



Preliminary Announcement 2006



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



Income Statement (£m)

	2006	2005	Growth (%)
Revenue	3,333.2	2,924.4	14
Operating profit*	226.3	203.4	11
Margin*	6.8%	7.0%	
Underlying margin*	7.1%	6.9%	

* *Before intangible amortisation*



Income Statement (£m)

	2006	2005	Growth (%)
Operating profit*	226.3	203.4	11
Net finance cost	(16.7)	(10.8)	
Profit before tax*	209.6	192.6	9
Intangible amortisation	(19.9)	(15.9)	
Income tax	(60.3)	(56.7)	
Profit†	129.4	120.0	8
US\$ exchange rate	1.84	1.81	

* *Before intangible amortisation*

† *From continuing operations*



Earnings and Dividends (p)

	2006	2005	Growth (%)
Weighted average shares (m)	342.1	338.8	
Earnings per share [†]	37.8	35.4	7
Adjusted earnings per share ^{†*}	41.7	38.7	8
Dividend per share	17.0	15.7	8
Dividend cover	2.5	2.5	

[†] *From continuing operations*

^{*} *Before intangible amortisation*



Balance Sheet (£m)

	Dec 06	Dec 05
Intangibles	776.7	695.5
Tangibles	74.3	69.8
Working capital	305.1	261.9
Other liabilities	(199.9)	(156.5)
Net assets excluding pensions	956.2	870.7
Pension deficit	(37.5)	(60.0)
	918.7	810.7
Equity	488.0	460.4
Net debt	430.7	350.3
	918.7	810.7

Net debt/EBITDA

1.8x

1.6x

Return on operating capital

61.7%

61.4%



Pensions (£m)

Deficit at 31.12.05		(60.0)
Discount rate	19.5	
Return on assets	7.3	
Mortality	(9.0)	
Other	(3.2)	14.6
		<hr/>
Contribution to deficit		7.9
		<hr/>
Deficit at 31.12.06		(37.5)
		<hr/>
Assets		200.4
Liabilities		(237.9)
		<hr/>
Deficit at 31.12.06		(37.5)
		<hr/>



Cash Flow (£m)

	2006	2005 [†]
Cash generated from operations	214.2	200.4
Capital expenditure	(11.5)	(10.6)
Operating cash flow	202.7	189.8
Interest	(16.4)	(8.4)
Tax	(40.5)	(56.7)
Dividends	(53.3)	(57.8)
Free cash flow	92.5	66.9
Acquisitions	(156.7)	(124.4)
Share buy back	(63.1)	-
Employee share schemes	5.2	23.9
Other	(1.0)	0.7
Net cash flow	(123.1)	(32.9)

Operating cash flow to operating profit*	90%	93%
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[†] From continuing operations

* Before intangible amortisation



Summary

- Revenue **up 14%**
- Operating profit* **up 11%**
- Adjusted eps[†]* **up 8%**
- Dividend per share **up 8%**
- Return on operating capital **61.7%**
- Operating cash flow **90%** of operating profit*

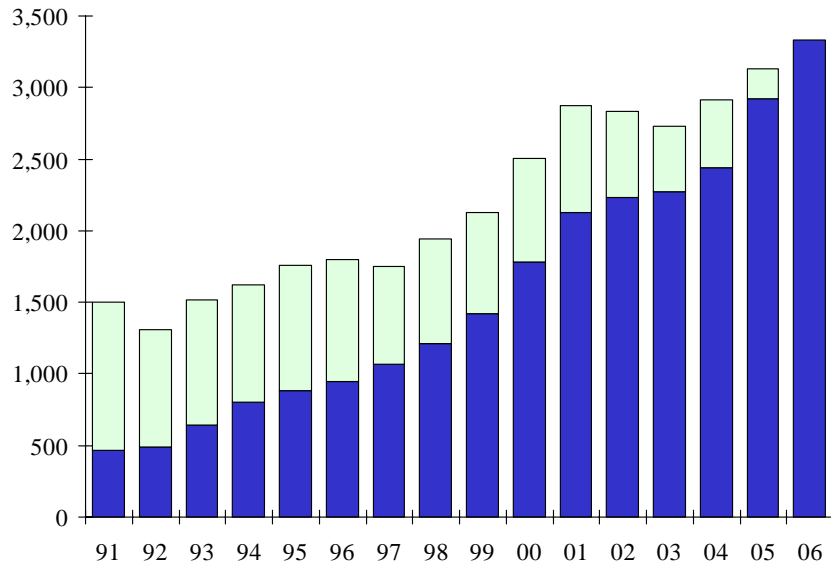
* *Before intangible amortisation*

† *From continuing operations*

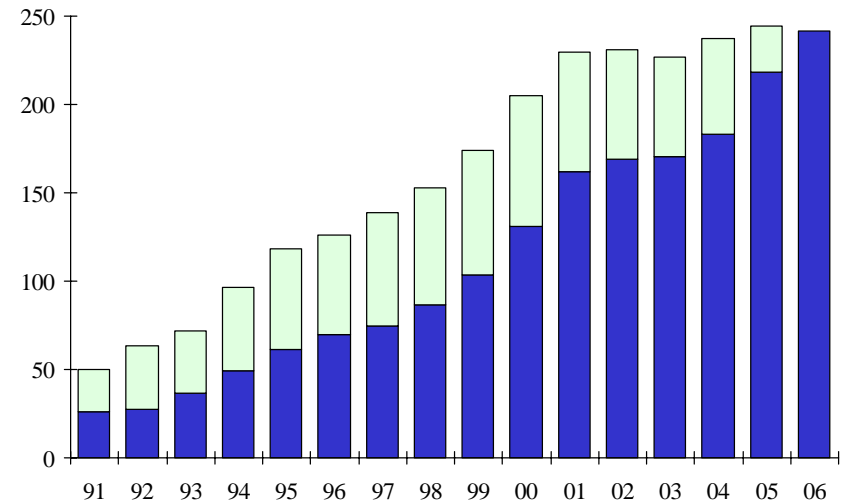


Consistent Growth in Outsourcing

Revenue (£m)



Operating Profit (£m)



Discontinued operations
Outsourcing

Note: 1991 – 2003 under UK GAAP as reported in each year; 2004 – 2006 under IFRS



Bunzl Supply Chain





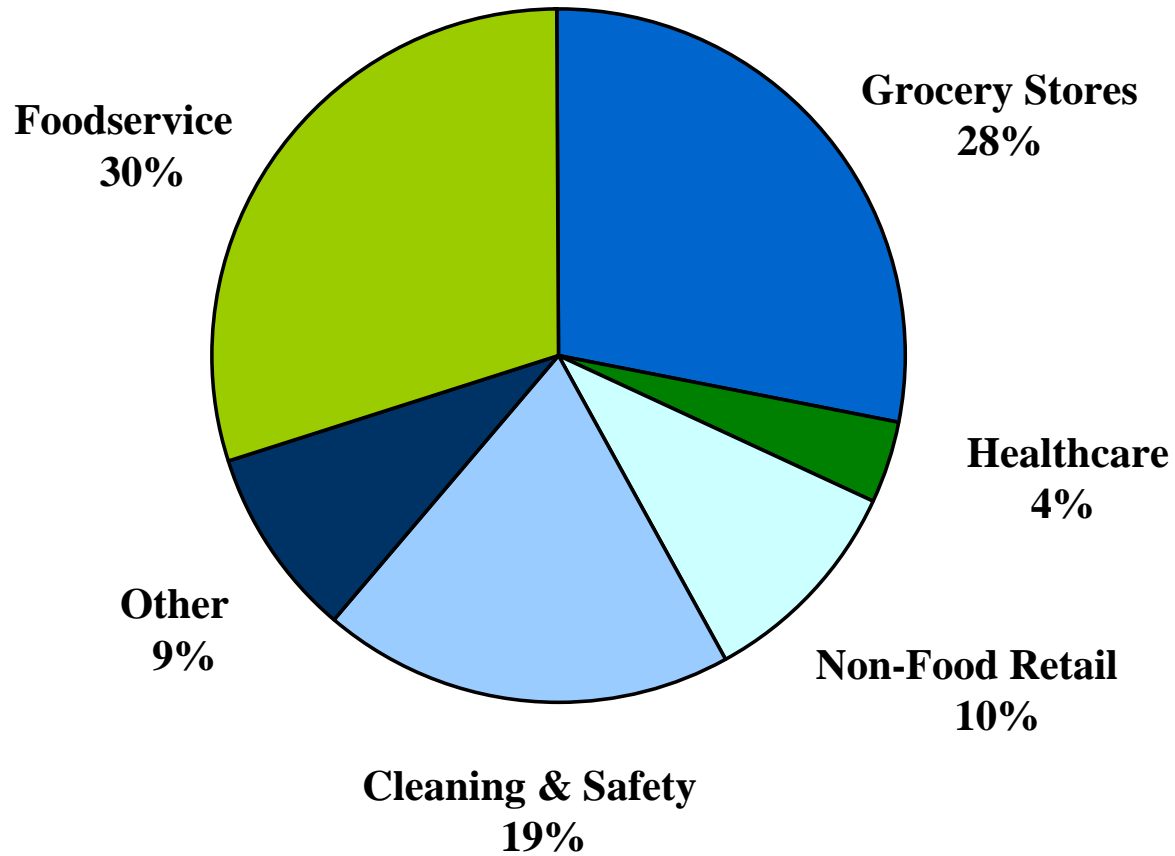
Key Highlights for 2006

- Organic revenue growth of c. 5%
- Acquisition spend £162m and annualised revenue £390m
- Three key acquisitions open up new growth opportunities
- Increased sourcing from low cost countries
- Successful integration of 2005 acquisitions
- Announced new redistribution organisation for North America



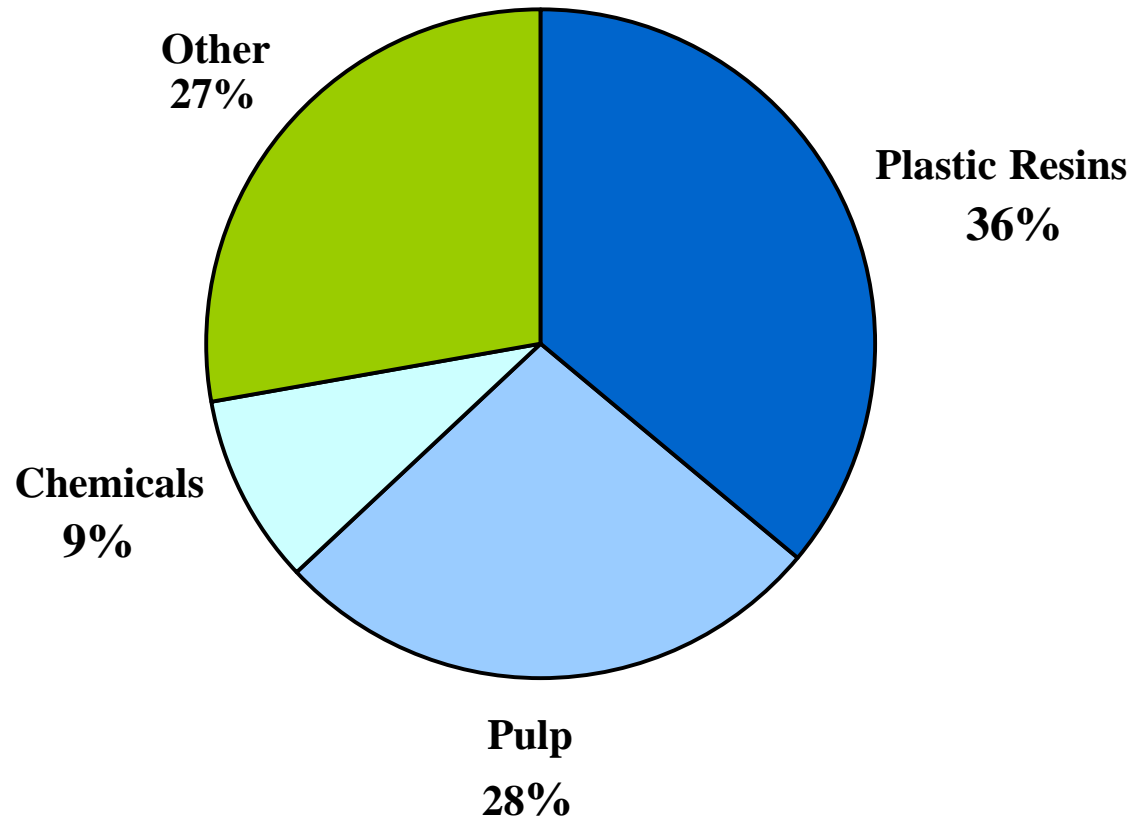
The markets we serve

Revenue 2006





Raw materials of products we supply





Acquisitions

- Important source of growth
- Nine acquisitions announced in 2006
 - North America (4), UK & Ireland (3), Continental Europe (1), Australasia (1)
- Major step forward in the key sectors of healthcare, North America redistribution and non-food retail
- Total annualised revenues c. £390m
- Total spend c. £162m



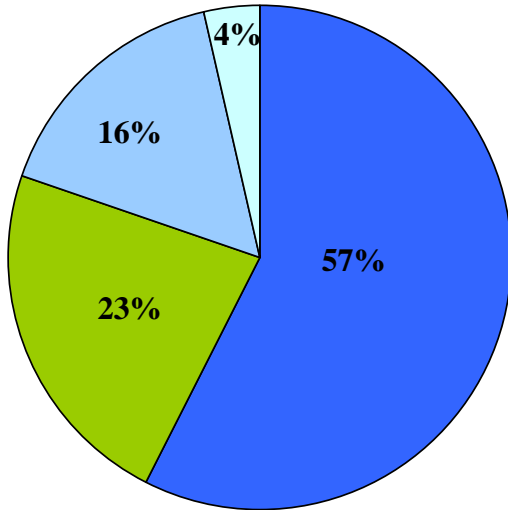
Acquisitions

Business	Country	Sector	Revenue
Midshires	UK	Vending	£11.6m
Master Craft	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
Cole Harford	USA	Foodservice	\$63.5m
Keenpac	UK	Retail	£73.6m



By Business Area

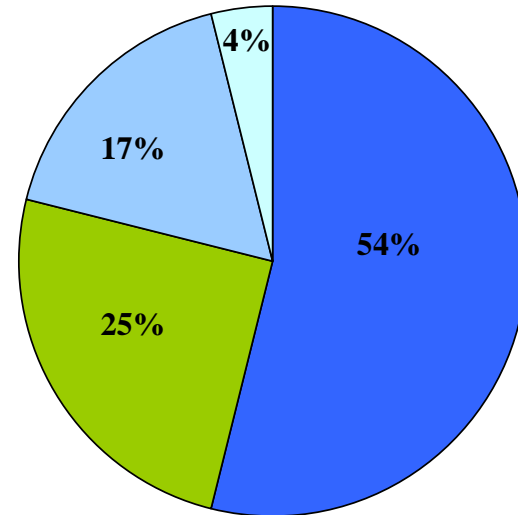
Revenue



 **North America**

 **UK & Ireland**

Operating profit*



 **Continental Europe**

 **Australasia**

** Before intangible amortisation and corporate*



North America

	2006	2005	Growth (%)
Revenue (£m)	1,896.8	1,665.2	14
Operating profit* (£m)	131.2	116.0	13
Margin (%)	6.9	7.0	
Return on operating capital (%)	71.4	69.5	

* *Before intangible amortisation*



North America

- Operations
 - good organic revenue growth
 - stable pricing in second half
 - improvement in underlying margin
 - ongoing successful integration of lower margin 2005 acquisitions
 - good cost control
 - created separate redistribution organisation
- Acquisitions
 - four acquisitions in key business sectors
 - entered redistribution for personal protection equipment



UK & Ireland

	2006	2005	Growth (%)
Revenue (£m)	774.6	664.2	17
Operating profit* (£m)	59.7	56.1	6
Margin (%)	7.7	8.4	
Return on operating capital (%)	67.6	69.6	

* *Before intangible amortisation*



UK & Ireland

- Sector coverage continues to broaden
- Higher organic growth in second half
- Good progress in retail
- Improvement in underlying margin
- Two significant strategic acquisitions that are increasing business area revenue by more than a third



Continental Europe

	2006	2005	Growth (%)
Revenue (£m)	544.7	490.0	11
Operating profit* (£m)	40.9	37.9	8
Margin (%)	7.5	7.7	
Return on operating capital (%)	45.1	47.4	

* *Before intangible amortisation*



Continental Europe

- Strongest underlying growth rate
 - margin improvement outside France
- Strong performance in Netherlands, Denmark, Germany and Central Europe
- Competitive advantage in France with national coverage
- Positive actions to improve operations in France
 - launch of Techline
 - national accounts team
 - rollout of new IT system
 - Picardie Hygiene acquisition extends geographic coverage
- Central Europe is a promising growth area



Australasia

	2006	2005	Growth (%)
Revenue (£m)	117.1	105.0	12
Operating profit* (£m)	9.6	8.4	14
Margin (%)	8.2	8.0	
Return on operating capital (%)	50.3	51.3	

* *Before intangible amortisation*



Australasia

- Stronger second half
- Recent acquisitions performed ahead of expectations and are integrating well
- New distribution facility in New Zealand
- Increasing consolidated product sourcing from Asia



Strategy

- Pursue organic growth
- Acquire in similar sectors with opportunities for further consolidation
- Extend global footprint
- Increase international sourcing and consolidation
- Continue to make operating model more efficient
- Further develop product offering



Prospects

North America

- Normal levels of organic growth
- Continued profit improvement from 2005 acquisitions
- Positive contribution from 2006 acquisitions
- Acquisition focus will be in higher growth sectors

UK & Ireland

- Momentum from the second half of 2006
- Southern Syringe incremental improvement
- Strong contribution from Keenpac



Prospects

Continental Europe

- Good organic growth
- Confident in operational initiatives in France

Australasia

- Good momentum from the second half of 2006
- Acquisitions integrating well



Prospects

Looking forward

- If current exchange rates hold translation impact in 2007 more significant
- Resin and pulp prices have entered 2007 with mixed trends
- Fully focused distribution and outsourcing Group
- Continued operational improvements
- Key 2006 acquisitions bring new opportunities
- International growth plan, both organically and by acquisition
- Confidence to grow successfully