



DCC

Planning and Executing an Acquisition Integration A Treasury Perspective

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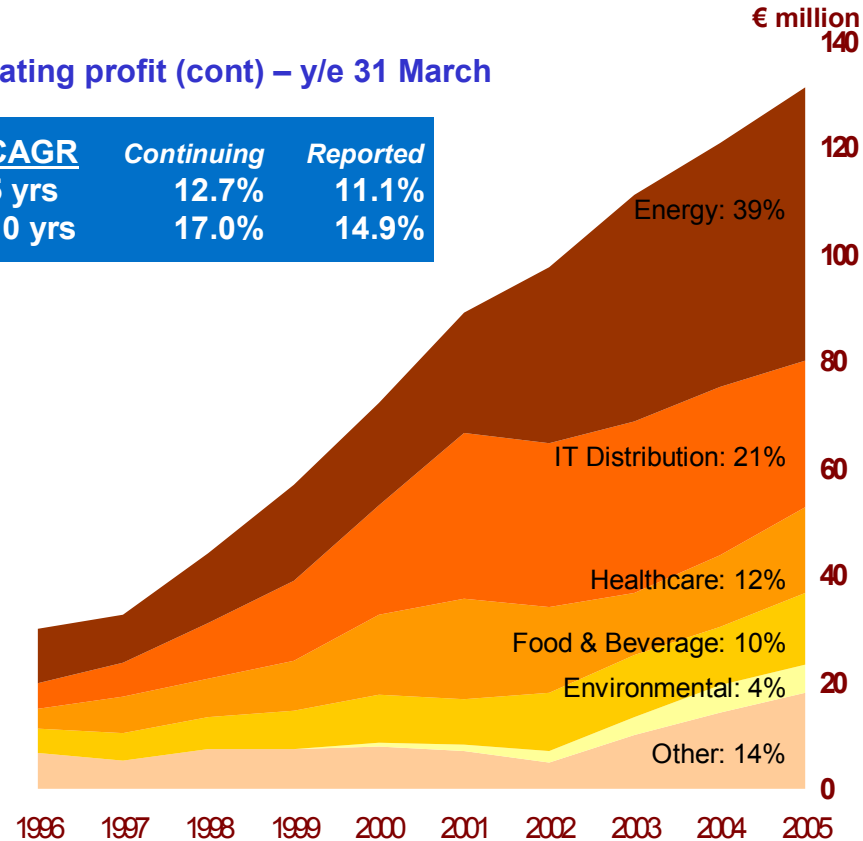
- ▶ **DCC overview**
- ▶ **Recent acquisitions**
- ▶ **Group Treasury Overview**
- ▶ **Overview of Treasury Role in Acquisition Integration**
- ▶ **Acquisitions - Treasury Integration Example**
- ▶ **Summary**

- ▶ **DCC is a sales, marketing and business support services group**
- ▶ **Focused on the energy, IT & entertainment, healthcare, food & beverage and environmental markets**
- ▶ **FY 2005:**
 - **Sales €2.7bn**
 - **Operating profit €131.5m – UK 53%, Rep. of Ireland 46%, other 1%**
 - **Shareholders' funds €494m**
 - **Net debt €8.2m**
- ▶ **Approximately 5,000 employees**
- ▶ **Listed in Ireland and London - Business Support Services**
- ▶ **Market capitalisation approximately €1.3bn**

[Note: Figures quoted in this presentation are based on audited accounts (under Irish GAAP)]

Operating profit (cont) – y/e 31 March

<u>CAGR</u>	<i>Continuing</i>	<i>Reported</i>
5 yrs	12.7%	11.1%
10 yrs	17.0%	14.9%



Consistent track record of:

- Strong earnings growth
- High ROCE
- Strong cash generation

Balanced growth

- Organic
- Acquisition
- Across market segments



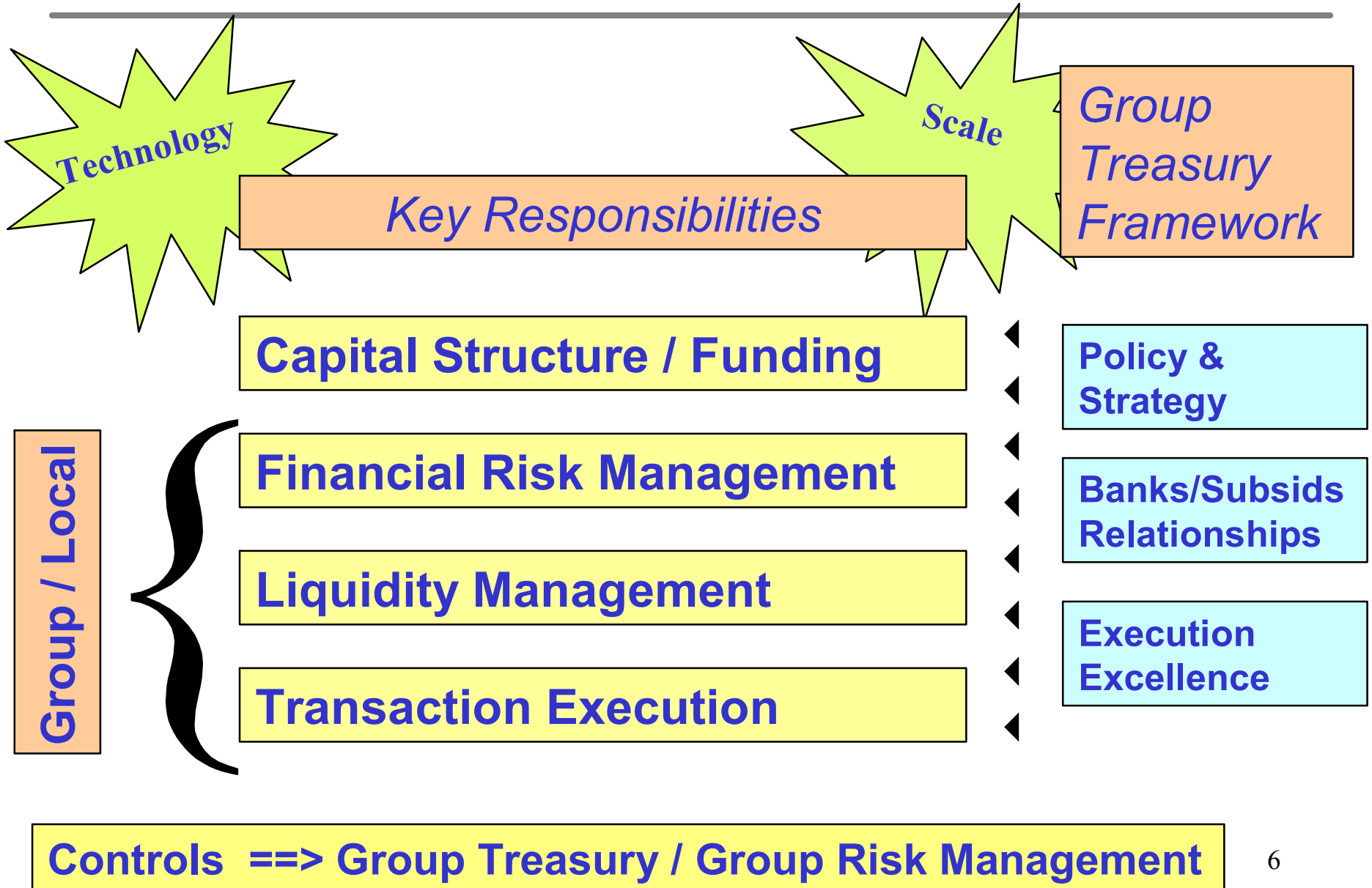
Shareholder value enhancing acquisition skills

- ▶ **Structured acquisition search process generates a continual flow of opportunities**
- ▶ **Acquisition negotiation and structuring**
- ▶ **Depth of experience in acquisition execution and integration**
- ▶ **Entrepreneurial management of acquired businesses motivated to pursue growth**
- ▶ **Preference for bolt-on or complementary acquisitions**
- ▶ **Strong balance sheet supports significant acquisition expenditure**

Acquisitions announced:

<u>To date in y/e 31/3/06</u>	
	€'m
AB Computing	5.7
Pilton	22.5
Physio-Med	8.5
Brett Oil	3.3
	<u>40.0</u>

<u>Y/e 31/3/05</u>	
	€'m
Bottle Green	17.2
Allied Foods	16.9
Shell Direct UK	23.1
Laleham Healthcare	14.8
Dyneley Holdings	9.0
Other	8.3
	<u>89.3</u>





Treasury Role in Acquisition Integration

- ▶ **Early Treasury involvement in acquisition / integration process**
- ▶ **Participate in cross functional acquisition / integration team**
- ▶ **Read the share purchase agreement and disclosure / due diligence material**
- ▶ **Early contact with target Finance Director, bankers and other professionals**
- ▶ **Scope treasury activities as soon as possible**



Treasury Role in Acquisition Integration (cont.)

- ▶ **Plan for day 1 integration – what must change?**
- ▶ **Plan subsequent phasing in of full treasury integration**
- ▶ **Arrange Board meeting to approve banking documentation**
- ▶ **Ensure sufficient time to have documentation processed and new procedures implemented**
- ▶ **Agree funding structures and consideration payment arrangements in advance and reconfirm prior to completion**
- ▶ **Allocate time to support the new Finance team during integration period**

- ▶ Appointment of bankers
- ▶ New bank mandates
- ▶ Transfer of bank accounts from Vendor
- ▶ BACS sponsor and related “Originator Identification Number” transfers
- ▶ Thirdparty software to access BACS system
- ▶ Electronic banking system
- ▶ MT940
- ▶ Merchant Services Agreement
- ▶ Transfer of giro accounts from Vendor



Compliance Documentation

- ▶ **New bank relationship**
- ▶ **“Know your client” requirements**
- ▶ **Memorandum & Articles**
- ▶ **Certificate of Incorporation**
- ▶ **Minute extracts**
- ▶ **Certified list of directors**
- ▶ **Copies of passports / utility bills**

- ▶ **Compliance with banking / debt provider agreements**
- ▶ **Ongoing interaction with Group Treasury activities**
- ▶ **Systems updates**
- ▶ **Post integration projects**
- ▶ **People**

- ▶ **Treasury plays a key role in successful integration**
- ▶ **“Fail to prepare - prepare to fail”**
- ▶ **Work with the full team from an early stage**
- ▶ **Plan for the Day 1 integration essentials**
- ▶ **Plan phase in of full best practice implementation**
- ▶ **Continue to support the new business during integration period**