



Preliminary Announcement 2005



**Bunzl is a focused, international company
providing outsourcing solutions
and value-added distribution across
North America, Europe and Australasia**



Brian May
Finance Director



Income Statement (£m)

Continuing Operations

	2005	2004	Growth (%)
Revenue			
Existing	2,808.3	2,438.5	15
Acquisitions	116.1		
	<u>2,924.4</u>	<u>2,438.5</u>	20
Operating profit*			
Existing	199.0	168.9	18
Acquisitions	4.4		
	<u>203.4</u>	<u>168.9</u>	20

* *Before intangible amortisation*



Income Statement (£m)

Continuing Operations

	2005	2004	Growth (%)
Operating profit*	203.4	168.9	20
Net finance cost	(10.8)	(2.9)	
Profit before tax*	192.6	166.0	16
Intangible amortisation	(15.9)	(7.8)	
Income tax	(56.7)	(52.5)	
Profit from continuing ops	120.0	105.7	14

* *Before intangible amortisation*



Discontinued Operations

	2005 £m (5 months)	2004 £m (12 months)
Operating profit*	25.8	54.5
Intangible amortisation	(0.4)	(0.7)
Net finance cost	(1.4)	(1.9)
Demerger costs	(17.3)	-
Income tax	(2.5)	(16.2)
Profit	4.2	35.7

* *Before intangible amortisation*



Earnings and Dividends (p)

Continuing Operations

	2005	2004	Growth (%)
No of shares (m)	338.8	344.6	
Earnings per share	35.4	30.7	15
Adjusted earnings per share	38.7	32.1	21
Dividend per share	15.7	13.3	18
Dividend cover	2.5	2.4	



Balance Sheet (£m)

	2005	2004
Tangibles	69.8	218.4
Intangibles	695.5	636.1
Working capital	261.9	289.8
Other liabilities	(151.3)	(179.8)
Net assets excluding pensions	<u>875.9</u>	<u>964.5</u>
Pension liabilities	<u>(60.0)</u>	<u>(70.5)</u>
	<u>815.9</u>	<u>894.0</u>
Equity	460.4	484.9
Minorities	-	3.9
Net debt	<u>355.5</u>	<u>405.2</u>
	<u>815.9</u>	<u>894.0</u>

Gearing	77.2%	83.6%
Return on operating capital	61.4%	45.1%



Pensions (£m)

Deficit at 31.12.04		(70.5)
Demerger		<u>32.4</u>
		(38.1)
Discount rate	(34.3)	
Mortality	(9.2)	
Return on Assets	<u>15.8</u>	(27.7)
Contribution to deficit		5.8
Deficit at 31.12.05		<u>(60.0)</u>
Assets		179.0
Liabilities		<u>(239.0)</u>
Deficit at 31.12.05		<u>(60.0)</u>



Cash Flow (£m)

Continuing Operations

	2005	2004
Operating profit*	203.4	168.9
Net capital expenditure	3.0	4.7
Movement in working capital	(11.4)	(11.0)
Dividends	(57.8)	(54.4)
Interest	(8.4)	(2.6)
Tax	(56.7)	(50.3)
Free cash flow	72.1	55.3
Acquisitions	(124.4)	(301.1)
Demerger of business/disposals	115.4	8.0
Share buy back	-	(58.6)
Employee share schemes	23.9	(4.9)
Other	(4.5)	(3.2)
Net cash flow	82.5	(304.5)

* Before intangible amortisation

Operating cashflow to operating profit 97%



Summary

Continuing Operations

- Revenue **up 20%**
- Operating profit* **up 20%**
- Return on operating capital **61%**
- Operating cashflow **97%** of operating profit
- Adjusted eps **up 21%**
- Dividend **up 18%**

* *Before intangible amortisation*

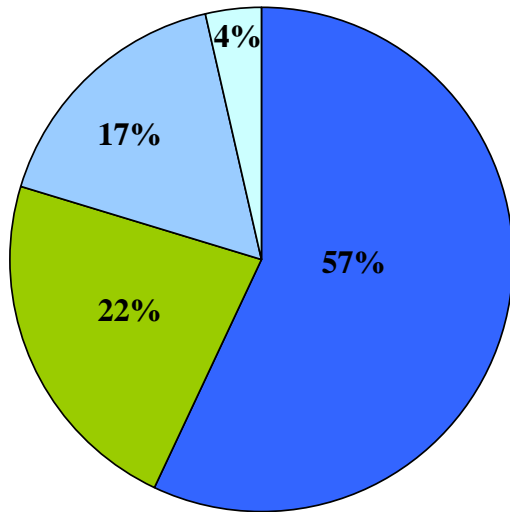


Michael Roney
Chief Executive

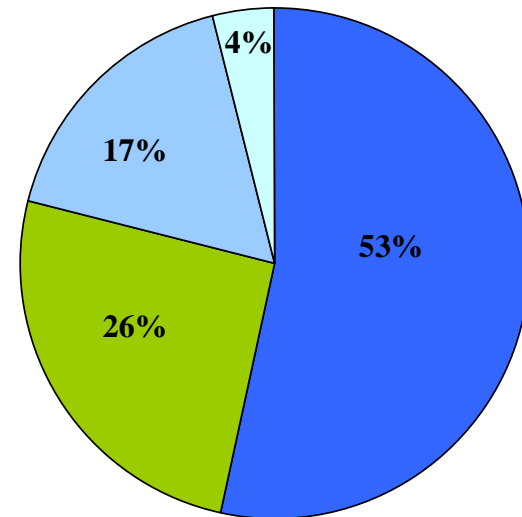


By Business Area

Revenue



Operating profit *



 **North America**

 **UK & Ireland**

 **Continental Europe**

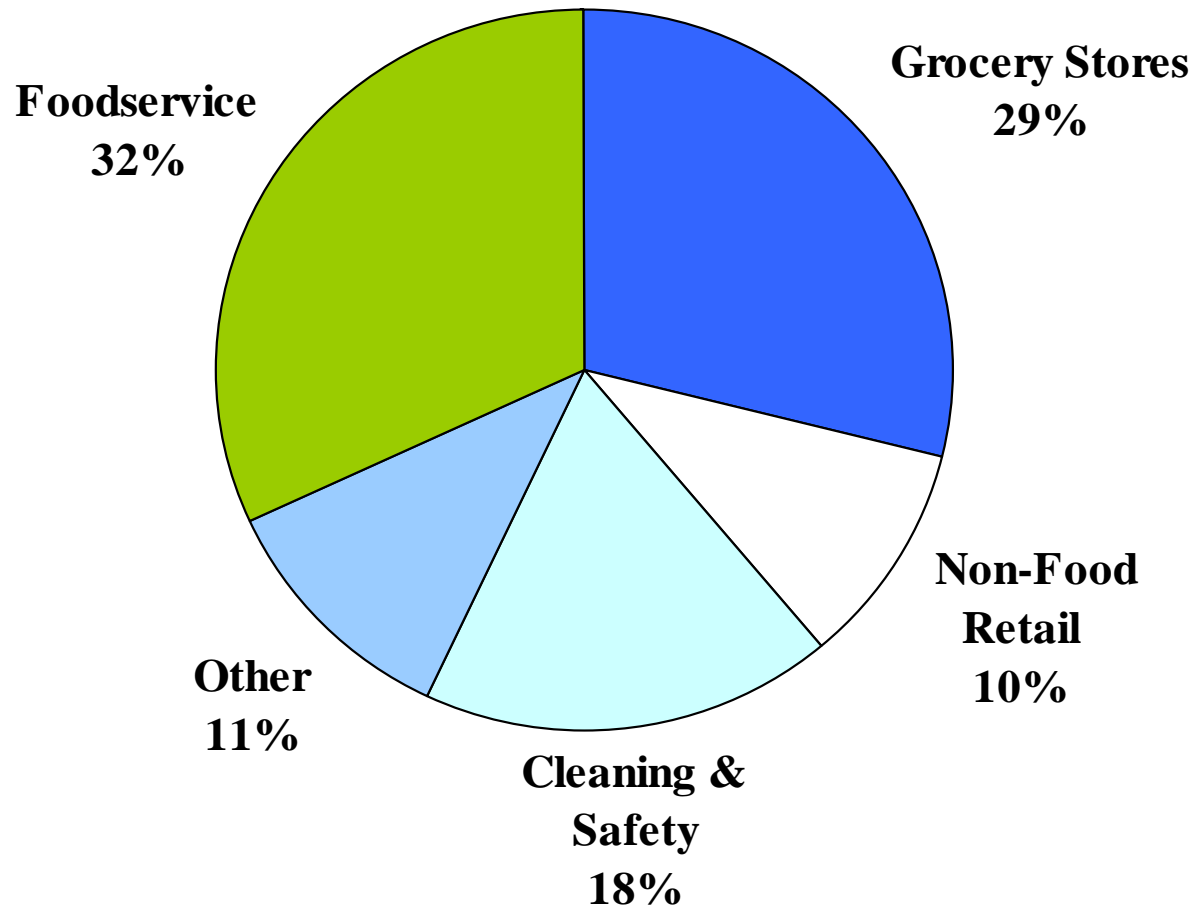
 **Australasia**

* *Before intangible amortisation and corporate*



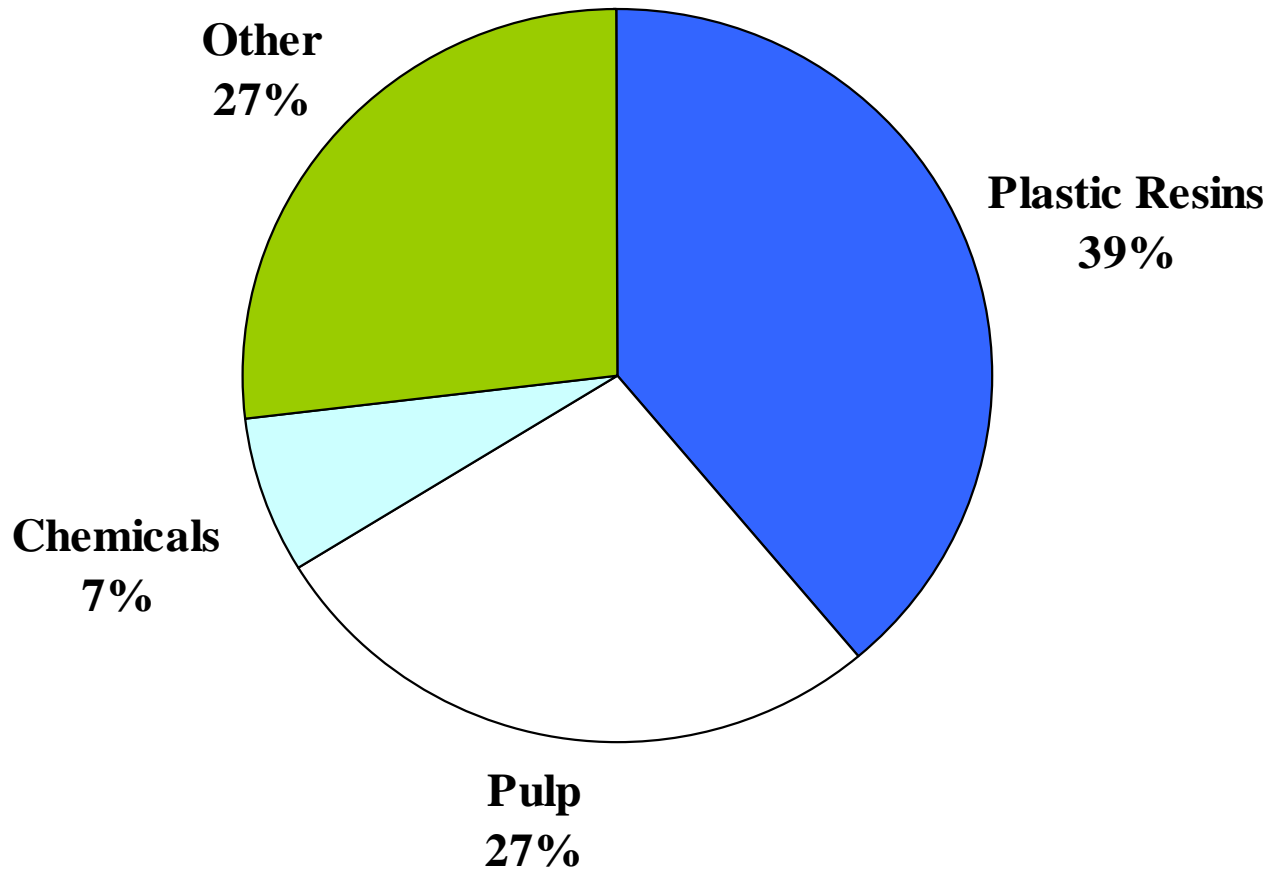
The markets we serve

Revenue 2005





Raw materials of products we supply





Acquisitions

- Important source of growth
- New organisation structure adds additional focus
- Seven acquisitions announced in 2005
 - North America (4), Continental Europe (2), Australasia (1)
 - Higher growth sectors
- Total annualised revenues c. £270m
- Total spend c. £125m



North America

	2005	2004	Growth (%)
Revenue (£m)	1,665.2	1,412.9	18
Operating profit* (£m)	116.0	105.1	10
Margin (%)	7.0	7.4	
Return on operating capital (%)	69.5	78.9	

* *Before intangible amortisation*



North America

Great performance in 2005

- Operations
 - firm product prices
 - underlying margin constant
 - continued margin pressure in grocery sector
 - growth in other sectors
 - positive management response to natural disasters
- Acquisitions
 - at lower margins than NA base business
 - integration/cost rationalisation plans
 - considerable momentum



UK & Ireland

	2005	2004	Growth (%)
Revenue (£m)	664.2	638.9	4
Operating profit* (£m)	56.1	51.2	10
Margin (%)	8.4	8.0	
Return on operating capital (%)	69.6	57.9	

* *Before intangible amortisation*



UK & Ireland

Very good performance in 2005

- Broadest sector coverage
- Principally organic growth
- Strong cost control
- New contract wins in several sectors
- Good working capital management



Continental Europe

	2005	2004	Growth (%)
Revenue (£m)	490.0	308.3	59
Operating profit* (£m)	37.9	20.1	89
Margin (%)	7.7	6.5	
Return on operating capital (%)	47.4	39.5	

* *Before intangible amortisation*



Continental Europe

Strong performance

- Operations
 - Le Goff impact
 - improved results in Denmark, Germany and Holland
- Integrating acquisitions
 - Le Goff
 - establishing a footprint in Central Europe
 - IT investments in France and Central Europe
 - continued expansion in Holland



Australasia

	2005	2004	Growth (%)
Revenue (£m)	105.0	78.4	34
Operating profit* (£m)	8.4	6.4	31
Margin (%)	8.0	8.2	
Return on operating capital (%)	51.3	55.6	

* *Before intangible amortisation*



Australasia

Excellent performance

- Operations
 - Australia & New Zealand
 - higher growth rate than Group average
 - broad sector coverage
- Management team together for long time
- Increased Asian product sourcing
- Sanicare acquisition



Strategy

- Pursue organic growth
- Continue to refine operating model
- Increase international sourcing and consolidation
- Acquire in higher potential sectors
- Logically extend successful sectors



Prospects

North America

- Complete integration of 2005 acquisitions
- Upward movement on input prices through year end 2005 and remained firm to date
- Continued margin pressure especially in supermarkets
- Acquisitions in the higher growth sectors of redistribution, food processor, convenience stores and non-food retail

UK & Ireland

- Growth and mix improvement
- Further operating efficiencies
- Increased international sourcing



Prospects

Continental Europe

- Growth despite a sluggish economic environment
- Continued operating efficiencies
- Acquisition opportunities
 - further consolidation of current sectors
 - extend geographic coverage

Australasia

- Higher growth
- Sourcing opportunities
- Continued acquisitions



Prospects

- A more focused outsourcing group
 - reorganised into four business areas
 - with clear strategy
 - can execute well
- Confidence for the future
 - organic growth
 - existing acquisition momentum
 - new opportunities