crown Business Park, Dukestown, Tredegar, Gwent NP22 4EF, Wales	Development and contract manufacture of nutritional products in softgel capsule format	Britain	100
Thompson & Capper Limited	9-12 Hardwick Road, Astmoor Industrial Estate, Runcorn, Cheshire WA7 1PH, England	Development, contract manufacture and packing of nutritional products in tablet and hard shell capsule format	Britain	100
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

Associates

Company name	Company address	Principal activity	Incorporated and operating in	Group shareholding %
KSG Dining Limited	McKee Avenue, Finglas, Dublin 11, Ireland	Restaurant and hospitality service provider	Ireland	47.5
Geogaz Lavera SA	2 Rue des Martinets, 92500 Rueil Malmaison, Paris, France	Owns and operates an LPG storage facility	France	25
Norgal (GIE)	Route de la Chimie, 76700 Gonfreville L'Orcher, France	Receiving, storage and distribution site for LPG products	France	18

Shareholder Information

Share Listing
DCC's shares have a Premium Listing on the Official List of the United Kingdom Listing Authority ('UKLA Official List') and are traded solely on the London Stock Exchange in sterling.

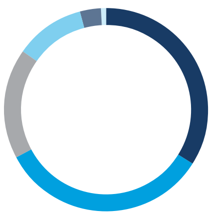
Share Price Data	2020 £	2019 £
Share price at 18 May	**59.84**	
Market capitalisation at 18 May	**5,888m**	
Share price at 31 March	**51.00**	66.35
Market capitalisation at 31 March	**5,018m**	6,519m
Share price movement during the year		
– High	**74.96**	75.65
– Low	**38.78**	55.55

DCC plc's ordinary share price information can be accessed on the Company's website under the 'Investors' tab.

Shareholdings as at 31 March 2020

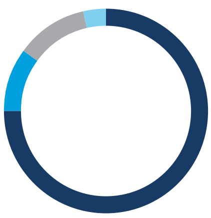
By location

- UK **34.01%**
- North America **33.40%**
- Continental Europe **17.53%**
- Ireland **11.08%**
- Asia/Rest of World **3.21%**
- Retail **0.77%**



By size of holding

- Over 250,000 **78.03%**
- 100,001 – 250,000 **7.42%**
- 10,000 – 100,000 **11.15%**
- Less than 10,000 **3.40%**



Geographic division[1]	Number of shares[2]
UK	33,465,445
North America	32,863,920
Continental Europe	17,250,823
Ireland	10,904,911
Asia/Rest of World	3,156,586
Retail[3]	759,745
Total	98,401,430

Range of shares held	Number of accounts	% of accounts	Number of shares[2]
Over 250,000	68	1.91	76,133,638
100,001 – 250,000	49	1.38	7,519,200
10,000 – 100,000	334	9.38	11,297,412
Less than 10,000	3,109	87.33	3,451,180
Total	3,560	100	98,401,430

Notes:
1. This represents the best estimate of the number of shares controlled by fund managers resident in the relevant geographic regions.
2. Excludes 2,932,474 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 136.

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 49.48 pence per share was paid on 11 December 2019.

Subject to shareholders' approval at the Annual General Meeting, a final dividend of 95.79 pence per share will be paid on 23 July 2020 to shareholders on the register of members at the close of business on 29 May 2020.

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.

From 1 January 2020, the Company is obliged to deduct Dividend Withholding Tax ('DWT') at the rate of 25% from dividends paid to its shareholders (prior to 1 January 2020, the applicable rate was 20%), unless a particular shareholder is entitled to an exemption from DWT and has completed and returned to the Company's Registrar a declaration form claiming entitlement to the particular exemption. Exemption from DWT may be available to shareholders resident in another EU Member State or in a country with which the Republic of Ireland has a double taxation agreement in place and to non-individual shareholders resident in Ireland (for example companies, pension funds and charities).

The Irish Revenue Commissioners have published a tax and duty manual entitled 'Dividend Withholding Tax – Details of Scheme' which was updated in January 2020 and can be obtained by contacting the Company's Registrar.

CREST

DCC is a member of the CREST share settlement system. Shareholders have the choice of holding their shares in electronic form or in the form of paper share certificates. Shareholders should consult their stockbroker if they wish to hold shares in electronic form.

Where shares are held in CREST, dividends are automatically paid in sterling unless a currency election is made. CREST members should use the facility in CREST to make currency elections. Such elections must be made in respect of entire holdings as partial elections are not permissible.

Financial Calendar

19 May 2020	Final results announcement for 2020
28 May 2020	Ex-dividend date – final dividend
29 May 2020	Record date – final dividend
17 July 2020	Interim Management Statement
17 July 2020	Annual General Meeting
23 July 2020	Proposed payment date – final dividend
10 November 2020	Interim results announcement
December 2020	Proposed payment date – interim dividend
February 2021	Interim Management Statement

Annual General Meeting, Electronic Proxy Voting and CREST Voting

Due to the continuation of the Irish Government's Covid-19 restrictions in relation to travel and public gatherings and to prioritise the health and safety of our shareholders and employees, the 2020 Annual General Meeting will be held at 11.00 am on 17 July 2020 at DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland with the minimum necessary quorum and with revised arrangements in regard to attendance at and the conduct of the meeting. 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 2020 Annual General Meeting via the internet. Shareholders who wish to submit their proxy in this manner may do so by accessing the Company's Registrar's website www.eproxyappointment.com and following the instructions which are set out on the Form of Proxy or in the email broadcast that you will have received if you have elected to receive communications via electronic means.

CREST members who wish to appoint a proxy or proxies via the CREST electronic proxy appointment service should refer to the notes in the Notice of Annual General Meeting or on the Form of Proxy.

DCC Website

Our corporate website, www.dcc.ie, provides access to share price information through downloadable reports and interactive share price tools. The site also provides access to information on the Group's activities, results, annual reports, stock exchange announcements and investor presentations.

Electronic Communications

Following the introduction of the Transparency Regulations 2007, and in order to adopt a more environmentally friendly and cost-effective approach, the Company provides information concerning the Company (such as the Annual Report and Notice of Annual General Meeting) to shareholders electronically via DCC's website and only sends a printed copy to those shareholders who specifically request a copy. Shareholders who receive information electronically will continue to receive certain communications by post (such as share certificates, dividend cheques, dividend payment vouchers and tax vouchers). Shareholders who wish to alter the method by which they receive communications should contact the Company's Registrar.

Registrar

All administrative queries about the holding of DCC shares should be addressed to the Company's Registrar, Computershare Investor Services (Ireland) Limited, 3100 Lake Drive, Citywest Business Campus, Dublin 24, Ireland.

Tel: + 353 1 247 5698
Fax: + 353 1 447 5571
www.investorcentre.com/ie/contactus

Investor Relations

For investor enquiries please contact Sarah Kenny, Investor Relations Administrator, DCC plc, DCC House, Leopardstown Road, Foxrock, Dublin 18, Ireland.

Tel: + 353 1 2799 400
email: investorrelations@dcc.ie

Corporate Information

Company Secretary
Ger Whyte

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Auditor
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St. Stephen's Green
Dublin 2
Ireland

Registrar
Computershare Investor Services
(Ireland) Limited
3100 Lake Drive
Citywest Business Campus
Dublin 24
Ireland

Bankers
Bank of Ireland
Bank of America Merrill Lynch
Barclays
BayernLB
BNP Paribas
Danske Bank
DBS Bank
Deutsche Bank
HSBC
ING Bank
J.P. Morgan
MUFG Bank
Nordea
Rabobank
National Westminster Bank
Société Générale
Standard Chartered Bank

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Pinsent Masons
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Leeds LS1 5AB
England

Stockbrokers
Davy
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Dublin 2
Ireland

J.P. Morgan Cazenove
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Canary Wharf
London E14 5JP
England

Website
www.dcc.ie

Independent Assurance Report to DCC plc

EY ('we') were engaged by DCC plc ('DCC') to provide limited assurance over selected Subject Matter Information for the year end 31 March 2020.

Subject Matter Information

The scope of our work includes only the information included within the Sustainable Business Report ('the Report') of the DCC Annual Report and Accounts for the year ended 31 March 2020 marked with the symbol Δ ('the Subject Matter Information') and is limited to Scope 1 and Scope 2 greenhouse gas emissions (GHGs).

Respective responsibilities

DCC management is responsible for the collection and presentation of the information within the Report. DCC management is also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the Report, so that it is free from material misstatement, whether due to fraud or error. DCC management is also responsible for selecting and/or developing objective Carbon Reporting Criteria ('Reporting Criteria'), and for measuring and reporting the Subject Matter Information in accordance with the Reporting Criteria.

Our responsibility is to plan and perform our work to obtain limited assurance about whether the Subject Matter Information has been prepared in accordance with the Reporting Criteria and to report to DCC in the form of an independent limited assurance conclusion based on the work performed and the evidence obtained.

We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Assurance Standards

Our assurance engagement has been planned and performed in accordance with the International Standard for Assurance Engagements (ISAE) 3000 Revised, *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* (ISAE 3000). The Subject Matter Information has been evaluated against the following criteria:

- *Completeness*: Whether all material data sources have been included and that boundary definitions have been appropriately interpreted and applied.
- *Consistency*: Whether the DCC scope and definitions for the Subject Matter Information have been consistently applied to the data.
- *Accuracy*: Whether the data has been accurately collated by DCC management, and whether there is supporting information for the data reported by operations to DCC management.

Summary of work performed

The procedures we performed were based on our professional judgement and included, but are not limited to, the following:

- Interviewed management to understand the key processes, systems and controls in place for the preparation of Subject Matter Information.
- Performed a review of the data management system, tested reasonableness of emission factors applied, reviewed alignment with the Reporting Criteria and conducted analytical review procedures over Subject Matter Information.
- Undertook site visits to two DCC operations to understand the process of data collection and reporting from site level to head office.
- Agreed sample selection to supporting documentation, and re-performed calculations.
- Assessed the appropriateness of the Reporting Criteria for Subject Matter Information.
- Reviewed the Report for the appropriate presentation of the Subject Matter Information, including the discussion of limitations and assumptions relating to the data presented.

Limitations of our review

Our evidence gathering procedures were designed to obtain a 'limited level' of assurance (as set out in ISAE3000) on which to base our conclusions. The extent of evidence gathering procedures performed is less than that of a reasonable assurance engagement and therefore a lower level of assurance is provided.

Completion of our testing activities has involved placing reliance on DCC's controls for managing and reporting Subject Matter Information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls at DCC beyond those used for the Subject Matter Information.

The responsibility for the prevention and detection of fraud, error and non-compliance with laws or regulations rests with DCC management. Our work should not be relied upon to disclose all such material misstatements, frauds, errors or instances of non-compliance that may exist.

Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Subject Matter Information has not been prepared, in all material respects, in accordance with the Reporting Criteria, which were applied by management.

Our independence

We have implemented measures to comply with IFAC *Code of Ethics for Professional Accountants*[1]. We also adhere to the professional competence rules as articulated in the ISQC (UK & Ireland) 1: *Quality control for firms that perform audits and reviews of financial statements and other assurance and related service engagements*[2].

Accordingly, we maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements and professional standards (including independence, and other requirements) as well as applicable legal and regulatory requirements.

Ernst & Young
Dublin
18 May 2020

1. International Federation of Accountants: The International Code of Ethics for Professional Accountants.
2. Financial Reporting Council International Standard on Quality Control 1 (ISQC1).

Alternative Performance Measures

The Group reports certain alternative performance measures ('APMs') that are not required under International Financial Reporting Standards ('IFRS') which represent the generally accepted accounting principles ('GAAP') under which the Group reports. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with our IFRS financial information, provides investors with a more meaningful understanding of the underlying financial and operating performance of the Group and its divisions.

These APMs are primarily used for the following purposes:
- to evaluate the historical and planned underlying results of our operations;
- to set Director and management remuneration; and
- to discuss and explain the Group's performance with the investment analyst community.

None of the APMs should be considered as an alternative to financial measures derived in accordance with GAAP. The APMs can have limitations as analytical tools and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. These performance measures may not be calculated uniformly by all companies and therefore may not be directly comparable with similarly titled measures and disclosures of other companies.

The principal APMs used by the Group, together with reconciliations where the non-GAAP measures are not readily identifiable from the financial statements, are as follows:

Adjusted operating profit ('EBITA')
Definition
This comprises operating profit as reported in the Group Income Statement before net operating exceptional items and amortisation of intangible assets. Net operating exceptional items and amortisation of intangible assets are excluded in order to assess the underlying performance of our operations. In addition, neither metric forms part of Director or management remuneration targets.

Calculation	Reference in Financial Statements	2020 £'000	2019 £'000
Operating profit	Income Statement	**366,644**	369,025
Net operating exceptional items	Income Statement	**65,486**	28,185
Amortisation of intangible assets	Income Statement	**62,138**	63,312
Adjusted operating profit (EBITA)		**494,268**	460,522

Adjusted operating profit before depreciation ('EBITDA')
Definition
EBITDA represents earnings before net interest, tax, depreciation on property, plant and equipment, amortisation of intangible assets, share of equity accounted investments' profit after tax and net exceptional items. This metric is used to compare profitability between companies by eliminating the effects of financing, tax environments, asset bases and business combinations history. It is also utilised as a proxy for a company's cash flow.

Calculation	Reference in Financial Statements	2020 £'000	2019 £'000
Adjusted operating profit (EBITA)	Per above	**494,268**	460,522
Depreciation of property, plant and equipment	Note 3.1	**118,545**	109,626
Adjusted operating profit before depreciation (EBITDA)		**612,813**	570,148

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	2020 £'000	2019 £'000
Finance costs before exceptional items	Income Statement	**(94,824)**	(83,595)
Finance income before exceptional items	Income Statement	**39,510**	36,980
Net interest		**(55,314)**	(46,615)

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. In order to maintain comparability with the definitions contained in the Group's lending arrangements, EBITDA and net interest exclude the impact arising from the adoption of IFRS 16 in the current year.

Calculation	Reference in Financial Statements	2020 £'000	2019 £'000
EBITDA	Per above	**612,813**	570,148
Less: impact of adoption of IFRS 16 in the current year		**(4,999)**	–
EBITDA for covenant purposes		**607,814**	570,148
Net interest	Per above	**(55,314)**	(46,615)
Less: impact of adoption of IFRS 16 in the current year	Note 2.7	**8,635**	–
Net interest for covenant purposes		**(46,679)**	(46,615)
EBITDA interest cover (times)		**13.0x**	12.2x

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	2020 £'000	2019 £'000
Adjusted operating profit	Per above	**494,268**	460,522
Net interest	Per above	**(55,314)**	(46,615)
Earnings before taxation		**438,954**	413,907
Income tax expense	Income Statement	**57,335**	56,302
Income tax attaching to exceptional items	Note 2.9	**3,290**	(685)
Deferred tax attaching to amortisation of intangible assets	Note 2.9	**13,997**	14,747
Total Income tax expense before exceptionals and deferred tax attaching to amortisation of intangible assets		**74,622**	70,364
Effective tax rate (%)		**17.0%**	17.0%

Dividend cover

Definition

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

Calculation	Reference in Financial Statements	2020 pence	2019 pence
Adjusted earnings per share	Note 2.11	**362.64**	358.16
Dividend	Note 2.10	**145.27**	138.35
Dividend cover (times)		**2.5x**	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	2020 £'000	2019 £'000
Purchase of property, plant and equipment	Group Cash Flow Statement	**181,014**	182,311
Proceeds from disposal of property, plant and equipment	Group Cash Flow Statement	**(13,166)**	(8,810)
Net capital expenditure		**167,848**	173,501

Alternative Performance Measures continued

Free cash flow

Definition

Free cash flow is defined by the Group as cash generated from operations before exceptional items as reported in the Group Cash Flow Statement after repayment of lease creditors and net capital expenditure. Following the adoption of IFRS 16 *Leases*, the Group has redefined 'free cash flow' to include repayment of lease creditors which ensures that the Group's reported free cash flow is consistent with those measures previously reported and consequently the comparative measures have not been restated.

Calculation	Reference in Financial Statements	**2020 £'000**	2019 £'000
Cash generated from operations before exceptionals	Group Cash Flow Statement	**723,965**	607,505
Repayment of lease creditors	Note 3.12	**(63,860)**	–
Net capital expenditure	Per above	**(167,848)**	(173,501)
Free cash flow		**492,257**	434,004

Free cash flow (after interest and tax payments)

Definition

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

Calculation	Reference in Financial Statements	**2020 £'000**	2019 £'000
Free cash flow	Per above	**492,257**	434,004
Interest paid (excluding interest relating to lease creditors)		**(76,340)**	(78,031)
Income tax paid	Group Cash Flow Statement	**(78,961)**	(34,500)
Dividends received from equity accounted investments	Group Cash Flow Statement	**–**	420
Interest received	Group Cash Flow Statement	**39,188**	34,831
Free cash flow (after interest and tax payments)		**376,144**	356,724

Cash conversion ratio

Definition

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

Calculation	Reference in Financial Statements	**2020 £'000**	2019 £'000
Free cash flow	Per above	**492,257**	434,004
Adjusted operating profit	Per above	**494,268**	460,522
Cash conversion ratio (%)		**100%**	94%

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. In order to maintain comparability with the definitions contained in the Group's lending arrangements, EBITDA for this calculation excludes the benefit arising in the current year from the adoption of IFRS 16.

Calculation	Reference in Financial Statements	**2020 £'000**	2019 £'000
Net debt (excluding lease creditors)	Note 3.13	**60,252**	18,425
EBITDA (excluding the impact of IFRS 16)	Per above	**607,814**	570,148
Net debt/EBITDA (times)		**0.1x**	<0.1x

Net debt/total equity

Definition

The net debt/total equity percentage is a measure of financial leverage and illustrates the relative proportion of debt that has been used to finance the Group's assets. In order to maintain comparability with the definitions contained in the Group's lending arrangements, net debt excludes lease creditors.

Calculation	Reference in Financial Statements	2020 £'000	2019 £'000
Net debt (excluding lease creditors)	Note 3.13	**60,252**	18,425
Total equity	Group Balance Sheet	**2,541,458**	2,433,527
Net debt/total equity (%)		**2.4%**	0.8%

Return on capital employed ('ROCE')

Definition

ROCE represents adjusted operating profit expressed as a percentage of the average total capital employed. Total capital employed represents total equity adjusted for net debt/cash (including lease creditors), 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.

The Group adopted IFRS 16 *Leases* on the transition date of 1 April 2019 using the modified retrospective approach, meaning that comparatives have not been restated. To assist comparability with the prior year, the impact on ROCE due to the adoption of IFRS 16 has been excluded from both adjusted operating profit and capital employed in the current year. ROCE for the year ended 31 March 2020, inclusive of the impact of IFRS 16, was 15.1%. Future measures of ROCE will be prepared including the impact of IFRS 16.

Calculation	Reference in Financial Statements	2020 £'000	2019 £'000
Total equity	Group Balance Sheet	**2,541,458**	2,433,527
Net debt (including lease creditors)	Note 3.13	**367,119**	18,425
Goodwill and intangibles written off		**395,577**	333,439
Right-of-use leased assets	Note 3.2	**(304,097)**	–
Equity accounted investments	Group Balance Sheet	**(27,729)**	(24,233)
Acquisition related liabilities (current and non-current)	Note 3.16	**113,634**	101,410
		3,085,962	2,862,568
Average total capital employed		**2,974,265**	2,713,969
Adjusted operating profit	Per above	**494,268**	460,522
Less: impact of adoption of IFRS 16 on operating profit		**(4,999)**	–
		489,269	460,522
Return on capital employed (%)		**16.5%**	17.0%

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	2020 £'000	2019 £'000
Net cash outflow on acquisitions during the year	Group Cash Flow Statement	**192,189**	266,525
Cash outflow on acquisitions which were committed to in the previous year		**(75,365)**	(14,750)
Acquisition related liabilities arising on acquisitions during the year	Note 3.16	**43,044**	29,946
Acquisition related liabilities which were committed to in the previous year		**(10,768)**	(4,099)
Amounts committed in the current year		**19,500**	90,700
Committed acquisition expenditure		**168,600**	368,322

Alternative Performance Measures continued

Net working capital
Definition
Net working capital represents the net total of inventories, trade and other receivables (excluding interest receivable), and trade and other payables (excluding interest payable, amounts due in respect of property, plant and equipment and current government grants).

Calculation	Reference in Financial Statements	**2020 £'000**	2019 £'000
Inventories	Note 3.5	**630,996**	678,006
Trade and other receivables	Note 3.6	**1,647,117**	1,517,507
Less: interest receivable		**(428)**	(193)
Trade and other payables	Note 3.7	**(2,318,758)**	(2,218,838)
Less: interest payable	Note 3.7	**11,963**	5,058
Less: amounts due in respect of property, plant and equipment	Note 3.7	**6,284**	2,831
Less: government grants	Note 3.7	**11**	11
Net working capital		**(22,815)**	(15,618)

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	**2020 £'000**	2019 £'000
Net working capital	Per above	**(22,815)**	(15,618)
March revenue		**1,279,731**	1,343,551
Working capital (days)		**(0.6 days)**	(0.4 days)

5 Year Review

Group Income Statement Year ended 31 March	**2016 £'m**	**2017 £'m**	**2018 £'m**	**2019 £'m**	**2020 £'m**
Revenue	10,601.1	12,445.0	13,121.7	15,226.9	14,755.4
Adjusted operating profit	300.5	363.6	384.4	460.5	494.3
Exceptional items	(14.6)	(36.3)	(15.3)	(28.2)	(65.5)
Amortisation of intangible assets	(31.6)	(39.2)	(43.0)	(63.2)	(62.1)
Operating profit	254.3	288.1	326.1	369.1	366.7
Finance costs (net)	(38.4)	(22.0)	(35.5)	(42.3)	(56.2)
Share of equity accounted investments	0.5	0.7	0.4	0.7	1.0
Profit before tax	216.4	266.8	291.0	327.5	311.5
Income tax expense	(35.4)	(49.1)	(24.1)	(56.4)	(57.3)
Non-controlling interests	(3.0)	(1.5)	(5.1)	(8.5)	(8.7)
Profit attributable to owners of the Parent Company	178.0	216.2	261.8	262.6	245.5
Earnings per share					
– basic (pence)	202.64p	243.64p	293.83p	280.14p	249.64p
– basic adjusted (pence)	257.14p	303.68p	318.35p	358.16p	362.64p
Dividend per share (pence)	97.22p	111.80p	122.98p	138.35p	145.27p
Dividend cover (times)	2.6x	2.7x	2.6x	2.6x	2.5x
Interest cover (times)*	10.4x	11.3x	10.8x	9.9x	10.5x

* excludes exceptional items.

Group Balance Sheet As at 31 March	**2016 £'m**	**2017 £'m**	**2018 £'m**	**2019 £'m**	**2020 £'m**
Non-current and current assets:					
Property, plant and equipment	739.5	750.0	933.0	996.5	1,089.0
Right-of-use leased assets	–	–	–	–	304.1
Intangible assets	1,297.1	1,422.6	1,953.8	2,069.6	2,126.9
Equity accounted investments	22.1	24.9	24.5	24.2	27.7
Cash/derivatives	1,407.5	1,340.1	1,150.0	1,765.6	2,059.9
Other assets	1,331.3	1,894.8	1,982.8	2,221.7	2,313.5
Total assets	4,797.5	5,432.4	6,044.1	7,077.6	7,921.1
Equity	1,350.5	1,507.7	1,677.9	2,433.5	2,541.5
Non-current and current liabilities:					
Borrowings/derivatives	1,462.0	1,474.8	1,692.7	1,784.0	2,120.0
Lease creditors	–	–	–	–	306.8
Retirement benefit obligations	0.3	–	(0.3)	(1.4)	(7.3)
Other liabilities	1,984.7	2,449.9	2,673.8	2,861.5	2,960.1
Total liabilities	3,447.0	3,924.7	4,366.2	4,644.1	5,379.6
Total equity and liabilities	4,797.5	5,432.4	6,044.1	7,077.6	7,921.1
Net cash/(debt) included above (excl. lease creditors)	(54.5)	(121.9)	(542.7)	(18.4)	(60.2)

Group Cash Flow Year ended 31 March	**2016 £'m**	**2017 £'m**	**2018 £'m**	**2019 £'m**	**2020 £'m**
Operating cash flow	411.7	546.9	473.3	607.5	724.0
Capital expenditure	134.2	131.4	145.4	173.5	167.8
Acquisitions	394.0	262.4	691.0	296.8	227.5

Other Information	**2016**	**2017**	**2018**	**2019**	**2020**
Return on capital employed (%)	21.0%	19.8%	17.5%	17.0%	16.5%
Working capital (days)	(3.9)	(3.3)	(2.0)	(0.4)	(0.6)

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Notes

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