



News Release

15 June 2020

BUNZL PRE CLOSE STATEMENT

Bunzl plc, the specialist international distribution and services Group, is updating the market today prior to entering its closed period for the six months ending 30 June 2020.

Commenting on the Company's response to the COVID-19 pandemic, Frank van Zanten, Chief Executive Officer of Bunzl, said:

"In these unprecedented times, I have continued to be immensely impressed by, and proud of, the dedication and resourcefulness shown by our employees throughout our business in responding to the challenging circumstances presented by the COVID-19 crisis. Everyone, from our delivery drivers and warehouse staff to the expert sales people and customer service specialists, has worked tirelessly to ensure that we have been able to meet the urgent needs of our customers and frontline healthcare workers and support them in the supply of critical products required to fight the impact of the virus."

Our ability to respond quickly and effectively to such demands has been underpinned by the strength of our supply chain and our reliable, added-value sourcing operation in Shanghai which together have given our customers the confidence to trust their business with us."

The Group's resilient business model is expected to deliver a strong performance in the half year against the background of challenging trading conditions due to the COVID-19 pandemic. Revenue is expected to increase by approximately 6% at both actual and constant exchange rates. After adjusting for the impact of the number of trading days in the period relative to the prior year, at constant exchange rates revenue is expected to rise by approximately 5% as a result of an increase in underlying revenue of approximately 2% and an increase of approximately 3% as a result of recent acquisitions. Due to a change in mix of products sold during the period, including a higher proportion of imported own brand products, overall operating margin is expected to be modestly higher than the comparable period last year.

The trading performance is expected to benefit significantly from the breadth of the customer sectors and geographies the Group operates in and the wide range of products supplied. The recent substantial declines in profitability in the lower margin foodservice and retail sectors are expected to be more than offset by strong performances in the grocery and generally higher margin safety, cleaning & hygiene and healthcare sectors, primarily driven by significant sales volumes of COVID-19 related products. The Group, aided by the extensive knowledge and experience of Bunzl's reliable, added-value sourcing operation in Shanghai, has helped healthcare providers and other customers to build their stock levels of key and essential products needed to support their response to the pandemic.

At constant exchange rates revenue growth is expected to be particularly strong in both Continental Europe and Rest of the World driven by demand for COVID-19 related products while North America and UK & Ireland are expected to see slight increases in revenue.

As a result of the better than expected trading performance, the Company intends to repay employee-related government support packages and bring forward the settlement of tax deferrals where possible to do so.

As highlighted in the first quarter trading statement in April, it is not possible to assess with any certainty the impact that the COVID-19 crisis will have on the Group's performance for the year due to the lack of visibility of how the virus might affect trading conditions during the second half of the year. The Company remains cautious about the outlook given the risks and uncertainties associated with the emergence of global economies from lockdown and the timing of recovery of the Group's markets in the second half, particularly as the volume of orders for COVID-related products seen during the first half is not expected to be repeated with many customers having already built significant stocks of products for the remainder of the year. Specifically, while sectors such as retail and foodservice are expected to continue to be affected by reduced, albeit improving, demand, those parts of Bunzl supplying the grocery, cleaning & hygiene and healthcare sectors are expected to deliver a resilient performance, with a potentially mixed trading performance from the safety sector.

There has been no significant change in Bunzl's financial position during the first half and the Company continues to have substantial funding headroom available with strong cashflows and a robust balance sheet.

This announcement contains inside information.

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