2014 Half Year Results

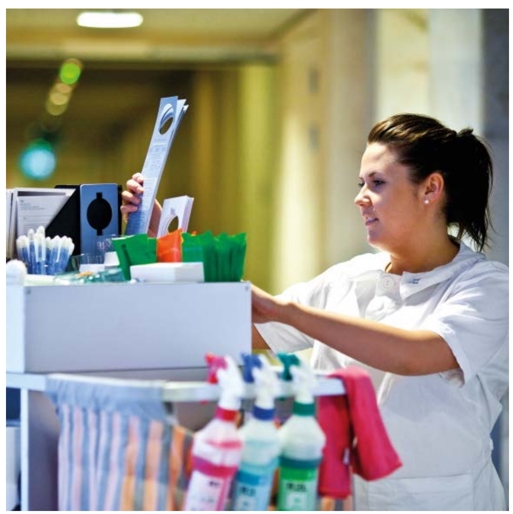
August 2014

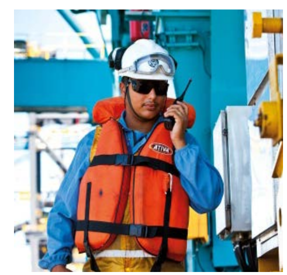



BUNZL










Agenda

1. Philip Rogerson, Chairman: Welcome
2. Brian May, FD: Financial Results
3. Michael Roney, CEO: Business Review
4. Q&A

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Highlights

Excellent set of results

Consistent and proven strategy

£119m spent ytd on 12 acquisitions

Adjusted earnings per share* up 14%†

Dividend up 10%

* *Before intangible amortisation and acquisition related costs*
† *At constant exchange rates*

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Financial results

Brian May, FD

Income statement

£m	June 14	June 13	Growth % Reported	Growth % Constant Exchange
Revenue	**2,938.7**	2,956.6	(1)	7
Operating profit*	**197.2**	188.8	4	13
Net finance cost	**(20.6)**	(21.2)		
Profit before tax*	**176.6**	167.6	5	14
Operating margin* (%)	**6.7**	6.4		
Effective tax rate (%)	**28.0**	27.9		
Adjusted earnings per share* (p)	**39.0**	37.1	5	14
Dividend per share (p)	**11.0**	10.0	10	

** Before intangible amortisation and acquisition related costs*

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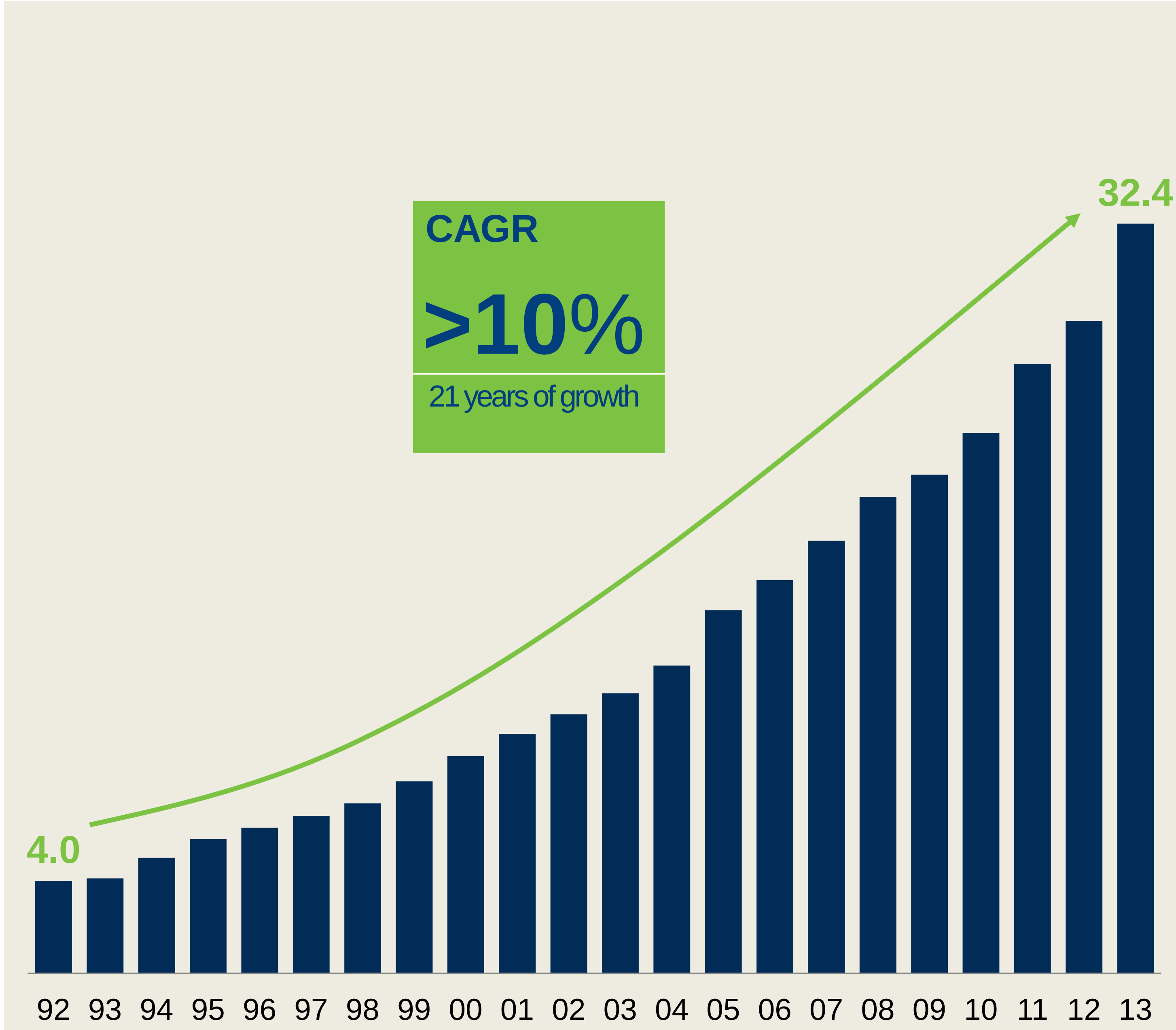
Dividend per share (p)

Consistently strong dividend growth



Balance sheet

Return on average operating capital 57.8%, up 90bps from Dec 13

£m	June 14	Dec 13	June 13
Intangibles	**1,469.7**	1,456.9	1,457.2
Tangibles	**117.0**	118.8	123.7
Working capital	**523.1**	520.3	536.7
Other liabilities	**(304.4)**	(261.6)	(316.6)
	1,805.4	1,834.4	1,801.0
Pension deficit	**(59.2)**	(45.0)	(59.6)
Net Debt*	**(880.1)**	(849.5)	(872.7)
Equity	**866.1**	939.9	868.7
Net Debt/EBITDA (x)	**1.9**	1.8	2.0
Return on average operating capital (%)	**57.8**	56.9	55.1

** See Appendix 2*

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Cash flow

£m	June 14	June 13
Operating cash flow*	**200.2**	193.9
Interest	**(19.7)**	(17.1)
Tax	**(47.1)**	(37.9)
Free Cash flow	**133.4**	138.9
Dividends	**(32.6)**	(28.8)
Acquisitions	**(118.7)**	(150.0)
Employee share schemes	**(34.7)**	(54.5)
Net cash flow	**(52.6)**	(94.4)
Operating cash flow* to operating profit†	**102%**	103%

** See Appendix 3*
† Before intangible amortisation and acquisition related costs

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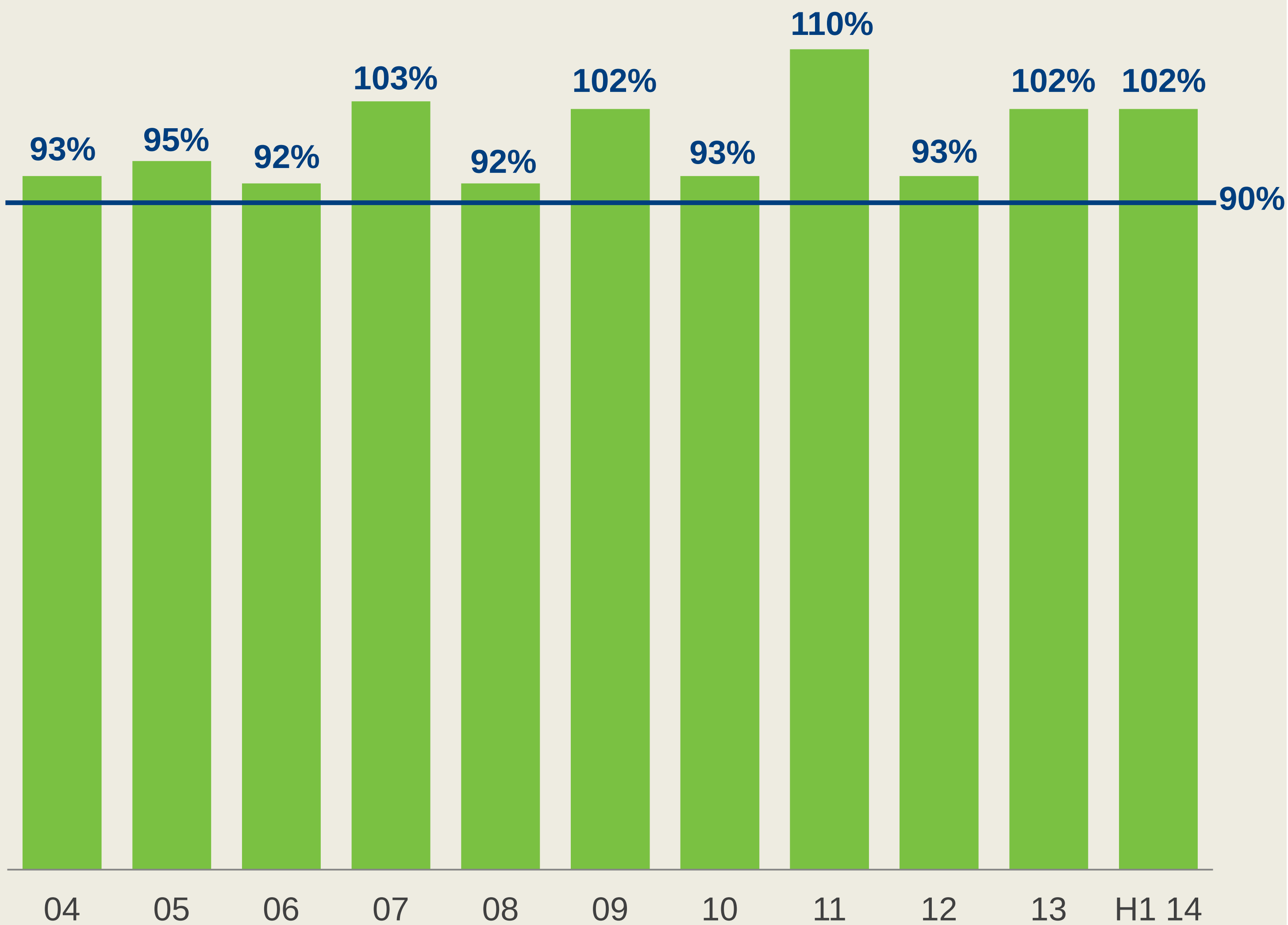
Cash conversion*

High cash conversion funds growing dividend and acquisitions

Average cash conversion*

98%



** Operating cash flow before acquisition related costs to operating profit before intangible amortisation and acquisition related costs*
04-05 continuing operations only

Financial summary

Revenue and Operating profit

Revenue	Operating profit*	Operating margin*
▲7%†	▲13%†	▲30bps
		Increases in all business areas

Capital management and Cash flow

ROACE	Cash conversion **	Acquisition spend ytd
▲90bps	102%	£119m
June 14 v Dec 13		

EPS and Dividend

Adjusted EPS*	Dividend per share
▲14%†	▲10%

† *At constant exchange rates*
* *Before intangible amortisation and acquisition related costs*
** *Operating cash flow before acquisition related costs to operating profit before intangible amortisation and acquisition related costs*

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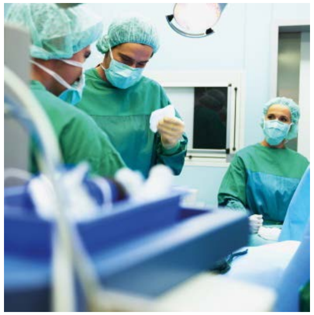
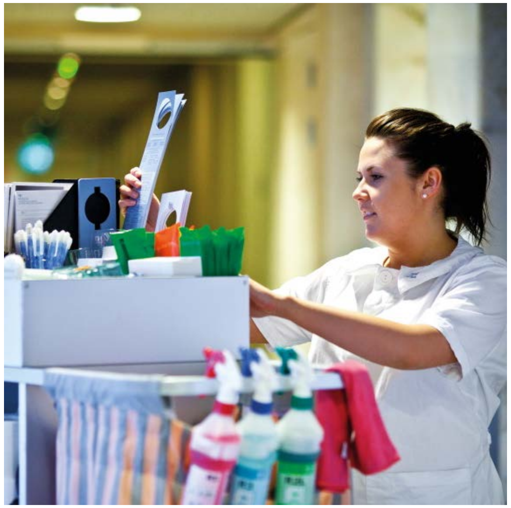
Business review

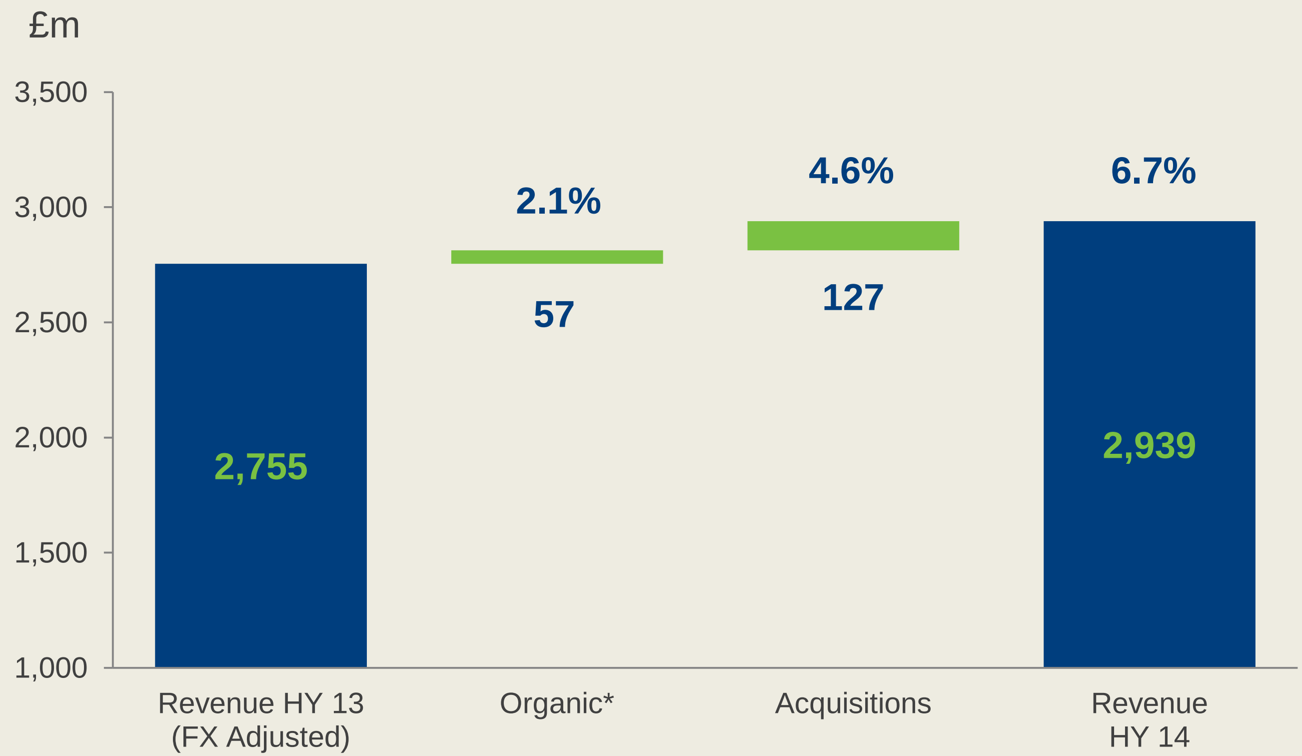
Michael Roney, CEO





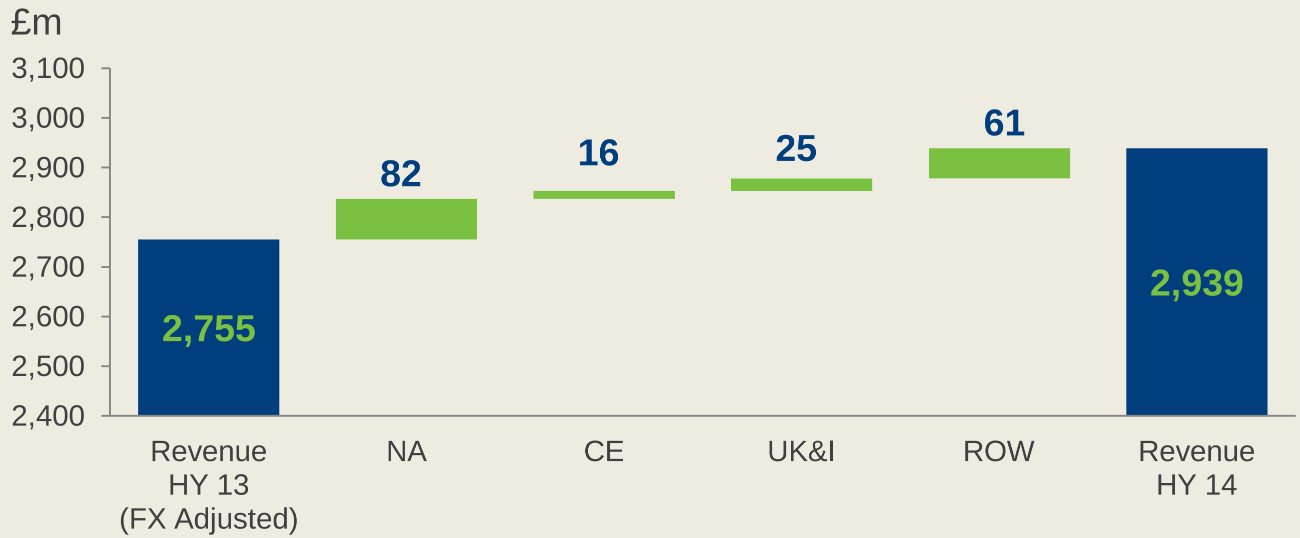
Business review

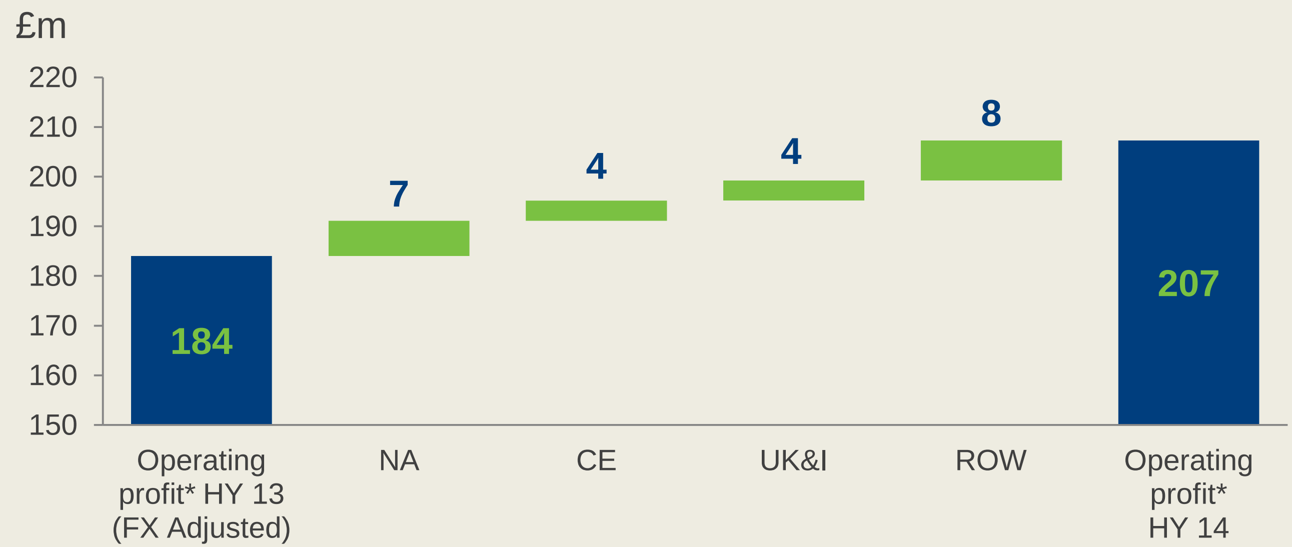
Revenue growth



* Adjusting for Q1 adverse weather in North America, underlying organic revenue growth c. 2.5%

Broad based growth





* *Before intangible amortisation and acquisition related costs and corporate costs*

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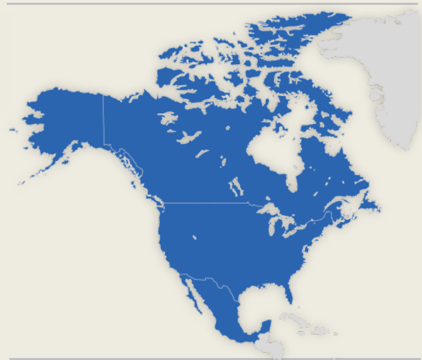
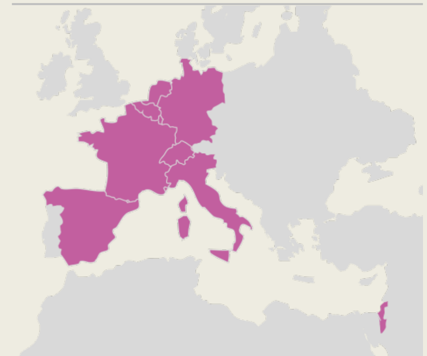
Business area analysis

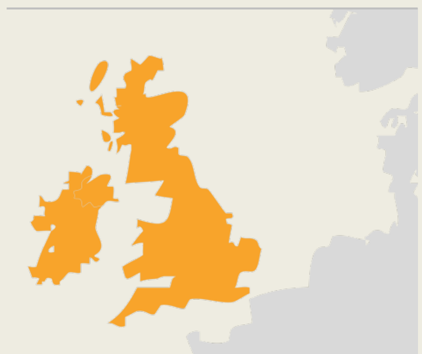
Well diversified by geography and sector



NORTH AMERICA
54% Revenue
47% Operating profit*



CONTINENTAL EUROPE
20% Revenue
24% Operating profit*



UK & IRELAND
17% Revenue
16% Operating profit*

REST OF WORLD
9% Revenue
13% Operating profit*

* *Before intangible amortisation and acquisition related costs and corporate costs*

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Overview

Strong overall performance

- North America – good organic revenue growth and acquisitions led to improved margins
- Continental Europe – strong profit growth in tough economic environment
- UK & Ireland – good organic growth, improved operating margin and return on operating capital of 108%
- Rest of the World – 45%† growth in operating profit*

† *At constant exchange rates*
* *Before intangible amortisation and acquisition related costs*

North America

£m	June 14	June 13	Growth % Reported	Growth % Constant Exchange
Revenue	**1,590.1**	1,645.5	(3)	5
Operating profit*	**97.4**	98.6	(1)	8
Margin*	**6.1%**	6.0%		
Return on operating capital	**61.2%**	60.7%		

- Growth in grocery despite the severe winter weather in Q1
- Slight increase in redistribution sales
- Food processor growth through customer wins and increased product penetration
- Significant sales increase in agricultural sector
- Convenience store and non-food retail sectors experienced strong organic growth
- Own brand offering continues to add value for all our markets

* *Before intangible amortisation and acquisition related costs*

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Continental Europe

£m	June 14	June 13	Growth % Reported	Growth % Constant Exchange
Revenue	**573.3**	577.4	(1)	3
Operating profit*	**50.1**	47.7	5	9
Margin*	**8.7%**	8.3%		
Return on operating capital	**49.6%**	43.4%		

- France
  - Significant increased profit in cleaning and hygiene due to ongoing cost reduction measures
  - Strong profit growth in safety business
- Strong profit growth in Benelux
- Good sales and profit growth in Germany
- Improved results in Denmark, driven by significant cost reductions
- Significant improvement in Spain safety business

** Before intangible amortisation and acquisition related costs*

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UK & Ireland

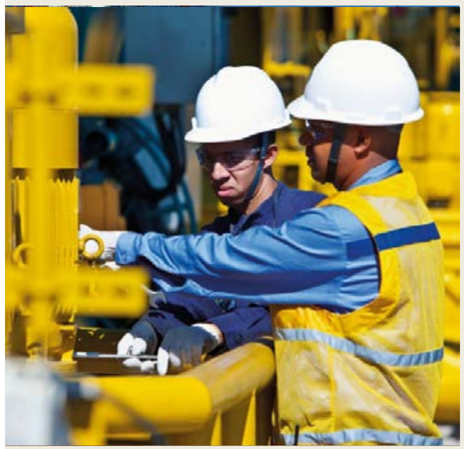
£m	June 14	June 13	Growth % Reported	Growth % Constant Exchange
Revenue	**507.8**	483.9	5	5
Operating profit*	**33.7**	29.7	13	13
Margin*	**6.6%**	6.1%		
Return on operating capital	**107.5%**	92.6%		

- Organic revenue growth at highest level since 2007
- Cleaning and safety benefitted from a recovery in the construction sector
- Growth in grocery through broad customer base
- Hospitality continued to perform well
- Strong progress in healthcare
- Ongoing recovery and improving performance in Ireland

* *Before intangible amortisation and acquisition related costs*

Rest of the World

£m	June 14	June 13	Growth % Reported	Growth % Constant Exchange
Revenue	**267.5**	249.8	7	29
Operating profit*	**26.1**	22.0	19	45
Margin*	**9.8%**	8.8%		
Return on operating capital	**45.5%**	47.5%		



- Overall strong growth with substantial acquisition impact
- Latin America
  - Strong performance in Brazil
  - Rest of Latin America in line with expectations
- Australasia
  - Growth in Outsourcing Services
  - Industrial and safety impacted by mining and resources downturn

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Before intangible amortisation and acquisition related costs

Consistent and proven strategy

High ROIC despite significant acquisition spend

GDP+ organic growth

By outsourcing to Bunzl the purchase, consolidation and delivery of a broad range of products our customers achieve efficiencies and savings

Acquisition growth

Since 2004 we have announced 95 acquisitions with total spend of £1.8bn

Operating model efficiencies

We constantly strive to make our business more efficient and environmentally friendly

ROIC

17.9%

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Acquisition growth 2014 ytd

12 acquisitions so far this year

Business	Acquired	Country	Sector	Revenue*
Bäumer	January	Germany	Cleaning & hygiene	£10m
Oskar Plast	February	Czech	Grocery	£13m
Lamedid	March	Brazil	Healthcare	£13m
Nelson Packaging	March	NZ	Cleaning & hygiene	£3m
Plast Techs	March	USA	Cleaning & hygiene	£14m
Tecno Boga	March	Chile	Safety	£23m
Allshoes	May	Netherlands	Safety	£18m
JPLUS	May	Brazil	Cleaning & hygiene	£12m
365 Healthcare	June	UK	Healthcare	£12m
Premiere Products	July	UK	Cleaning & hygiene	£4m
Lee Brothers	July	UK	Safety	£11m
Guardsman	July	UK	Safety	£9m

** Annualised and converted at average exchange rates*

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Annualised acquisition revenue

Acquisitions across all business areas

£m	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ytd
North America	115	198	103	15	-	-	35	7	410	89	**14**
Continental Europe	301	61	7	100	52	-	115	96	23	5	**41**
UK & Ireland	-	2	267	110	39	27	-	39	16	32	**36**
Rest of the World	14	9	9	-	60	-	4	62	69	155	**51**
Group	430	270	386	225	151	27	154	204	518	281	**142**

04-05 continuing operations only

Leading spend in year

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Acquisition growth

Average annual acquisition spend

£180m

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014 ytd
Number of acquisitions	7	7	9	8	7	2	9	10	13	11	**12**
Committed acquisition spend (£m)	302	129	162	197	123	6	126	185	277	295	**119**
Annualised acquisition revenue (£m)	430	270	386	225	151	27	154	204	518	281	**142**

04-05 continuing operations only

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Acquisition discipline

95

acquisitions announced since 2004

Say “no” many more times than “yes”

Very selective about countries and sectors

Thorough due diligence

Review performance vs investment case with Board

Retention of management and customers is key

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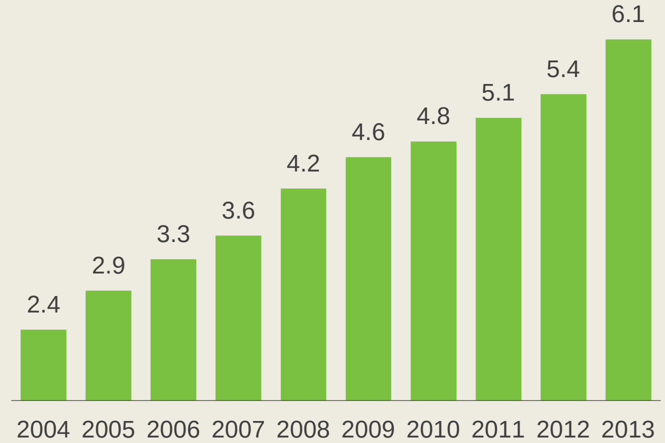
Financial track record

All CAGRs greater than

10%

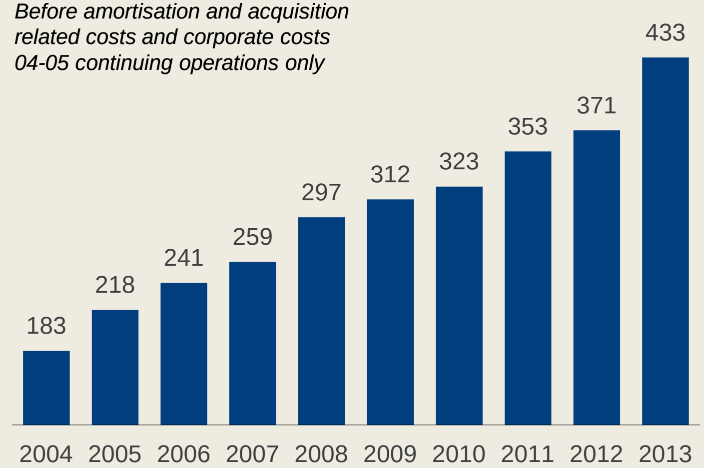
Revenue (£bn)

04-05 continuing operations only



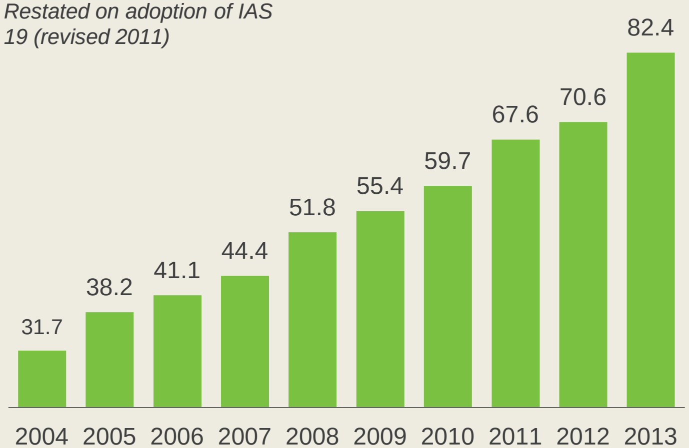
Operating profit (£m)

Before amortisation and acquisition related costs and corporate costs
04-05 continuing operations only



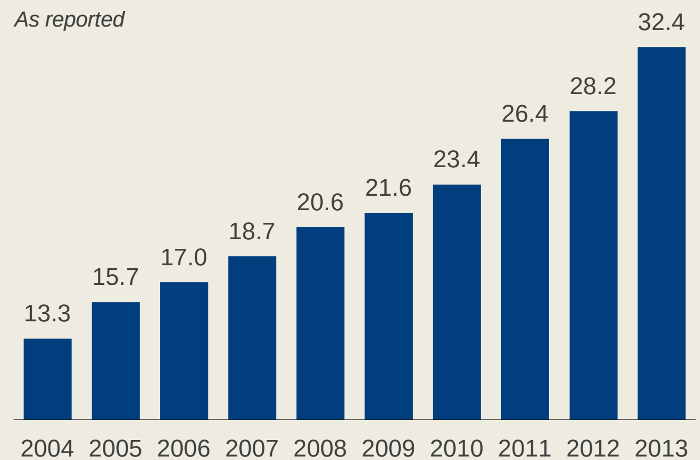
Adjusted eps (p)

Restated on adoption of IAS 19 (revised 2011)



Dividend per share (p)

As reported



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Prospects

- Overall trading for the year anticipated to be in line with expectations
- Reported results will continue to be adversely affected if current exchange rates prevail
- Each business area should continue to grow at constant exchange rates with operating margins expected to be at similar levels to H2 2013
- Promising pipeline of opportunities and expect to complete further acquisitions during the rest of 2014
- Board is confident the Group will continue to build the business and increase shareholder value

Appendices

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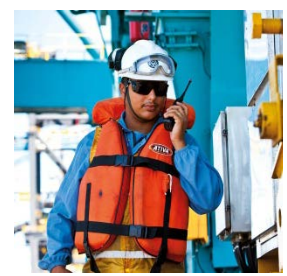

Appendix 1

Exchange rates

	June 14	June 13
Average rate		
US $	**1.67**	1.54
Euro	**1.22**	1.18
Australian $	**1.82**	1.52
Canadian $	**1.83**	1.57
Brazilian Real	**3.83**	3.14
Closing rate		
US $	**1.71**	1.52
Euro	**1.25**	1.17
Australian $	**1.81**	1.66
Canadian $	**1.82**	1.60
Brazilian Real	**3.77**	3.35

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Appendix 2

Net debt

£m	Six months to June 14	Year to Dec 13	Six months to June 13
Opening net debt	**(849.5)**	(738.1)	(738.1)
Net cash outflow	**(52.6)**	(113.2)	(94.4)
Currency inflow / (outflow)	**22.0**	1.8	(40.2)
Closing net debt	**(880.1)**	(849.5)	(872.7)

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Appendix 3

Cash flow

£m	**June 14**	June 13
Operating profit*	**197.2**	188.8
Depreciation	**11.7**	12.9
Working capital movement	**5.5**	5.1
Other	**(2.9)**	0.2
Cash flow from operations	**211.5**	207.0
Net capital expenditure	**(11.3)**	(13.1)
Operating cash flow**	**200.2**	193.9
Operating cash flow** to operating profit*	**102%**	103%

* *Before intangible amortisation and acquisition related costs*
** *Before acquisition related costs*

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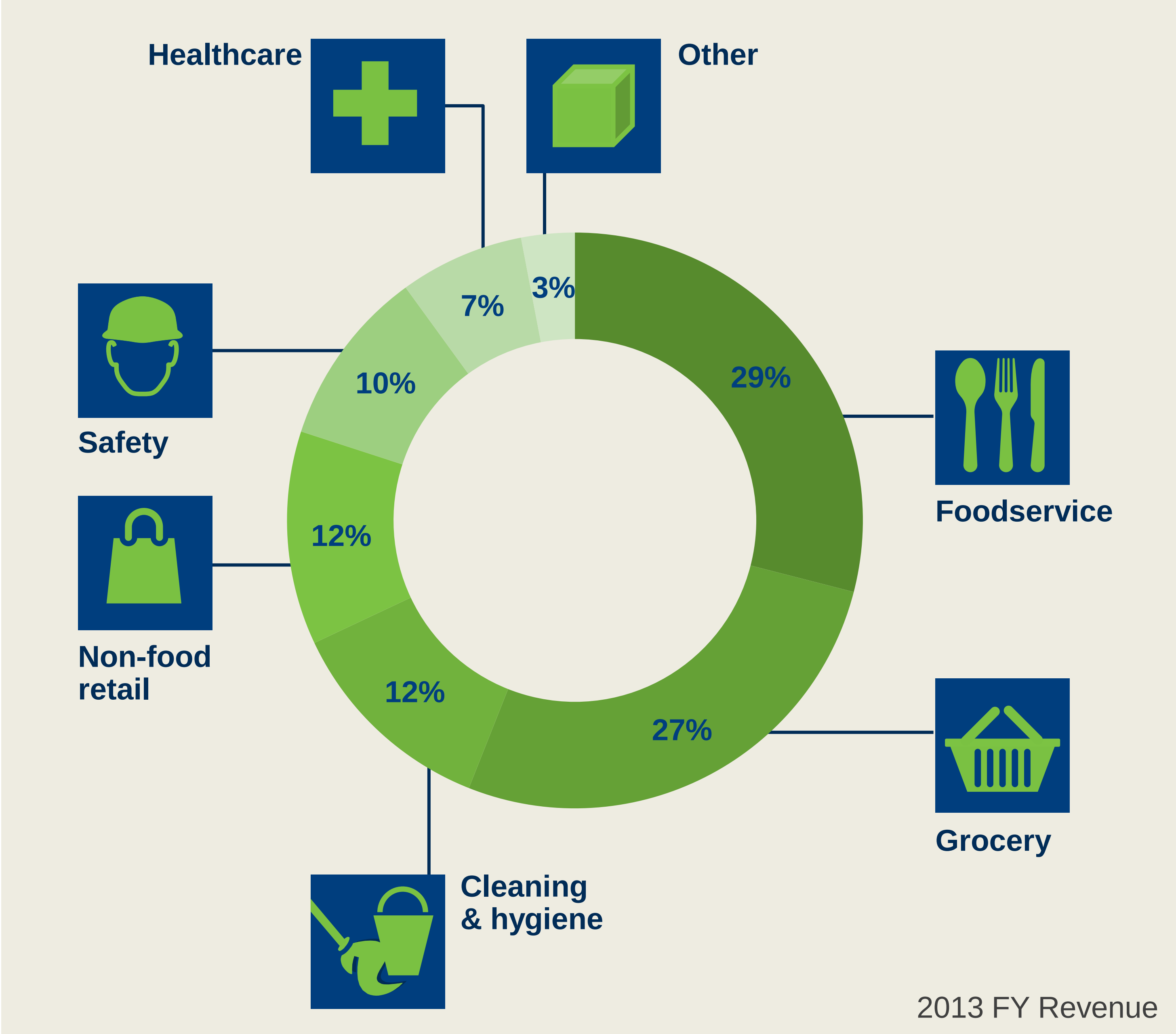
Appendix 4

Revenue by customer markets

c.75% resilient
Grocery
Foodservice
Cleaning & hygiene
Healthcare



Appendix 5

Historical data

£m	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Revenue	2,439	2,924	3,333	3,582	4,177	4,649	4,830	5,109	5,359	6,098
Operating profit*	169	203	226	243	281	296	307	336	352	414
Margin* (%)	6.9	7.0	6.8	6.8	6.7	6.4	6.4	6.6	6.6	6.8

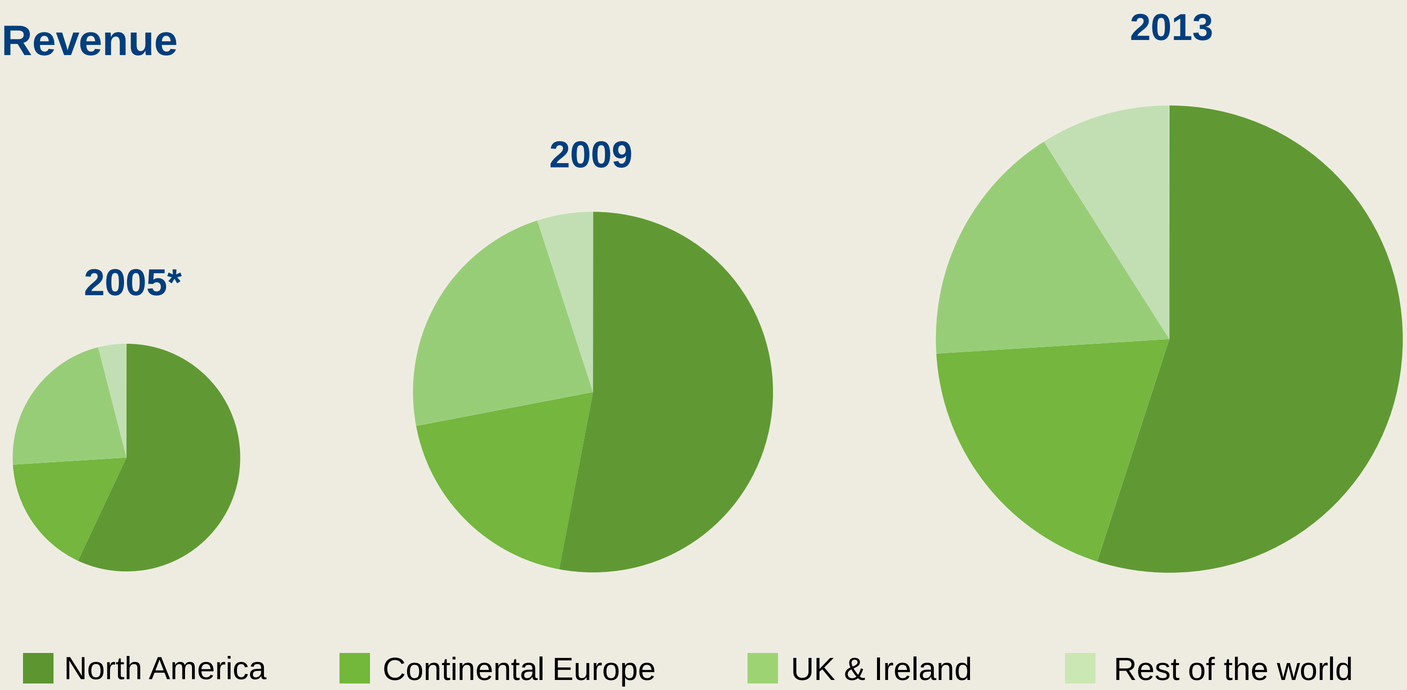
* *Before intangible amortisation and acquisition related costs*
04-05 continuing operations only

Appendix 6

Geographic expansion timeline

1997*	2003*	2005*	2008	2013
7 countries	12 countries	18 countries	23 countries	27 countries

Revenue



* *Continuing operations only*

Appendix 7

Business model

One-stop-shop for non-food consumables

Appendix 8

Value proposition

Outsourcing adds value for our customers

- In-house procurement and self distribution is costly
- Bunzl applies its resources and expertise to reduce or eliminate many of the “hidden” costs of in-house procurement and self distribution
- The benefits to customers are a lower cost of doing business and reduced working capital and carbon emissions

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Appendix 9

Key acquisition parameters

B2B	Goods not for resale	Consolidated product offering ('one-stop-shop')
Sectors with growth	Fragmented customer base	Further market consolidation and synergies
Small % of total customer spend	Opportunity for "own label" products	Attractive financial returns (ROIC, ROACE)

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Appendix 10

Key competitive advantages

Choice of customer sectors

Decentralised management model

Expertise in making acquisitions

Alignment of management incentives

Ex-owners stay with Bunzl

Global sourcing

Appendix 11

Why invest in Bunzl?

"…. because Bunzl is the leader in the market with consistently good growth, stable operating margins, a very high return on operating capital and it turns on average more than 90% of the operating profit into cash which can be reinvested at a rate well in excess of the cost of capital"

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