



News Release

27 August 2024

THREE-YEAR CAPITAL ALLOCATION COMMITMENT OF c.£700 MILLION ANNUALLY Value-accretive acquisitions to be supplemented by additional shareholder returns

Bunzl plc, the specialist international distribution and services group, remains committed to its capital allocation priorities which are: (1) to invest in the business to support organic growth and operational efficiencies; (2) to pay a progressive dividend; (3) to self-fund value accretive acquisitions; and (4) to distribute any excess cash.

Investing cash into the business to support organic growth and operational efficiencies remains our key priority. The Group also remains committed to ensuring sustainable dividend growth. Dividend cover in 2024 is expected to reduce to around 2.65 times, with further normalisation of dividend cover in 2025 to between 2.5 and 2.6 times in order to enhance returns for shareholders.

The strength of Bunzl's performance in recent years has resulted in low leverage¹ compared to an adjusted net debt to EBITDA¹ target of 2.0 to 2.5 times. This is despite a step change in the level of value-accretive acquisition spend in recent years, and the record committed spend already achieved in 2024. At 30 June 2024, the Group had an adjusted net debt² balance of c.£1.7 billion, with an adjusted net debt to EBITDA¹ ratio of 1.5 times. The Group is today committing to measures which are intended to steadily return it to its target leverage¹ range by the end of 2027.

As a highly cash-generative business, Bunzl is expected to have significant capacity to continue its proven strategy of completing value-accretive acquisitions, and its acquisition pipeline remains active within the very large and fragmented global markets that it operates in. Aligned to Bunzl's disciplined capital allocation policy, and supported by strong free cash flow³ generation, Bunzl has today committed to allocate c.£700 million per annum, primarily to invest in value-accretive acquisitions and, if required, returns of capital, in each of the three years ending 31 December 2027. If at the end of each year, the total committed spend on value-accretive acquisitions is below £700 million, the Group will return the remainder to shareholders through a capital return in the following year.

In addition, and recognising the Group's strong balance sheet, the Board today announces a share buyback programme to purchase ordinary shares up to a maximum consideration of £250 million that will commence with immediate effect, to be completed no later than 3 March 2025 (coinciding with the date of Bunzl's preliminary results for the year ended 31 December 2024). The Board expects to announce a further share buyback at its 2024 preliminary results of c.£200 million.

A maximum number of 33,802,212 ordinary shares may be repurchased under the share buyback programme, which is the maximum permitted under the authority granted by the shareholders at Bunzl's annual general meeting on 24 April 2024. The purpose of the share buyback programme is to reduce the issued share capital of the Company.

UBS AG London Branch (UBS) has been instructed by Bunzl to manage the share buyback programme. UBS will carry out the instruction through the acquisition of ordinary shares in Bunzl, acting as riskless principal, for subsequent repurchase by Bunzl. Any purchase of ordinary shares made by UBS in relation to the share buyback programme will be carried out on the London Stock Exchange Plc, Cboe Europe Limited or Aquis Stock Exchange Limited.

This arrangement is in accordance with Chapter 9 of the FCA Listing Rules and Bunzl's general authority to repurchase ordinary shares. The share buyback programme will be conducted within the parameters prescribed by the Market Abuse Regulation 596/2014, the Commission Delegated Regulation (EU) 2016/1052 (both as incorporated into UK domestic law by the European Union (Withdrawal) Act 2018) and with regard to regulatory technical standards for the conditions applicable to buy-back programmes and stabilisation measures. Bunzl will announce any market repurchase of ordinary shares no later than 7.30 a.m. on the business day following the calendar day on which the repurchase occurred. Ordinary shares purchased under the share buyback programme will be cancelled.

UBS may undertake transactions in Bunzl's ordinary shares in order to manage its market exposure under the share buyback programme. UBS will make any disclosures it is legally required to make in relation to such transactions.

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1. Adjusted net debt calculated at average exchange rates divided by EBITDA adjusted for contractually agreed earnings targets
2. Net debt excluding lease liabilities and including total deferred and contingent consideration
3. Operating cash flow after deducting payments for income tax and net interest excluding interest on lease liabilities