



News Release

16 December 2020

BUNZL PRE-CLOSE STATEMENT AND ACQUISITION IN CANADA

Bunzl plc, the specialist international distribution and services Group, is updating the market today prior to entering its closed period for the year ending 31 December 2020.

The Group's resilient business model is expected to deliver a strong performance in the year ending 31 December 2020, with continued growth in Covid-19 related orders during the fourth quarter of the year against the background of increased pandemic-driven restrictions in some markets.

Group revenue for the year is expected to increase by approximately 8% at actual exchange rates and by approximately 9% at constant exchange rates, due to similar levels of growth from both the increase in organic revenue and the impact of acquisitions. Organic revenue growth continues to reflect diverging trends between the strength of Covid-19 related product sales, including a higher proportion of imported own brand products such as gloves, masks, sanitisers and disinfectants, and declines in the sales of other products. The Group expects the growth in Covid-19 related sales over the fourth quarter to be driven by the ongoing support of smaller orders, whilst larger orders will continue to slow. The decline in other product sales seen earlier in the year is expected to improve slightly despite the impact of recently strengthened pandemic-related restrictions in some markets. The Group operating margin in 2020 has continued to benefit significantly from the mix of products sold and is expected to be higher than the prior year.

Looking ahead, visibility remains limited on the future extent and duration of pandemic-related restrictions, the timing of the roll-out of vaccination programmes and the pandemic's macroeconomic impact. At constant exchange rates the Group expects revenue in 2021 to be lower than the current year with minimal benefit from larger Covid-19 related orders which have strongly supported the performance in 2020. The Group expects an underlying recovery in sales of other products to be broadly offset by a decline in smaller Covid-19 related orders, with acquisitions made during 2020 making a contribution to the Group's performance in 2021. Group operating margins are expected to return to more historical levels.

The Company also announces that it has recently completed the purchase of Snelling, a Canadian business focused on the sale of cleaning and hygiene products and industrial and foodservice packaging with revenue in 2019 of C\$48 million (c.£28 million). Snelling principally supplies customers operating in the grocery, industrial and hospitality sectors throughout Eastern and Central Canada. In addition, further to the announcement on 9 November 2020, the Company also confirms that it has now completed the acquisition of SP Equipamentos, a leading personal protection equipment distributor based in Sao Paulo, Brazil, with revenue in 2019 of BRL143 million (c.£22 million).

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

"The Group's performance during the pandemic has demonstrated the resilience of the Bunzl portfolio, the strength of our supply chain and the agility of our decentralised operating model. Growth through acquisitions continues to be an important part of our strategy and the new

acquisitions demonstrate our continued success in attracting high quality businesses to join Bunzl. This year has been one of the most acquisitive in our history, with more than £410 million of committed spend. The acquisition pipeline remains active with a number of discussions ongoing.”

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