

## DCC Energy

DCC Energy is the leading oil and liquefied petroleum gas (LPG) sales, marketing and distribution business in Britain and Ireland and one of the leading oil distribution businesses in Austria and Denmark. In the year ended 31 March 2010, DCC sold 6.2 billion litres of product to c. 800,000 customers from its extensive network of 293 depots.

DCC Energy currently employs 3,439 people.

### Revenue

**€4,420.1m**

2009: €4,130.8m

#### Change on prior year

Reported: +7.0%

Constant currency: +13.7%

### Operating profit

**€113.1m**

2009: €100.7m

#### Change on prior year

Reported: +12.3%

Constant currency: +19.6%

### Return on total capital employed

**26.5%**

2009: 24.9%



# Gulf

## no.1

- oil distributor in Britain
- oil distributor in Northern Ireland and a leading oil distributor in the Republic of Ireland
- in the "agency" fuel card business in Britain

## no.2

- LPG distributor in Britain and Ireland

## a market leader

- a leading oil distributor in Austria and Denmark

## brands

**Oil** - Bayford\*, Brogan\*, Carlton Fuels\*, CPL\*, Emo Oil\*, Gulf, Scottish Fuels\*, Shell, Texaco.

**LPG** - Flogas\*.

**Fuel card** - BP, Esso, Diesel Direct, Fastfuels, Shell, Total.

\* DCC owned brand

# DCC Energy

“DCC Energy’s vision is to be the leading oil and LPG sales, marketing and distribution business in Europe.”

## Business and Markets

### Oil

DCC Energy’s oil distribution business supplies heating oils, transport fuels and fuel oils to domestic, commercial, agricultural and industrial customers in Britain, Ireland, Austria and Denmark. DCC Energy sells oil under a portfolio of strong brands including Carlton Fuels, CPL, Emo Oil, Scottish Fuels, Shell and Texaco.

DCC is the largest oil distributor in Britain, selling approximately 4.5 billion litres of product per annum on a proforma basis which gives DCC approximately 14% of the market.\* DCC has been a consolidator of the highly fragmented oil distribution market in Britain having first entered the market in September 2001 with the acquisition of BP’s business in Scotland. In Northern Ireland, DCC Energy is the largest oil distributor with a market share of approximately 20%, while in the Republic of Ireland DCC Energy has approximately 6% of the market. In the year ended 31 March 2010, DCC entered the oil distribution markets in both Austria and Denmark through the acquisition of Shell’s oil distribution businesses in these countries and, with approximate market shares of 10% and 13% respectively, is now one of the leading oil distributors in both countries.

### LPG

DCC Energy is the second largest LPG sales, marketing and distribution business in Britain and Ireland. The LPG business supplies propane and butane in both bulk and cylinders to domestic, commercial, agricultural and industrial customers for heating, cooking, transport and industrial processes. Trading under the Flogas brand, DCC has approximately 19% of the market in Britain and approximately 37% of the market in Ireland. Unlike the oil market, which remains highly fragmented, the LPG market in both Britain and Ireland is relatively consolidated. The LPG business also distributes a wide range of LPG fuel appliances such as mobile heaters and barbecues.

### Fuel Cards

DCC Energy is one of the leading sales and marketing businesses for branded fuel cards in Britain. The business now sells in excess of 500 million litres of motor fuel annually via its portfolio of fuel cards under the BP, Esso, Shell, Texaco, Total and Diesel Direct brands. Fuel cards have become an essential tool for commercial organisations

to manage their transport fuel costs. DCC Energy provides its customers with access to the breadth of the UK retail petrol station and bunker networks through its portfolio of branded fuel cards while giving them detailed information on their fuel utilisation to enable them to minimise their spend on transport fuels.

### Supply

DCC Energy purchases its oil and LPG from the major oil companies with which it has established excellent long standing relationships. DCC Energy’s supply strategy is to maintain a portfolio approach to the sourcing of its oil and LPG products. DCC’s significant financial strength provides DCC Energy with a strong competitive advantage in building long term partnerships with its suppliers.

### Performance for the Year Ended 31 March 2010

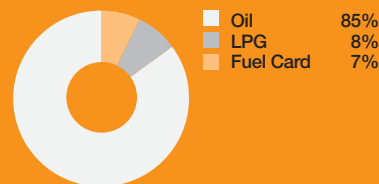
DCC Energy’s operating profit was 19.6% ahead of the prior year on a constant currency basis. This was an excellent result particularly considering the very strong performance in the prior year when operating profits grew by 59.3% on a constant currency basis. The business benefited from the successful integration of a number of recent acquisitions and, for the second consecutive year, a particularly cold winter. While there were exceptionally cold conditions in the final quarter of the financial year, the temperatures during the key trading months of April and from October through March were overall similar to the prior year but below the 30 year average.

DCC Energy sold 6.2 billion litres of product, an increase of 15.9% on the prior year. Volumes were 7.8% behind the prior year on an organic basis as the business was impacted by weaker demand due to the economic environment and a more cautious approach towards the extension of credit.

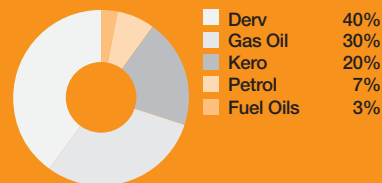
The Oil distribution business achieved an excellent performance with the business in Britain continuing to benefit from the integration of and consequent synergies from recent acquisitions. Significant progress was made in the achievement of development objectives including the acquisitions of Bayford Oil (completed October 2009) and of Brogan Holdings Limited (completed December 2009). DCC is the clear market leader in oil distribution in Britain with a market share of approximately 14% and is well positioned to further consolidate what remains a very fragmented market.



## Volume Split



## Oil Volume Split by Product



## Performance Management - KPIs

	2010	2009
Volumes	6.2 bn litres	5.3 bn litres
Organic volume growth	-7.8%	-2.8%
Operating profit per litre (constant currency)	1.96 cent	1.90 cent
Operating cash flow	€179.0m	€200.7m
Return on total capital employed	26.5%	24.9%
10 year operating profit CAGR	19.3%	18.7%

DCC Energy expanded its oil distribution activities into continental Europe through the acquisitions of the Shell oil distribution businesses in Denmark (completed August 2009) and in Austria (completed January 2010). These businesses made an important contribution to the result in the year and should over time provide further development opportunities for DCC Energy. Despite the continued very weak economic environment in Ireland, the profitability of the Irish oil business recovered well.

Despite the difficult economic conditions and overall a less favourable product pricing environment, the LPG business in Britain and Ireland had a solid performance, benefiting from the cold winter weather.

The Fuel Cards business had an excellent year, driven by good organic volume growth and the contribution from the acquisitions of Cookes Fuel Card (completed January 2009) and the Brogan fuel card business (completed December 2009).

### Strategy and Development

DCC Energy's vision is to be the leading oil and LPG sales, marketing and distribution business in Europe:-

- with strong local market shares;
- operating under multiple brands;
- generating high levels of return on capital employed;
- expanding into other geographic regions with attractive market characteristics; and
- developing a presence over time in green/renewable energy products and services.

In oil distribution, DCC's strategy is to achieve a 20% share of the British market. With a particular focus on the non heating dependent segments of the market and on national accounts, DCC Energy aims to leverage its extensive nationwide operational infrastructure to drive high levels of organic growth. DCC Energy is also focused on selling differentiated products and cross selling add-on products and services such as lubricants and boiler maintenance services to its extensive customer base.

In the LPG market, DCC Energy will continue to leverage its strong market positions to drive organic growth on a sector by sector basis in both Britain and Ireland.

In fuel cards, DCC will continue to target high levels of organic growth through its extensive portfolio of branded fuel cards by investing in new telesales teams and cross selling fuel cards to its extensive oil distribution customer base. DCC Energy will continue to position itself as the partner of choice for all the providers of branded fuel cards in both the retail and bunker card networks.

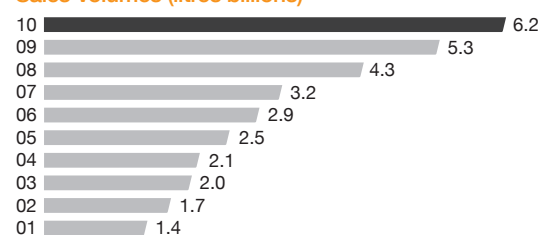
Having established strong market positions in Britain and in Ireland, DCC Energy is seeking to extend its business into continental Europe. The acquisitions of Shell's oil distribution businesses in Austria and Denmark are important steps in this strategic development.

### Outlook

After the excellent performance in the year ended 31 March 2010, which again benefited from particularly cold winter conditions, DCC Energy remains well placed to continue its growth in the year to 31 March 2011, albeit more modestly, and to develop its business further through acquisition.

\* The market is defined as fuels sold to the domestic, commercial, agricultural, industrial and haulage sectors of the transport fuels market (i.e. excluding the retail petrol station market).

### Sales Volumes (litres billions)



## DCC SerCom

SerCom Distribution markets and sells IT and entertainment products to the Retail market, the Reseller market and the Enterprise market. SerCom Solutions provides outsourced procurement and supply chain management services in Ireland, Poland, China and the USA.

DCC SerCom currently employs 1,445 people.

### Revenue

**€1,618.5m**

2009: €1,551.3m

#### Change on prior year

Reported: +4.3%  
Constant currency: +8.6%

### Operating profit

**€40.8m**

2009: €40.1m

#### Change on prior year

Reported: +1.7%  
Constant currency: +6.4%

### Operating margin

**2.5%**

2009: 2.6%

### Return on total capital employed

**16.1%**

2009: 15.5%

# no.1

- specialist distributor of consumer IT & entertainment products to a broad range of retailers in Britain, Ireland and France
- specialist distributor of enterprise products to resellers and independent software vendors in France, Iberia, Benelux and Ireland

## a market leader

- a leading distributor of IT products to a broad range of resellers in Britain and Ireland
- a leading provider of outsourced procurement and supply chain management services

## brands

**Retail** - Disney, EA, Entertainment in Video, Exspect\*, Logitech, Microsoft, Nintendo, Paramount, Seagate, Symantec, Take Two, Tom Tom, Warner.

**Reseller** - Acer, Altec Lansing, Canon, Dell, D-Link, IBM, Lenovo, Netgear, Samsung, Sharp, Sony, Toshiba, Western Digital.

**Enterprise** - EMC2, Fortinet, HP, IBM, Network Appliance, Oracle, Red Hat, RSA, SonicWall, Sun, Symantec and VMware.

**SCM** - SerCom Solutions\*

\* DCC owned brand

# DCC SerCom

“DCC SerCom’s strategy is to deliver consistent long-term profit growth and industry leading returns on capital employed by building strong commercial and market positions in each of its focused business units.”

## Business and Markets

### Retail

DCC SerCom’s Retail distribution business sells a broad range of consumer products, including games consoles and software, consumer electronics and home entertainment products, to the retail channel, including e-tailers, supermarkets and catalogue retailers in Britain, Ireland and France. DCC SerCom represents many of the leading brands in the computer games, entertainment and consumer electronics markets such as Electronic Arts, Entertainment in Video, Logitech, Microsoft, Nintendo, Paramount, Seagate, Symantec, Take Two, Tom Tom and Warner Brothers. The business is the leading specialist distributor of games hardware, software and accessories, consumer electronics and packaged software in Britain, the leading specialist distributor of IT peripherals and consumer electronics in France and the leading specialist distributor of home entertainment products in Ireland. The Retail distribution business provides a range of value added services to its customers and suppliers including end-user fulfillment, third party logistics, category management and merchandising, security tagging and cross vendor bundling. The Retail distribution business employs 538 people and in the year ended 31 March 2010 had revenues of €656 million.

### Reseller

DCC SerCom’s Reseller distribution business sells a broad range of IT, communications and consumer products, focused on the SME and home markets, to a very wide customer base of IT resellers, dealers and retailers in Britain and Ireland. The products distributed include PCs, peripherals, printers and network products. The business is a distribution partner of many of the leading brands in the IT market, such as Acer, Canon, Cisco, IBM, Lenovo, Microsoft, Netgear, Samsung, Sony and Toshiba, and provides its partners with an exceptionally broad customer reach and proactively markets IT products to the channel through product focused sales teams with strong technical expertise. The Reseller distribution business has strong market positions in its core markets in Britain and Ireland and is typically the No. 1 distributor for the brands it represents. The business employs 472 people and in the year ended 31 March 2010 had revenues of €577 million.

### Enterprise

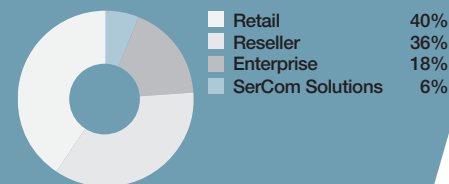
DCC SerCom’s Enterprise distribution business sells a range of data management, security and virtualisation software, servers and storage products which are typically utilised in medium-sized and large organisations. The business’s customers are value added resellers, large account resellers and independent software vendors in France, Iberia, Benelux and Britain. The business has developed a supplier portfolio of the leading hardware and software vendors in the industry including Adobe, EMC, Fortinet, HP, IBM, Network Appliance, Oracle, Red Hat, SonicWall, Sun, Symantec and VMware. This portfolio allows its highly trained sales teams to offer integrated IT solutions and related services to its customers. The business is the leading specialist value-added distributor of enterprise and mid-market products in its core markets of France, Spain, Portugal, Belgium, Luxembourg and the Netherlands. The Enterprise distribution business employs 265 people and in the year ended 31 March 2010 had revenues of €285 million.

### Supply Chain Management

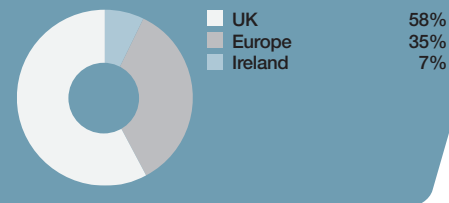
DCC SerCom’s Supply Chain Management business, SerCom Solutions, provides a range of specialist procurement and sourcing services from its operations in Ireland, Poland, China and the United States, employing state of the art IT systems and procurement processes. The business is a strategic supply chain partner for some of the world’s leading technology and telecommunications companies. SerCom Solutions delivers global supply chain solutions encompassing vendor hubbing, consignment stock programmes, supplier identification and qualification, quality assurance and compliance and supplier and customer fulfillment to effectively reduce its partners’ cost of production and reduce obsolescence and wastage. SerCom Solutions has developed partnerships with leading logistics firms to enable the business to deliver its services in a flexible, cost effective manner in its core markets in Europe, North America and the Far East. The Supply Chain Management business employs 170 people and in the year ended 31 March 2010 had revenues of €100 million.



### Revenue Split 2010



### Revenue by Geography



Performance Management - KPIs	2010	2009
Revenue growth (constant currency)	+8.6%	+18.7%
Organic revenue growth (constant currency)	+6.8%	+8.7%
Operating cash flow	€51.8m	€46.0m
Return on total capital employed	16.1%	15.5%
10 year operating profit CAGR	5.4%	7.0%

### Performance for the Year Ended 31 March 2010

DCC SerCom's operating profit grew by 6.4% on a constant currency basis. SerCom Distribution achieved constant currency operating profit growth of 13.6% in difficult market conditions reflecting excellent performances by the British distribution businesses.

DCC SerCom's Retail distribution business, which accounted for 43% of SerCom Distribution's revenue, achieved excellent profit growth. The business performed particularly well in Britain where its focus on delivering value added services for suppliers and customers allowed it to gain market share, particularly with supermarkets and e-tail customers. The French business enjoys a strong position in the retail market and achieved a satisfactory performance despite weak consumer demand. Operating profit in the Irish business was held back by the challenging retail environment and investment undertaken to broaden its home entertainment service offering.

DCC SerCom's Reseller distribution business, which accounted for 38% of SerCom Distribution's revenue, had an excellent year, achieving significant operating profit growth. The business performed very strongly in Britain, achieving strong market share gains for suppliers through market development, notably in the sale of IT products through the mobile phone channel. The business continued to invest in supplier and customer development activity to support future growth.

DCC SerCom's Enterprise distribution business, which accounted for 19% of SerCom Distribution's revenue, had a difficult year, experiencing a decline in operating profit. Market share was maintained in all key areas, however adverse market conditions had an impact on demand for certain enterprise products and consequently on the profitability of the business.

Operating profit declined in DCC SerCom's Supply Chain Management business primarily due to the anticipated change in a major customer's procurement strategy.

### Strategy and Development

DCC SerCom's strategy is to deliver consistent long-term profit growth and industry leading returns on capital employed by building strong commercial and market positions in each of its focused business units.

SerCom Distribution's principal medium term objectives are:

- to extend its product, customer and market coverage in the Retail distribution market, providing an integrated multi-country service, including the further development of own brand products;
- to expand the Reseller distribution business in Britain and Ireland in complementary product markets, such as the sale of IT products through the mobile phone channel; and
- to extend its pan-European presence in the Enterprise distribution market with an increased focus on software and security products.

SerCom Solution's primary strategic objectives are to expand its customer base in East Asia, Europe and North America through strategic partnership arrangements and the extension of its procurement and sourcing services and capability.

### Outlook

SerCom Distribution is well positioned to continue to achieve operating profit growth in the year to 31 March 2011, notwithstanding that market conditions are likely to remain challenging. Operating profit in the Supply Chain Management business is likely to decline resulting in overall operating profit for DCC SerCom being broadly in line with the prior year on a constant currency basis.



## DCC Healthcare

DCC Healthcare is a broadly based healthcare services business principally focused on:

- the provision of sales, marketing and distribution services in Ireland and Britain to healthcare providers and brand owners;
- the provision of outsourced product development, manufacturing and packing services to the health and beauty industry in Europe; and
- the sales and marketing of mobility and rehabilitation products in Britain, Ireland, Australia, New Zealand and other markets.

DCC Healthcare currently employs 1,374 people.

### Revenue

**€334.0m**

2009: €331.2m

#### Change on prior year

Reported: +0.9%

Constant currency: +5.8%

### Operating profit

**€21.1m**

2009: €17.3m

#### Change on prior year

Reported: +22.2%

Constant currency: +26.6%

### Operating margin

**6.3%**

2009: 5.2%

### Return on total capital employed

**11.3%**

2009: 9.4%

## no.1

- independent hospital supplies and services business in Ireland
- provider of physiotherapy products in Britain, Australia and New Zealand

## a market leader

- a leading provider of value-added distribution services to the hospital sector in Britain
- a leading European provider of outsourced solutions to health & beauty companies
- a leading provider of rehabilitation products in Britain

## brands

**Hospital Supplies & Services** - BioRad, Boston Scientific, Cardinal, Diagnostica Stago, Diamed, Ebewe, Fannin\*, Fresenius, Grifols, ICU Medical, Molnlycke, Oxoid, Smiths Medical.

**Health & Beauty Solutions** - Body Shop#, Healthspan#, Merck (*Seven Seas, Natures Best, Lamberts*)#, Neutrahealth plc#, Sara Lee#, Vitabiotics#.

**Mobility & Rehab** - Ausmedic\*, Biofreeze, Days Healthcare\*, Metron\*, Physio-Med\*, Thera-Band.

\* DCC owned brand

# Customers of DCC Health & Beauty Solutions

# DCC Healthcare

“DCC Healthcare’s strategy is to build a substantial, broadly based healthcare business principally focused on the provision of value added services to the healthcare and health & beauty sectors.”

## Business and Markets

### DCC Hospital Supplies & Services

In Ireland, DCC Healthcare is the market leader in the provision of sales, marketing and distribution services to healthcare providers and international healthcare brands in the areas of intravenous (IV) pharmaceuticals, medical, surgical and laboratory devices and consumables. The business markets and sells a broad range of leading brands – including BioRad, Boston Scientific, Cardinal, Fresenius, Grifols, ICU Medical, Molnlycke, Oxoid and Smiths Medical – through its extensive field sales force of highly trained professionals. Products are typically single use/consumable in nature. The business is increasingly focused on developing its range of value-added services, an example being its growing business in the provision of IV pharmaceutical compounding services to Irish hospitals. The compounding activities involve the aseptic filling of oncology, pain management, antibiotic and paediatric nutrition products into patient ready dosage forms, i.e. syringes or IV bags, within a licensed facility. Further investment in this facility during the year has doubled its capacity and will now allow for the extension of services in areas such as cystic fibrosis and homecare.

In Britain, DCC is building a growth platform in the provision of value added distribution services to British hospitals and leading healthcare brand owners through its subsidiaries Squadron Medical and TPS Healthcare. This is a developing sector as British acute care hospitals increasingly look for customised just-in-time distribution solutions to deliver cost savings, improve product availability, free up space currently occupied by stores and ultimately to contribute to the delivery of better service levels to their patients.

### DCC Health & Beauty Solutions

DCC Health & Beauty Solutions is a leading provider of “source to shelf” outsourced solutions to the health and beauty industry, principally in the areas of nutraceuticals (vitamin and health supplements), skin care and hair care. Customers include leading premium brand owners, mail order companies, specialist health and beauty retailers and private label suppliers in Britain, continental Europe and other markets. DCC provides a wide

range of product formats (tablets, soft gel and hard shell capsules, creams, liquids, sachets and stickpacks), packing and other services from its three MHRA licensed facilities in Britain. The quality of these facilities, together with the strength and depth of DCC’s business development and technical resources, enables DCC to assist its customers in rapidly bringing new products from marketing concept through to finished, shelf-ready products. DCC’s key strength is the highly responsive and flexible service it provides to its customers. This service typically involves product development, formulation, stability and other testing and regulatory compliance, as well as manufacturing and packing.

### DCC Mobility & Rehab

DCC Mobility & Rehab is involved in the design, development, procurement, sales and marketing of mobility and rehabilitation products, with operations in Britain, Ireland, Australia and New Zealand as well as a network of international distributors. DCC is the market leader in the physiotherapy product sector in Britain, Australia and New Zealand, with a broad product portfolio principally marketed under its own Days Healthcare, Physio-Med and Metron brands. Own brand products are designed and developed in-house, with manufacturing mainly outsourced to partners in Asia. Suppliers are managed by DCC’s procurement and quality control team based in Shenzhen, China. DCC Mobility & Rehab’s extensive customer base of hospitals, community loan stores, specialist retailers, private practitioners and nursing homes is serviced through field and telesales teams and supported by a range of product catalogues and websites.

### Performance for the Year Ended 31 March 2010

DCC Healthcare achieved constant currency operating profit growth of 26.6% for the year, which represented an excellent recovery in the profitability of the business.

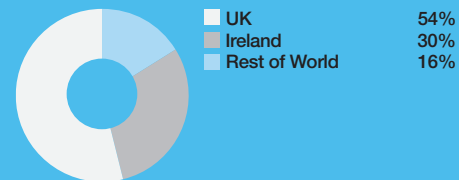
DCC Hospital Supplies & Services achieved excellent operating profit growth. In Ireland, public spending constraints have resulted in price deflation and reduced demand in the healthcare market, which were offset by cost reductions and first time contributions from bolt-on acquisitions. In Britain, DCC’s value added



### Revenue by Activity



### Revenue by Geography



### Performance Management - KPIs

	2010	2009
Revenue growth (constant currency)	+5.8%	+27.9%
Operating cash flow	€30.1m	€23.3m
Return on total capital employed	11.3%	9.4%
10 year operating profit CAGR	3.7%	6.8%

distribution services business grew its revenues strongly through a further roll out of its services within key customers and grew its operating profit significantly while continuing to invest in its operational infrastructure. The business was recently successful in a tender process for a 10 year framework agreement to roll out to acute care trusts within NHS London the "just-in-time" distribution service which it currently provides to Guys & St. Thomas' NHS Foundation Trust.

DCC Health & Beauty Solutions delivered excellent operating profit growth driven by continued growth in the nutraceuticals business and a significant recovery in contribution from its beauty operations. Good revenue growth and excellent operating profit growth was achieved in the nutraceuticals business following new contract wins last year and continued development with key customers. Operational capability was enhanced by capacity expansion and technological developments at DCC's soft gelatine encapsulation facility in Wales. The significant recovery in margins from the beauty business was driven by improved operational efficiency and recovery of prior year input cost increases.

DCC Mobility & Rehab made progress during the year and recorded a strong recovery in operating profit in the second half despite weak market conditions in Britain. The Australian business in particular had an excellent year.

### Strategy and Development

DCC Healthcare's strategy is to build a substantial, broadly based, healthcare business principally focused on the provision of value added services to the healthcare and health & beauty sectors.

In the markets in which DCC Healthcare operates, healthcare provision is primarily funded by governments. As fiscal budgets tighten and the burden of ageing populations increases, public healthcare systems are increasingly looking to the private sector for cost effective value added solutions. In addition, individual hospitals and hospital trusts are reviewing their activities and increasingly outsourcing those activities deemed to be non-core.

DCC Healthcare is working to meet this demand by providing a range of value added services to hospitals, including IV pharmaceutical compounding services and stock management and distribution services.

Outsourcing trends are also visible in the health and beauty sector, where brand owners are increasingly outsourcing non-sales and marketing activities (including product development) and streamlining their supply chains. With its high quality licensed facilities and its technical, regulatory and financial strengths, DCC Health & Beauty Solutions is well positioned to capitalise on these trends.

DCC Healthcare's primary focus is the generation of strong organic profit growth and superior returns in its existing businesses by developing and expanding its service offerings to meet the changing needs of the healthcare and health & beauty sectors. In addition to driving continuing growth through existing channels to market, the business is also focused on growing in developing channels such as homecare.

### Outlook

In spite of a continuing challenging trading environment, particularly in Ireland, DCC Healthcare is well placed to achieve profit growth in the year to 31 March 2011. In particular, the developing opportunities in value added distribution services in Britain and the enhanced operational capability of DCC Health & Beauty Solutions provide a strong platform for growth.

## DCC Environmental

DCC Environmental is a leading British and Irish provider of recycling and waste management services to the industrial, commercial, construction and public sectors, operating in both the non-hazardous and hazardous segments of the market. In the last year DCC Environmental handled approximately 1.4 million tonnes of waste through its twenty facilities in Britain and Ireland.

DCC Environmental currently employs 745 people.

### Revenue

**€77.4m**

2009: €81.8m

#### Change on prior year

Reported: -5.4%  
Constant currency: -0.2%

### Operating profit

**€9.3m**

2009: €10.2m

#### Change on prior year

Reported: -9.1%  
Constant currency: -2.6%

### Operating margin

**12.0%**

2009: 12.5%

### Return on total capital employed

**9.7%**

2009: 12.9%



# no.1

- recycling and waste management business in Scotland
- hazardous waste treatment business in Ireland

# a market leader

- a leading Nottingham based recycling and waste management business

# brands

Enva\*, Tracey\*, Wastecycle\*.  
\* DCC owned brands



# DCC Environmental

“DCC Environmental’s strategy continues to be to grow its position as a leading broadly based waste management and recycling business in Britain and Ireland by positioning the business to take advantage of the trend towards more sustainable waste management with a particular emphasis on recovery and recycling.”

## Business and Markets

### Britain

Operating from fourteen sites in Scotland and the North East and East Midlands regions of England, DCC Environmental collects and processes a broad range of non-hazardous and hazardous waste. The business handles 1.3 million tonnes of material, a substantial portion of which is collected by its fleet of 163 vehicles. 72% of all waste volumes are diverted from landfill.

Noting the escalating cost of landfill disposal, DCC Environmental continuously strives to divert the greatest possible proportion of waste from landfill. Significant investment has been made in recycling infrastructure to extract the greatest proportion of recyclables at the most economic cost. In addition to extracting the recycle from general waste, the business is continuously ensuring that the recycled material is diverted to that market which provides the best return. One such example is increasing the proportion of waste timber now being sent to biomass plants. The business is also focused on biodegradable organic material and other residual waste streams which continue to be predominately sent to landfills. A key development is the recent signing of a feedstock supply agreement to supply project partner Scottish and Southern Energy’s proposed biogas plant. Construction has commenced on what will be Scotland’s largest biogas facility. Certain other wastes are being processed into a fuel for use by cement kilns, displacing fossil fuels.

### Ireland

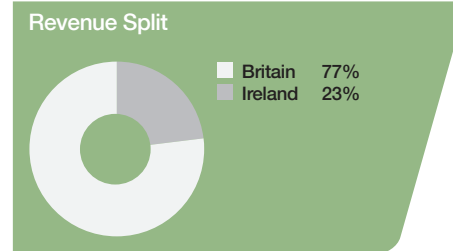
Enva is an innovative company providing solutions for the treatment and disposal of a diverse range of hazardous wastes. Operating from six licensed sites, Enva has the most comprehensive waste infrastructure in Ireland, providing a range of services including oil recycling, chemical treatment, water treatment, metal recovery and soil remediation. Enva is continuously seeking to develop new solutions for hazardous waste to both assist customers to reduce their waste disposal costs and to assist Ireland in meeting its goal of reducing the portion of hazardous waste exported for treatment which currently amounts to approximately 50% of volume.

### Regulation

DCC Environmental’s waste management business operates in a highly regulated environment. Each of its twenty facilities operates under conditions as set down in respective waste management licences and is frequently inspected by environmental regulatory authorities. No enforcement or improvement notices have been issued during the year. Any non-compliance with licence requirements, however minor, is investigated immediately and corrective actions implemented.

### Performance for the Year Ended 31 March 2010

While operating profit declined in DCC Environmental in the year ended 31 March 2010, the second half saw a return to profit growth relative to the same period last year. The British business grew its operating profit strongly in the year, however the trading environment remained particularly difficult in Ireland.



Performance Management - KPIs	2010	2009
Tonnages*	962k	720k
Recycling %	71%	64%
Operating cash flow	€15.8m	€21.2m
Return on total capital employed	9.7%	12.9%
10 year operating profit CAGR	30.6%	63.7%

\* includes only 50% of Traceys up to time of reorganisation

The business in Britain was successful in attracting new customers and drove greater operating efficiencies through cost reductions and increased rates of recycling, although it continued to suffer from reduced waste volumes from the construction sector. The business also benefited from a recovery in recycle prices as the year progressed. In December 2009, DCC Environmental acquired Tank Cleaning Services, based in the North East of England, which, whilst modest in scale, represents a platform to grow the hazardous business in England.

Trading was very difficult in Ireland particularly in those areas of the business with exposure to the construction sector.

In January 2010, DCC announced the reorganisation of its British environmental operations (the William Tracey Group and Wastecycle) with the formation of a new holding company which now owns all of DCC's British environmental businesses. The holding company is owned 70% by DCC and 30% by Michael Tracey, the managing director of the business.

### Strategy and Development

DCC Environmental's strategy continues to be to grow its position as a leading broadly based waste management and recycling business in Britain and Ireland by positioning the business to take advantage of the trend towards more sustainable waste management with a particular emphasis on recovery and recycling. This growth strategy will be driven both organically and by acquisition.

The correlation between GDP and waste volumes has recently been reflected in a reduction in waste generation in Britain. Notwithstanding this, the supportive regulatory and legislative drivers, particularly for companies focused on recycling, remain compelling and underpin DCC Environmental's strategy. This has been reinforced through a number of initiatives announced by the British Government throughout the year including recent landfill tax increases in the budget and also the launch of consultation on the banning of certain materials such as garden waste, food, paper and plastics from being sent to landfill.

Following the announcement of the partnership with Scottish and Southern Energy in developing Scotland's largest biogas plant, DCC Environmental intends to enter into similar partnerships over time to further reduce the proportion of waste sent to landfill.

### Outlook

DCC Environmental anticipates strong operating profit growth in the current year, driven by the British business which is expected to benefit from its investment in upgraded recycling equipment and in additional sales resources. Operating profit will also benefit from the consolidation of 100% of the William Tracey Group for the full year (previously 50%).



## DCC Food & Beverage

DCC Food & Beverage markets and sells a wide range of company owned and third party branded food and beverage products in Ireland and has a wine business in Britain. It is a market leader in a number of niche market segments in healthfoods, indulgence foods and frozen & chilled logistics.

DCC Food & Beverage currently employs 1,012 people.

### Revenue

**€275.0m**

2009: €305.0m

#### Change on prior year

Reported: -9.8%

Constant currency: -8.4%

### Operating profit

**€8.5m**

2009: €12.1m

#### Change on prior year

Reported: -29.8%

Constant currency: -29.5%

### Operating margin

**3.1%**

2009: 3.9%

### Return on total capital employed

**10.2%**

2009: 14.1%

## no.1

- ambient healthfood business in Ireland
- brand of fresh ground coffee in retail in Ireland
- in frozen food logistics and distribution in Ireland with a significant chilled food business

## no.2

- brand of fresh ground coffee in foodservice in Ireland

## a market leader

- a leading independent wine distributor in Ireland
- the No.3 supplier in savoury snacks in Ireland

## brands

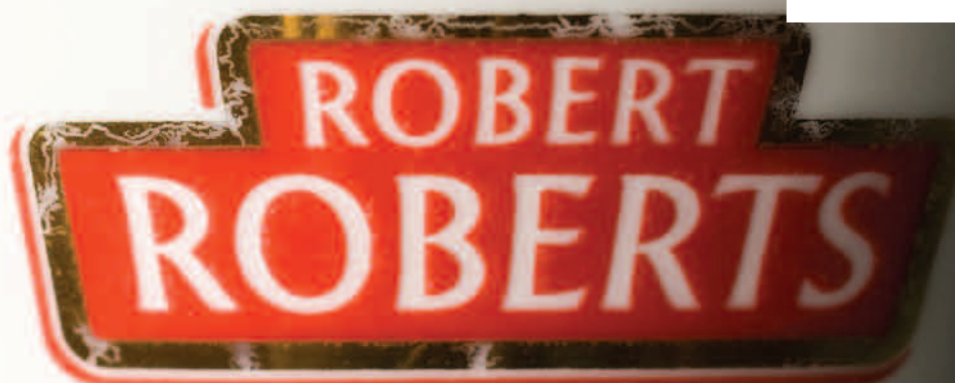
**Healthfood** - Alpro, Baxters, Biofreeze, Dorset Cereals, Filippo Berio, Hipp, Kallo, Kelkin\*, Nairns, Olbas, Ortis, Pomegreat, Popz, St Dalfour, Vitabiotics, Whole Earth.

**Indulgence** - Andrew Peace, Antinori, Baron Philippe de Rothschild, Bollinger, Chapoutier, Cono Sur, Elizabeth Shaw, French Connection\*, Freixenet, Hula Hoops, KP, Lemons\*, Lindemans, Louis Jadot, McCoys, McVities/Mars Cakes, Masi, Mateus, Moreau, Phileas Fogg, Ritter, Robert Roberts\*, Sacla, Sutter Home, Topps, Torres, Wakefield, Wilton Candy\*.

**Logistics** - Allied Foods\*, Mr. Food\*.

**Other** - Brodericks\*, Kylemore.

\* DCC owned brand



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# DCC Food & Beverage

“The Group’s strategy is to develop DCC Food & Beverage into a leading added value sales, marketing and distribution business, building number 1 or number 2 branded positions in focused segments and delivering an above average return on capital.”

## Business and Markets

DCC Food & Beverage’s businesses have a strong track record in brand building and offer deep distribution reach with extensive customer service to the retail and foodservice sectors throughout Ireland. Services provided include marketing, category management, selling (key account management, direct sales representation and van sales), distribution and merchandising. The principal customers are grocery multiples, symbol and independent retailers, pharmacies, off licenses, hotels, restaurants and cafes. In Britain, wines are sold to multiple retailers and wholesale cash and carry customers.

## Healthfoods

In Ireland, Kelkin is the leading and most comprehensive supplier of owned and agency brands of healthy foods and beverages, fine foods and vitamins, minerals & supplements (VMS), selling directly to both the grocery and pharmacy sectors. The Kelkin brand is recognised as the leading brand in the ambient health / “better for you” food sector and aims to make “the healthy choice the easy choice” in many food categories. It is also a strong brand in the VMS sector.

## Indulgence Foods

Robert Roberts is a value-added distributor of indulgence products in the grocery, impulse and food service sectors. The business has a strong, complementary range of owned and agency brands, specialising in wine, snacks, hot beverages, confectionery, cakes and soft drinks. In the Irish market, Robert Roberts is the number 1 supplier of freshly ground coffee to the retail sector and the number 2 supplier in the foodservice sector; the number 3 supplier of savoury snacks (through the KP range)

and a leading independent distributor of sugar confectionery products. Through its wine distribution business, Findlater Wine & Spirit Group, which was established following the integration of Woodford Bourne and Findlater Grants, Robert Roberts is a leading distributor of wine in Ireland providing an extensive portfolio of international wine brands. Findlater Wine & Spirit Group offers its principals the largest on-trade reach in the Irish marketplace.

In Britain, Bottle Green is a leading supplier of branded (owned and agency) and exclusive retail solutions to the multiple off trade sector of the UK wine market.

## Logistics/Other

Allied Foods is the number one frozen food distributor in Ireland, with a developing chilled food distribution business. It offers a full range of temperature controlled supply chain solutions (procurement, brand management and selling, warehousing and distribution) to major retailers, manufacturers and food service customers.

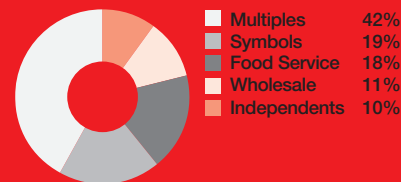
Kylemore Foods Group (50% owned by DCC) is a leading operator of retail restaurants and contract catering services in Ireland.

## Performance for the Year Ended 31 March 2010

Overall trading conditions for DCC Food & Beverage were extremely challenging resulting in a decline in operating profit in the year ended 31 March 2010 of 29.8%. The rate of decline slowed significantly in the second half to 12.8% compared to 40.6% in the first half.



### Revenue by Customer Group



### Revenue Split



Performance Management - KPIs	2010	2009
Operating cash flow	€21.1m	€13.7m
Revenue per employee (constant currency)	€279k	€300k
Return on total capital employed	10.2%	14.1%
10 year operating profit CAGR	0.3%	7.1%

The Indulgence and Healthfood businesses in Ireland were impacted by difficult economic and trading conditions. The downturn in the economy has resulted in consumers investing more time and effort seeking out cheaper product offerings and spending less on food and beverages. Weakness in the sterling exchange rate resulted in the direct sourcing of product from Britain by retailers and increased cross border shopping. These factors, along with increased competition in the market, resulted in price deflation. Throughout the year the businesses achieved cost reductions, however these only partly mitigated the impact of reduced sales and margins.

The Frozen and Chilled Logistics business performed satisfactorily in this difficult market through its focus on operational efficiencies.

### Strategy and Development

The Group's strategy is to develop DCC Food & Beverage into a leading added value sales, marketing and distribution business, building number 1 or number 2 branded positions in focused segments and delivering an above average return on capital. This will be achieved by building on current positions in the health, indulgence and logistics segments, both organically and through acquisition.

The business will continue to increase its focus on brands, building on the progress that has been made to date with Kelkin healthy foods and beverages, Robert Roberts coffee and speciality teas and Lemon's confectionery, as well as its extensive range of third party agency brands across its healthfoods and indulgence categories. Our wine and spirits business in Ireland will continue to develop its range and grow its market share, particularly in the on-trade. The UK wine business remains focused on developing brands which include French Connection and Andrew Peace.

### Outlook

While DCC Food & Beverage anticipates a continuation of the difficult trading environment, a return to operating profit growth in the year to 31 March 2011 is expected.