



# HALF YEAR RESULTS 2009



## 1. Michael Roney, CEO: Welcome

2. Brian May, FD: Financial Results

3. Michael Roney, CEO: Business Review

4. Q&A

## Revenue

- Underlying revenue growth of 2% in North America at H1 07 and H1 08 levels

## Operating margin

- Operating margins in North America and Continental Europe (73% Group revenue) have held up well
- Cost reduction initiatives implemented throughout Group

## Cash flow

- Continued strong cash flow

## Acquisitions

- Acquisition of WK Thomas and Industrial Supplies in the UK

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	Half year 2009	Half year 2008	Full year 2008
US\$	1.49	1.97	1.85
€	1.12	1.29	1.26

- Translation impact +15% to 18%
- At current spot rates expect less impact in H2
- Unusually large adverse transactional impact



# Income Statement

£m	June 09	June 08	Growth %	
			Reported	Constant Exchange
Revenue	<b>2,293.3</b>	1,964.2	17	-1
Operating profit*	<b>132.1</b>	128.6	3	-13
Margin*	<b>5.8%</b>	6.5%		

\*Before intangible amortisation



# Income Statement

£m	June 09	June 08	Growth %	
			Reported	Constant Exchange
Operating profit*	132.1	128.6	3	-13
Net finance cost	<u>(16.6)</u>	<u>(17.8)</u>		
Profit before tax*	115.5	110.8	4	-11
Effective tax rate (%)	30.5	31.6		
Adjusted earnings per share* (p)	25.1	23.7	6	-10
Dividend per share (p)	6.65	6.45	3	

\*Before intangible amortisation

£m	June 09	Dec 08	June 08
Intangibles	1,183.2	1,301.3	1,092.2
Tangibles	101.4	111.3	97.3
Working capital	354.0	405.2	343.2
Other liabilities	<u>(265.6)</u>	<u>(282.6)</u>	<u>(272.2)</u>
	1,373.0	1,535.2	1,260.5
Pension deficit	(68.2)	(55.9)	(36.8)
Net debt	<u>(754.3)</u>	<u>(870.7)</u>	<u>(730.5)</u>
Equity	550.5	608.6	493.2
Net debt/EBITDA (x)	2.4	2.8	2.5
Return on operating capital (%)	51.9	57.3	59.6

£m	June 09	June 08
Operating profit*	132.1	128.6
Depreciation	11.2	9.3
Working capital movement	17.3	(9.3)
Other	<u>(2.7)</u>	<u>(4.2)</u>
Cash flow from operations	157.9	124.4
Net capital expenditure	<u>(8.8)</u>	<u>(9.8)</u>
Operating cash flow	149.1	114.6
Operating cash flow to operating profit*	113%	89%

\*Before intangible amortisation



## Cash Flow

£m	June 09	June 08
Operating cash flow	149.1	114.6
Interest	(18.1)	(21.1)
Tax	<u>(35.0)</u>	<u>(27.3)</u>
Free cash flow	96.0	66.2
Dividends	(20.6)	(18.6)
Acquisitions	(6.6)	(75.2)
Other	<u>0.7</u>	<u>1.2</u>
Net cash flow	69.5	(26.4)

- Additional USPP funding £200m with maturities between 5 and 10 years
- Renewed £140m of bank facilities
- Funding headroom £453m at 30 June
- Financial strength to take advantage of acquisition opportunities

## Debt Maturity Profile

£m	H2 2009	Dec 2010	2011	2012	2013	2014	2015 - 2019
Bank facilities	-	160	193	260	164	-	-
USPP	-	-	48	-	143	35	275
<b>Total</b>	<b>0</b>	<b>160</b>	<b>241</b>	<b>260</b>	<b>307</b>	<b>35</b>	<b>275</b>

- Largely robust results
- Good working capital management
- Strong cash flow
- Funding headroom £453m
- Dividend growth 3%

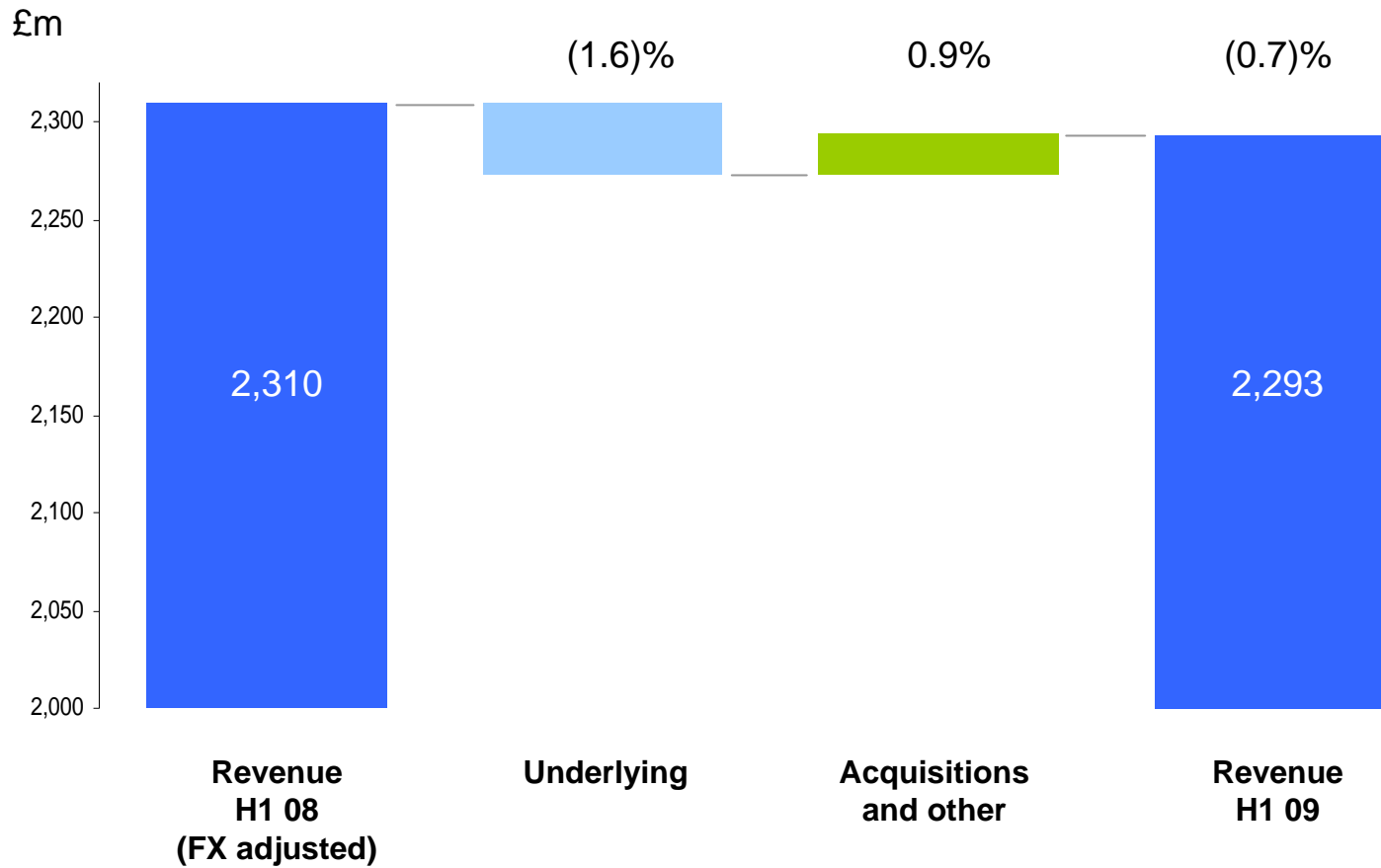
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1. Operations Review
2. Group Operating Cost Reduction
3. Strategy
4. Prospects

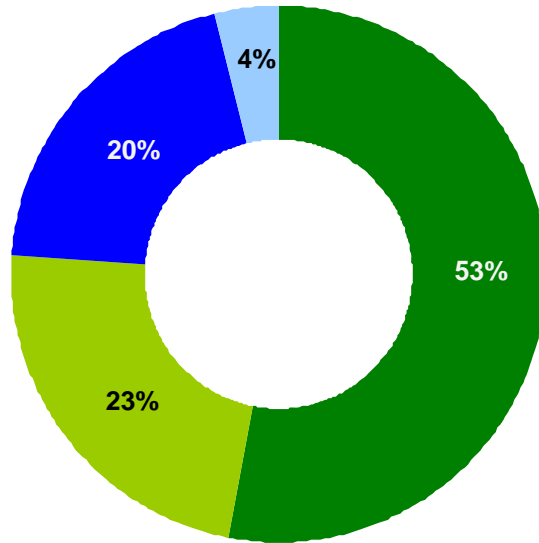




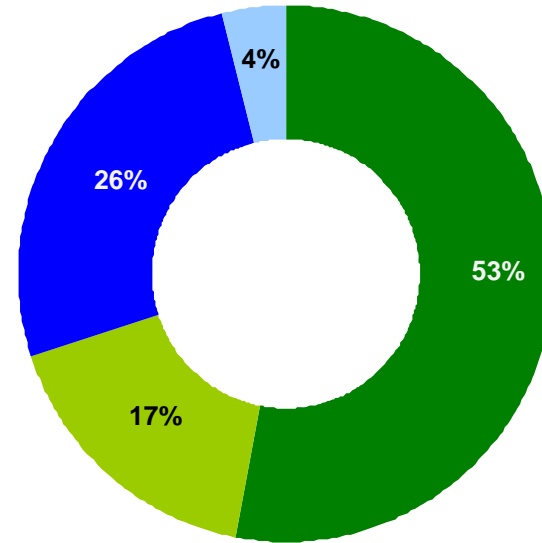
# Revenue Growth Bridge



## Revenue



## Operating profit\*



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

**Diversified by geography**

£m	June 09	June 08	Growth %	
			Reported	Constant Exchange
Revenue	1,222.3	931.7	31	1
Operating profit*	74.3	58.6	27	-3
Margin*	6.1%	6.3%		
Return on operating capital	63.5%	72.8%		

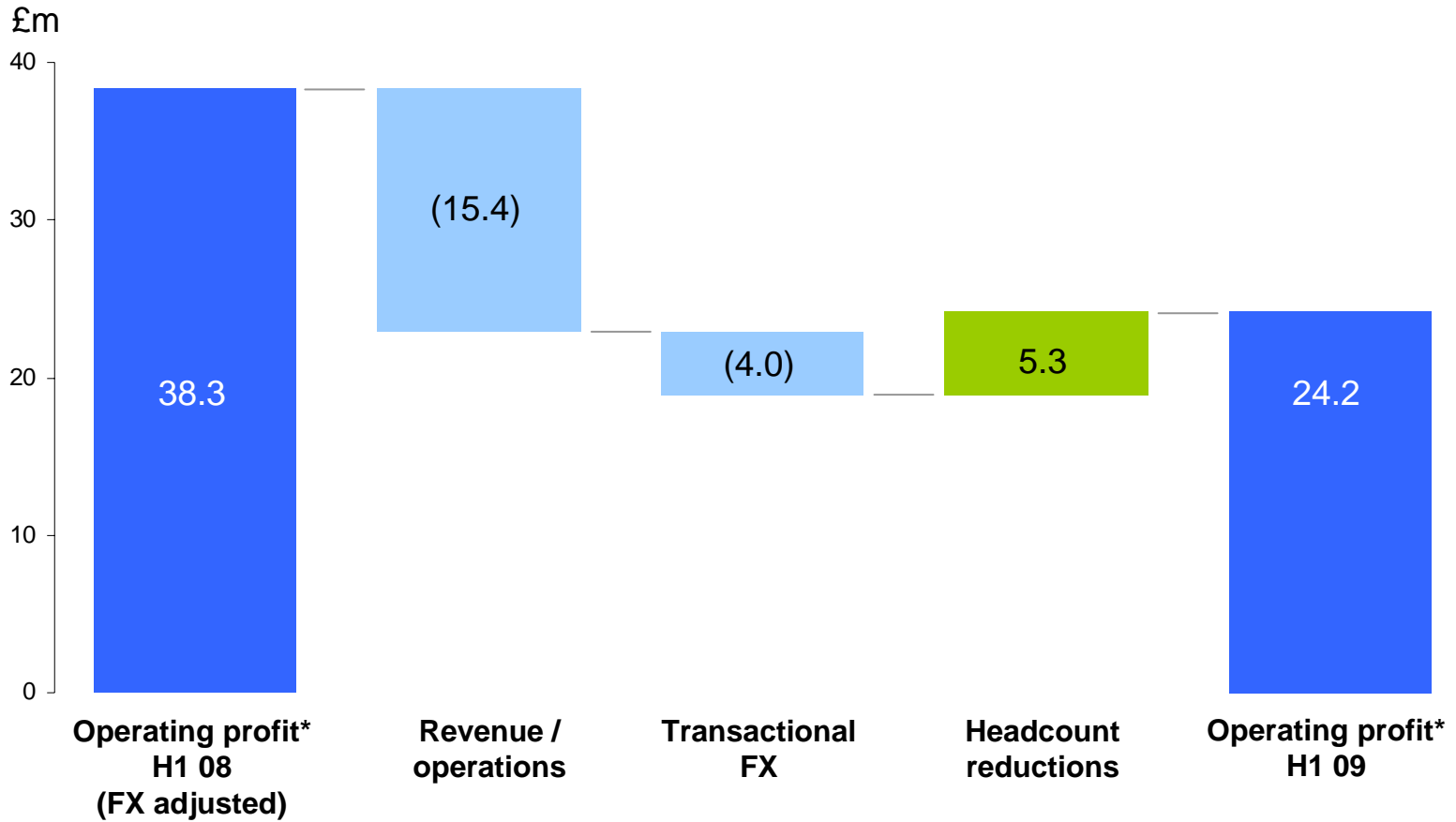
- **Most resilient business area**
- **Underlying revenue growth of 2%**
- **New business wins and more business with existing customers**
- **Some product price declines**
- **Warehouse consolidation in Northeast**

£m	June 09	June 08	Growth %	
			Reported	Constant Exchange
Revenue	523.0	537.7	-3	-4
Operating profit*	24.2	37.8	-36	-37
Margin*	4.6%	7.0%		
Return on operating capital	46.2%	61.5%		

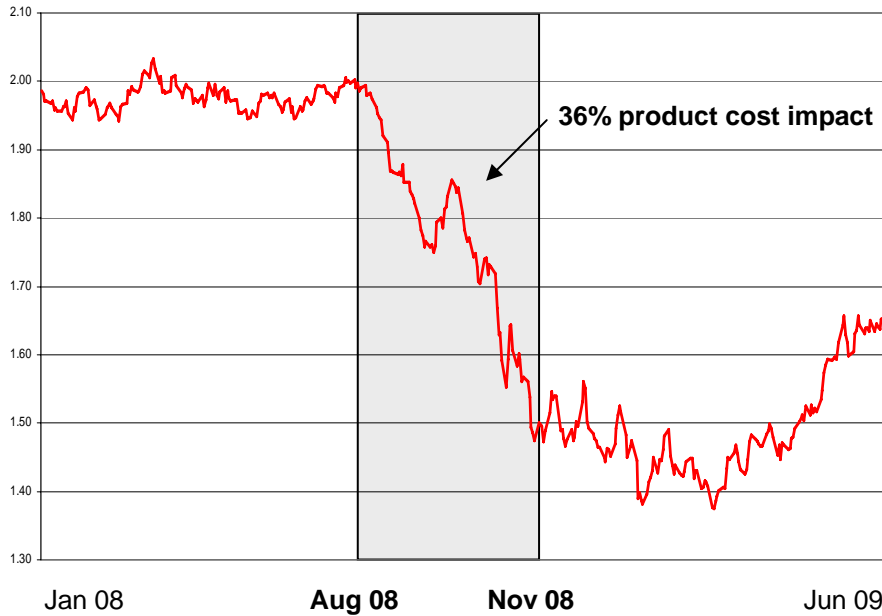
- **Least resilient business area**
- **Resilient businesses held up well**
- **Poor economic conditions in Ireland**
- **Higher gross margin vending business particularly hard hit**
- **Major cost reduction initiatives implemented**
- **Margin decline on imports due to FX**



# UK & Ireland - Operating Profit Bridge



## GBP/USD



- Sharp weakening of sterling in H2 08
- Difficult to pass on fully product cost increases
- H1 09 impact in UK & Ireland estimated at c.£4m

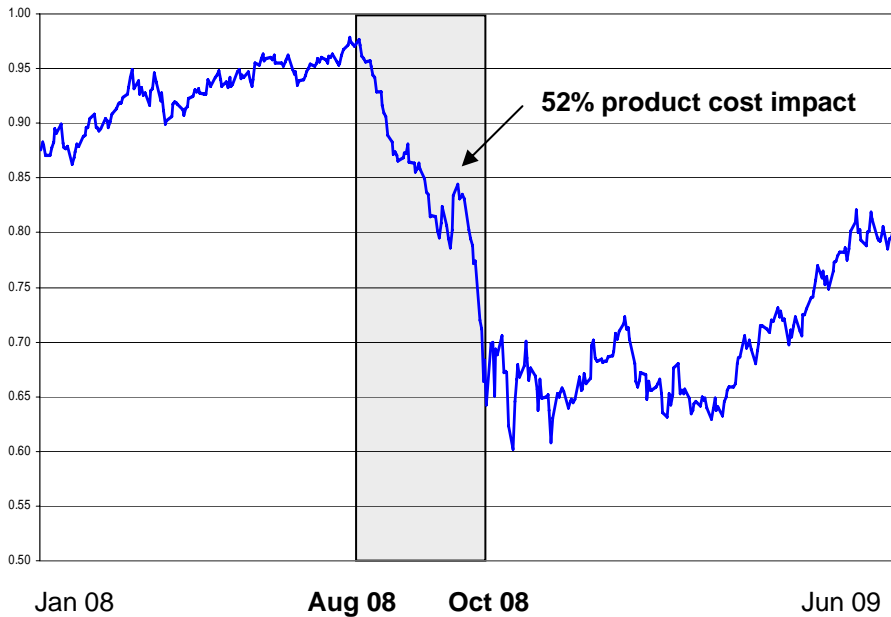
£m	June 09	June 08	Growth %	
			Reported	Constant Exchange
Revenue	449.2	401.5	12	-2
Operating profit*	36.0	32.5	11	-3
Margin*	8.0%	8.1%		
Return on operating capital	45.6%	48.5%		

- Revenue performance in line with expectations
- Strong margin management
- France cleaning & hygiene increased profits
- Benelux operating margin held up well
- Central and Eastern Europe more challenging
- 2007 and 2008 acquisitions integrating well

£m	June 09	June 08	Growth %	
			Reported	Constant Exchange
Revenue	<b>98.8</b>	93.3	6	4
Operating profit*	<b>6.0</b>	7.9	-24	-25
Margin*	<b>6.1%</b>	8.5%		
Return on operating capital	<b>51.8%</b>	55.7%		

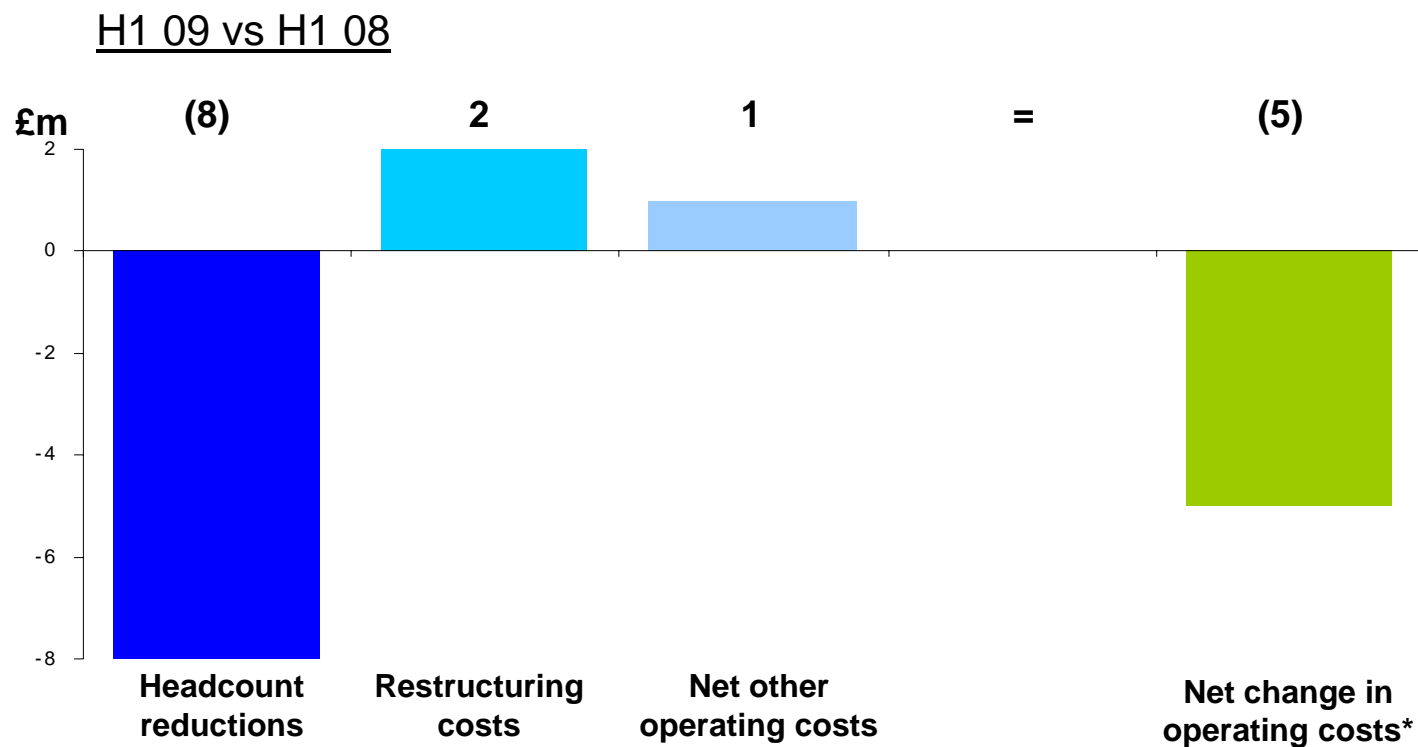
- **Brazil**
  - Revenue affected by decline in construction & industrial markets
  - Margins improved
- **Australasia**
  - Significant margin impact from weak AUD
  - Major cost reductions implemented

## AUD/USD



- Sharp weakening of AUD in H2 08
- High proportion of product imports
- H1 09 impact in Australasia estimated at c.£1.5m

# Group Operating Cost Reduction



- Headcount reduced by c.9%\* in last 12 months
- H1 09 vs H1 08 costs reduced by £8m from headcount reductions
- Savings in H2 09 vs H2 08 c.£10m (total savings 2009 £18m)

Organic Growth

Acquisition Growth

Operating Model Efficiencies

**Consistent strategy**

# Organic Growth - Resilient Markets

Foodservice  
31%



Cleaning &  
Hygiene  
9%



Grocery  
29%



Healthcare  
7%

**GDP-plus business  
c.75% revenue from resilient markets**



# Acquisition Growth

- Fragmented markets with many opportunities
- Proven track record of value creation
- Currently difficult market for acquisitions of non-distressed companies
- Acquisition of WK Thomas and Industrial Supplies

Business	Acquired	Country	Sector	Revenue
WK Thomas	March	UK	Horeca	£25m
Industrial Supplies	March	UK	Cleaning & Hygiene	

**Well positioned for acquisition growth**

- Significant headcount reductions implemented in last 12 months
- Ongoing initiatives:
  - Investment in IT
  - Warehouse consolidations
    - Northeast US
    - Australia
    - France

**Ongoing focus on cost efficiencies**

North  
America

- New business wins and further business with existing customers
- Cost reductions will support margin

UK &  
Ireland

- Revenue affected by poor economic environment
- Margins expected to improve

Continental  
Europe

- Continued pressure on underlying revenue
- Margins expected to hold up

Rest of  
the World

- Cost reduction initiatives and stronger AUD expected to benefit margin

**Group expected to develop positively**



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