



# PRELIMINARY RESULTS 2007



## 1. Anthony Habgood, Chairman: Welcome

2. Michael Roney, CEO: Highlights
3. Brian May, FD: Financial Results
4. Michael Roney, CEO: Operations & Strategy Review
5. Q&A



1. Anthony Habgood, Chairman: Welcome

**2. Michael Roney, CEO: Highlights**

3. Brian May, FD: Financial Results

4. Michael Roney, CEO: Operations & Strategy Review

5. Q&A

- Strong growth in revenue, operating profit and eps
- Improved underlying operating margin to 6.9%
- Very strong year for UK&I and Continental Europe
- Increased acquisition expenditure of £197m
- Key acquisitions of King Benelux, Irish Merchants and Coffee Point
- Entry into Spain, Belgium and Brazil



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## Exchange Rates

	Full year 2007	Full year 2006	Current spot*
US\$	2.00	1.84	1.96
€	1.46	1.47	1.33

- Currency impact largely translation
- At current rates expect positive impact in 2008



# Income Statement

£m	2007	2006	Growth %	
			Reported	Constant Exchange
Revenue	3,581.9	3,333.2	7	12
Operating profit*	242.9	226.3	7	12
Margin*	6.8%	6.8%		

\*Before intangible amortisation



# Income Statement

£m	2007	2006	Growth %	
			Reported	Constant Exchange
Operating profit*	242.9	226.3	7	12
Net finance cost	<u>(27.4)</u>	<u>(16.7)</u>		
Profit before tax*	215.5	209.6	3	8
Intangible amortisation	(24.4)	(19.9)		
Income tax	<u>(61.0)</u>	<u>(60.3)</u>		
Profit after tax	130.1	129.4		
Interest cover (x)	8.9	13.6		
Effective tax rate (%)	31.6	32.0		

\*Before intangible amortisation



## Earnings and Dividends

			<u>Growth %</u>	
	<b>2007</b>	<b>2006</b>	<b>Reported</b>	<b>Constant exchange</b>
Weighted average shares (m)	<b>326.9</b>	342.1		
Earnings per share (p)	<b>39.8</b>	37.8	5	10
Adjusted earnings per share* (p)	<b>45.1</b>	41.7	8	13
Dividend per share (p)	<b>18.7</b>	17.0	10	

\*Before intangible amortisation



## Balance Sheet

£m	2007	2006
Intangibles	990.3	776.7
Tangibles	91.0	74.3
Working capital	313.8	305.1
Other liabilities	<u>(238.1)</u>	<u>(199.9)</u>
	1,157.0	956.2
Pension deficit	(13.2)	(37.5)
Net debt	<u>(667.6)</u>	<u>(430.7)</u>
Equity	476.2	488.0

Net debt/EBITDA (x)	2.46	1.73
Return on operating capital (%)	60.9	61.7



## Cash Flow

£m	2007	2006
Cash flow from operations†	267.5	219.2
Net capital expenditure	<u>(16.6)</u>	<u>(11.5)</u>
Operating cash flow	250.9	207.7
Operating cash flow to operating profit*	103%	92%
Interest	(28.3)	(16.4)
Tax	(65.1)	(40.5)
Free cash flow	157.5	150.8

†Before special pension contribution

\*Before intangible amortisation

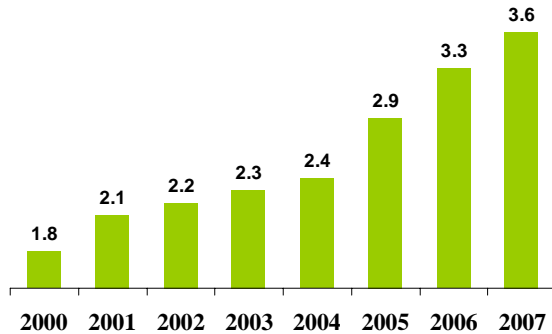


## Cash Flow

£m	2007	2006
Free cash flow	157.5	150.8
Dividends	(56.2)	(53.3)
Acquisitions	(191.7)	(156.7)
Share buy back	(100.0)	(63.1)
Special pension contribution	(9.5)	(5.0)
Other	1.0	4.2
Net cash flow	<u>(198.9)</u>	<u>(123.1)</u>

## Revenue (£bn)

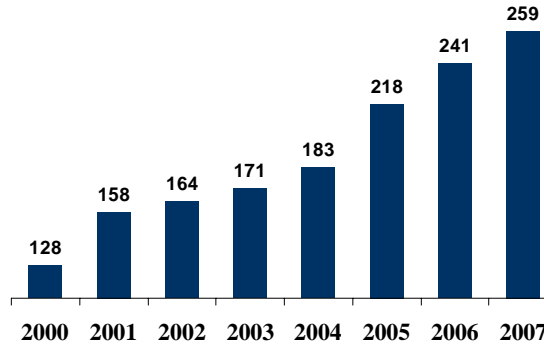
00-05 continuing operations only



## Operating profit (£m)

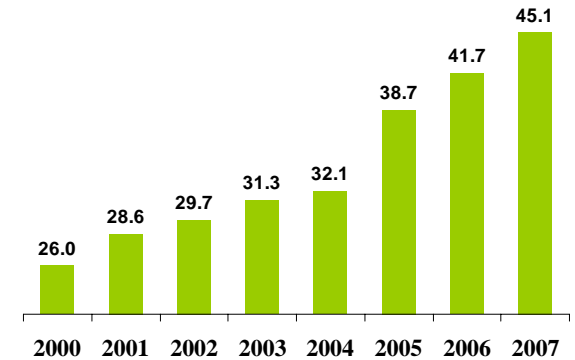
Before amortisation and corporate costs

00-05 continuing operations only



## Adjusted eps (p)

As reported



**Constant exchange growth rate > 10%**



# Financial Summary

Revenue	↑ 12% <sup>†</sup>
Operating profit*	↑ 12% <sup>†</sup>
Adjusted eps*	↑ 13% <sup>†</sup>
Dividend per share	↑ 10%
Return on operating capital	61%
Operating cash flow to operating profit*	103%

<sup>†</sup>Constant exchange rates  
\*Before intangible amortisation

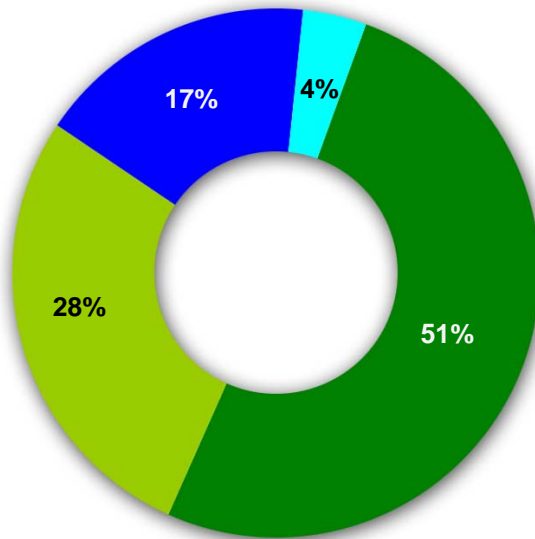


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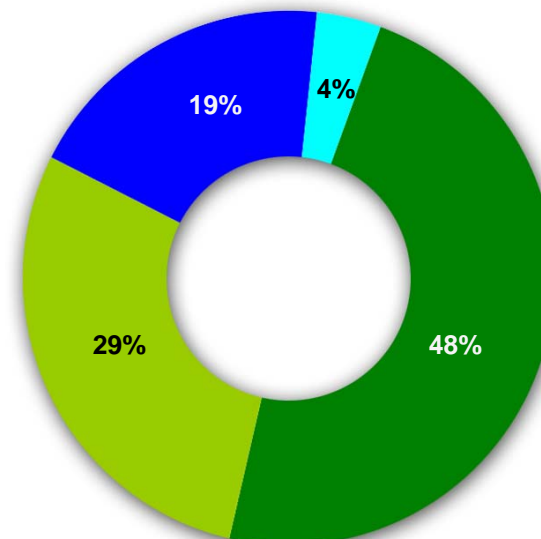
## Michael Roney, CEO: Operations & Strategy Review

- 2007 operations review and performance
- Group strategy overview
- Prospects

## Revenue



## Operating profit\*

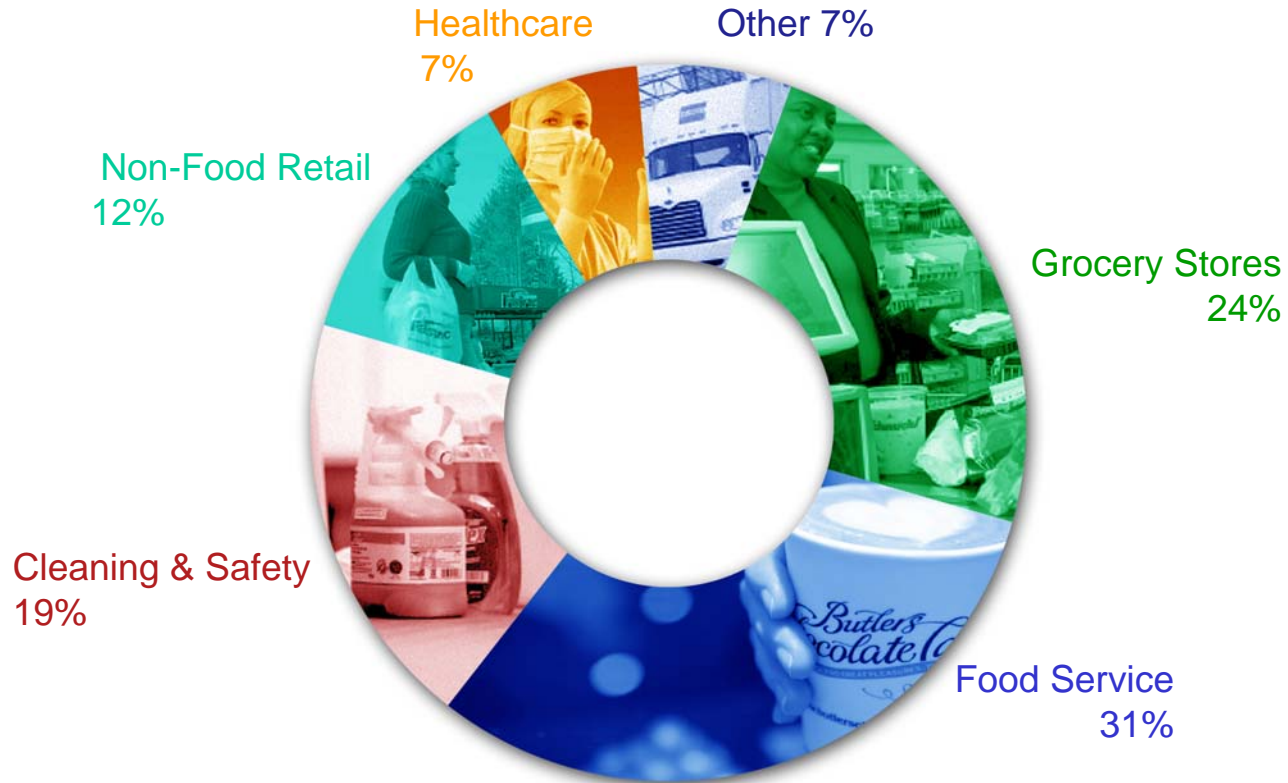


■ North America   ■ UK & Ireland   ■ Continental Europe   ■ Rest of the World

**Well diversified by geography**



# Markets We Serve 2007



**Well diversified by customer markets**



## North America

£m	<b>2007</b>	2006	Reported	Constant Exchange
Revenue	<b>1,839.0</b>	1,896.8	-3%	5%
Operating profit*	<b>123.3</b>	131.2	-6%	2%
Margin*	<b>6.7%</b>	6.9%		
Return on operating capital	<b>71.9%</b>	71.4%		

- Revenue and operating profit rose at constant exchange rates
- All acquisitions from 06 and 07 have been integrated
- Continue to win new business in the grocery sector
- R3 launch; dedicated resource focusing on growing redistribution business
- Good progress in food processor business
- Focus on operational performance enhancement

\* Before intangible amortisation

£m	2007	2006	Reported	Constant Exchange
Revenue	<b>994.3</b>	774.6	28%	28%
Operating profit*	<b>74.5</b>	59.7	25%	25%
Margin*	<b>7.5%</b>	7.7%		
Return on operating capital	<b>65.0%</b>	67.6%		

- Strong growth across all businesses
- Major improvement in horeca
- Renewed top customer contracts in horeca, retail and safety
- Number of new business wins
- Leader in the UK vending market following Coffee Point acquisition
- Significant increase of scale in Ireland through acquisition of Irish Merchants
- Southern Syringe ahead of plan; solid base to grow



## Continental Europe

£m	<b>2007</b>	2006	Reported	Constant Exchange
Revenue	<b>616.0</b>	544.7	13%	12%
Operating profit*	<b>50.0</b>	40.9	22%	21%
Margin*	<b>8.1%</b>	7.5%		
Return on operating capital	<b>50.2%</b>	45.1%		

- Strong organic sales and profit growth
- Key acquisitions of King Benelux and Iberlim
- Improved profitability as a result of number of operating efficiencies
- Significant improvement in France
- Starting to realise synergies from King Benelux acquisition
- Strong performance from Central European businesses
- Platform for growth in Iberia

\* Before intangible amortisation



## Rest of the World

£m	2007	2006	Reported	Constant Exchange
Revenue	132.6	117.1	13%	10%
Operating profit*	10.8	9.6	13%	10%
Margin*	8.1%	8.2%		
Return on operating capital	49.8%	50.3%		

### Australasia

- Strong organic growth especially in largest business
- Excellent platform for growth in food processor businesses
- Healthcare had a difficult year but well positioned to develop

### Brazil

- Acquisition of Prot Cap in February 2008

\* Before intangible amortisation

- **Commitment to growth**
  - **Organic**
- Commitment to growth
  - Acquisitions
- Continually improve our operating model



## Commitment to Growth: Organic

- Market sectors are resilient
- Provide value added services to customers
- National footprint
- Important to both customers and suppliers

**Good organic growth opportunities**

- Responding to customer requirements with environmentally friendly product ranges
- Continue to develop “Green” product range
  - Degradable
  - Compostable
  - Recycled
  - Recyclable or reusable



**Niche market opportunity**

- Commitment to growth
  - Organic

- **Commitment to growth**
  - **Acquisitions**

- Continually improve our operating model



## Commitment to Growth: Acquisitions

<b>Business</b>	<b>Country</b>	<b>Sector</b>	<b>Revenue</b>
Tec Products	USA	Jan/San	\$14m
Westgate	USA/Canada	Safety	\$18m
Iberlim	Spain	Cleaning & Hygiene	€9m
Coffee Point	UK	Vending	£45m
King Benelux	NL/Belgium	Foodservice, C&H, Retail, Healthcare	€125m
Irish Merchants	Ireland	Horeca, Healthcare, Retail	€45m
Care Shop	UK	Healthcare	£19m
Rafferty Hospitality Products	NI/Ireland	Horeca	£9m

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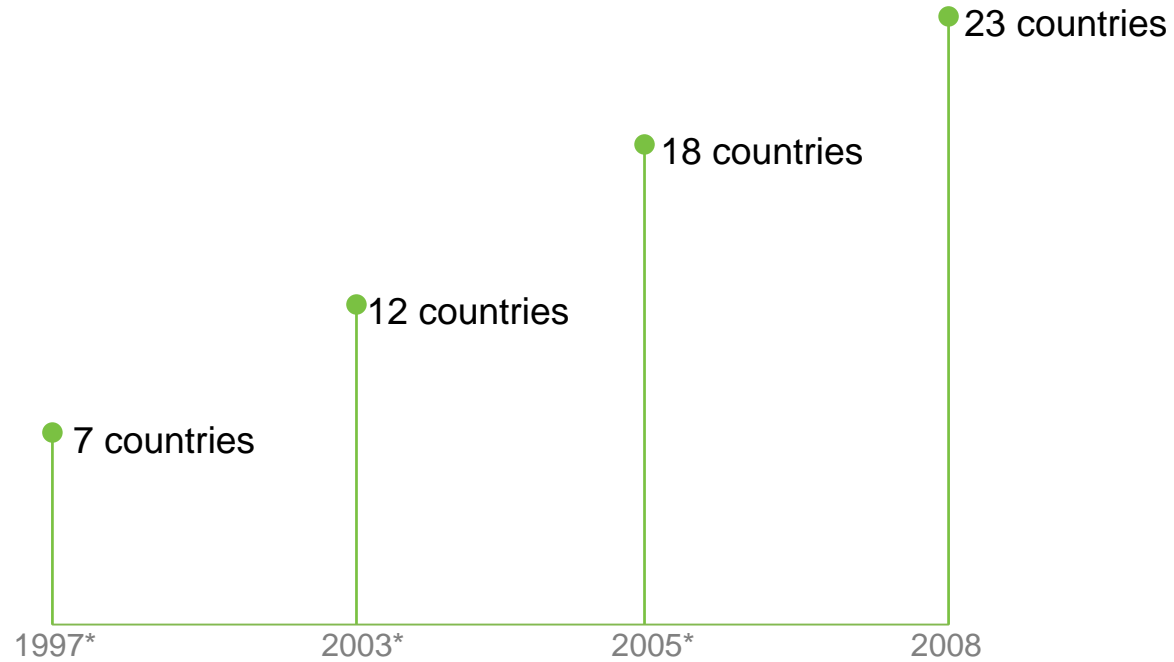
**2007 Total Spend: £197m**

**2007 Total Annualised Revenue: £225m**

**Strong year & promising pipeline**



# Commitment to Growth: Acquisitions



**Geographic expansion**

\* Continuing operations

## Commitment to Growth: Acquisitions



### Brazil

- Population: 190m
- Largest economy in South America
- 11<sup>th</sup> largest economy in the world
- Key Bunzl suppliers present
- International customers present
- Distribution developing
- Opportunities in all our market sectors



- Market leader in PPE
- 2007 revenues R\$118m (c.£35m)
- Based in São Paulo
- 8,300m<sup>2</sup> distribution centre
- 7 branches

**Extending global footprint**

## Commitment to Growth: Acquisitions

- Rafferty and Günter are leading guest amenity and hotel supplies distributors in Ireland and Germany
- Opportunity to cross sell other products
- Increasing scale of the range



**Extending product and customer range**



## Commitment to Growth: Acquisitions

- “Bolt on” acquisitions across all areas
- Driving synergies
- Consolidating and creating a sustainable competitive advantage
  - King Benelux
  - Irish Merchants
  - Coffee Point

**Consolidating markets**

- Commitment to growth
  - Organic
- Commitment to growth
  - Acquisitions

**• Continually improve our operating model**



## Continually Improve Our Operating Model

- Grow private brands
- Continuously extend range
- Margin improvement



**Continue to develop own label**

## Continually Improve Our Operating Model

- Consolidate imports in country of origin
- Low cost countries
- Local presence in China



**Increasing international sourcing and consolidation**



# Continually Improve Our Operating Model

- Information Technology
  - Radio frequency scanning system in US and Australasia
  - Vehicle routing in US and UK
  - IT systems upgrades across all areas
- Warehousing
  - Warehouse productivity
  - New facilities investments
- Cost control



**Investments in systems and infrastructure**

North  
America

- Resilient business model that should develop well
- Previous years' acquisitions continue to improve profitability

UK &  
Ireland

- Good organic growth
- Synergies from Coffee Point and Irish Merchants

Continental  
Europe

- Broad based growth across business area
- Operating improvements in France
- Integration of King Benelux progressing well

Rest of  
the World

- Australasia performing well and expect healthcare to improve
- First step into promising Brazilian market

**Confident that our prospects are good and that our business will continue to grow successfully**



# Agenda

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# YOUR QUESTIONS

