



BUNZL PLC BUSINESS CASE



March 2011



Bunzl is a growing and successful Group providing outsourcing solutions and value added distribution across the Americas, Europe and Australasia



Business Overview

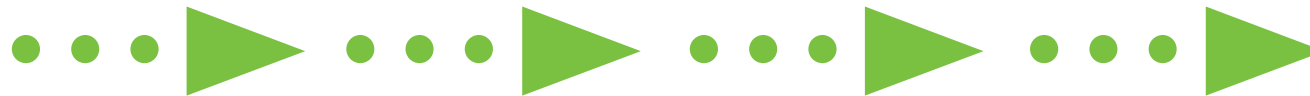
Sales channel	Business to business distribution £4.8bn revenue in 2010
Products	Wide range of non-food consumable products
Sourcing	From leading brand manufacturers Own brands and unbranded products Sourcing centre in Shanghai – no own manufacturing
Footprint	More than 12,000 employees International diversification: 23 countries, 4 continents
Key Facts	UK plc headquartered in London Listed on London Stock Exchange; Support Services sector
Financials	Revenue growth (CAGR 00-10): 10% Operating profit growth* (CAGR 00-10): 10% Average annual cash conversion† (04-10) of 96%

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

*†Operating cash to operating profit before intangible amortisation and acquisition related costs
00-05 continuing operations only*



Benefits to Customers: Supply Chain



Supported by an integrated IT platform

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



Outsourcing of supply chain



Market Environment

Growing market sectors

- Exposed to growing sectors e.g.
 - Foodservice – away from home
 - Cleaning & hygiene – away from home
 - Healthcare – demographics
 - Safety – increased legislation

Outsourcing trend

- Customers and manufacturers focusing on their core business

Fragmented competitors

- None do what we do, on our scale and across our markets
- Bunzl's national footprint

Customer base

- Strong customer base
- Working with national and international leaders
- Aligned with customer growth

Multiple growth drivers

- Organic growth
- Acquisition growth
- Operating model efficiencies





Strategy Building Blocks



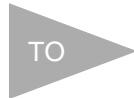
A platform for growth

Suppliers



- Global suppliers
- Low cost sources
- Commodities
- Own brands

Individual ranges



Bunzl



- International warehousing & distribution infrastructure
- Consolidation
- Supply chain management
- Range of delivery options

Consolidated offer



Customers



Grocery

Foodservice

Cleaning & hygiene

Safety

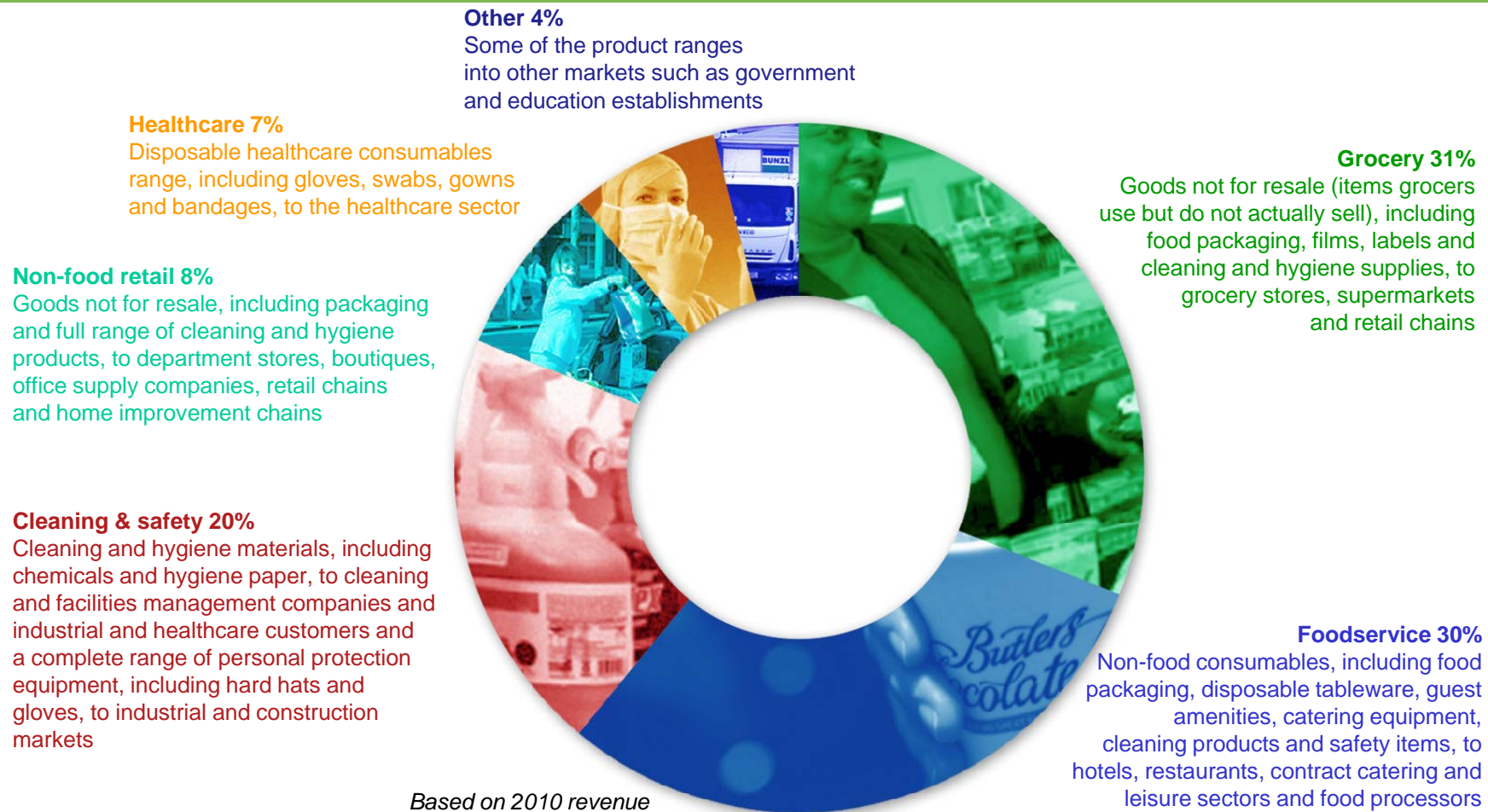
Non-food retail

Healthcare

One stop shop for non-food consumables



Attractive Customer Markets Portfolio



Selling into largely resilient markets



Typical Products

Grocery



Foodservice



Cleaning & hygiene



Safety



Non-food retail



Healthcare





Leveraging our scale and reach

- Co-ordinated procurement and strategic sourcing
- International sourcing centre in Shanghai
- Product consolidation in countries of origin



Decentralised operational structure

- Hands on management with clear customer focus
- Full P&L responsibility
- Aligned incentive measurement with profit and ROCE



Expanding and investing

- Majority of capex spent on IT systems and warehouse facilities
- Sound IT and systems strategy, e.g. warehouse management, order systems, vehicle routing
- Expanding and modernising warehousing facilities

Sharing best practice



Strong Financial Discipline

High return on capital

Return on operating capital avg. 58% last 5 years
Return on invested capital avg. 16% last 5 years

Strong balance sheet

Net debt/EBITDA 2.1x year end 2010

Low working capital requirements

Working capital to sales at 9% in 2010

Low capex

Average of £22m p.a. over past 3 years

High free cash flow yield

Operating cash flow to operating profit* average of 96% over past 7 years

Uniform financial reporting system

Across all geographies

Growing dividend stream

Dividend per share CAGR of 10% over past 10 years

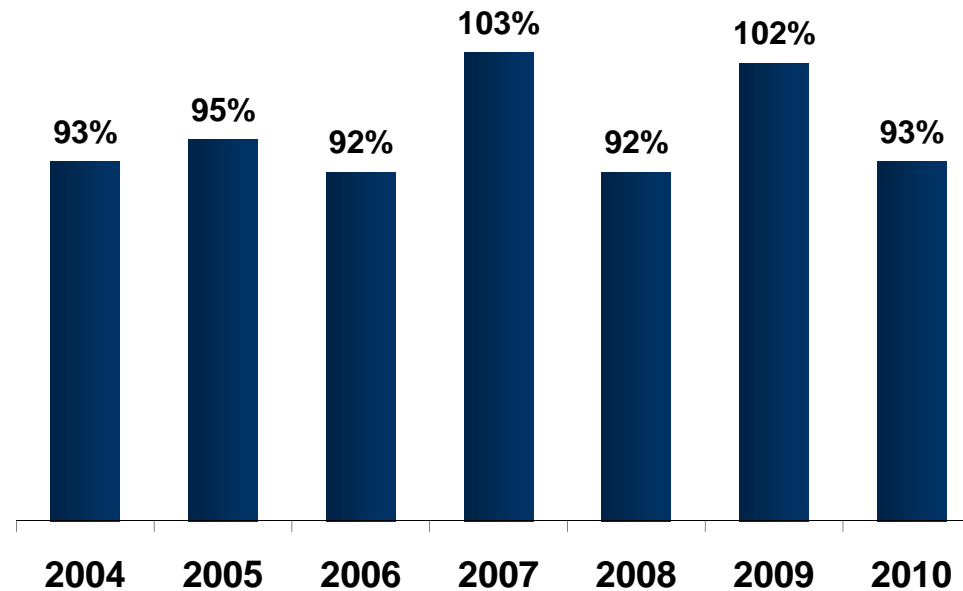
Strong financial model

**Before intangible amortisation and acquisition related costs*



Strong Financial Discipline

Cash Conversion*



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

Strong cash conversion



Experienced Management



Michael Roney
Chief Executive



Brian May
Finance Director



Pat Larmon
Executive Director

Experienced executive directors and management team



Acquisition Strategy

Key attributes

- Financial returns
- In resilient and growth markets
- Business to business
- Consolidated “not-for-resale” product offering
- Similar model – no manufacturing
- Fragmented customer base
- Strong local management
- Scope for further consolidation

Acquisition types

- Bolt-on – existing geography and market
 - Extending product range
 - Consolidating markets
- Anchor – new geography or market
 - Entering new geographies
 - Entering new markets

Extracting value

- Purchasing synergies
- Warehouse & distribution efficiencies
- Back office integration
- Customer overlays
- Product range extensions
- Sharing best practice
- Investments in infrastructure

Acquired businesses continue to feel “local”



Acquisition Track Record

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Number of acquisitions	4	5	6	2	7	7	9	8	7	2	9
Acquisition spend (£m)	156	89	77	29	302	129	162	197	123	6	126
Annualised acquisition revenue (£m)	248	112	145	51	430	270	386	225	151	27	154

2000-2005 continuing operations only

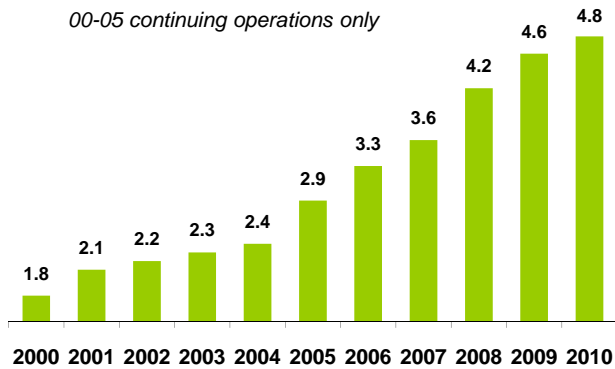
Average acquisition spend £127m p.a.



Financial Track Record

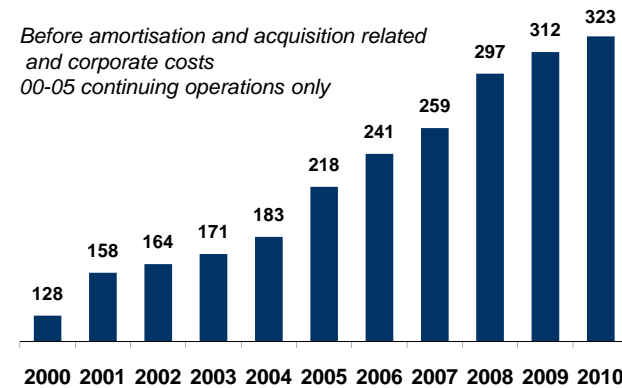
Revenue (£bn)

00-05 continuing operations only



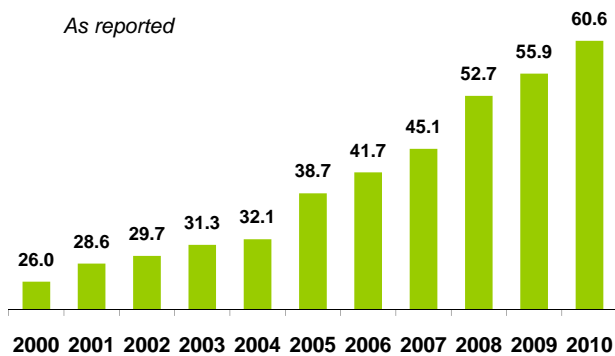
Operating profit (£m)

Before amortisation and acquisition related and corporate costs
00-05 continuing operations only



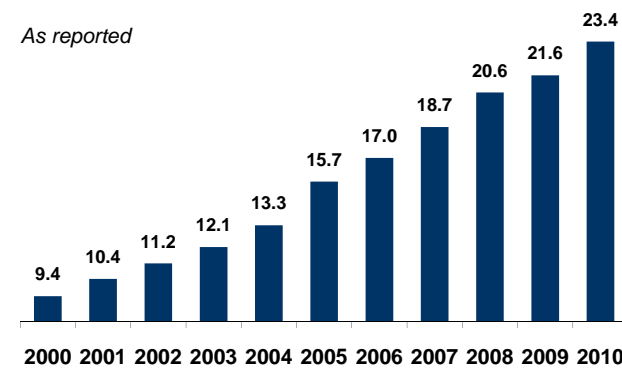
Adjusted eps (p)

As reported



Dividend per share (p)

As reported



00-03 UK GAAP; 04 onwards IFRS



Business Case Summary

Clear strategy for growth

- Entering new markets/product groups
- Expansion/penetration of established markets
- Strong operational focus

Strong business model

- Clear value added for customer and suppliers
- Recurring revenues
- “Big in the middle”

Attractive markets

- Resilient and growing markets
- Driven by demographics
- Fragmented with opportunity to consolidate

Balanced portfolio

- Product diversification
- Geographical presence
- Independence from customers and suppliers

Robust financial performance

- Consistent revenue and earnings growth
- High cash generation
- Cash reinvested at high return on capital
- Strong and growing dividend stream

Attractive business model



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