



News Release

Monday 23 February 2009

ANNUAL RESULTS ANNOUNCEMENT

Bunzl plc, the international distribution and outsourcing Group, today announces its annual results for the year ended 31 December 2008. The results were:

- Revenue up 17% to £4,177.3 million (constant currency +8%)
- Operating profit before intangible amortisation up 15% to £280.5 million (constant currency +7%)
- Operating profit up 12% to £244.5 million (constant currency +4%)
- Profit before tax and intangible amortisation up 13% to £242.9 million (constant currency +5%)
- Profit before tax up 8% to £206.9 million (constant currency +1%)
- Earnings per share up 12% to 44.5p (constant currency +5%)
- Adjusted earnings per share* up 17% to 52.7p (constant currency +9%)
- Dividend for the year up 10% to 20.6p

Other highlights include:

- Higher underlying revenue growth in North America
- Continued strong cash flow
- Acquisition spend of £123 million including first step into the Brazilian market
- Good growth in new wholly owned sourcing operation in Shanghai

* before intangible amortisation

Commenting on today's results, Anthony Habgood, Chairman of Bunzl, said:

"We have again achieved good growth despite difficult economic conditions across our international markets. As a highly cash generative business in relatively resilient markets, we have a strong financial position which will allow us to take advantage of appropriate opportunities as they arise".

Michael Roney, Chief Executive of Bunzl, said:

"The Group once again had a successful year in 2008 due to a combination of organic growth, the positive acquisition impact in both new and existing geographies and the benefit of currency translation. Numerous new customer wins reaffirm the strength of our product and service offering which positions us well for the future".

Enquiries:

Bunzl plc
Michael Roney, Chief Executive
Brian May, Finance Director
Tel: 020 7725 5000

Tulchan
David Allchurch
Stephen Malthouse
Tel: 020 7353 4200

Note:

A live webcast of today's presentation to analysts will be available on www.bunzl.com commencing at 9.30 am.

CHAIRMAN'S STATEMENT

I am very pleased to be able to report that Bunzl increased its revenue by 17% to £4,177.3 million and its operating profit before intangible amortisation by 15% to £280.5 million in a period of increasingly difficult macroeconomic conditions, most markedly in the UK but also across the international markets in which we operate. These increases were the result of continued organic growth and acquisition activity with the impact of currency translation contributing between 8% and 9% as sterling weakened significantly against the euro and the US dollar. While the UK & Ireland was somewhat weaker in the second half, our strength around the world has again been demonstrated as all four of our business areas showed increased revenues and operating profits in local currencies for the year as a whole.

Profit before tax and intangible amortisation was up 13% to £242.9 million. Earnings per share rose 12% to 44.5p and adjusted earnings per share, after eliminating the effect of intangible amortisation, increased by 17% to 52.7p. Currency translation also accounted for 8% of the increases in profit before tax and adjusted earnings per share.

Dividend

The Board is recommending a 10% increase in the final dividend to 14.15p. This brings the total dividend for the year to 20.6p, also an increase of 10%. This year we propose to reintroduce a scrip dividend alternative, subject to shareholder approval, to replace the existing dividend reinvestment plan. Further information, including details of how shareholders can elect to participate should they wish to do so, will be included with my letter to shareholders relating to the forthcoming Annual General Meeting.

Credit facilities

Bunzl has committed funding from the US private placement market and syndicated and bilateral facilities totalling £1.1 billion. The first significant facilities mature in December 2010 and the longest committed funding matures in 2018. We expect to remain comfortably within our banking covenants. We are a highly cash generative business and will continue to rely on diverse sources of funding to achieve our objectives.

Strategy

In difficult economic conditions, Bunzl is pursuing its strategy of focusing on its strengths, continuously reviewing its cost base and consolidating the markets in which it competes. Through the pursuit of this strategy we have built leading positions in specific business sectors in the Americas, Europe and Australasia. In 2008 we further extended our business coverage with a number of acquisitions that took us deeper into our chosen markets and we entered Brazil for the first time. Redefining and deepening our commitment to customers and markets, extending our business into new geographies as appropriate and expanding and coordinating our procurement and international sourcing are important elements of our strategy.

Sourcing and consolidation operation in Shanghai

During 2008, Bunzl established a wholly owned operation in Shanghai to coordinate further the Group's sourcing and inventory consolidation activities in China to meet the evolving needs of our customers. In addition a Quality Assurance and Quality Control function has been set up to ensure that purchased products meet the required specifications and that the factories producing the products meet the Group's Ethical Trading policy.

Investment

While Bunzl does not have heavy capital expenditure for a company of its size, both organic growth and acquisitions require investment in the business to expand and enhance its asset base. Systems are critical to our ability to serve our customers in the most efficient and appropriate manner and we are convinced that our modern systems are a source of heightened advantage that enable us to manage our business in a way that will maintain our leadership in the market place. We therefore continuously upgrade our systems as we increase functionality and enhance customer service.

Environment and climate change

A common theme across Bunzl is a strong desire to increase environmental awareness for Bunzl's customers and staff. 'Green teams' have been formed in each of our business areas and have implemented a number of initiatives to encourage sustainability. These include developing environmentally friendly services and products such as customer information sheets and catalogues describing green products, reviewing the possibility of closed loop recycling whereby Bunzl's plastic waste and that of our customers can be recycled to produce some of the products required by the customer base and conferences for sales representatives and customers. In addition, during 2008 we have continued to refine our approach to measuring CO₂ emissions to help identify our carbon footprint and enable us to reduce our environmental impact.

Employees

Our ability to deliver quality service depends on the excellence of our employees and their willingness to listen and respond to our customers' requirements. During the year everyone has worked together to adapt the operations in line with the changes in the market environment and to integrate newly acquired businesses into the organisation. We very much appreciate the flexibility, hard work and enthusiasm shown by our employees which is key to the ongoing growth and success of Bunzl.

CHIEF EXECUTIVE'S REVIEW

Operating performance

The Group once again had a successful year in 2008, despite the deterioration of world economies, due to a combination of organic growth, positive acquisition impact in both new and existing geographies and the benefit of currency translation. Furthermore the strong cash flow of the Group continued as we converted 92% of our operating profit into cash. In this review all references to operating profit are to operating profit before intangible amortisation.

Overall revenue increased 17% to £4,177.3 million and operating profit rose 15% to £280.5 million with currency translation accounting for between 8% and 9% of these increases. The operating profit margin declined slightly from 6.8% to 6.7%.

In North America revenue and operating profit rose by 12% and 9% respectively due to the second half impact of stronger organic growth and the strengthening of the US dollar. Although the profitability in UK & Ireland in the second half suffered as a result of the significant deterioration in the macroeconomic environment, revenue and operating profit for the full year rose by 11% and 5% respectively principally resulting from the positive impact of recent acquisitions. In Continental Europe both revenue and operating profit grew strongly, up 34%, due to organic growth, acquisition activity during 2007 and 2008 and the significant strengthening of the euro. The Rest of the World experienced a 50% increase in revenue while operating profit rose 63%, largely due to our acquisition of Prot

Cap in Brazil in February, but also as a result of continued strong performance in Australasia and currency translation.

Basic earnings per share were 44.5p, up 12%. Adjusted earnings per share, after eliminating the effect of intangible amortisation, were 52.7p, an increase of 17%. Currency translation contributed 8% of this increase. Return on average operating capital continued at a consistently high level of 57%.

After strong operating cashflow, partly offset by expenditure on acquisitions, net debt rose by £203.1 million to £870.7 million, principally due to an increase of £168.9 million as a result of the translation effect of our borrowings in foreign currencies following the weakening of sterling, particularly in the second half of the year. A further consequence of the sharp decline in the value of sterling late in the year was that the net debt to EBITDA ratio increased to 2.8 times as net debt is translated at the closing exchange rates and EBITDA is calculated using the average exchange rates for the year. Using the closing exchange rates for both net debt and EBITDA would have resulted in a ratio of 2.4 times which is consistent with the level of the previous year.

Since there has been a significant impact from strengthening foreign currencies, principally the US dollar and the euro, the operations, including the relevant growth rates, are reviewed below at constant exchange rates to remove the impact of these currency movements. Changes in the level of revenue and profits at constant exchange rates have been calculated by retranslating the results for 2007 at the average exchange rates used for 2008.

Acquisitions

The cost of acquisitions during 2008 was £123 million with the Group making investments in six countries including a significant first step into Brazil. We also announced two acquisitions in Spain and one acquisition in each of the UK, Australia, Germany and the Netherlands.

In January we completed the acquisition of Günter Guest Supplies, a German based business with revenue in 2007 of €9 million which services the hotel market throughout Europe with guest amenity products. In February we entered the promising Brazilian market with the acquisition of Prot Cap, a São Paulo based business with seven branches throughout the country and revenue of R\$118 million in 2007. It is a leading national supplier of personal protection equipment to the industrial, processor, construction, retail and mining sectors. In April we announced the acquisition of Salgo. Based in Sydney the business had revenue of A\$32 million in the year ended June 2007 and is principally engaged in the distribution of catering equipment and supplies to the hotel, restaurant and catering sectors throughout eastern Australia. This bolt-on acquisition has provided the opportunity to extend their product range into our existing business. At the end of June we purchased Worldpack which is a Netherlands based business with 2007 revenue of €19 million and a leading distributor throughout Benelux of promotional packaging and point-of-sale items for the non-food retail sector.

In July we acquired A&E Russell which had revenue of £21 million in 2007 and supplies a broad range of personal protection equipment and related products throughout Scotland and England. In August we announced two acquisitions in Spain which have strengthened and broadened our presence in that country after our initial step in 2007. Hicosa, which is based in Barcelona and is principally engaged in the distribution of cleaning and hygiene products to a variety of customers, complements our existing Spanish cleaning and hygiene business, Iberlim. Revenue in 2007 was €6 million. Marca, which is based in Cartagena, supplies personal protection equipment to redistributors throughout Spain and had revenue of €21 million in 2007.

We remain committed to our strategy of focusing on our strengths and consolidating the markets in which we compete through both organic and acquisition growth.

Prospects

In the countries where we operate the 2009 economic environment is expected to be more challenging than 2008. While this may put pressure on underlying sales it may also present us with opportunities to develop the Group further. In North America the positive impact of new customer wins and additional business with existing accounts should increase the level of organic revenue growth from 2008, albeit with some mix-driven margin pressure. In spite of new client wins in UK & Ireland, the very difficult economic situation is likely to continue to put pressure on sales thereby limiting the potential for growth in 2009. Growth in Continental Europe is expected to be lower as recent acquisitions are fully integrated and the pressure on underlying growth continues. In the Rest of the World good growth is expected.

The current value of sterling is considerably weaker than the average rate for 2008 and, should the current spot rates continue, there will be a significantly greater positive translation impact on revenue and profits in 2009 than in 2008.

Even though the global economies have continued to deteriorate, the Board expects that our market leading positions in relatively resilient sectors and the positive impact of currency will enable the Group to continue to develop positively. Our strong financial position and highly cash generative business along with diverse sources of funding will allow us to take advantage of appropriate opportunities as they arise.

North America

In North America revenue rose 3% at constant exchange rates to £2,055.1 million as a result of the second half impact of new customer wins and additional penetration of existing accounts. Ongoing pressures on our customers due to the continued weak economic environment and increases in fuel costs affected our results leaving operating profit 1% ahead at £134.0 million.

Our grocery business, which remains our largest sector, has developed a variety of logistics and product solutions to meet the needs of our customers during these difficult times. Our leading position in this market has been strengthened further by new account wins on the back of enhanced programmes that assist our customers with inventory management, working capital, cost control and sustainability issues.

Our redistribution business, R3, has also continued to grow, particularly with foodservice and jan/san distributors. We have expanded into larger accounts by establishing supply relationships with major buying groups. Suppliers, by increasing purchase order minimums, have effectively given us greater opportunities to grow with our distributor customers as they seek to manage their working capital more efficiently. In addition, our jan/san initiatives have continued to progress allowing us to purchase effectively at the volumes necessary to achieve optimum price points while being able to market and distribute these products in a manner that meets our customers' needs. We have expanded our catalogues and promotional literature and provided more selling tools to our sales representatives.

We continued to expand within the food processor industry. It is anticipated that market demand in this sector will continue to grow as consumers look for healthy, quick serve meal alternatives that require innovative packaging solutions. Our efforts have focused on fresh cut produce processors, specialised bakeries and large take home meal processors as well as the protein processors. Our logistics programmes, combined with our broad product offering of personal protection equipment, operating supplies and packaging items, have created new sales opportunities with

large national and global accounts. Our ability to service customers on a global basis is a major benefit of our programmes.

Although we are operating in a difficult trading environment, we have continued to make inroads into the non-food retail sector. During the year we successfully secured a national distribution programme with a major retailer. Another national retail customer has recently recognised our value and innovation as their Supplier of the Year due in part to our high fill rates, product selection and responsiveness to their needs.

With the recent addition of jan/san and foodservice lines for breakrooms and cafeterias, we anticipate expanding our safety business. We also plan to increase our import product offering.

Our business serving the convenience store sector performed well as we grew with both new and current customers. We are particularly targeting small and local chains that benefit from our logistics and marketing programmes.

Over the last year, we have continued to strengthen our partnerships with our strategic suppliers. These efforts have focused not only on product offerings and programmes, but also on sales training and synergistic sales and marketing efforts. Together with these suppliers we have identified joint sales targets in all sectors and have established programmes that allow us to track and monitor our progress.

We have also seen success with new products introduced through our international sourcing and import operation. An additional private label line has allowed us to become more competitive against low end competitors and converters in the marketplace. We continued to invest in infrastructure in China that will allow us to source and consolidate products in the region more efficiently and to manage the quality control of the manufacturing processes of our suppliers.

Operating cost management remains an ongoing focus. We recently consolidated several operations in the Northeast of the USA that not only will reduce our operating expenses, but will provide a more effective platform to service our customer base. We should also reap further cost benefits as we continue to implement our information technology initiatives in our warehouses and for our transportation fleet and sales force, thereby improving our overall efficiency.

Environmental concerns continue to be a driving force where our focus addresses three major areas of our business; products, warehousing and transportation. We are working with our suppliers to develop packaging solutions to meet the needs of our customers. These include a new line of compostable foodservice products. We continue to add motion sensors and new lighting systems to our warehouses that can significantly reduce our energy consumption. Within our truck fleet, engine governors have been set to reduce engine idle time and limit maximum speeds to improve fuel consumption. Additionally, we have added hybrid fuel consumption vehicles to our fleet and plan to expand this initiative.

Although the business faces ongoing economic challenges and competitive pressures, we are well positioned to pursue the opportunities that arise in each of our sectors while continuing to reduce operating costs.

UK & Ireland

Despite a significant weakening of the economy as the year progressed, the integration of acquisitions from 2007 and 2008, together with a number of account wins enabled revenue for the year as a whole to grow by 10% at constant

exchange rates to £1,100.0 million. Although operating profit declined in the second half compared to 2007, the full year was up 4% at constant exchange rates to £78.0 million.

Within our horeca (hotel, restaurant and catering) business, market demand for catering equipment fell as the economy weakened and there were fewer new openings but we achieved a number of significant national account gains for both catering disposables and equipment within the leisure, hotel, restaurant and pub sectors. This continued into the last quarter and a number of significant accounts will start in early 2009. In August we relocated our North West branch to be nearer our customer base, improve efficiencies and reduce vehicle mileage.

Although we experienced a decline in plastic carrier bag volumes driven by retailers' activities to reduce consumers' usage, our retail supplies business, supplying a consolidated range of goods not for resale, had another strong year and grew sales by winning new customers and additional product categories. Revenue and gross margins on paper bags and luxury packaging goods, mostly sourced from Asia, came under pressure due to lower sales volumes and the cost impact of the stronger US dollar.

The healthcare business progressed with the continued development of Southern Syringe where we completed the implementation of our IT system and integrated the supply chain of our original medical supplies business. In January 2009 we rebranded Southern Syringe as Bunzl Healthcare Supplies and Supply Chain Solutions. Care Shop, the leading care home distribution business acquired in December 2007, has performed to our expectations and has now also been integrated. During the year we relocated the Glasgow branch to our distribution centre at Cumbernauld.

Our cleaning and safety business grew with improved profitability. After implementing a new IT system in 2007, our cleaning and hygiene operations secured new customers and transferred existing accounts onto eCommerce solutions. This has allowed us to reduce our central telesales personnel and switch others to proactive selling. We also opened a new branch which replaced two smaller locations. We reacted to the decline in the construction market by reducing headcount in our safety business and entering the food processor market where we had some significant account wins which gives us a platform to grow within this sector. We acquired A&E Russell in July, which increased our presence in Scotland, and have started to integrate the business which has led to a number of synergies being achieved.

In vending the overall business has slowed significantly since the half year, due principally to cutbacks in the corporate sector, leading to disappointing results. We continued with the integration of Coffee Point, closing several warehouses and the head office and reducing the number of personnel. We also commenced the implementation of a new IT system within the combined business to increase the efficiency of our operations.

The Irish business saw reduced demand as the economy there entered recession ahead of the UK but we benefited from the acquisition of both Irish Merchants and Rafferty in the fourth quarter of 2007. As the integration has proceeded we have reorganised the business to prepare for the next phase of its development.

Continental Europe

At constant exchange rates revenue increased by 15% to £822.8 million and operating profit rose 16% to £67.2 million. Good organic sales growth has been complemented by the full year impact of the 2007 acquisitions of King Benelux and Iberlim and the part year impact of the 2008 acquisitions of Günter Guest Supplies, Worldpack, Hicosa and Marca. Profitability has improved, principally due to operating efficiency gains which have more than offset higher fuel and third party transport costs.

In France, our cleaning and hygiene business recorded good revenue growth in difficult market conditions, particularly with larger accounts. The resulting margin pressure was partially offset by higher sales of our TechLine own brand products and continued tight control over costs. The roll out of the new IT system is progressing well. Our French personal protection equipment business generated substantial profit growth from a combination of key account wins, good margin management and cost efficiencies.

In Benelux, the King businesses benefited from substantially improved purchasing terms now that they are part of Bunzl. King Netherlands also achieved strong sales growth due to new customer wins and implemented a new IT system in November which should lead to further efficiencies. King Belgium's profits were however held back by the disruption and one-off costs caused by the consolidation of two warehouses into one new location and a change in its IT system. It is now well positioned to grow and will also benefit from cost efficiencies in 2009. Our Dutch horeca business also delivered margin improvement but sales growth has slowed in recent months. Although the retail businesses in Benelux had lower sales, good margin management and lower costs reduced the impact on profits. Worldpack is integrating well and successfully relocated to a new, purpose-built warehouse in September.

In Germany, profits improved due to better margins and tight cost control. Günter integrated successfully into our existing operations with all stock now held in our warehouse in Marl and its operations transferred onto the same ERP system as our existing German business. Sales are benefiting from the cross-selling of product ranges.

In Denmark, both our retail and horeca businesses enjoyed strong profit growth from robust sales and margin improvements. The horeca business successfully relocated one of its two warehouses into a new, larger building, positioning it well for continued growth in the future along with cost efficiencies.

In central Europe, our cleaning and safety business had flat sales and experienced some margin pressure, particularly following some product changes at one of its major customers. The retail business, by contrast, improved its margins but sales were lower due in particular to a customer loss although this business has been won back for 2009.

In Spain, our cleaning and hygiene business continues to grow and we are currently integrating Hicosa, acquired in July, with our existing operations. We also acquired Marca, a personal protection equipment business which is based in Cartagena. The initial performance of these newly acquired businesses is in line with our expectations despite the weak local economy.

Rest of the World

The Rest of the World increased revenue by 38% at constant exchange rates to £199.4 million and operating profit by 49% to £17.6 million principally as a result of the acquisition of Prot Cap in Brazil in February but also due to strong growth across Australasia.

In Australasia, the business has been reorganised into three separate business units to create additional market specialisation and to capitalise on ordering and consolidation synergies from mutual customers within these sectors.

We experienced continued strong organic growth and improved profitability in our largest business, Outsourcing Services. The ongoing focus into the healthcare, industrial, horeca and retail (goods not for resale) sectors has held this business in good stead in a difficult economic environment. Our specialist healthcare business had a much stronger performance following operational improvements made during 2008. To complement our strong position,

while capitalising on the continued growth opportunities in the healthcare market, this business is now reporting through Outsourcing Services. This will result in ongoing synergies by utilising the same ordering platform and offering our customers increased consolidation opportunities while maintaining specialist expertise from the dedicated healthcare clinical team.

Bunzl Food Processor Supplies had a disappointing year and steps have been taken to improve our performance. During the year we successfully merged the two separate businesses operating in this sector to create a single identity. We also completed a systems integration which brings them onto the same operating system as Outsourcing Services. This will provide ongoing economies of scale and provide additional flexibility and efficiency by automating customer and supplier transactions.

To recognise our growing position in the catering equipment sector, we created our third business unit, Bunzl Catering Supplies. This follows our acquisition of Salgo in April and complements our existing business based in Queensland. Our goal is to create a single national network to provide a seamless service offering to our customers in this sector.

To support the business growth and to create the most efficient operational platform, we continue to invest in and develop our IT initiatives. This will include standardising and rationalising all business processes, benchmarking across all operating businesses and increasing the level of orders received electronically. This year we will also commission our first fully consolidated warehouse and distribution facility for all three business units in Brisbane and are evaluating other locations as opportunities arise.

The acquisition of Prot Cap in February, a leading national supplier of personal protection equipment in São Paulo, represents our first step into the large and growing Brazilian market. Results so far have been encouraging with the business trading ahead of expectations due to a combination of new customer wins and product line extensions.

Consolidated income statement
for the year ended 31 December 2008

	Notes	2008 £m	2007 £m	Growth Actual exchange rates	Constant exchange rates
Revenue	2	4,177.3	3,581.9	17%	8%
Operating profit before intangible amortisation	2	280.5	242.9	15%	7%
Intangible amortisation		(36.0)	(24.4)		
Operating profit	2	244.5	218.5	12%	4%
Finance income	3	27.6	21.1		
Finance cost	3	(65.2)	(48.5)		
Profit before income tax		206.9	191.1	8%	1%
Profit before income tax and intangible amortisation		242.9	215.5	13%	5%
UK income tax		(8.6)	(4.4)		
Overseas income tax		(56.1)	(56.6)		
Total income tax	4	(64.7)	(61.0)		
Profit for the year attributable to the Company's equity holders		142.2	130.1	9%	2%
Earnings per share attributable to the Company's equity holders					
Basic	6	44.5p	39.8p	12%	5%
Diluted	6	44.4p	39.6p	12%	5%
Dividend per share	5	20.6p	18.7p	10%	

Consolidated statement of recognised income and expense
for the year ended 31 December 2008

	2008 £m	2007 £m
Profit for the year	142.2	130.1
Actuarial (loss)/gain on pension schemes	(32.7)	10.3
Deferred tax on actuarial loss/(gain)	9.7	(3.0)
Foreign currency translation differences for foreign operations	207.1	40.4
Loss taken to equity as a result of designated effective net investment hedges	(120.6)	(32.3)
Loss recognised in cash flow hedge reserve	(4.3)	(1.1)
Movement from cash flow hedge reserve to income statement	0.5	0.3
Net income recognised directly in equity	59.7	14.6
Total recognised income for the year attributable to the Company's equity holders	201.9	144.7

Consolidated balance sheet

at 31 December 2008

	Notes	2008 £m	2007 £m
Assets			
Property, plant and equipment		111.3	91.0
Intangible assets	7	1,301.3	990.3
Investment in associates		0.5	-
Derivative assets		49.1	11.3
Deferred tax assets		2.8	0.5
Total non-current assets		1,465.0	1,093.1
Inventories		490.6	331.6
Income tax receivable		5.8	4.4
Trade and other receivables		724.8	575.4
Derivative assets		1.7	1.5
Cash and deposits	8	65.6	76.0
Total current assets		1,288.5	988.9
Total assets		2,753.5	2,082.0
Equity			
Share capital		112.6	112.4
Share premium		126.6	124.6
Merger reserve		2.5	2.5
Capital redemption reserve		8.6	8.6
Cash flow hedge reserve		(4.9)	(1.1)
Translation reserve		96.0	9.5
Retained earnings		271.2	219.7
Total equity attributable to the Company's equity holders	9	612.6	476.2
Liabilities			
Interest bearing loans and borrowings	8	919.7	656.4
Retirement benefit obligations		50.4	13.2
Other payables		11.9	10.6
Provisions		50.2	50.6
Deferred tax liabilities		134.1	92.3
Total non-current liabilities		1,166.3	823.1
Bank overdrafts	8	8.1	20.3
Interest bearing loans and borrowings	8	57.6	79.4
Income tax payable		55.0	60.5
Trade and other payables		833.9	611.8
Derivative liabilities		6.4	1.5
Provisions		13.6	9.2
Total current liabilities		974.6	782.7
Total liabilities		2,140.9	1,605.8
Total equity and liabilities		2,753.5	2,082.0

Consolidated cash flow statement
for the year ended 31 December 2008

	Notes	2008 £m	2007 £m
Cash flow from operating activities			
Profit before income tax		206.9	191.1
Adjustments for non-cash items:			
depreciation		19.7	15.9
intangible amortisation		36.0	24.4
share based payments		5.3	4.8
Working capital movement		(15.9)	13.5
Finance income		(27.6)	(21.1)
Finance cost		65.2	48.5
Provisions and pensions		(15.8)	(18.5)
Other		(1.5)	(0.6)
Cash generated from operations		272.3	258.0
Income tax paid		(66.4)	(65.1)
Cash inflow from operating activities		205.9	192.9
Cash flow from investing activities			
Interest received		7.0	5.3
Purchase of property, plant and equipment		(20.9)	(19.9)
Sale of property, plant and equipment		5.7	3.3
Purchase of businesses	10	(115.9)	(191.7)
Investment in associates		(0.5)	-
Cash outflow from investing activities		(124.6)	(203.0)
Cash flow from financing activities			
Interest paid		(48.4)	(33.6)
Dividends paid		(59.9)	(56.2)
(Decrease)/increase in short term loans		(73.2)	34.9
Increase in long term loans		99.8	192.1
Net (purchase of)/proceeds from employee shares		(7.2)	1.0
Purchase of own shares into treasury		-	(100.0)
Cash (outflow)/inflow from financing activities		(88.9)	38.2
Exchange gain on cash and cash equivalents		9.4	2.5
Increase in cash and cash equivalents		1.8	30.6
Cash and cash equivalents at start of year		55.7	25.1
Increase in cash and cash equivalents		1.8	30.6
Cash and cash equivalents at end of year	8	57.5	55.7

Notes

1. Basis of preparation

The consolidated financial statements for the year ended 31 December 2008 have been approved by the directors and prepared in accordance with EU endorsed International Financial Reporting Standards ('IFRS') and interpretations of the International Financial Reporting Interpretations Committee ('IFRIC'). The consolidated financial statements have been prepared on a going concern basis and under the historical cost convention, with the exception of certain items which are measured at fair value.

Bunzl plc's 2008 Annual Report will be despatched to shareholders at the end of March 2009. The financial information set out herein does not constitute the Company's statutory accounts for the year ended 31 December 2008 but is derived from those accounts and the accompanying directors' report. Statutory accounts for 2008 will be delivered to the Registrar of Companies following the Company's Annual General Meeting which will be held on 13 May 2009. The auditors have reported on those accounts; their report was unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

The comparative figures for the year ended 31 December 2007 are not the Company's statutory accounts for the financial year but are derived from those accounts which have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified and did not contain statements under Section 237 (2) or (3) of the Companies Act 1985.

2. Segment analysis

Year ended 31 December 2008	North America £m	UK & Ireland £m	Continental Europe £m	Rest of the World £m	Corporate £m	Total £m
Revenue	2,055.1	1,100.0	822.8	199.4		4,177.3
Operating profit/(loss) before intangible amortisation	134.0	78.0	67.2	17.6	(16.3)	280.5
Intangible amortisation	(6.3)	(7.3)	(19.6)	(2.8)	-	(36.0)
Operating profit/(loss)	127.7	70.7	47.6	14.8	(16.3)	244.5
Finance income						27.6
Finance cost						(65.2)
Profit before income tax						206.9
Profit before income tax and intangible amortisation						242.9
Income tax						(64.7)
Profit for the year						142.2

Year ended 31 December 2007	North America £m	UK & Ireland £m	Continental Europe £m	Rest of the World £m	Corporate £m	Total £m
Revenue	1,839.0	994.3	616.0	132.6		3,581.9
Operating profit/(loss) before intangible amortisation	123.3	74.5	50.0	10.8	(15.7)	242.9
Intangible amortisation	(5.8)	(3.0)	(14.5)	(1.1)	-	(24.4)
Operating profit/(loss)	117.5	71.5	35.5	9.7	(15.7)	218.5
Finance income						21.1
Finance cost						(48.5)
Profit before income tax						191.1
Profit before income tax and intangible amortisation						215.5
Income tax						(61.0)
Profit for the year						130.1

3. Finance income/(cost)

	2008 £m	2007 £m
Deposits	1.2	0.7
Interest income from foreign exchange contracts	5.4	4.8
Expected return on pension scheme assets	17.1	14.2
Other finance income	3.9	1.4
Finance income	27.6	21.1
Loans and overdrafts	(43.4)	(34.9)
Interest expense from foreign exchange contracts	(5.5)	(0.6)
Interest charge on pension scheme liabilities	(14.2)	(12.6)
Fair value loss on US dollar bonds in a hedge relationship	(36.6)	(7.1)
Fair value gain on interest rate swaps in a hedge relationship	36.6	7.1
Foreign exchange gain on intercompany funding	79.5	6.6
Foreign exchange loss on external debt not in a hedge relationship	(80.2)	(6.6)
Other finance expense	(1.4)	(0.4)
Finance cost	(65.2)	(48.5)

The foreign exchange gain on intercompany funding arises as a result of foreign currency intercompany loans and deposits. This is substantially matched by external debt to minimise this foreign currency exposure in the income statement.

4. Income tax

A tax charge at a rate of 30.8% (2007: 31.6%) has been provided on the profit before tax and intangible amortisation. Including the impact of intangible amortisation of £36.0m (2007: £24.4m) and the related deferred tax of £10.0m (2007: £7.1m), the overall tax rate is 31.3% (2007: 31.9%).

5. Dividends

	2008 £m	2007 £m
2006 final		38.6
2007 interim		18.6
2007 final	41.3	
2008 interim	20.6	
Total	61.9	57.2

The 2008 final dividend of 14.15p per share will be paid on 1 July 2009 to shareholders on the register at the close of business on 8 May 2009.

Total dividends for the year to which they relate are:

	Per share	
	2008	2007
Interim	6.45p	5.8p
Final	14.15p	12.9p
Total	20.6p	18.7p

6. Earnings per share

	2008 £m	2007 £m
Profit for the year	142.2	130.1
Adjustment	26.0	17.3
Adjusted profit*	168.2	147.4
Basic weighted average ordinary shares in issue (million)	319.4	326.9
Dilutive effect of employee share plans (million)	1.2	1.8
Diluted weighted average ordinary shares (million)	320.6	328.7
Basic earnings per share	44.5p	39.8p
Adjustment	8.2p	5.3p
Adjusted earnings per share*	52.7p	45.1p
Diluted basic earnings per share	44.4p	39.6p
Adjustment	8.1p	5.2p
Adjusted diluted earnings per share*	52.5p	44.8p

* Adjusted profit, adjusted earnings per share and adjusted diluted earnings per share exclude the charge for intangible amortisation and the related deferred tax. This adjustment removes a non-cash charge which is not taken into account by management when assessing the underlying performance of the businesses.

7. Intangible assets

	2008 £m	2007 £m
Goodwill		
Beginning of year	606.6	497.8
Acquisitions	62.3	89.6
Currency translation	117.0	19.2
End of year	785.9	606.6
Customer relationships		
Cost		
Beginning of year	452.0	321.6
Acquisitions	68.2	110.4
Currency translation	126.5	20.0
End of year	646.7	452.0
Amortisation		
Beginning of year	68.3	42.7
Charge in year	36.0	24.4
Currency translation	27.0	1.2
End of year	131.3	68.3
Net book value at 31 December	515.4	383.7
Total net book value of intangible assets at 31 December	1,301.3	990.3

Both goodwill and customer relationships have been acquired as part of business combinations. Customer relationships are amortised over their estimated useful lives which range from 10 to 19 years.

8. Cash and cash equivalents and net debt

	2008 £m	2007 £m
Cash at bank and in hand	60.4	69.0
Short term deposits repayable in less than three months	5.2	7.0
Cash and deposits	65.6	76.0
Bank overdrafts	(8.1)	(20.3)
Cash and cash equivalents	57.5	55.7
Interest bearing loans and borrowings		
Current liabilities	(57.6)	(79.4)
Non-current liabilities	(919.7)	(656.4)
Derivative assets - fair value of interest rate swaps hedging fixed interest rate borrowings	49.1	12.5
Net debt	(870.7)	(667.6)
Movement in net debt		
	2008 £m	2007 £m
Beginning of year	(667.6)	(430.7)
Net cash outflow	(34.2)	(198.9)
Currency translation	(168.9)	(38.0)
End of year	(870.7)	(667.6)

9. Movement in reserves

	2008 £m	2007 £m
At 1 January	476.2	488.0
Total recognised income and expense for the year	201.9	144.7
Final dividend	(41.3)	(38.6)
Interim dividend	(20.6)	(18.6)
Issue of share capital	2.2	5.2
Employee trust shares	(7.7)	(2.9)
Share based payments	1.9	(1.6)
Purchase of shares into treasury	-	(100.0)
At 31 December	612.6	476.2

10. Acquisitions

The principal acquisitions made during the year ended 31 December 2008 were Günter Guest Supplies, Prot Cap, Salgo, Worldpack, Hicosa, A&E Russell and Marca.

Günter Guest Supplies, a supplier of amenity products to hotels throughout Europe, was acquired on 31 January. Prot Cap, a leading supplier of personal protection equipment to the industrial, processor, construction, retail and mining sectors throughout Brazil, was acquired on 18 February. Salgo, a business principally engaged in the distribution of catering equipment and supplies to the hotel, restaurant and catering sectors throughout eastern Australia, was acquired on 11 April. Worldpack, a leading distributor of promotional packaging and point-of-sale items for the non-food retail sector throughout Benelux, was acquired on 30 June. Hicosa, which is principally engaged in the distribution of cleaning and hygiene products to a variety of customers in Spain, was acquired on 1 July. A&E Russell, a business based in the UK supplying a broad range of personal protection equipment and related products, was acquired on 4 July. Marca which supplies personal protection equipment, principally work wear and clothing, to redistributors throughout Spain was purchased on 30 July.

Acquisitions have been accounted for under the purchase method of accounting. All acquisitions in 2008 involved the purchase of 100% of the acquiree's share capital or, as the case may be, all of the relevant assets of the businesses acquired. Part of the Group's strategy is to grow through acquisition. The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. At the end of the year, the allocation period for the acquisitions completed during 2008 remained open for all acquisitions and accordingly the fair values presented are provisional.

Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date. To date the adjustments made have impacted assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly adjustments have been made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments have also been made to reflect the associated tax effects. The net impact on acquired net assets reported in 2007 from these adjustments was £3.5m. The balance sheet at 31 December 2007 has not been restated for these adjustments as they are not considered material.

The consideration for the acquisitions has been allocated against the identified net assets, with the balance recorded as goodwill. The acquisitions provide opportunities for further development of the Group's activities and create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses do not translate to separately identifiable intangible assets but do represent much of the assessed value that supports the recognised goodwill.

	Book value at acquisition £m	Provisional fair value adjustments £m	Fair value of assets acquired £m
2008			
A summary of the effect of acquisitions is detailed below:			
Intangible assets		68.2	68.2
Property, plant and equipment	5.8	(0.8)	5.0
Inventories	20.9	(4.6)	16.3
Trade and other receivables	28.5	(2.5)	26.0
Trade and other payables	(21.5)	(7.2)	(28.7)
Net cash	3.9		3.9
Provisions for liabilities and charges		(7.1)	(7.1)
Deferred tax		(14.9)	(14.9)
Tax	(1.7)	(2.3)	(4.0)
	35.9	28.8	64.7
Goodwill			62.3
Consideration			127.0
Satisfied by:			
cash consideration			119.8
deferred consideration			7.2
			127.0
The net cash outflow in the year in respect of acquisitions comprised:			
Cash consideration			119.8
Net cash acquired			(3.9)
Net cash outflow in respect of acquisitions			115.9

Acquisitions made during the year ended 31 December 2008 contributed £98.6m to the Group's revenue, £10.5m to the Group's operating profit before intangible amortisation and £7.2m to the Group's operating profit after intangible amortisation.

The estimated contributions of acquired businesses to the results of the Group, as if the acquisitions had been made at the beginning of the year, are as follows:

	2008 £m
Revenue	151.4
Operating profit before intangible amortisation	16.0
Operating profit after intangible amortisation	10.9

11. Contingent liabilities

	2008 £m	2007 £m
Bank guarantees	0.1	0.2

12. Related party disclosures

The Group has identified the directors of the Company, its key management and the Group pension schemes as related parties for the purpose of IAS 24 'Related Party Disclosures'. There have been no transactions with those related parties during the year ended 31 December 2008 that have materially affected the financial position or performance of the Group during this period. All transactions with subsidiaries are eliminated on consolidation.

13. Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's business, financial condition or results of operations. The Group has specific policies and procedures which are designed to identify, manage and mitigate business risk. The principal risks and uncertainties faced by the Group and the steps taken by the Group to mitigate such risks and uncertainties include the following:

- the Group's business is partially dependent on general economic conditions in the US, the UK, France and other important markets. A significant deterioration in these conditions could have an adverse effect on the Group's business and results of operations. However the diversity of the Group's operations, the nature of its customer base and its ability to react to market changes helps mitigate this risk. The Group's operations are also subject to a variety of other risks and uncertainties relating to trading in numerous foreign countries, including the imposition of any import or investment restrictions, including tariffs and import quotas or any restrictions on the repatriation of earnings and capital, and changes in tax regulations and international tax treaties. The Group endeavours to monitor such matters and keep them under regular review, amending its business procedures as appropriate to mitigate any such exposures;
- the Group continually monitors net debt and forecast cash flows to ensure that it will be able to meet its financial obligations as they fall due and that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term. In order to do so, the Group arranges a mixture of borrowings from different sources. Additionally, compliance with the Group's biannual debt covenants is monitored on a monthly basis based on the management accounts. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt;
- the majority of the Group's sales are made and income is earned in US dollars and other foreign currencies. As a result, movements in exchange rates may have a material translation impact on the Group's reported results. The majority of the Group's transactions are carried out in the functional currency of the Group's operations and so transaction exposures are limited and exchange rate fluctuations have minimal effect on the quality of earnings;
- the Group operates in highly competitive markets and faces competition from international companies as well as local and regional companies in the countries in which it operates. Increased competition and unanticipated actions by competitors or customers could lead to an adverse effect on results and hinder the Group's growth potential. The Group seeks to mitigate against this risk by remaining competitive both in terms of price and product offering and by maintaining high service levels and close contacts with its customers to ensure that their needs and demands are being met satisfactorily;
- a significant portion of the Group's historical growth has been achieved through the acquisition of businesses and the Group's growth strategy includes additional acquisitions. There can be no assurance that the Group will be able to make acquisitions in the future or that any acquisitions made will be successful. However the Group continually reviews acquisition targets and has established processes and procedures with regard to detailed pre-acquisition due diligence and post-acquisition integration. As a result the Group endeavours to ensure that the anticipated benefits of acquisitions can be realised although such benefits cannot be assured and difficulties with integration may adversely affect existing operations;
- the purchase price and availability of products distributed by the Group can fluctuate from time to time, thereby potentially affecting the results of operations. The Group endeavours, whenever possible, to pass on price increases from its suppliers to its customers and to source its products from a number of different suppliers so that it is not dependent on any one source of supply for any particular product. Similarly, adverse economic conditions may result in a period of commodity price deflation leading to a reduction in the price and value of the Group's products. If this were to occur, the Group's revenue and, as a result, its profits, could be reduced and the value of inventory held in stock may not be fully recoverable. The Group mitigates against the risk of holding over valued inventory in a deflationary environment by ensuring that stock levels are kept to a minimum;
- the Group would be affected if there was a significant failure of its major distribution facilities or information systems. The Group seeks to reduce this risk through the use of multi-site facilities with products stocked in more than one location and the adoption of detailed back up plans which would be implemented in the event of any such failure; and
- the international nature of the Group's operations exposes it to potential claims as the Group is subject to a broad range of laws and regulations in each of the jurisdictions in which it operates. In addition the Group faces potential claims from customers in relation to the supply of defective products or breaches of their contractual arrangements. Whilst any litigation has an element of uncertainty, the Group does not presently expect that the outcome of any such claims, either individually or in the aggregate, will have a material adverse effect on the Group's financial condition or results of operations.

14. Forward-looking statements

This announcement contains certain statements about the future outlook for the Group. Although the Company believes that the expectations are based on reasonable assumptions, any statements about future outlook may be influenced by factors that could cause actual outcomes and results to be materially different.

15. Responsibility statements

The Annual Review and Summary Financial Statement and the Directors' Report and Accounts comply with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority in respect of the requirement to produce an annual financial report.

We confirm on behalf of the Board that to the best of our knowledge:

- the Group and parent company financial statements have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and
- the Annual Review and Summary Financial Statement and the Directors' Report and Accounts include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

Michael Roney
Chief Executive
23 February 2009

Brian May
Finance Director