

2015 Annual Results

February 2016



Agenda

- 1 Philip Rogerson, Chairman: Introduction**
- 2 Brian May, FD: Financial Results**
- 3 Michael Roney, CEO: Business Review**
- 4 Q&A**



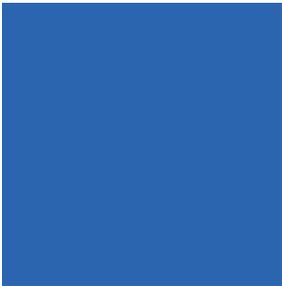
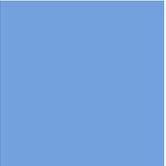
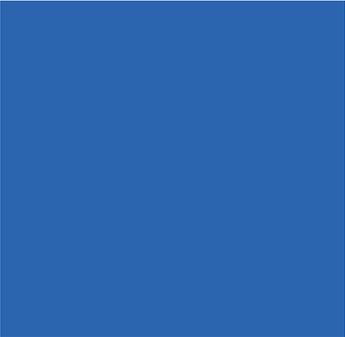
Introduction

Philip Rogerson, Chairman



Financial results

Brian May, FD



Income statement

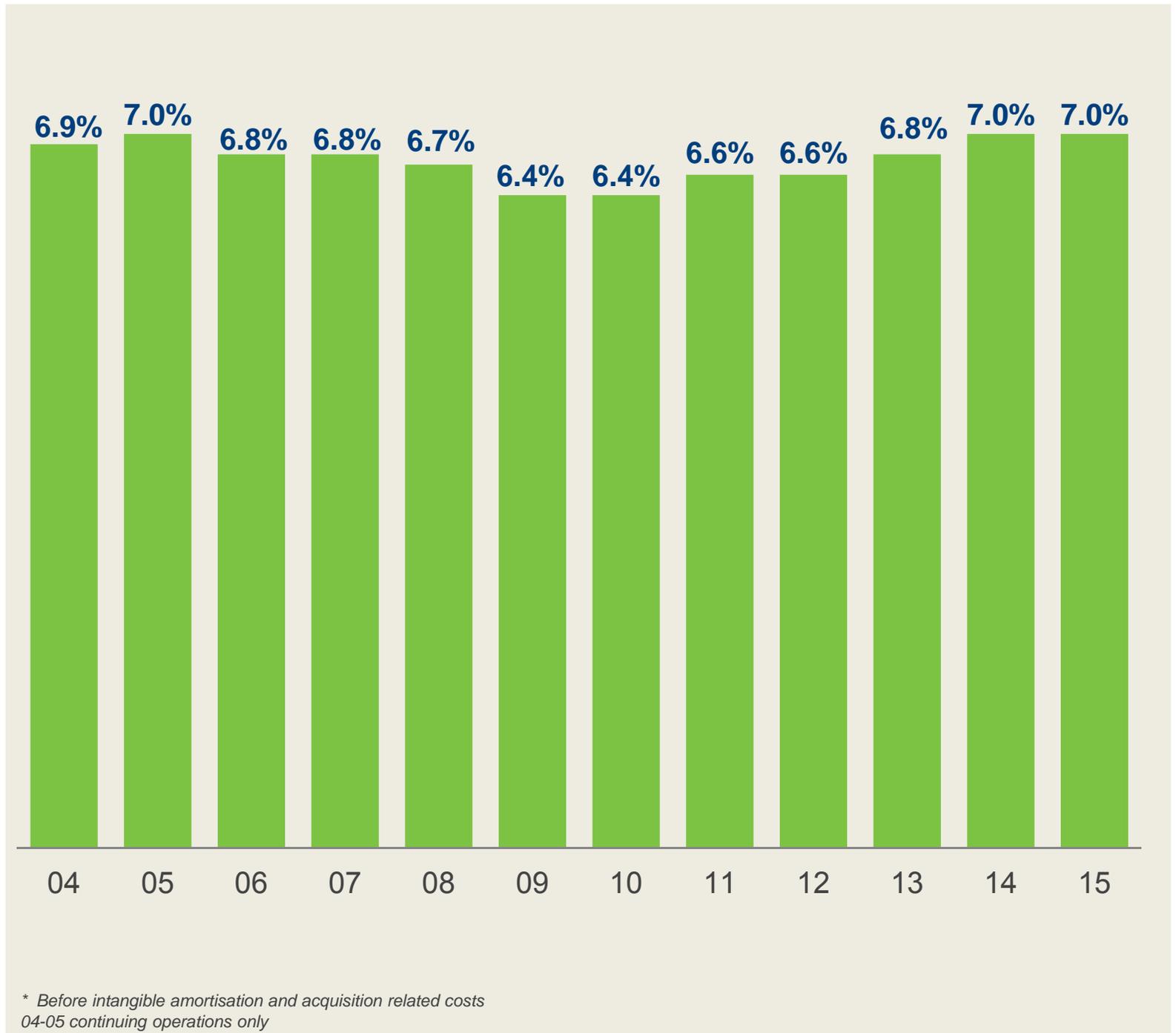
£m	2015	2014	Growth	
			Reported	Constant Exchange
Revenue	6,489.7	6,156.5	5%	5%
Adjusted operating profit*	455.0	429.8	6%	7%
Net finance cost	<u>(43.8)</u>	<u>(42.0)</u>		
Adjusted profit before tax*	411.2	387.8	6%	8%
Operating margin*	7.0%	7.0%		+10bp
Effective tax rate	27.5%	27.4%		
Adjusted earnings per share*	91.0p	86.2p	6%	7%
Dividend per share	38.0p	35.5p	7%	

* Before intangible amortisation and acquisition related costs – see Appendix 2



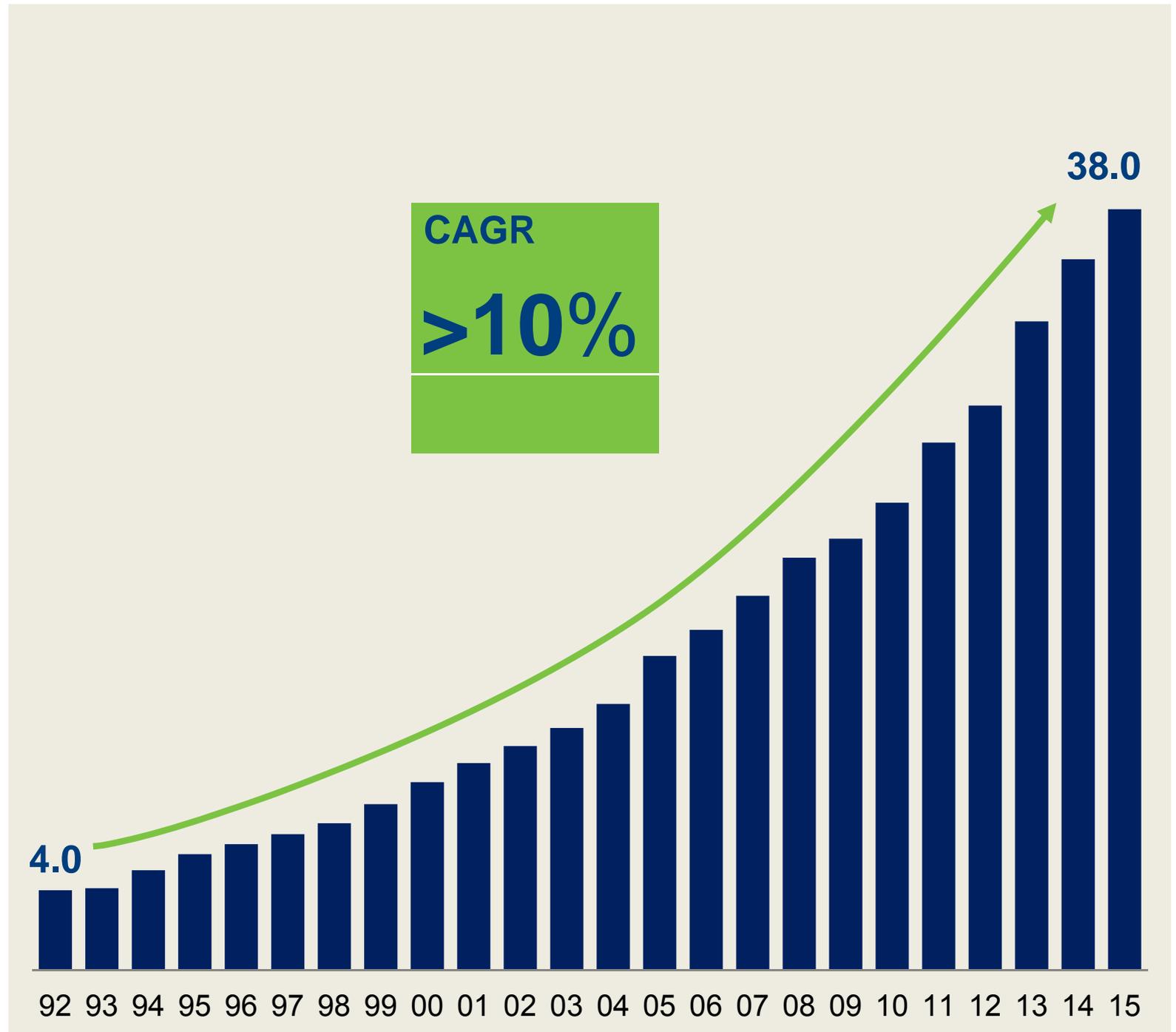
Operating margin*

Long term stable operating margin



Dividend per share (p)

23 years
of consecutive
dividend increases



Balance sheet

Return on average operating capital

55.5%

£m	Dec 15	Dec 14
Intangibles	1,632.0	1,478.8
Tangibles	126.7	119.2
Working capital	655.0	557.4
Other liabilities	<u>(250.2)</u>	<u>(223.8)</u>
	2,163.5	1,931.6
Pension deficit	(40.0)	(70.3)
Net debt*	<u>(1,107.2)</u>	<u>(877.4)</u>
Equity	1,016.3	983.9
Net debt/EBITDA	2.1x	1.8x
Return on average operating capital	55.5%	57.7%

Intangibles

- Additions of £281m from acquisitions partially offset by amortisation and foreign exchange

Working capital

- Working capital increase (£98m) primarily driven by acquisitions (£90m)

Pensions deficit

- Deficit decreased by £30.3m to £40.0m primarily due to higher discount rates

Net debt to EBITDA

- Despite acquisition cash outflow of £539m in the last two years, net debt to EBITDA (2.1x) is at the lower end of our target range (2.0x – 2.5x)

* See Appendix 3



Cash flow

Increase in
operating cash
flow* of

9%

£m	2015	2014
Operating cash flow*	442.6	407.7
Interest	(39.9)	(41.4)
Tax	<u>(92.5)</u>	<u>(89.8)</u>
Free cash flow	310.2	276.5
Dividends	(116.1)	(105.6)
Acquisitions	(371.2)	(168.1)
Employee share schemes	<u>(29.5)</u>	<u>(21.8)</u>
Net cash flow	(206.6)	(19.0)
Operating cash flow* to adjusted operating profit†	97%	95%

* See Appendix 4

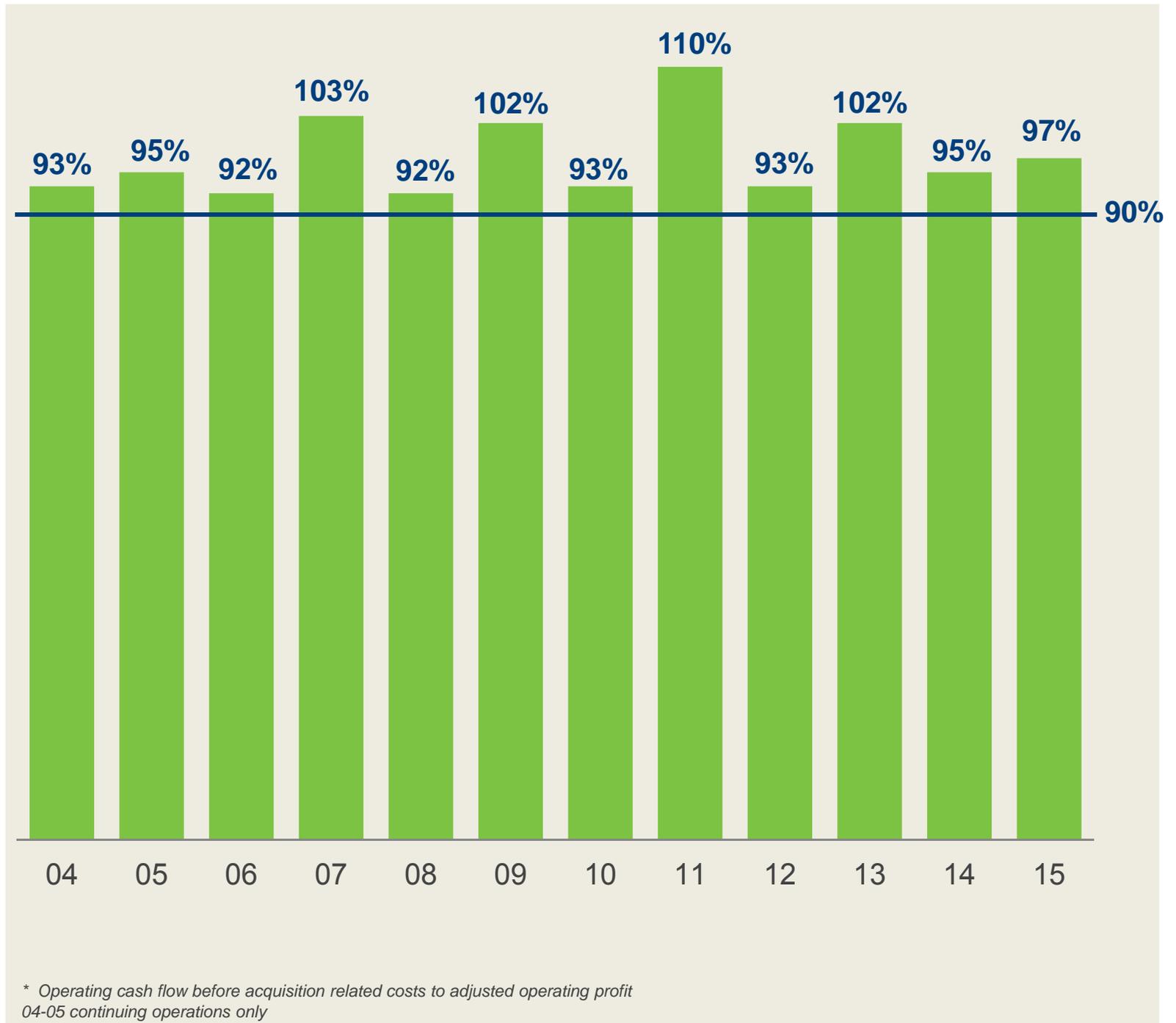
† Before intangible amortisation and acquisition related costs



Cash conversion

Consistently high cash conversion funds growing dividend and acquisitions

Average cash conversion* of **97%**



Uses of free cash 2004 to 2015

Dividends

£878_m

- Dividend per share CAGR >10%
- Stable dividend cover – c.2.5x

Acquisition spend

£2.2_{bn}

- 122 acquisitions since 2004
- Self funded



Financial summary

Revenue and Operating profit

Revenue

▲5%[†]

Adjusted operating profit*

▲7%[†]

Cash flow and Acquisitions

Cash conversion**

97%

Acquisition spend

£327m

Record spend
22 acquisitions

EPS and Dividend

Adjusted EPS*

▲7%[†]

Dividend per share

▲7%

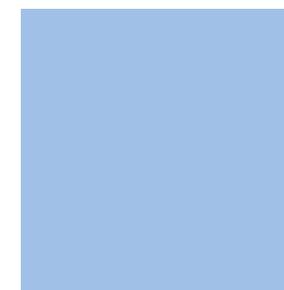
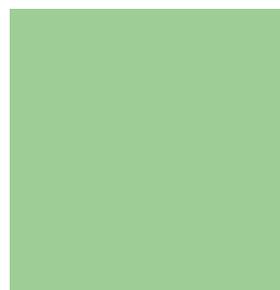
[†] At constant exchange rates

* Before intangible amortisation and acquisition related costs

** Operating cash flow before acquisition related costs to adjusted operating profit

Business review

Michael Roney, CEO



Business review

1

Operations review

2

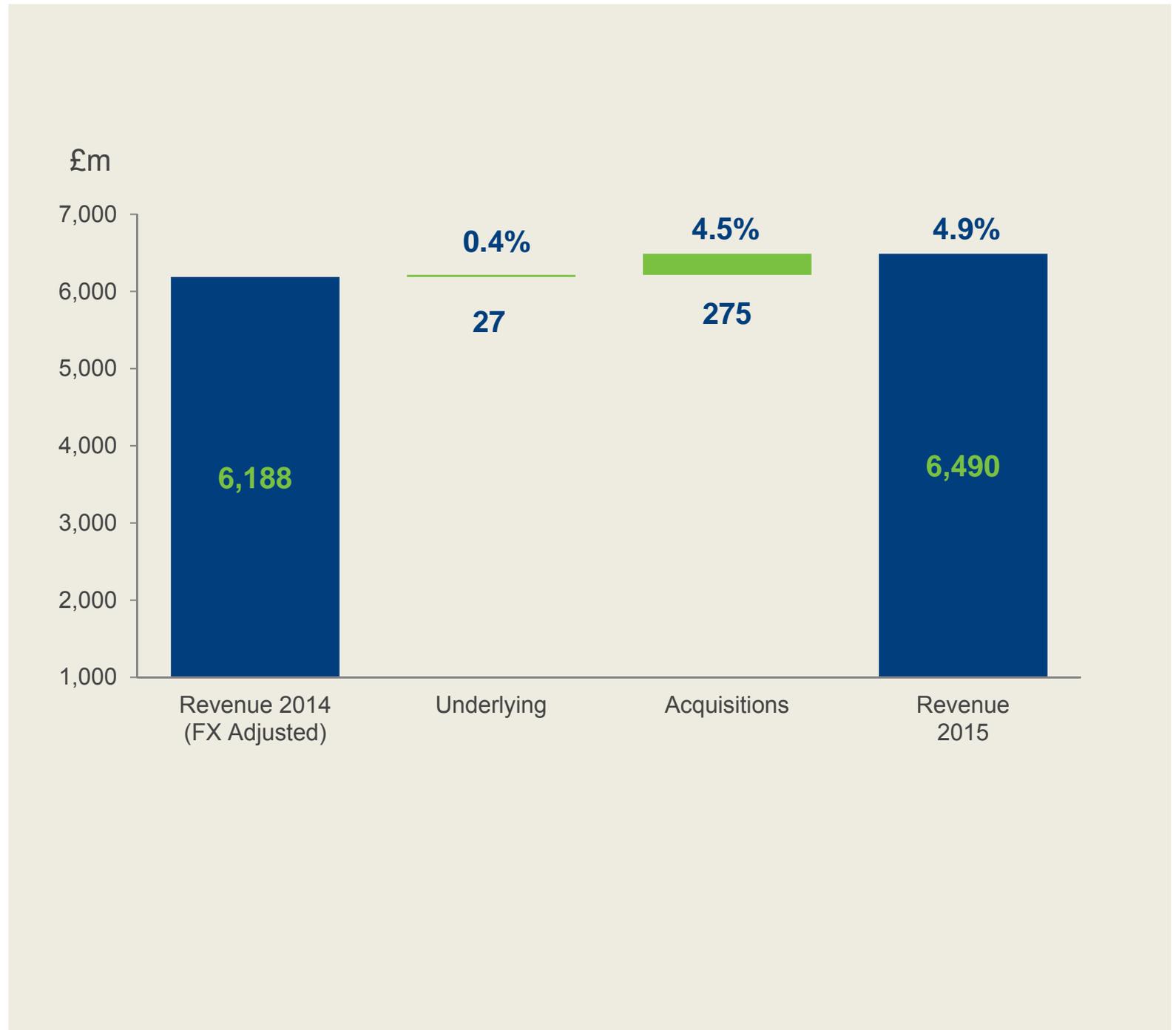
Strategy and acquisitions

3

Prospects

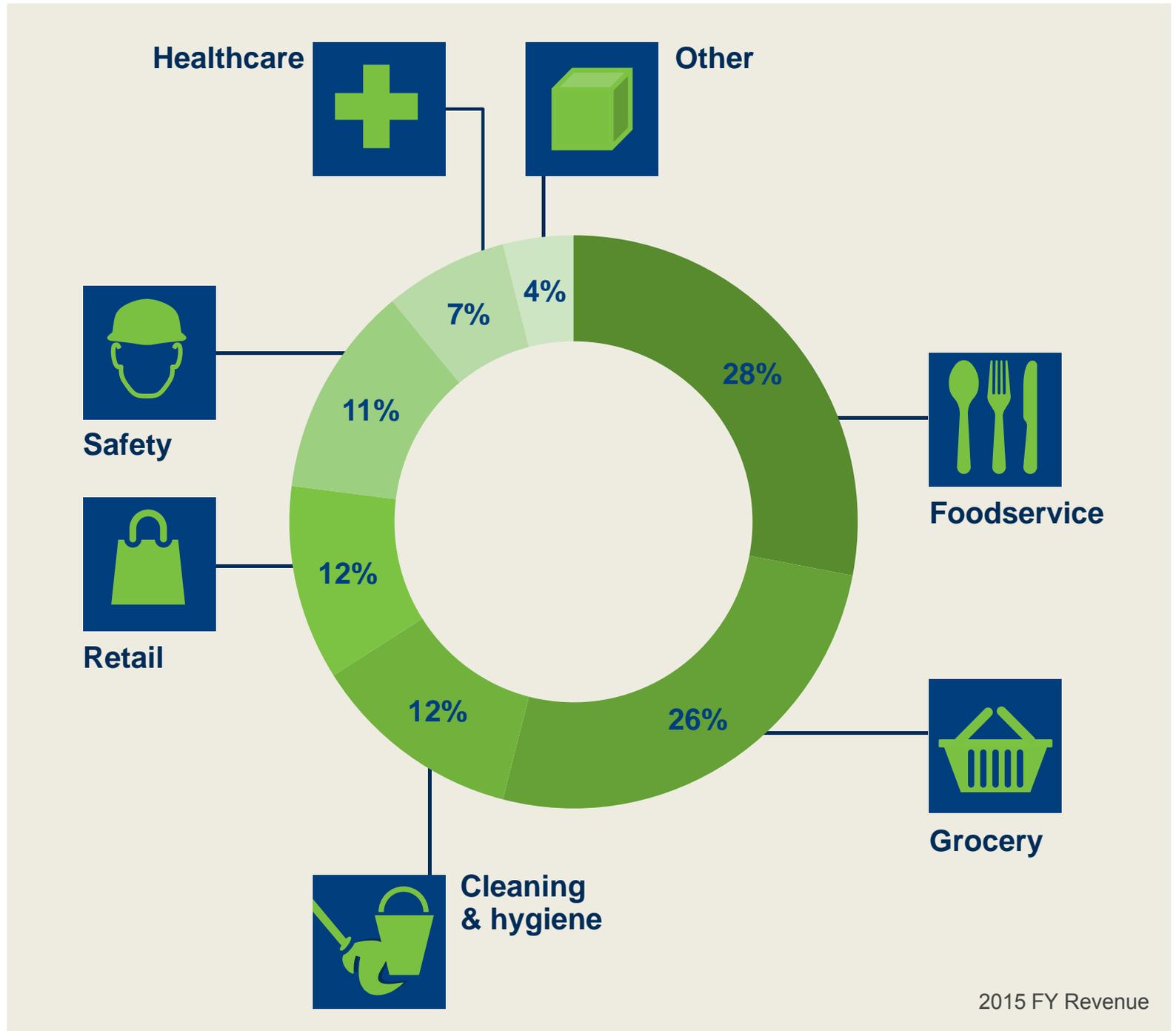


Revenue growth



Revenue by customer markets

c.75% resilient
Foodservice
Grocery
Cleaning & hygiene
Healthcare



Business area analysis

Well diversified by geography and sector



NORTH AMERICA

58% Revenue

51% Adjusted operating profit*



CONTINENTAL EUROPE

17% Revenue

22% Adjusted operating profit*



UK & IRELAND

17% Revenue

18% Adjusted operating profit*



REST OF WORLD

8% Revenue

9% Adjusted operating profit*

* Before intangible amortisation, acquisition related costs and corporate costs



Overview

Good overall performance

- Record acquisition spend of £327m on 22 businesses with entry into two new countries
- North America – Revenue increase from recent acquisitions and underlying volume growth, partially offset by price declines in plastic products and some lost business
- Continental Europe – Strong revenue and profit growth[†] with operating margin up 20bp[†] to 9.3%
- UK & Ireland – Operating margin up 30bp to 7.7% due to focus on reducing operating costs and managing margins
- Rest of the World – Adjusted operating profit down 11%[†] due to challenging macroeconomic conditions and negative exchange transaction impact

[†] At constant exchange rates



North America

£m	2015	2014	Growth %	
			Reported	Constant Exchange
Revenue	3,751.8	3,372.1	11	5
Adjusted operating profit*	244.0	211.1	16	9
Operating margin*	6.5%	6.3%		
Return on operating capital	58.3 %	59.6%		



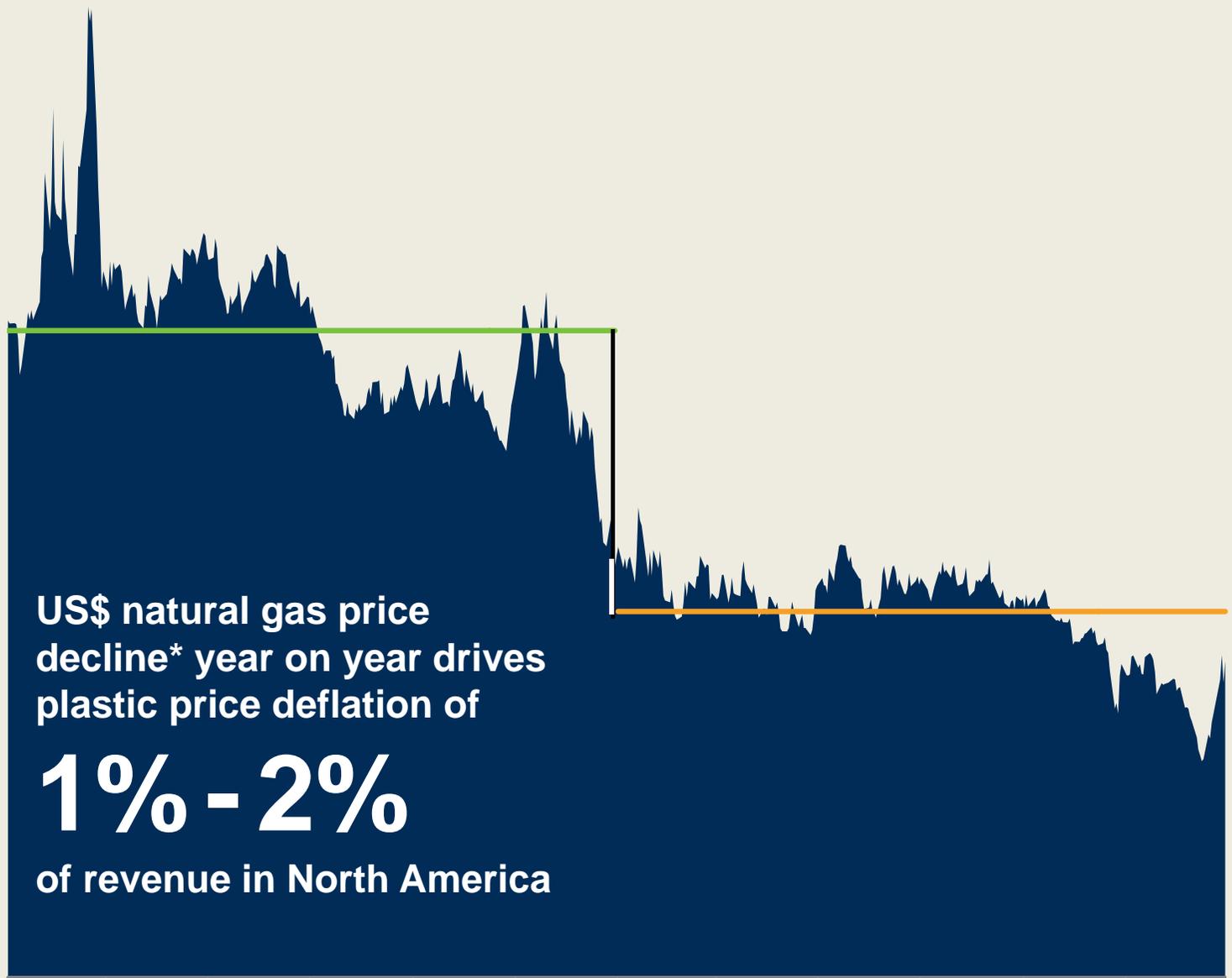
- Revenue increase principally from recent acquisitions with operating margin* up 30bp at constant exchange rates to 6.5%
- Grocery and redistribution businesses impacted by price declines in plastic products and some lost business
- Three safety acquisitions (Tillman, Cordova and Steiner) significantly enhance growing portfolio of own brand products
- Recent acquisition activity in Canada creates national distribution platform in cleaning & hygiene
- Strong revenue and profit growth in businesses serving food processor and agriculture sectors

* Before intangible amortisation and acquisition related costs



Raw materials

Plastic product price declines slows organic growth in North America



US\$ natural gas price decline* year on year drives plastic price deflation of

1% - 2%

of revenue in North America

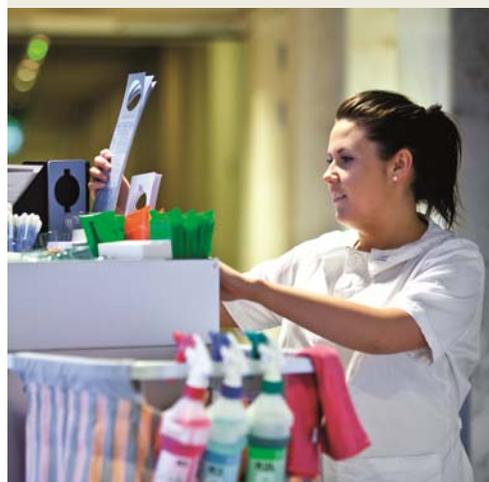
Jan-14 Mar-14 May-14 Jul-14 Sep-14 Nov-14 Jan-15 Mar-15 May-15 Jul-15 Sep-15 Nov-15

*Source: Henry Hub as quoted on Thomson Reuters



Continental Europe

£m	2015	2014	Growth %	
			Reported	Constant Exchange
Revenue	1,121.0	1,146.3	(2)	7
Adjusted operating profit*	104.5	103.2	1	10
Operating margin*	9.3%	9.0%		
Return on operating capital	54.2%	52.3%		



- Strong constant exchange revenue and profit growth with operating margin* up 20bp at constant exchange rates to 9.3%
- Entry into two new countries, Turkey and Austria
- Impact of lower sales in France offset by continued cost reduction measures
- Good growth in the Netherlands driven by acquisitions and progress in the safety, healthcare, retail and food processor sectors
- Significant profit growth in Denmark
- Further improvement in Spain and central Europe

* Before intangible amortisation and acquisition related costs



UK & Ireland

£m	2015	2014	Growth %	
			Reported	Constant Exchange
Revenue	1,102.4	1,078.5	2	3
Adjusted operating profit*	84.9	80.1	6	6
Operating margin*	7.7%	7.4%		
Return on operating capital	99.8%	111.7%		



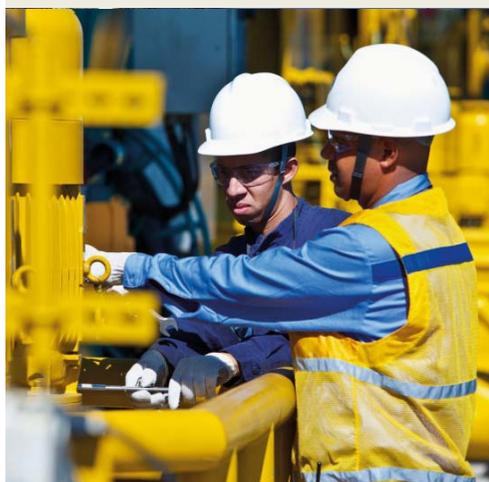
- Good profit growth with operating margin* up 30bp to 7.7%
- Significant profit increase in safety led by acquisitions and expanded own label product ranges
- Grocery and retail sectors remain challenging
- Hospitality continues to grow well and further development of own label product ranges
- Healthcare performed well despite increased customer focus on cost reductions
- Significant improvement in Ireland driven by increased retail activity and tourism

* Before intangible amortisation and acquisition related costs



Rest of the World

£m	2015	2014	Growth %	
			Reported	Constant Exchange
Revenue	514.5	559.6	(8)	6
Adjusted operating profit*	42.1	55.5	(24)	(11)
Operating margin*	8.2%	9.9%		
Return on operating capital	31.3%	41.8%		



- Margins under pressure due to challenging macroeconomic conditions and currency weakness affecting product purchase prices
- Latin America
 - Weaker performance in Brazil safety with significant fall in profitability
 - Other businesses trading broadly in line with expectations
- Australasia
 - Market position further consolidated in consumables
 - Industrial and safety adversely impacted by slowdown in resources sector

* Before intangible amortisation and acquisition related costs

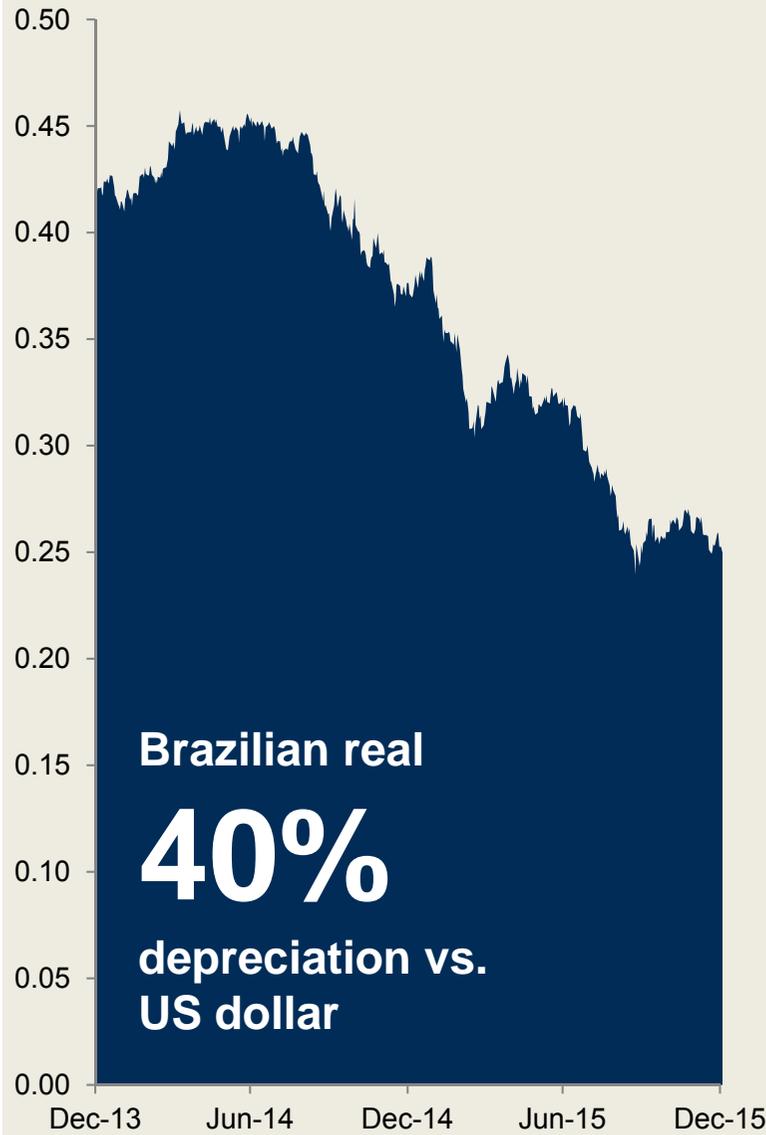


Rest of the World currency depreciation

50%+

Rest of the World purchases are imported

Brazilian real : US dollar



Australian dollar : US dollar



Consistent and proven strategy

High ROIC despite record acquisition spend

GDP+ organic growth

Organic revenue growth exceeded relevant GDP for 9 of the last 11 years

Acquisition growth

Since 2004 we have announced **122** acquisitions with total spend of **£2.2bn**

Operating model efficiencies

We constantly strive to make our business more efficient and environmentally friendly

ROIC
17.1%



Acquisition growth 2015

£327m
spent on

22
acquisitions in

12
countries



Business	Country	Sector	Revenue*
Cordova	USA	Safety	£55m
GF	Canada	Retail	£42m
Meier Verpackungen	Austria	Foodservice	£29m
DPS	Chile	Foodservice	£25m
Istanbul Ticaret	Turkey	Safety	£24m
Maska	Canada	Cleaning & hygiene	£16m
Casa do EPI	Brazil	Safety	£16m
Quirumed	Spain	Healthcare	£15m
Solmaq	Colombia	Safety	£14m
Comatec	France	Hospitality	£14m
Planet Clean	Canada	Cleaning & hygiene	£13m
Steiner	USA	Safety	£12m
10 further acquisitions			£49m

* Annualised and converted at average exchange rates
Full listing within Appendix 13

Acquisition growth

Average annual acquisition spend over the last four years

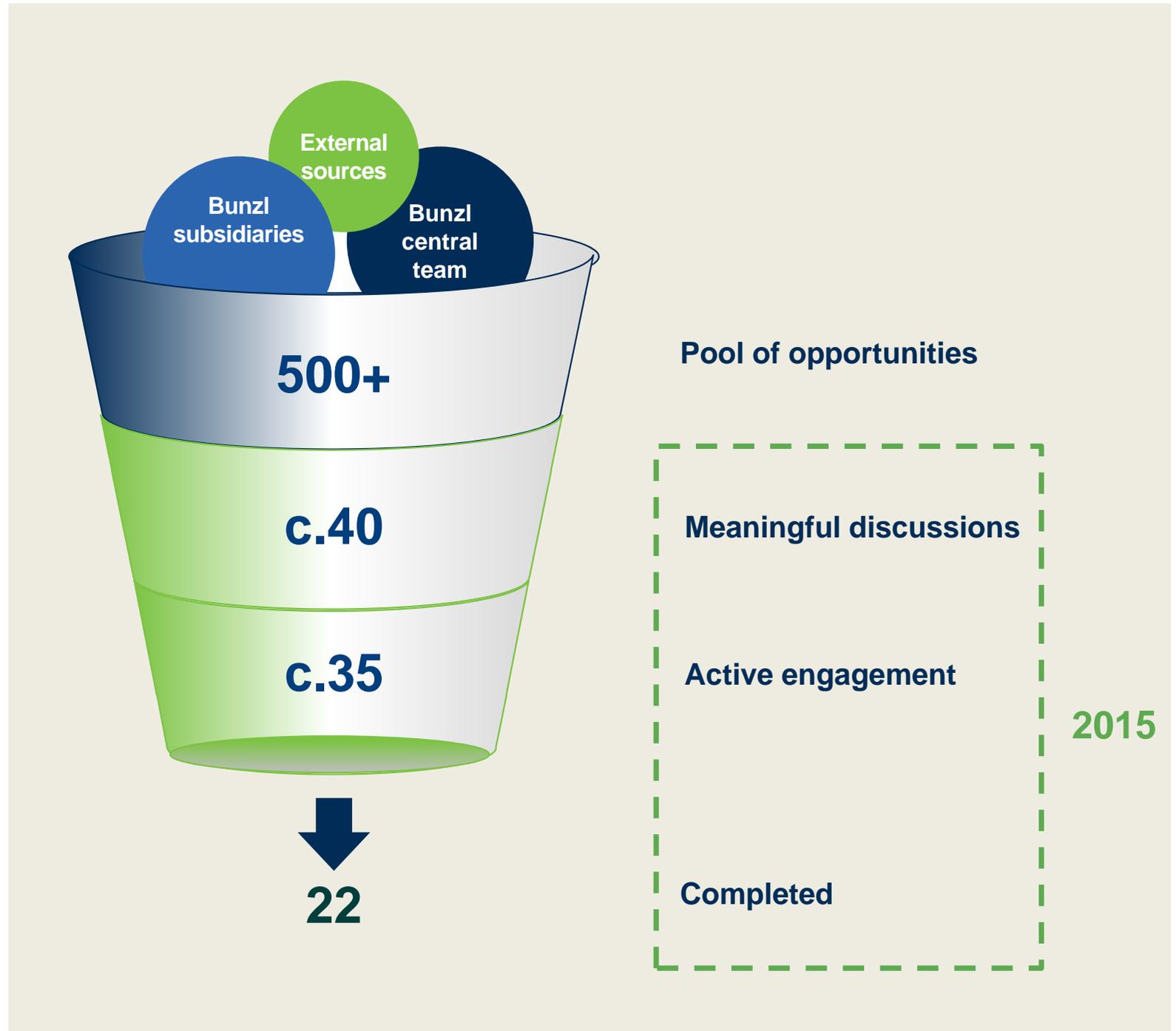
£278m

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Number of acquisitions	7	7	9	8	7	2	9	10	13	11	17	22
Committed acquisition spend (£m)	302	129	162	197	123	6	126	185	277	295	211	327
Annualised acquisition revenue (£m)	430	270	386	225	151	27	154	204	518	281	223	324

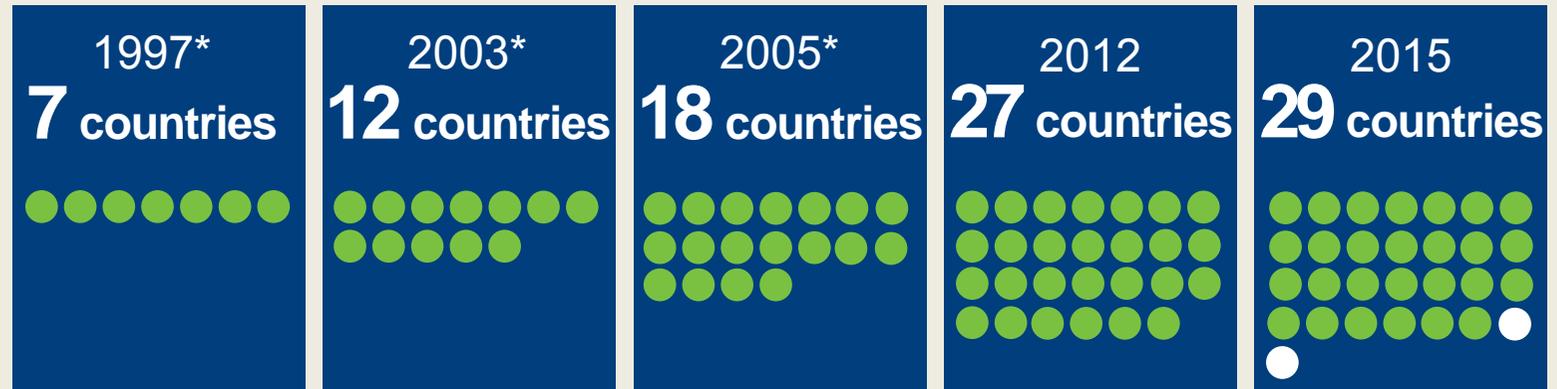
04-05 continuing operations only



Acquisition activity

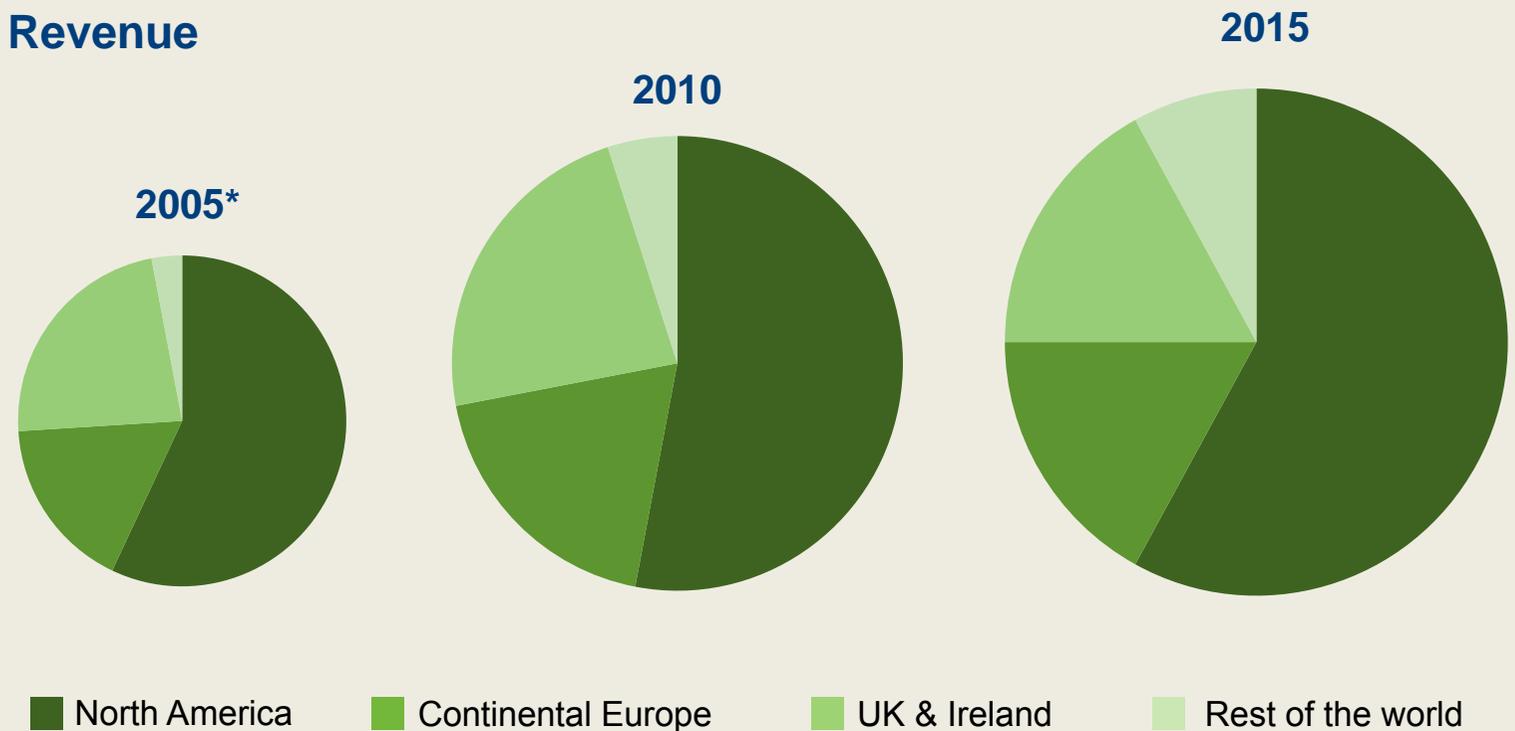


Geographic expansion timeline



Continued geographic expansion as Bunzl enters two promising new countries

Revenue



* Continuing operations only



Entry into Turkey and Austria

28



- G20 country with a population of 78m, 40% of which are under 25
- 7th largest economy in Europe
- Average GDP growth 2010-2014 of 5%+



29



- Well-established packaging solutions distributor
- Strong entry point into the Austrian market and sizeable base to expand via future bolt-on acquisitions
- Excellent geographical and product fit with neighbouring countries
- Brings a wealth of product know-how and innovation to the Group



Market expansion

Entry into own brand safety supplies in North America

2011 – Majestic

- First entry into the North American own brand Safety sector



2012 - McCordick

- Expansion of own brand product range and increased Canadian presence



Market expansion

Significant expansion in products and coverage since 2014

2013 – SAS Safety

- 25 own brands and innovative product range



2015 – Tillman

- Tillman brand well recognised nationally, particularly in the welding market



2015 – Cordova

- Well developed own brand product range
- Product development track record



2015 – Steiner

- Located in Chicago, strong own brand range including Pro-Series gloves



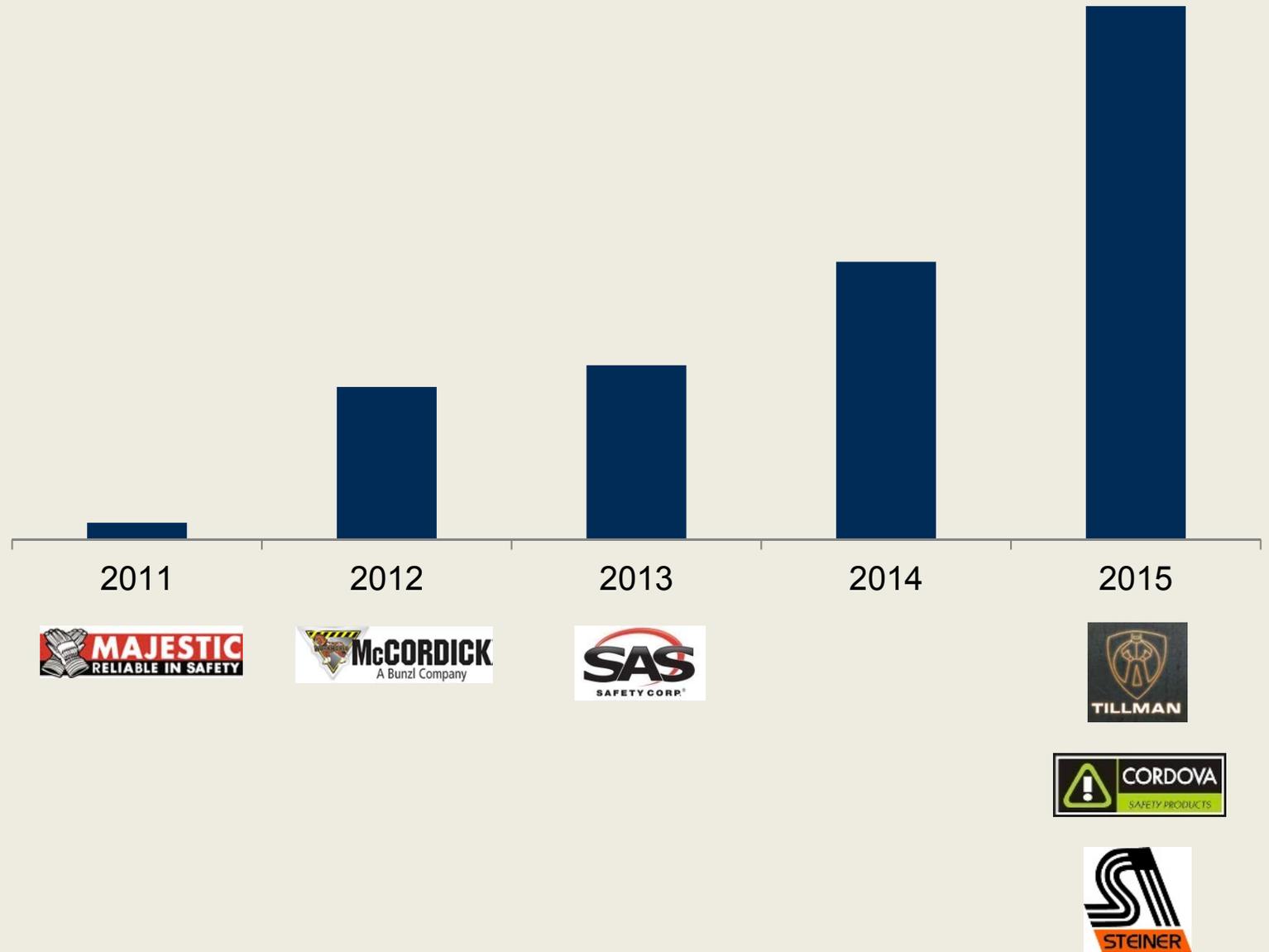
Market expansion

\$375m+

annualised revenues in North America own brand safety sector developed since 2011



Revenue



Why invest in Bunzl?

“ because Bunzl is the leader in the market with consistently good growth, stable operating margins, a very high return on operating capital and it turns on average more than 90% of the operating profit into cash which can be reinvested at a rate well in excess of the cost of capital

”



Financial track record 2004 - 2015

9%-10%

CAGR



Revenue (£bn)

04-05 continuing operations only



Adjusted eps (p)

04-12 restated on adoption of IAS 19 (revised 2011)



Adjusted operating profit (£m)

Before intangible amortisation and acquisition related costs
04-05 continuing operations only



Dividend per share (p)



Prospects

- Group – continued growth due to strong competitive position, acquisition impact and opportunities to consolidate markets further
- North America – good performance from recent acquisitions and underlying volume growth
- Continental Europe – strong performance due to both organic growth and effect of acquisitions
- UK & Ireland – progress held back principally due to pressure in business serving grocery and retail sectors
- ROW – strong benefit from recent acquisitions, although economic and exchange rate outlook uncertain, particularly in Brazil
- Promising acquisition pipeline and expect to complete further transactions as the year progresses



Appendices



Appendix 1

Exchange rates

	2015	2014
<u>Average rate</u>		
US \$	1.53	1.65
Euro	1.38	1.24
Canadian \$	1.95	1.82
Brazilian real	5.10	3.87
Australian \$	2.03	1.83
<u>Closing rate</u>		
US \$	1.47	1.56
Euro	1.36	1.29
Canadian \$	2.05	1.81
Brazilian real	5.90	4.14
Australian \$	2.03	1.91



Appendix 2

Adjusted profit measures

£m	2015	2014
Operating profit	366.5	341.8
Adjusted for:		
Intangible amortisation	66.8	61.9
Acquisition related costs	21.7	26.1
Adjusted operating profit	455.0	429.8
Operating margin	7.0%	7.0%
Net finance cost	<u>(43.8)</u>	<u>(42.0)</u>
Adjusted profit before income tax	411.2	387.8
Tax on adjusted profit	<u>(113.1)</u>	<u>(106.2)</u>
Adjusted profit for the year	298.1	281.6
Adjusted earnings per share	91.0p	86.2p



Appendix 3

Net debt

£m	2015	2014
Opening net debt	(877.4)	(849.5)
Net cash outflow	(206.6)	(19.0)
Currency outflow	<u>(23.2)</u>	<u>(8.9)</u>
Closing net debt	(1,107.2)	(877.4)



Appendix 4

Cash flow

£m	2015	2014
Adjusted operating profit*	455.0	429.8
Depreciation	24.1	24.4
Working capital movement	(9.8)	(15.6)
Other	<u>(4.3)</u>	<u>(7.0)</u>
Cash flow from operations	465.0	431.6
Net capital expenditure	<u>(22.4)</u>	<u>(23.9)</u>
Operating cash flow	442.6	407.7
Operating cash flow to adjusted operating profit*	97%	95%

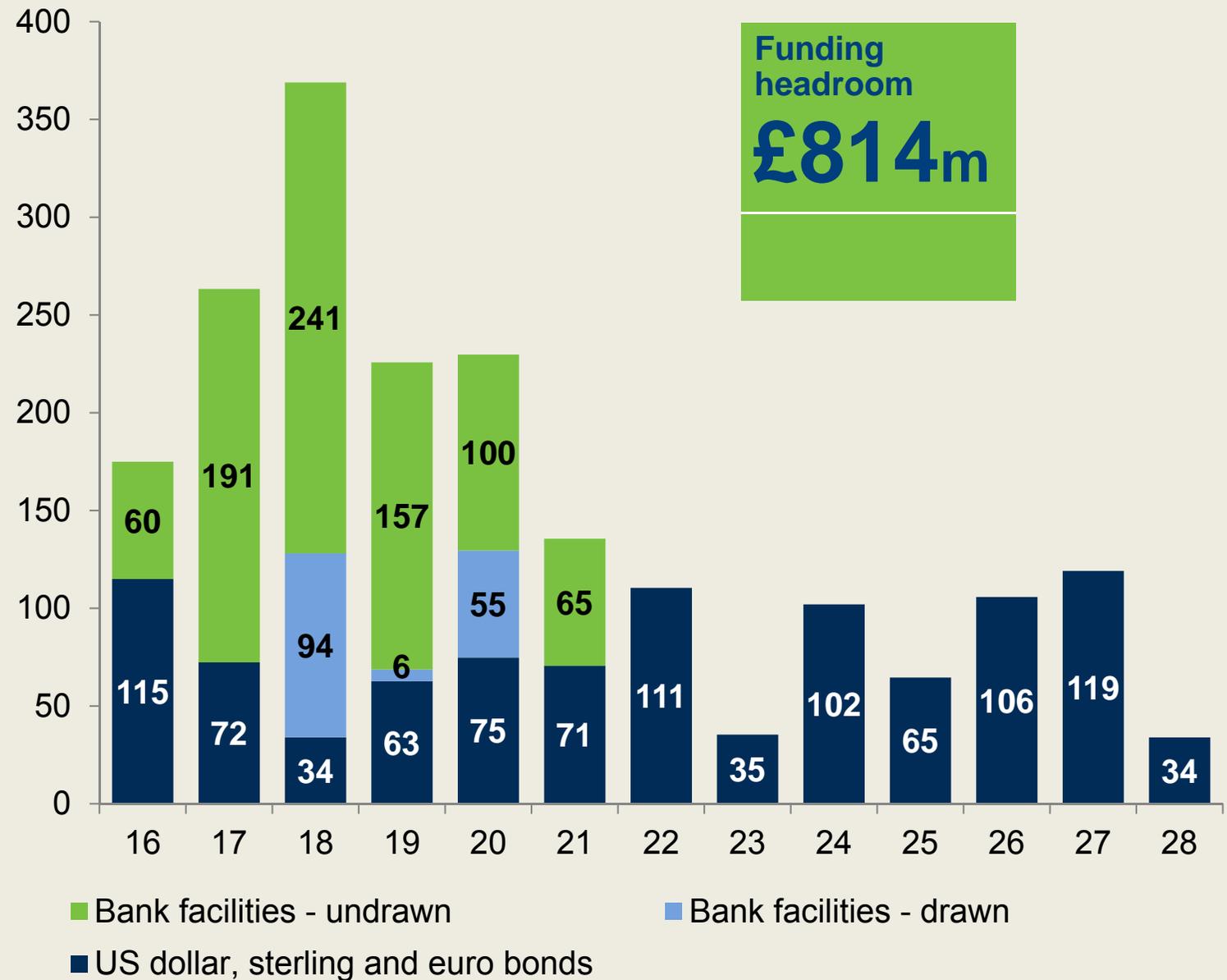
* Before intangible amortisation and acquisition related costs



Appendix 5

Funding

Committed facilities maturity profile (£m)



Appendix 6

Historical data

£m	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Revenue	2,439	2,924	3,333	3,582	4,177	4,649	4,830	5,109	5,359	6,098	6,157	6,490
Adjusted operating profit*	169	203	226	243	281	296	307	336	352	414	430	455
Operating margin (%)	6.9	7.0	6.8	6.8	6.7	6.4	6.4	6.6	6.6	6.8	7.0	7.0

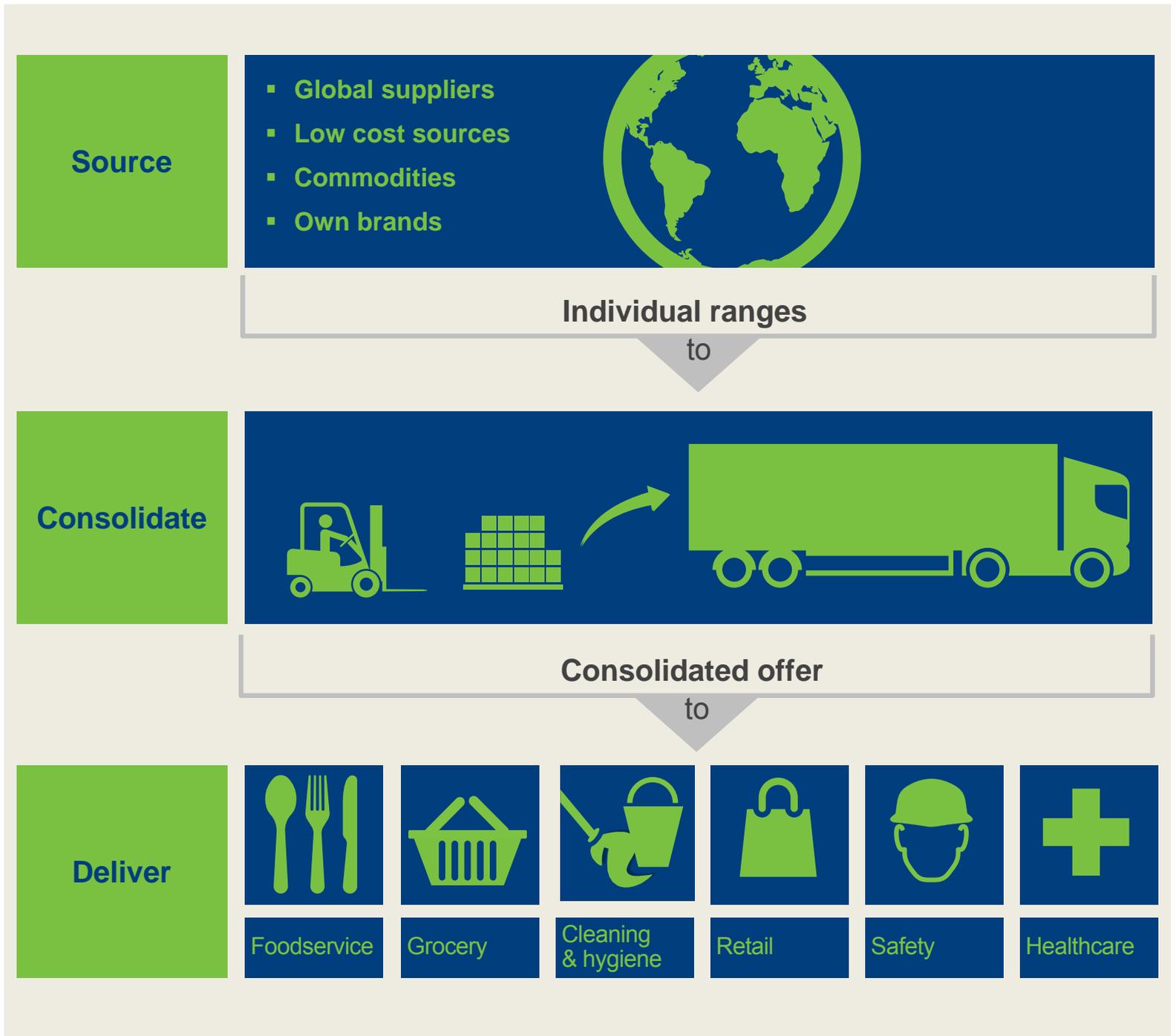
* Before intangible amortisation and acquisition related costs
04-05 continuing operations only



Appendix 7

Business model

One-stop-shop for non-food consumables



Appendix 8

Value proposition

Outsourcing adds value for our customers

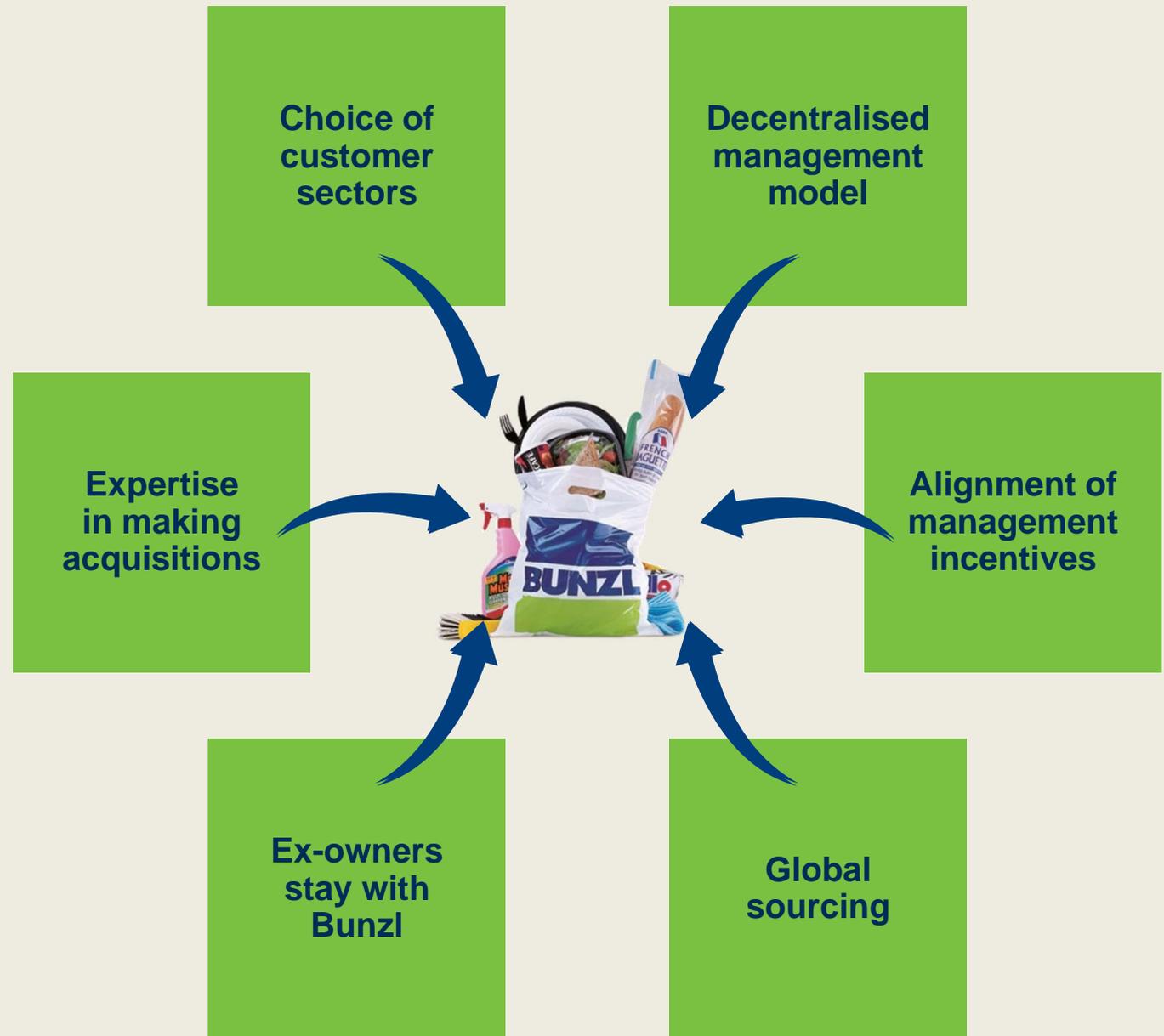


- In-house procurement and self distribution is costly
- Bunzl applies its resources and expertise to reduce or eliminate many of the “hidden” costs of in-house procurement and self-distribution
- The benefits to customers are a lower cost of doing business and reduced working capital and carbon emissions



Appendix 9

Key competitive advantages



Appendix 10

Key acquisition parameters



Appendix 11

Acquisition discipline

122
acquisitions
since 2004



Say “no” many more times than “yes”

Very selective about countries and sectors

Thorough due diligence

Review performance vs investment case with Board

Retention of management and customers is key

Appendix 12

Annualised acquisition revenue

Acquisitions across all business areas

£m	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
North America	115	198	103	15	-	-	35	7	410	89	84	153
Continental Europe	301	61	7	100	52	-	115	96	23	5	46	98
UK & Ireland	-	2	267	110	39	27	-	39	16	32	40	-
Rest of the World	14	9	9	-	60	-	4	62	69	155	53	73
Group	430	270	386	225	151	27	154	204	518	281	223	324

04-05 continuing operations only

 Leading spend in year



Appendix 13

Acquisition growth 2015

2015 acquisition spend

£327m



Business	Acquired	Country	Sector	Revenue*
Quirumed	January	Spain	Healthcare	£15m
Jan-Mar	January	Canada	Cleaning & hygiene	£6m
Janssen	March	Holland	Retail	£6m
Prescott	March	Canada	Cleaning & hygiene	£9m
Maska	March	Canada	Cleaning & hygiene	£16m
Istanbul Ticaret	May	Turkey	Safety	£24m
Ligne T	May	France	Safety	£4m
GF	June	Canada	Retail	£42m
Solmaq	June	Colombia	Safety	£14m
Cordova	June	USA	Safety	£55m
Steiner	July	USA	Safety	£12m
Bidvest Hospitality	July	Australia	Foodservice	£5m
Delta	July	Australia	Foodservice	£5m
Meier Verpackungen	September	Austria	Foodservice	£29m

* Annualised and converted at average exchange rates

Appendix 13

Acquisition growth 2015

2015 acquisition spend

£327m



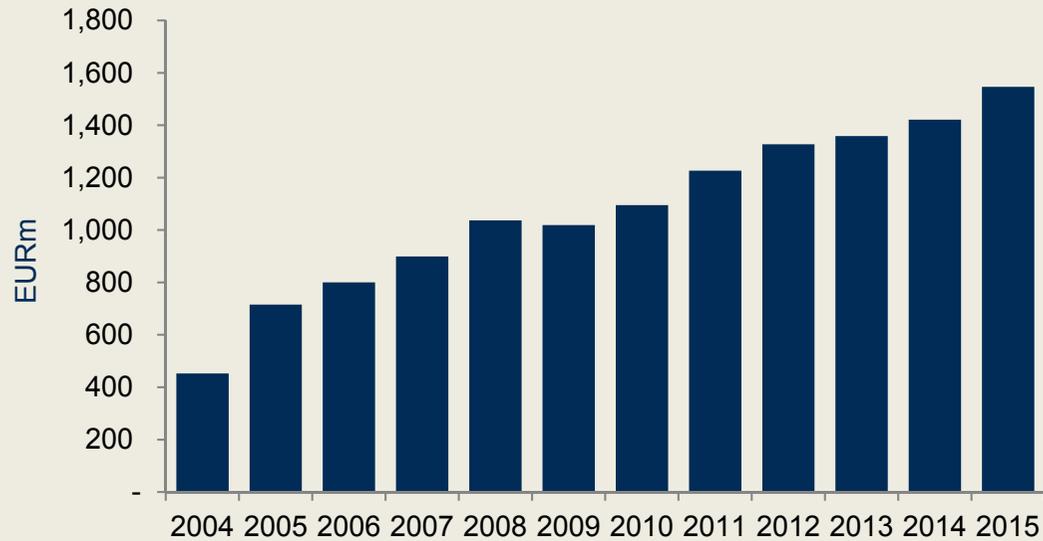
Business	Acquired	Country	Sector	Revenue*
<i>Continued</i>				
Planet Clean	September	Canada	Cleaning & hygiene	£13m
ICB	October	New Zealand	Cleaning & hygiene	£2m
Cemelim	November	Spain	Cleaning & hygiene	£3m
Casa do EPI	November	Brazil	Safety	£16m
Faru	November	Spain	Safety	£3m
DPS	November	Chile	Foodservice	£25m
Comatec	December	France	Hospitality	£14m
Dental Sorria	December	Brazil	Healthcare	£6m

* Annualised and converted at average exchange rates

Appendix 14

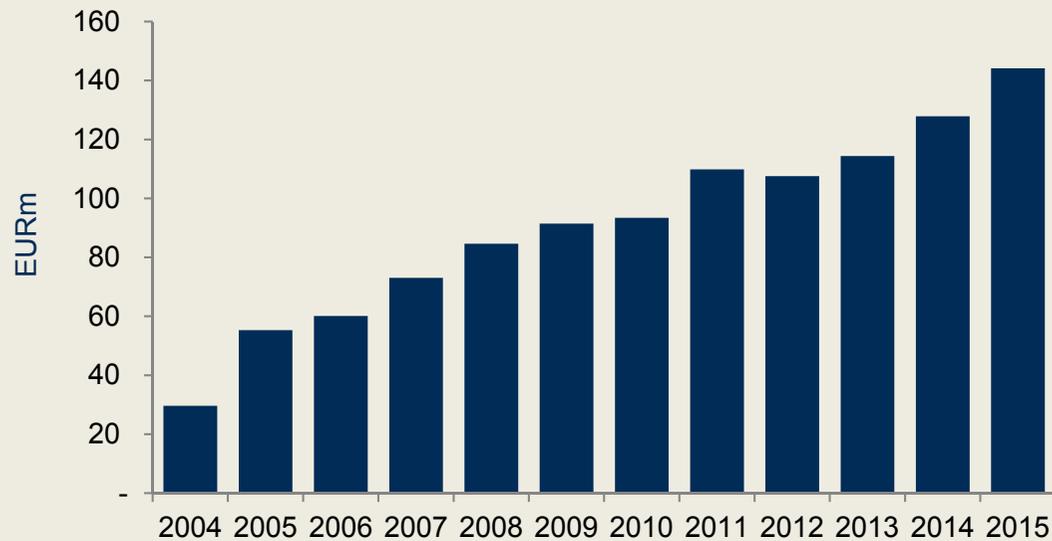
Continental Europe development

Revenue



CAGR
12%

Adjusted operating profit



CAGR
15%



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