



Interim Results

2006



**Bunzl is a focused, international
distribution and outsourcing Group**



Brian May
Finance Director



Income Statement (£m)

	June 06	June 05	Growth (%)
Continuing operations			
Existing	1,592.0	1,366.3	17
Acquisitions	11.2		
Total revenue	<u>1,603.2</u>	<u>1,366.3</u>	17
Existing	103.9	91.8	13
Acquisitions	0.9		
Operating profit *	<u>104.8</u>	<u>91.8</u>	14

* *Before intangible amortisation*



Income Statement (£m)

	June 06	June 05	Growth (%)
Operating profit *	104.8	91.8	14
Net finance cost	(7.0)	(4.0)	
Profit before tax *	97.8	87.8	11
Intangible amortisation	(9.7)	(7.3)	
Income tax	(28.1)	(25.6)	
Profit from continuing operations	60.0	54.9	9
Profit from discontinued operations	-	4.2	

* *Before intangible amortisation*



Earnings and Dividends (p)

	June 06	June 05	Growth (%)
Continuing operations			
No of shares (m)	343.7	336.0	
Earnings per share	17.5	16.3	7
Adjusted earnings per share	19.3	17.8	8
Dividend per share	5.3	4.9	8



Balance Sheet (£m)

	June 06	June 05	Dec 05
Intangibles	699.1	597.2	695.5
Tangibles	72.7	64.2	69.8
Working capital	262.1	235.0	261.9
Other liabilities	(193.8)	(167.0)	(151.3)
Net assets excluding pensions	840.1	729.4	875.9
Pension deficit	(39.9)	(53.2)	(60.0)
	800.2	676.2	815.9
Equity	503.6	390.6	460.4
Net debt	296.6	285.6	355.5
Gearing	58.9%	73.1%	77.2%
Return on operating capital	62.7%	62.1%	61.4%



Cash Flow (£m)

	June 06	June 05
Continuing operations		
Cash flow from operating activities	92.2	73.6
Capital expenditure	(7.7)	(4.2)
Interest	(2.6)	-
Tax	(11.4)	(31.2)
Dividends	(16.5)	(18.5)
Free cash flow	54.0	19.7
Acquisitions	(24.0)	(22.7)
Demerger of business	-	115.4
Employee share schemes	3.3	11.4
Other	-	(3.0)
Net cash flow	33.3	120.8
Operating cash flow to operating profit *	88%	80%

* Before intangible amortisation



Summary

- Revenue **up 17%**
- Operating profit * **up 14%**
- Underlying operating margin increased **to 6.8%**
- Adjusted eps **up 8%**
- Operating cash flow **88%** of operating profit *
- Return on operating capital at **63%**

* *Before intangible amortisation*



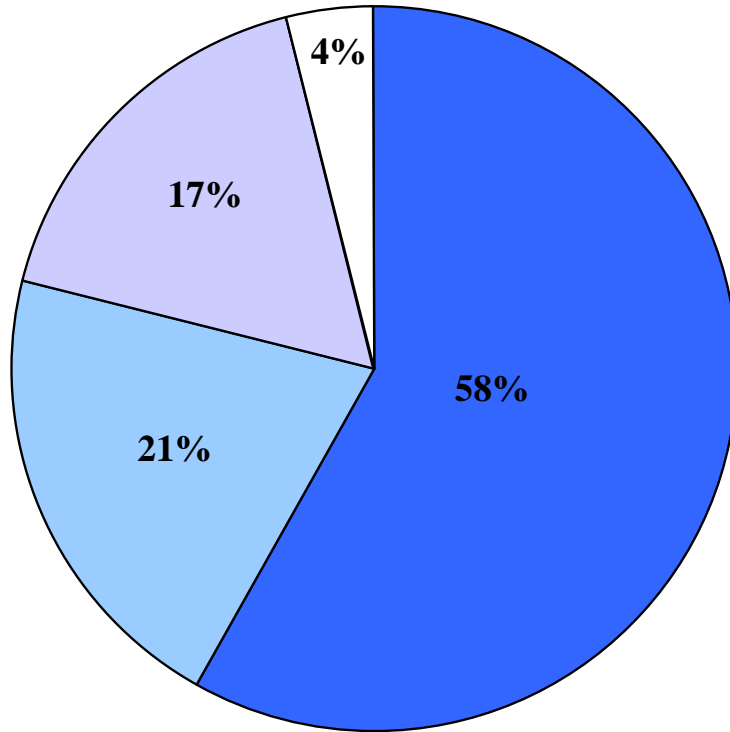
Michael Roney
Chief Executive



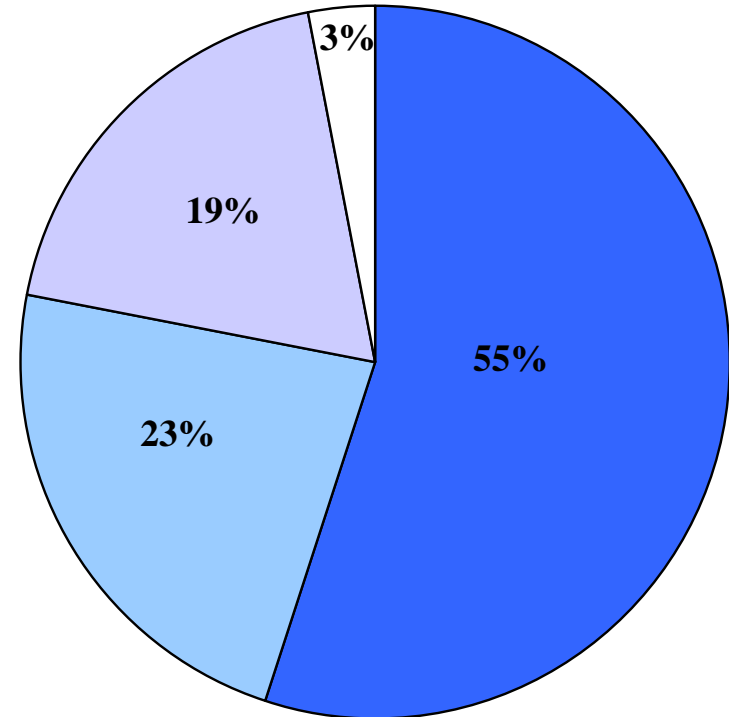
By Business Area

H1 06

Revenue



Operating profit *



■ North America

■ UK & Ireland

■ Continental Europe

□ Australasia

* Before intangible amortisation and corporate



North America

	June 06	June 05	Growth (%)
Revenue (£m)	934.3	753.2	24
Operating profit * (£m)	62.0	52.5	18
Margin (%)	6.6	7.0	
Return on operating capital (%)	69.5	73.6	

* *Before intangible amortisation*



North America

- Dollar revenue rose 19%
 - stronger underlying growth
 - increased input prices
- Dollar operating profit rose 14%
 - slight improvement in underlying margin
 - despite continued competitive pressure
- Lower margin acquisitions from 2005
 - recently put on our IT system
 - improvement in margins expected
- Three acquisitions announced and completed
 - Master Craft Packaging (redi)
 - Morgan Scott (eastern Canada)
 - United American Sales
 - redi for PPE
 - market sector of high potential



North America

- Good control over operating costs
 - higher fuel costs
 - more efficient routing of trucks
- Increase in global sourcing
 - higher level of Asian imports
 - second consolidation warehouse in Shanghai



UK & Ireland

	June 06	June 05	Growth (%)
Revenue (£m)	334.3	326.1	3
Operating profit * (£m)	25.5	24.8	3
Margin (%)	7.6	7.6	
Return on operating capital (%)	73.3	65.5	

* *Before intangible amortisation*



UK & Ireland

- Sales and operating profit up by 3%
 - slower underlying growth
 - highest return on operating capital of any business area
- Growth in retail supplies
- Challenging market conditions in horeca
 - implementing several operating initiatives
- Improved margins in cleaning and safety
- Important acquisition with Southern Syringe
 - increase business area sales by about 25%
 - largest independent distributor in this sector
 - many opportunities to improve this lower margin business



Continental Europe

	June 06	June 05	Growth (%)
Revenue (£m)	278.3	239.8	16
Operating profit * (£m)	20.9	18.8	11
Margin (%)	7.5	7.8	
Return on operating capital (%)	45.7	50.8	

* *Before intangible amortisation*



Continental Europe

- Sales and operating profit up 16% and 11% respectively
 - stronger underlying growth
 - lower margin acquisitions in 2005
 - margin pressure in France
 - improving margins elsewhere
- Strong growth in Central Europe, Netherlands, Germany and Denmark
- France
 - growth in national account customers
 - acquisition of Picardie Hygiene
 - recent introduction of Techline
 - investment in new IT system
 - PPE performing well
- Central Europe developing well



Australasia

	June 06	June 05	Growth (%)
Revenue (£m)	56.3	47.2	19
Operating profit * (£m)	3.9	3.3	18
Margin (%)	6.9	7.0	
Return on operating capital (%)	51.6	51.3	

* *Before intangible amortisation*



Australasia

- Sales and operating profit up 19% and 18% respectively
 - underlying growth satisfactory
- New acquisitions are integrating well
 - Sanicare (July 2005)
 - Allcare (April 2006)
- Cost reduction initiatives
 - consolidation import trials in Shanghai
 - specific cost reduction project



Strategy

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



Acquisitions

Business	Country	Sector	Revenue
Midshires	UK	Vending	£11.6m
Master Craft Packaging	USA	Redistribution	\$10.6m
Picardie Hygiene	France	Cleaning & Hygiene	€9.9m
Allcare	Australia	PPE	A\$23.0m
Southern Syringe	UK	Healthcare	£182.0m
Morgan Scott	Canada	Jan/San & Foodservice	C\$65.6m
United American Sales	USA	Redi-PPE	\$57.7m



Acquisitions

- Total annual sales c.£285 million
- Total cost £90 million
- Follows our strategy
- Open up new opportunities



Prospects

North America

- Good underlying growth and the positive impact from acquisitions
- Upward pressure from product prices
- 2005 acquisitions - margins to improve

UK & Ireland

- Lower organic growth than 2005
- Further operating efficiencies
- Integration of Southern Syringe



Prospects

Continental Europe

- Good organic growth
- Some margin pressure
- IT investment in new acquisitions
- Acquisition opportunities
 - further consolidation
 - extend coverage to new countries

Australasia

- Satisfactory organic growth
- Increased international sourcing
- Recent acquisitions integrating well



Prospects

- FX rates
 - US\$/£ - if current rate holds slightly adverse for the year
 - all other currency impacts minor
- Limited share buy back
 - strategic priority to grow organically and by acquisition
 - acquisition pipeline good
 - consistent with the Board's objective of maintaining an appropriate balance sheet structure
- Confidence for the future
 - good organic growth
 - continued operating efficiencies
 - exciting new acquisitions
 - pipeline of opportunities