

## THE ISSUE STEADY AS SHE GOES

DCC released solid full-year results last week with overall revenue coming in at £14.26bn (€16.33bn). Operating profit was up 11.1% to £383.4m, ahead of consensus expectations. Earnings per share was 317.5p, 1.8% ahead of the estimated 312p. Dividend per share was up 10% at 122.98p.

This was the 24th consecutive year of dividend growth for DCC. Free cash flow conversion was 85%, down from 114% in 2017, driven by increased capital expenditure.

Overall balance sheet remains very strong with net debt to earnings before interest, taxes, depreciation and amortisation of 1.1 times.

## THE BOSS DONAL MURPHY

Donal Murphy, took over as chief executive from Tommy Breen last year and has taken up where his predecessor left off, continuing the company's track record of solid earnings growth. Murphy, pictured, joined DCC in 1998 as head of Group IT and held a variety of senior roles, including managing director of its technology and energy divisions. Prior to DCC he worked for AIB. Murphy has a degree in commerce from UCD and an MBA from the Smurfit School of Business.



## THE ANALYST WILL HEFFERNAN, CANTOR

The big trend from this set of results was weakness in the liquid petroleum gas (LPG) segment being offset by strong performance in healthcare, retail and oil, and technology.

Expectations of earnings per share growth for financial year 2019 remain at 14.5%. Management's historical track record of meeting expectations is excellent.

There remains significant runway left in the US and Asian LPG markets, which DCC has only just recently entered. With such a strong balance sheet, the potential for accretive M&A remains high.

DCC is currently trading on a 2018 price to earnings of 20.5 times and pays a dividend yield of 1.84%.

### ◆ DCC

£80

75

70

65

60

Dec Jan Feb Mar Apr

Source: LSE

**Market cap:** £6.6bn (€7.5bn); **Share price:** £73.75; **DPS:** £1.37; **EPS:** £3.63; **Shareholders:** FMR, 7.84%; Blackrock, 7.66%; Allianz, 6.46%; Capital Group, 5.78%; Mawer IM, 4.08%