



News Release

16 April 2025

BUNZL Q1 TRADING STATEMENT **Q1 profit below expectations; reduction to 2025 guidance; action plan in place**

This announcement contains inside information.

Bunzl plc, the specialist international distribution and services Group, provides an update on trading for the period since 31 December 2024 and on the 2025 outlook.

Against a more challenging economic backdrop, Group revenue in the first quarter grew by 2.6% at constant exchange rates, with underlying revenue¹, declining by 0.9%. At constant exchange rates, acquisitions, net of disposals, contributed growth of 5.7%² and fewer trading days in the period impacted revenue by 2.2%. At actual exchange rates, Group revenue increased by 0.8%. Adjusted operating profit was down significantly year-on-year in the first quarter, reflective of an operating margin decline driven by performance in North America and Continental Europe.

Business Area update

North America: Since our last update, in a more uncertain macro environment, we have seen some revenue softness across our North American businesses. This has resulted in operating margin pressure across the business area, and in particular it has amplified challenges specific to our largest business, which primarily services foodservice and grocery customers.

In recent years, our largest business in North America has made good progress in evolving its strategy to complement its strong third-party supplier partnerships with an enhanced own brand offering to customers. This has required substantial investment and change in the sales and operating model, which has been more challenging to execute than expected. Trading in the first quarter has also been impacted by continued deflation which has compounded these execution challenges. Overall, this has resulted in slower than anticipated volume improvement and own brand growth, an isolated customer category loss, and higher operating costs which together have driven a significant decline in adjusted operating profit.

We have taken a series of decisive actions to improve performance. These include leadership changes to ensure there is a renewed focus on commercial agility and operational excellence. We are focused on driving organic revenue growth by empowering the local management, and delivering margin benefits through further own brand launches, in addition to accelerating cost saving initiatives. We expect to benefit from a number of these improvements in the short term while others will extend well into 2026. This strategy will deliver a stronger and more sustainable platform for long-term profitable growth in North America.

Continental Europe: Operating margin decline in the first quarter continued to be driven by dynamics already seen in the second half of 2024, with the decline broadly in line with expectations. We expect margin management and cost initiatives to deliver improvement towards the end of the second half of the year. **UK and Ireland:** Underlying revenue growth was lower than expected, driven by deflation, with a decline in operating margin reflective of the mix effect of Nisbets in the quarter. **Rest of the World:** strong underlying revenue growth continues, driven by Latin America, with the business area maintaining a good operating margin.

2025 guidance update

We reduce our 2025 guidance to reflect the operational challenges faced by our largest business in North America, and the implications on the remainder of the year from a more challenging start for the Group. We provide this update despite significant uncertainties relating to tariffs and their impact on inflation and economic growth. Although inflation is typically a benefit to Bunzl, this situation remains dynamic, and any potential benefit from tariffs together with a potential adverse impact on economic growth, is excluded from our guidance.

The Group now expects moderate revenue growth in 2025, at constant exchange rates, driven by announced acquisitions and broadly flat underlying revenue. Group operating margin for the year is expected to be moderately below 8.0%, compared to 8.3% in 2024. Operating margin in the first half of the year is expected to be around 7.0%, with the Group's second half operating margin seasonally higher and expected to benefit from actions taken³.

Capital allocation update

Given the significant macroeconomic uncertainty, we believe it is prudent to be around the lower end of our target leverage range of 2.0x to 2.5x adjusted net debt to EBITDA.

We aim to be towards the lower end of our target range by the end of 2025, after potential acquisition spend, with our cash generative business model allowing us to continue investing in value-accretive acquisitions, with our pipeline active, whilst maintaining a strong balance sheet. As a result, we have paused our buyback programme for the remainder of 2025, having purchased around £115 million of shares year to date.

Leverage within the target range remains appropriate for Bunzl in the medium-term, and we will keep our capital allocation options under regular review.

Commenting on today's announcement, Frank van Zanten, Chief Executive Officer of Bunzl, said:

"I am disappointed with our performance in the first quarter in this challenging trading environment. We are taking decisive action to improve performance in the Group, particularly with regards to execution in our largest business in North America.

Overall, my confidence in the Group's compounding growth strategy and resilient business model remains unchanged, supported by our continuous focus on improving our offering to customers. Bunzl has a long-term track record of delivery and the Group continues to be very well placed to navigate periods of macroeconomic uncertainty given our focus on essential products, the depth of our customer and supplier relationships and our sector and geographic diversification, which have been the foundations of Bunzl's resilience over time. We are further supported by our dedicated and entrepreneurial teams who I know continue to work tirelessly to drive their businesses forward, and will be responsive to any changing environments in order to support their customers."

Conference call

There will be a live analyst and investor conference call and Q&A session from 07:30am (BST) today.

To join the conference call, please register via

<https://www.netroadshow.com/events/login?show=93638b02&confId=80991> or use the dial-in details below. Participants are requested to join 10 minutes before the scheduled start time.

- Dial-in number: +44 20 3936 2999
- Access code: 522718

The conference call replay will be available on demand later in the day via Bunzl's Investors section on the corporate website (<https://www.bunzl.com/investors/results-reports-and-presentations/>)

Annual General Meeting

Our AGM will be held on 23 April 2025, with details available on our website (<https://www.bunzl.com/investors/shareholder-information/agm-information/>).

The person responsible for arranging the release of this announcement on behalf of Bunzl is Suzanne Jefferies, Group Company Secretary.

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1. Underlying revenue is organic revenue adjusted for trading days and net of the benefit of growth in excess of 26% per annum in hyperinflationary economies, largely in Turkey, which was 0.0% over this period.
2. Acquisition growth of 6.2%, net of a 0.5% reduction related to disposals.
3. The Group now expects net finance expenses in 2025 to be around c.£120 million. We reiterate our expectation that the full year effective tax rate will be around 26.0%.