

Bunzl - Business Case
February 2022

The difference is ESSENTIAL

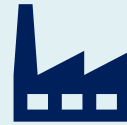


THE BUNZL WORLD

A specialist business with scale



Presence in
31 countries



Utilising **>10,000**
supplier
relationships
globally



Supporting
c.800,000
customers with
multiple locations



With **c.150**
operating
companies



c.21,000 employees,
c.6,000 are
customer service
specialists
and sales experts



Across **6** core
market sectors



Providing a
tailored service
for individual
customer needs

A PROVEN MODEL WHICH HAS DRIVEN STRONG AND CONSISTENT RESULTS



Robust business model

- **LEADER** in our markets in the distribution sector
- Tailored offerings and service-led model that provides customers with **VALUE-ADDED SOLUTIONS**
- Strong **GLOBAL SUPPLY CHAIN**, with both branded and own brand portfolio
- Decentralised organisation that supports **SPECIALIST POSITIONING**, whilst benefiting from **GROUP SCALE**
- Customer-focused mindset that drives continual improvement and **INNOVATION**
- **STRONG SUSTAINABLE OFFERING** for customers, including ethical supply chain assurance
- **DIGITAL** infrastructure with majority of customer orders placed digitally

Consistent compounding strategy

Profitable organic growth

Use competitive advantage to support the growth of our customers and to increase our market share

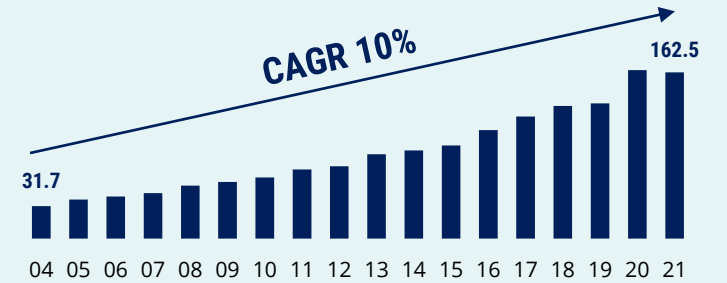
Operating model improvements

Daily focus on making our business more efficient

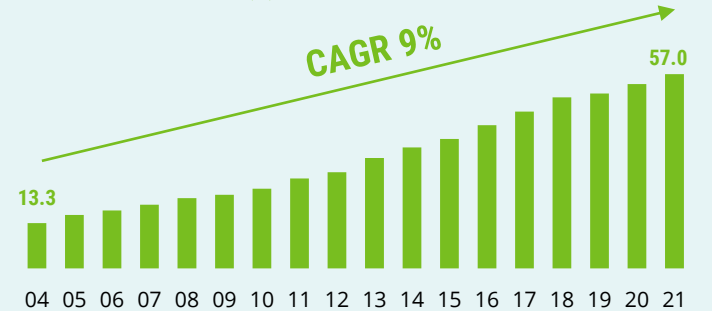
Acquisition growth

Use strong balance sheet and excellent cash flow to consolidate our markets further

Adjusted EPS¹ (p)



Dividend per Share (p)



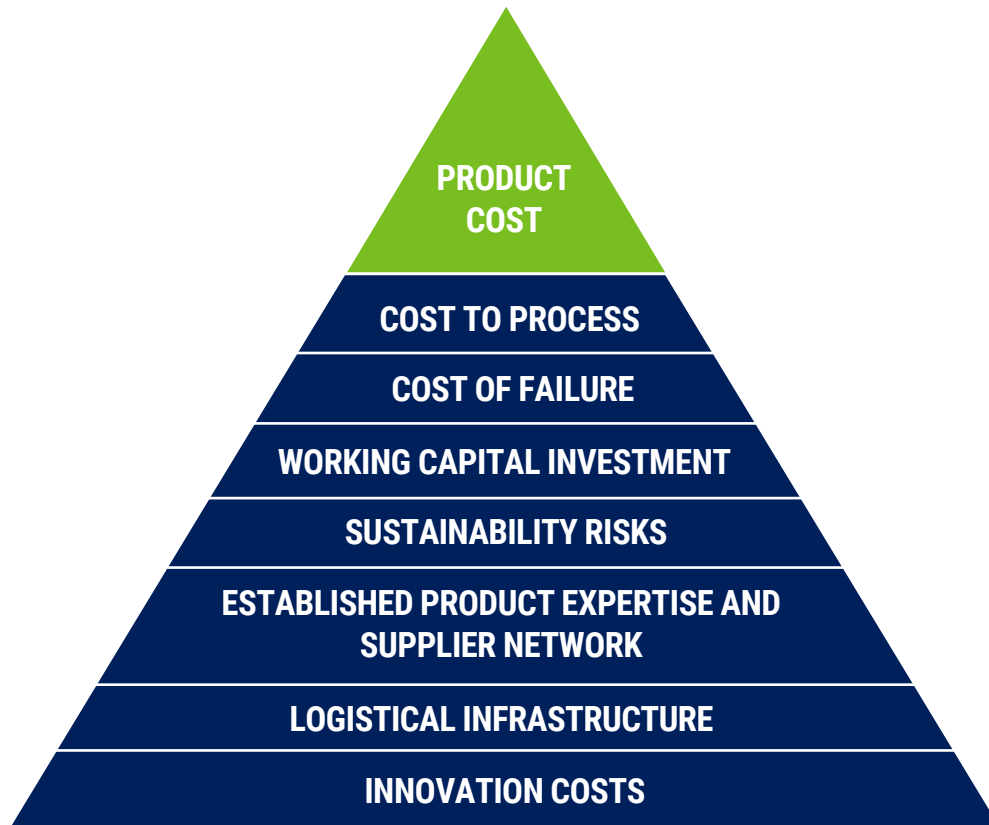
Note: 1. Alternative performance measure

OUR BUSINESS IS TO ENHANCE OUR CUSTOMERS' BUSINESSES



Providing customers with more than just competitively priced products

Saving our customers more than just the cost of products



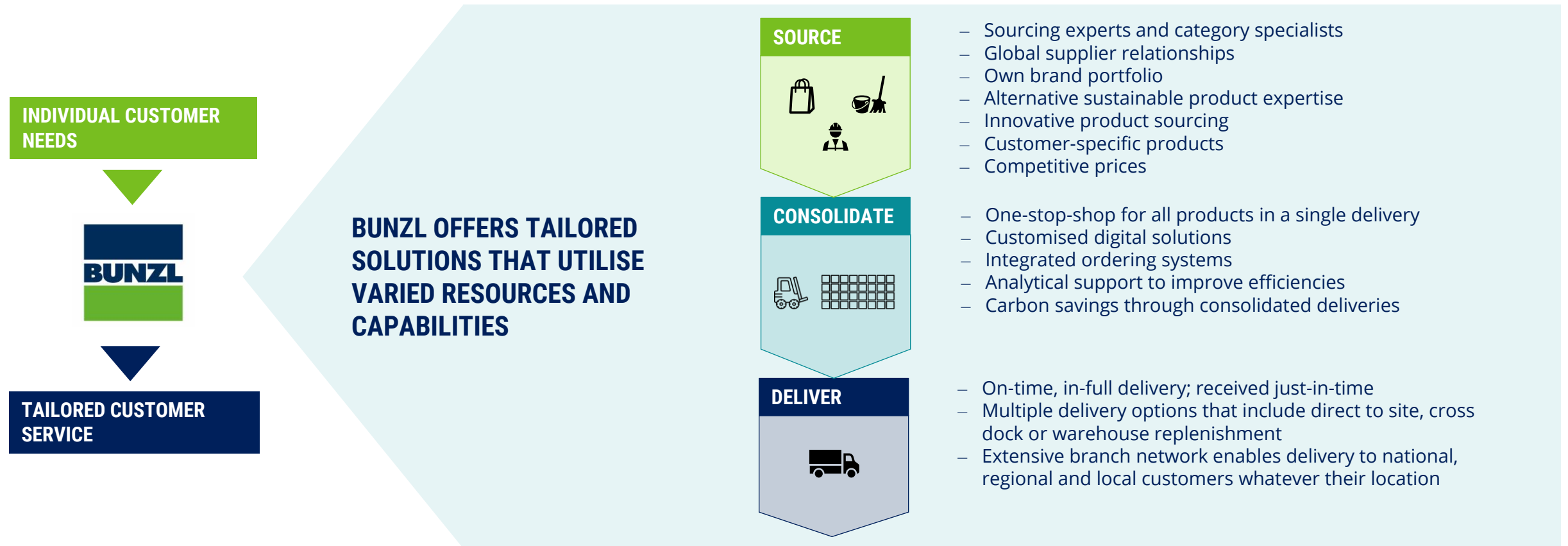
Bunzl provides a customised service that offers:

- **CATEGORY EXPERTISE** and advice from **c.6000 CUSTOMER SERVICE SPECIALISTS AND SALES EXPERTS**
- **SUSTAINABLE SOLUTIONS** that support customer objectives
- **INNOVATIVE** products and solutions
- **SCALE** that drives competitive prices
- A strong and **ETHICAL SUPPLY CHAIN**
- **RELIABILITY** and availability
- Working capital **EFFICIENCIES**
- **ROBUST LOGISTICAL SUPPORT**

PROVIDING A TAILORED SERVICE TO CUSTOMERS



Utilising our breadth of capabilities to provide bespoke customer solutions



STRONG RELATIONSHIPS ACROSS GLOBAL BRANDED SUPPLIERS



Offering products from 1000s of suppliers

Example suppliers:



- Wide variety of products within goods-not-for-resale
- Product offering driven by customer needs
- Flexible supplier relationships enable optimal customer solutions

COMPLEMENTARY OWN BRAND AND IMPORTED PRODUCT OFFERING



Own brand solutions that strengthen our customer proposition

Example own brands:



The Brand Pros Demand



ML KISHIGO



- Developed own brand portfolio supports total customer proposition and retention
- Own brands represent c.20% of purchases in a typical year
- Provide both low cost commodity items and innovative product lines
- A large proportion of own brand is sourced via our well-invested Shanghai sourcing and auditing office which ensures ethical and quality sourcing from Asia
- Breadth of supplier relationships enables Bunzl to source innovative new products and commission suppliers to develop products specifically to customer specification

SERVICE THAT GOES BEYOND THE PHYSICAL PRODUCT



We support our customers to select and use the best products for the task

No one size fits all approach of working with customers and so services offered include:

- Product training
- Management information
- Auditing of processes to drive improvements
- Technical Engineers
- Knowledge sharing around industry developments
- Innovation centres to showcase product opportunities
- Technological support
- Sustainability advice and support

Our tailored service allows us to support customers with their individual objectives – from delivering sustainability objectives to driving efficiency and meeting financial targets

Service proposition supports retention and broadening of offering

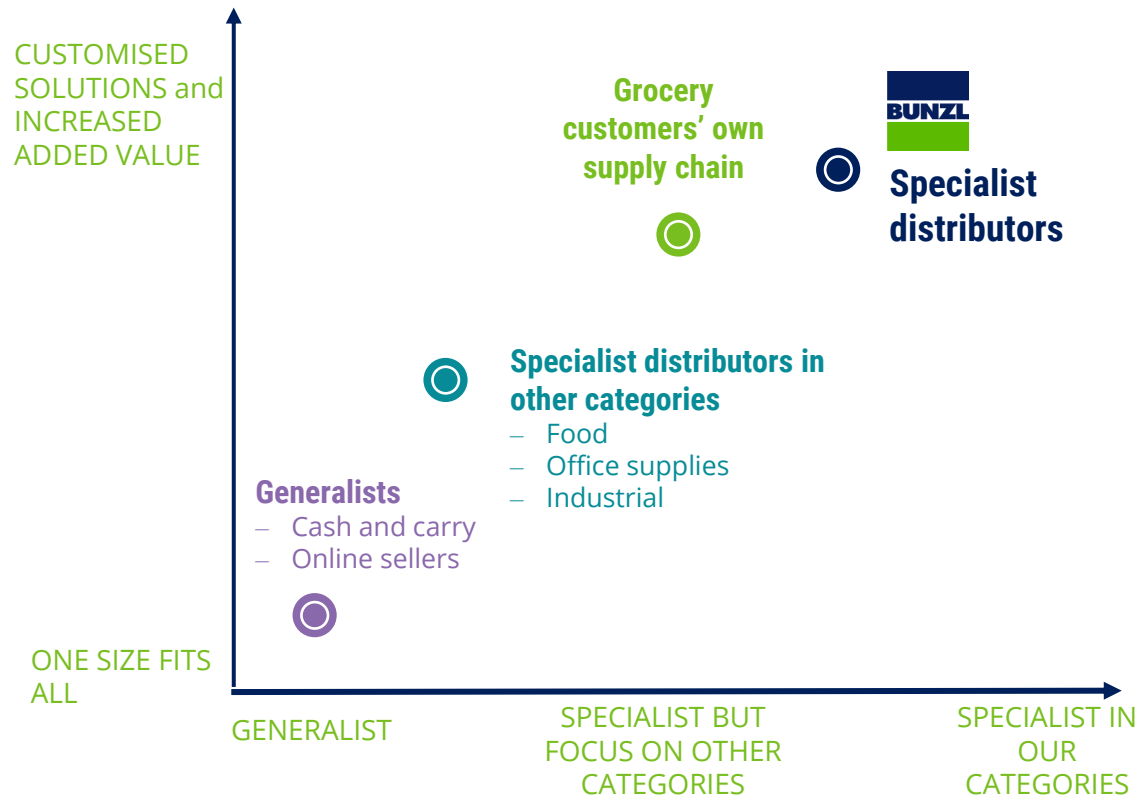
Average length of partnerships with top 40 North America customers

>20 years

OPERATING AS A SPECIALIST DISTRIBUTOR



We offer local market expertise to our customers, complemented by our scale



- Positioned as a specialist with fully customised solutions
- We offer local market expertise supported by Group scale
- Competitors are mainly locally focused specialist distributors

DECENTRALISED OPERATIONS SUPPORT LOCALLY-LED SERVICE



Bunzl is made up of c.150 operating companies

Our Continental European operating companies:



- **LOCAL** relationships and expertise crucial in distribution
- **INDIVIDUAL NEEDS AND COMPLEXITIES** of customers vary significantly
- Bunzl's **c.150 OPERATING COMPANIES** ensure a locally-led service
- Bunzl delivers **BESPOKE SOLUTIONS** for customers
- Decentralisation and founders' mentality drives **AGILE** response
- Locally-led operations ensure a strong focus on our people, improving **RETENTION** and **TALENT DEVELOPMENT**

SCALE PROVIDES BENEFITS ACROSS THE GROUP

Benefit of strong supplier relationships, leveraged investments and experience



- **GLOBAL SCALE** is a strong advantage
- Strength of **SUPPLIER RELATIONSHIPS** enhanced
- Enables **INVESTMENTS, EXPERTISE** and **COLLABORATION** to be leveraged across the Group
 - **67%** of orders placed digitally in 2021
- Proven expertise in transitioning customers to **SUSTAINABLE SOLUTIONS**
- **ETHICAL SOURCING ASSURANCE** provided by Global Supply Chain Solutions

SUPPORTING A DIVERSE RANGE OF CUSTOMERS



A diversified portfolio which has continually demonstrated resilience

Safety

Personal protection and safety equipment, including gloves, boots, hard hats, ear and eye protection and other workwear, as well as cleaning and hygiene supplies and asset protection products to industrial, construction and ecommerce sectors

Cleaning & hygiene

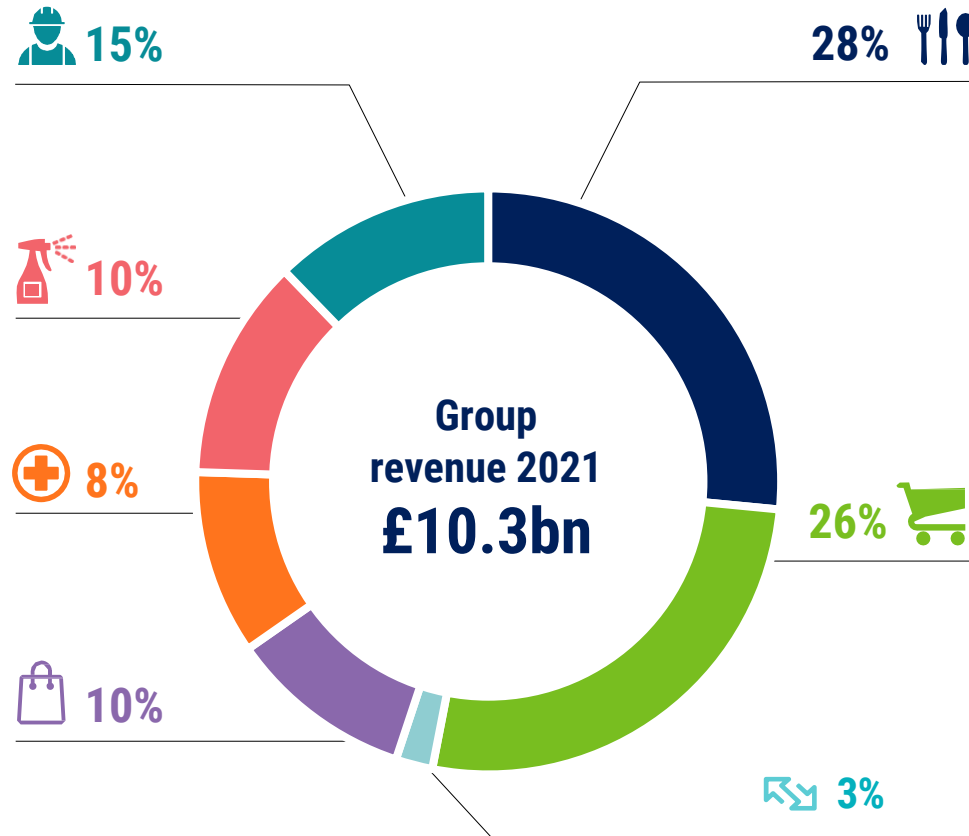
Cleaning and hygiene materials, including chemicals and hygiene paper, to cleaning and facilities management companies and industrial and public sector customers

Healthcare

Healthcare consumables, including gloves, masks, swabs, gowns, bandages and other healthcare related equipment, as well as cleaning and hygiene products and healthcare devices to hospitals, care homes and other facilities serving the healthcare sector

Retail

Goods-not-for-resale, including packaging and other store supplies and a full range of cleaning and hygiene products, to retail chains, boutiques, department stores, home improvement chains, office supply companies and related e-commerce sales channels



Foodservice

Non-food consumables, including food packaging, disposable tableware, guest amenities, catering equipment, agricultural supplies, cleaning and hygiene products and safety items, to hotels, restaurants, contract caterers, food processors, commercial growers and the leisure sector

Grocery

Goods-not-for-resale, including food packaging, films, labels, cleaning and hygiene supplies and personal protection equipment to grocery stores, supermarkets and convenience stores

Other

A variety of product ranges to other end user markets

LEADING THE SHIFT TO ALTERNATIVE MATERIALS



The transition of packaging to alternative materials will be net positive to Bunzl



- Very limited exposure to the single-use plastic consumable products where volume reduction can be expected
- The transition to packaging and products made from alternative materials will be net positive for the business and we have made good progress to date
- Our approach is supportive to working successfully and profitably with customers who are increasingly interested in working with sustainable supply chain partners

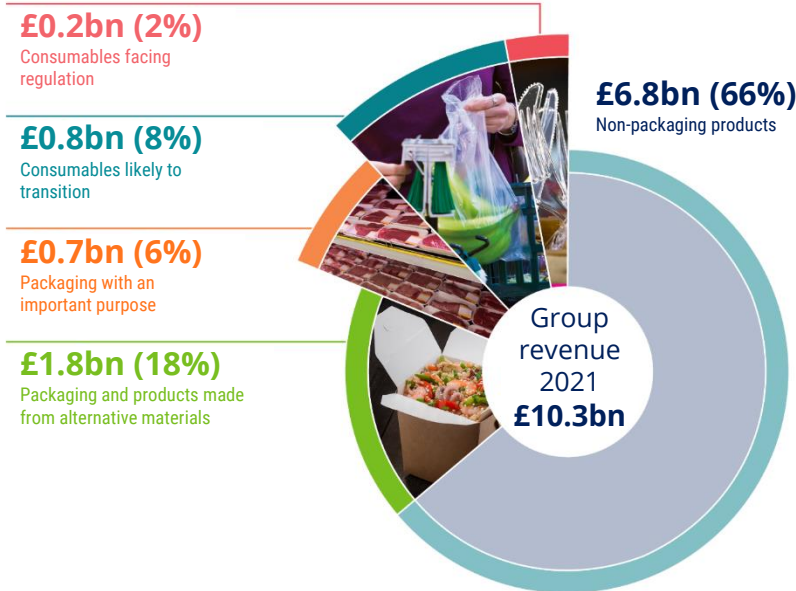


STRONG TRACK RECORD OF TRANSITIONING CUSTOMERS



Within packaging, majority is recyclable, compostable, renewable or reusable




Transition of products to alternative materials supports Bunzl's growth



Notes:

- Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure
- We have continued to exercise our judgement to allocate the sales in 2021 to non-packaging products and the four packaging categories shown
- See Bunzl Capital Markets Day 2021 presentation for further detail

Bunzl's competitive advantage that is successfully supporting customers to transition

-  **Proprietary data and tools**
-  **Expert independent advice**
-  **Own-brand ranges**

Our new packaging commitments:

TODAY

We will support our customers to remove, replace and reduce single use plastics

TOMORROW

We will significantly increase the amount of recyclable, compostable or reusable packaging supplied to our customers to help them meet their targets

BEYOND

Every single packaging product and disposable in our range will be offered with an alternative that is recyclable, reusable, compostable or renewable

MEMBER OF LARGEST GLOBAL ALLIANCE ON CLIMATE CHANGE



Committing to ambitious climate action and working towards net zero



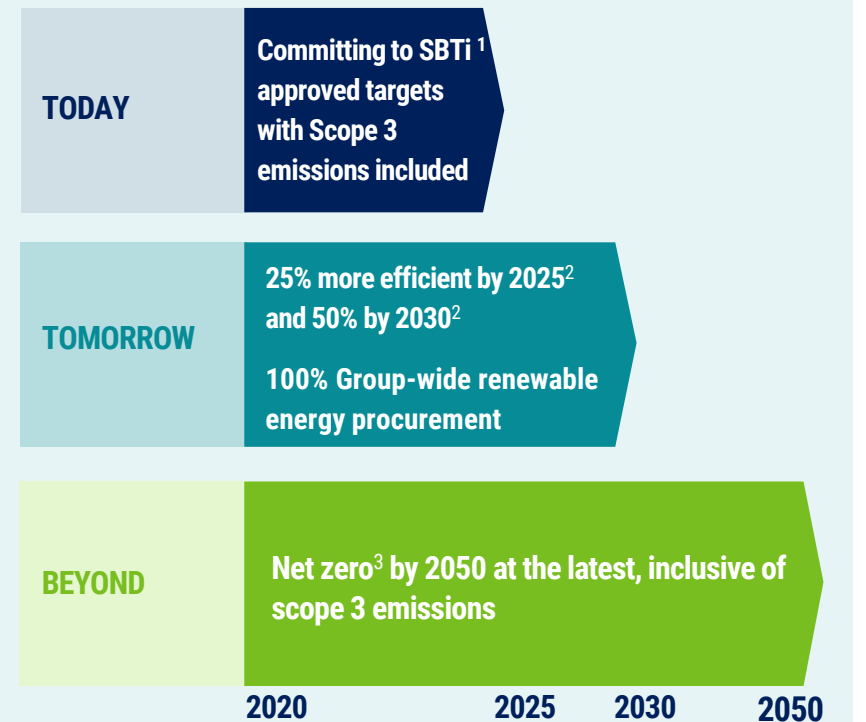
Our climate change commitments:

New memberships and commitments

- Committed to the Business Ambition for 1.5° campaign
- Race to Zero membership
- Net zero target is inclusive of Scope 3

Initiatives to 2025

- Transitioning applicable fleet to low and zero carbon solutions
- Trialling alternative fuels in our larger vehicles
- Energy efficiency measures in warehouses
- Renewable energy procurement and generation



Notes

1. SBTi = Science Based Targets initiative
2. Scope 1 and 2 emissions and against a 2019 base line
3. Scope 1, 2 and 3 emissions

ENSURING ETHICAL SUPPLY AND PROVIDING QUALITY ASSURANCE



Established function is a strong asset and we are expanding further



- Our auditing process is our **FIRST LINE OF DEFENCE** to prevent defective products being shipped and to ensure products comply with our ethical standards
- All products supplied directly from Asia are through suppliers that are verified by our office
- Our **AUDITS** cover c.98% of Bunzl spend across 13 Asian countries every 2 years
- We work with suppliers to improve their operations but will walk away if issues can't be resolved
- The sourcing function also supports Bunzl businesses to find solutions for their customers and to proactively find better alternatives to existing product lines
- The team provide **REASSURANCE** that products ordered are of the desired specification and quality prior to shipment

Our responsible sourcing commitments:

TODAY

Our supply chain in Asia is currently covered by direct auditing and assurance practices with 754 audits completed in 2021

TOMORROW

Expanding our programme to ensure 90% of our spend on products from all high-risk regions are sourced from assessed and compliant suppliers by 2025

BEYOND

Continuing to take a proactive, risk-based approach to responsible sourcing, identifying common issues in our supply chain and working closely with suppliers to reduce the future incidences of these



Global Supply Chain Solutions
Ethically Sourced • Sustainable • Quality Assured



INVESTING IN OUR PEOPLE TO DRIVE CONTINUED SUCCESS



A focus on engagement and leadership succession is integral to Bunzl's DNA



- Our people feel valued, with **STRONG EMPLOYEE ENGAGEMENT**
- **HEALTH AND SAFETY** of employees is a key focus, with clear group-wide governance
- Planning for **SUCCESSION** is integral to Bunzl's business model with multiple leadership programmes established across the Group to support internal development
- **"WE BELIEVE"** employment brand articulates our culture and beliefs to our people and potential recruits
- A focus on **ENHANCING DIVERSITY** driven from the top
 - c.40% female Board and Executive committee membership in 2021
 - Female networking groups expanding across the Group
 - Accelerating focus on ethnic diversity

Our focus to drive diversity in Bunzl forward

- Encouraging more women into **LEADERSHIP ROLES** through focused and targeted activities
- Focusing on building a truly inclusive culture by:
 - Achieving **PARITY OF ENGAGEMENT SCORES** across ethnic groups in our North American Business, and other parts of the Group where data collection is possible
 - **PROVIDING A VOICE** for under-represented colleagues, and acting on their feedback to address any real or perceived barriers to engagement
- Identifying the next generation of **LEADERS FROM A MORE DIVERSE POOL OF TALENT**, balancing broader capabilities whilst retaining entrepreneurial skills
- Capitalising on our **COMPELLING EMPLOYMENT BRAND**
- Building on the **TECHNOLOGY-ENABLED HYBRID WORKING** to create a networked, collaborative organisation that attracts more diverse talent

CONSISTENT AND PROVEN COMPOUNDING STRATEGY



High ROIC despite significant acquisition spend

Profitable organic growth

Use competitive advantage to grow market share in a profitable way

Operating model improvements

Daily focus on making our business more efficient

Acquisition growth

Use strong balance sheet and excellent cash flow to consolidate our markets further

ROIC¹ 15%

ROACE¹ 42%

Note:

1. Alternative performance measure; 15% is the average ROIC over 2019-2021 and 42% is the average ROACE over 2019-2021.

A STRONG FOCUS ON PROFITABLE ORGANIC GROWTH



Growing organically by expanding and developing with existing customers and gaining new business with additional customers

VOLUME

Sell more to existing customers

Expand product ranges

Win new customers

Market leading customers

Growing sectors

Trend to outsourcing

PRICE

Inflation

Market dynamics

FX impact

MIX

Own brand / imports

Manufactured brands

Geographies and sectors

Sustainability

CONTINUOUSLY MAKING OPERATING MODEL IMPROVEMENTS

Small improvements every day lead to significant progress over time



75 warehouses consolidated
in the last five years

Warehousing

- Consolidation of warehouse footprint
- Continually evaluate and upgrade facilities including environmental initiatives

ERP implementations

- Warehouse management systems
- Vehicle routing and safety systems
- CRM systems

Digital capabilities

- Investment in e-commerce capabilities
- Focus on digital marketing
- Opportunity for efficiency gains

Sharing best practice

- Make use of collective resources, experience and expertise
- Global collaboration

Global purchasing

- Substantial purchasing synergies with suppliers
- Benefit from Bunzl Global Supply Chain Solutions based in Shanghai (sourcing, QA and QC)

SIGNIFICANT ACQUISITION TRACK RECORD



183 acquisitions since 2004

183
acquisitions

£375m
Average annual
spend in last 5
years¹

	04	05	06	07	08	09	10	11	12	13	14	15	16	17	18	19	20	21
Number of acquisitions	7	7	9	8	7	2	9	10	13	11	17	22	14	15	6	3	9	14
Committed acquisition spend (£m)	302	129	162	197	123	6	126	185	277	295	211	327	184	616	183	124	445	508
Annualised acquisition revenue (£m)	430	270	386	225	151	27	154	204	518	281	223	324	201	621	148	97	602	322

Notes:

1. Average annual spend for the five years over 2017 - 2021

ACQUISITIONS A KEY COMPONENT OF HISTORIC SUCCESS



Momentum and headroom supportive to future growth

Acquisition contribution to revenue growth since 2011

c.2/3

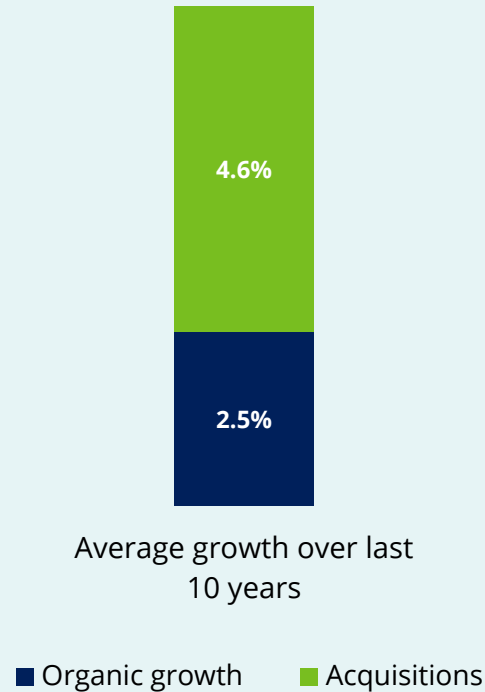
Significant committed spend over 2020 and 2021

c.£1 billion

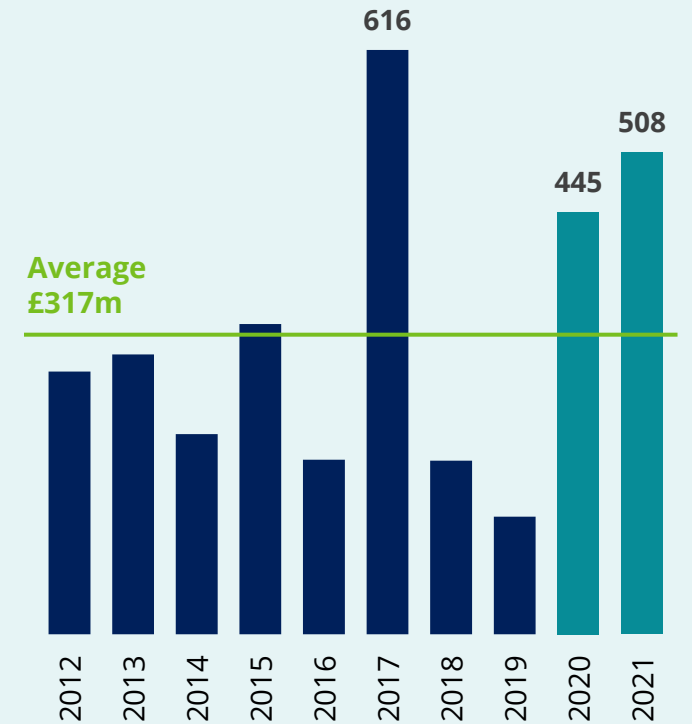
Active pipeline

Leverage and annual cash generation provides significant headroom for further investment

Average components of revenue growth over last 10 years



Committed acquisition spend over the last 10 years (£m)



ESTABLISHED APPROACH TO ACQUISITIONS

Consistent model continues to drive our acquisition focus



Key acquisition parameters

Strong discipline selecting the right businesses for Bunzl



Growth through acquisitions

- **ANCHOR** acquisitions into new geographies and sectors
- **BOLT-ON** acquisitions into existing geographies and sectors; enables extension of product range and market consolidation
- Bunzl operates in a **HIGHLY FRAGMENTED INDUSTRY**, largely comprised of **FAMILY RUN BUSINESSES**
- Strong **GLOBAL FOOTPRINT** supports bolt-on capability and ability for anchor acquisitions
- Growth through acquisitions an **EFFECTIVE WAY TO ENTER** new sub-markets and service new customer segments
- **SELF-FUNDED** through Group's strong cash generation



Value extracted through:

- Purchasing synergies
- Back office integration
- Warehouse & distribution efficiencies
- Product range extension
- Sharing best practice
- Investment infrastructure, IT & e-commerce
- Sourcing and own brands
- Digital tools

GROWTH MODEL HAS DRIVEN GEOGRAPHIC EXPANSION



Continue to see significant scope for future geographic expansion

1997¹

7 countries

2003¹

12 countries

2005¹

18 countries

2012

27 countries

2021

31 countries

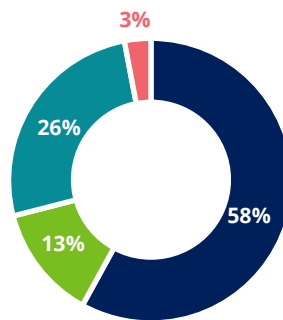
North America

Continental Europe

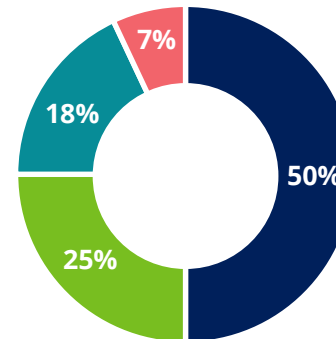
UK & Ireland

Rest of World

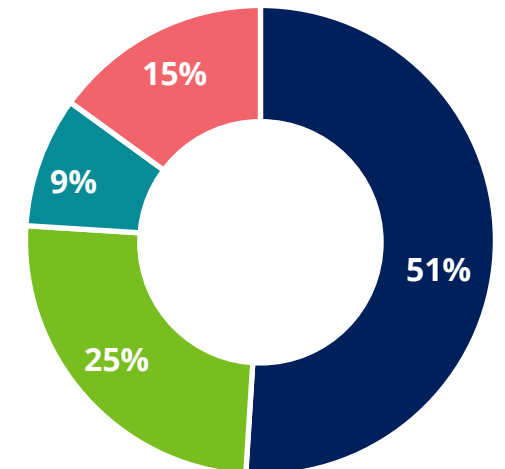
2004¹



2010



2021



Note:

1. Continuing operations only

SIGNIFICANT OPPORTUNITIES IN EXISTING COUNTRIES



Even where we have a sector presence, we have a significant opportunity

COUNTRY	FOODSERVICE	GROCERY	C&H	SAFETY	RETAIL	HEALTHCARE
USA	●	●	●	●	●	
Canada	●	●	●	●	●	
Mexico	●	●		●		
UK	●	●	●	●	●	●
Ireland	●	●	●	●	●	●
Germany	●		●	●		●
France	●		●	●		●
Italy				●	●	
Spain	●		●	●	●	●
Netherlands	●	●	●	●	●	●
Belgium	●	●	●		●	●
Denmark	●	●	●	●		
Norway	●					
Switzerland	●	●	●	●	●	●
Austria	●					
Czech Republic		●		●		

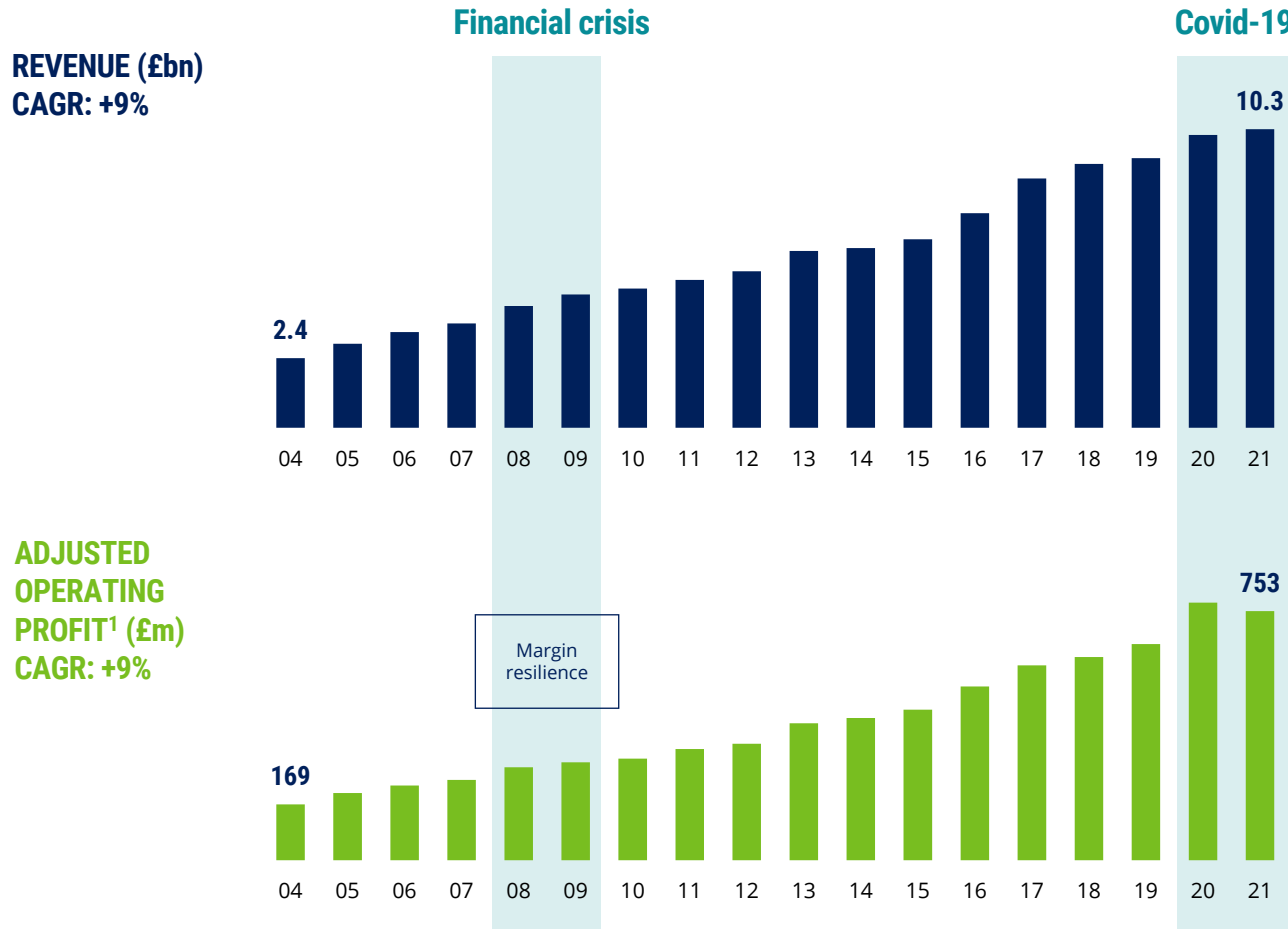
COUNTRY	FOODSERVICE	GROCERY	C&H	SAFETY	RETAIL	HEALTHCARE
Hungary	●	●	●	●		
Romania		●	●	●		
Slovakia	●	●				
Israel	●					
Turkey	●			●		●
Brazil	●		●	●		●
Chile	●			●		
Colombia				●		
Argentina				●		
Peru				●		
Uruguay				●		
Australia	●	●	●	●	●	●
New Zealand	●		●	●		●
China				●	●	
Singapore				●		

● Bunzl has an existing presence

BUNZL'S RESILIENCE IS A KEY ASSET



Resilience in the two greatest dislocations of modern times



Resilient business model demonstrated again through 2020 and 2021

- Strength of sector and geographic diversification
- Agile response through decentralised model to changing and challenging circumstances to deliver what customers needed
- Good acquisition growth even during pandemic
- Strength of supply chain evidenced
- Emerging well positioned out of Covid-19
- Consistently strong cash generation; 29 year history of consecutive dividend growth

Note:

1. Alternative performance measure

STRENGTH THROUGH THE PANDEMIC



Pandemic has highlighted the strength of Bunzl's business model and strategy

Financial performance 2021 vs. 2019

- Revenue **+17%** higher¹, with underlying revenue² **+9%** higher¹
- Adjusted operating profit³ **+23%** higher¹
- Mix of sector and product revenue provided resilience through the period
- Average of **102%** cash conversion; Free Cash Flow **+15%** higher at actual exchange rates
- **Two further years** of consecutive dividend per share growth

Continued strategic progress

- Almost **£1bn** of committed acquisition spend over 2020 and 2021
- Percentage of digital orders increased from **62%** in 2019 to **67%** in 2021
- **84%** of Group revenues in 2021 generated by non-packaging products and packaging⁴ products made from alternative materials
- Strength of employee engagement with **88%** having a strong commitment to Bunzl
- Launch of **sustainability commitments**, including net zero carbon ambition

Attractive outlook

- Exited 2021 with net debt: EBITDA^{3,5} of **1.6x** compared to target level of 2.0-2.5x
- Active acquisition pipeline
- Continued support of Covid-19 related products through transitional period
- Longer-term attractive sector exposure

Notes

1. At constant exchange rates
2. Underlying revenue is a measure of revenue over comparative periods at constant exchange rates, excluding the incremental impact of acquisitions and disposals and adjusted for differences in trading days between years
3. Alternative performance measure
4. Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure
5. At average exchange rates and based on historical accounting standards, in accordance with Group's external debt covenants

LED BY AN EXPERIENCED MANAGEMENT TEAM



Established management team with broad experience and significant market and sector expertise



Frank van Zanten
Chief Executive Officer



Richard Howes
Chief Financial Officer



Andrew Mooney
Director of Corporate
Development



Diana Breeze
Director of Group
Human Resources



Suzanne Jefferies
General Counsel &
Company Secretary



Jim McCool
CEO
North America



Alberto Grau
Managing Director
Continental Europe



Andrew Tedbury
Managing Director
UK & Ireland



Jonathan Taylor
Managing Director
Latin America



Kim Hetherington
Managing Director
Australasia

STRONG FINANCIAL DISCIPLINE DRIVES OPPORTUNITIES



Resilient cash conversion key to Bunzl's strength

Average cash conversion¹ since 2004

98%

Net debt : EBITDA^{1,2}

1.6x

Substantial capacity for self-funded acquisitions with 2.0x-2.5x target leverage

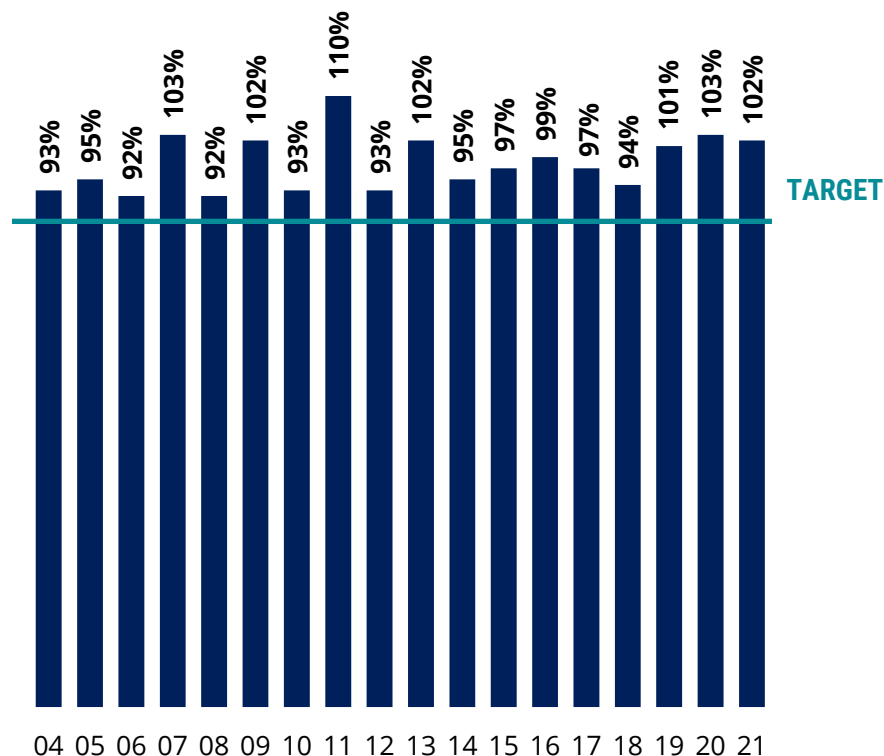
Average working capital to sales

11.2% in 2021

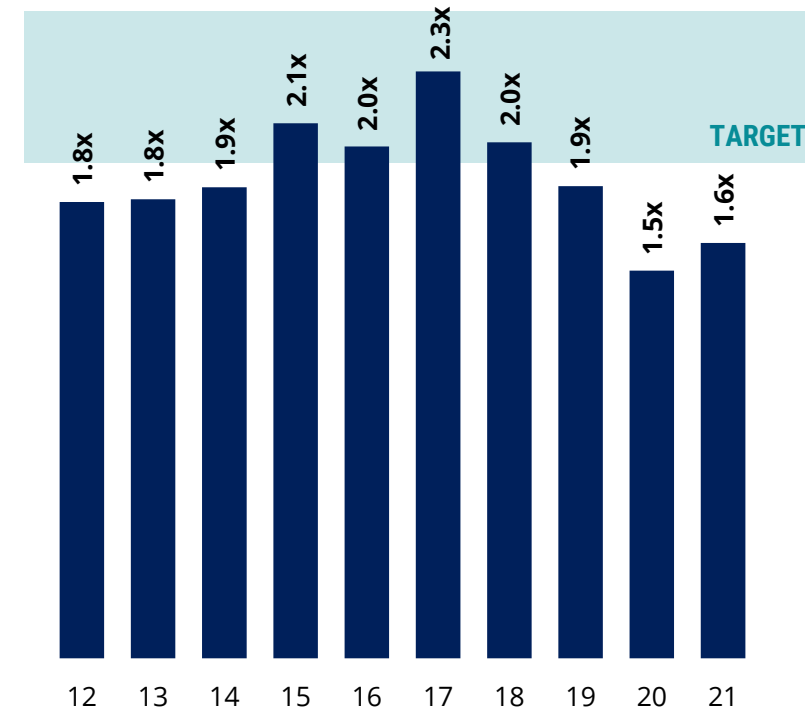
Average capex (2019-2021)

£30m

Cash conversion since 2004



Net debt : EBITDA^{1,2} over the last 10 years



Notes:

1. Alternative performance measure
2. On a covenant basis - at average exchange rates and based on historical accounting standards, in accordance with Group's external debt covenants

STRONG DIVIDEND TRACK RECORD

Track record of growing dividends every year for 29 years

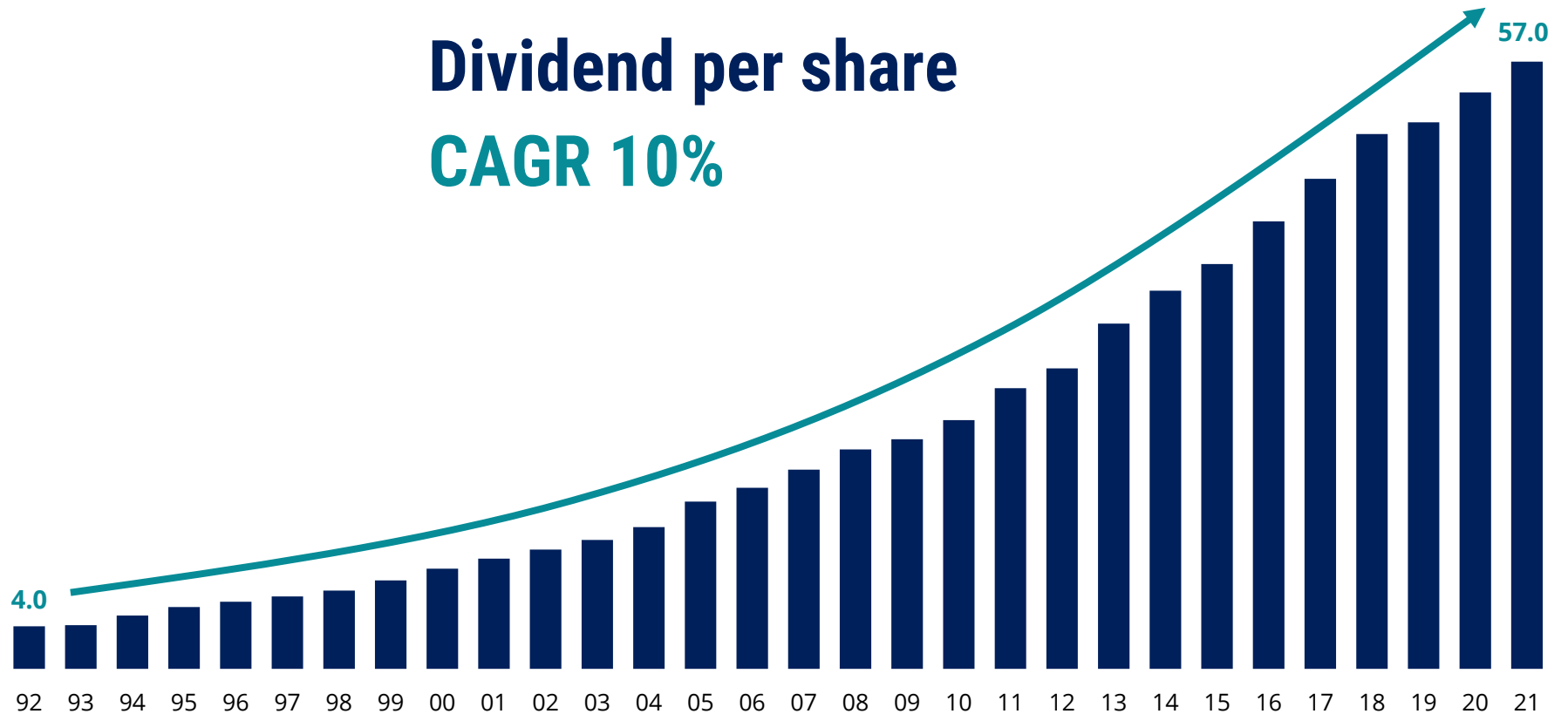


29 years

of consecutive
dividend
increases

Dividend per share

CAGR 10%



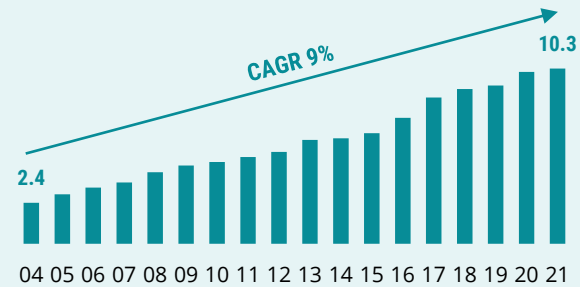
FINANCIAL TRACK RECORD 2004 – 2021



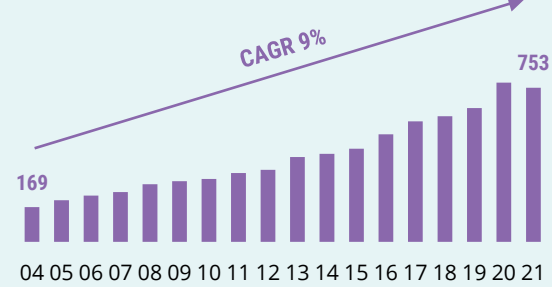
Proven
compounding
growth strategy
CAGR

c.9-10%

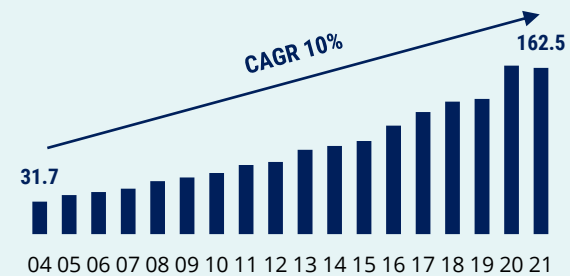
Revenue (£bn)



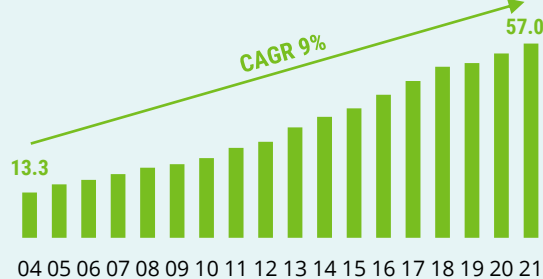
Adjusted operating profit¹ (£m)



Adjusted EPS¹ (p)



Dividend per Share (p)



Note: 1. Alternative performance measure

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