



News Release

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BUNZL PRE-CLOSE STATEMENT CONTINUED MARGIN GROWTH DRIVES PROFIT UPGRADE FOR FULL YEAR

Bunzl plc, the specialist international distribution and services Group, is updating the market today prior to entering its closed period for the six months ending 30 June 2024.

The Group is upgrading its guidance for the year based on improved margin performance, driven by good margin management, including increased own brand penetration, and acquisitions. The Group now expects to deliver robust revenue growth in 2024, at constant exchange rates, driven by acquisitions already completed in 2024; with a small decline in underlying revenue. Group operating margin is now expected to be slightly above the level reported for the full year 2023.

Group revenue in the first half is expected to decrease year-on-year by 3% to 4% at actual exchange rates and to decline by 0% to 1% at constant exchange rates. Underlying revenue, which is organic revenue adjusted for trading days, is expected to decline by around 5%, mainly driven by the previously disclosed volume reductions and deflation in our US business. Group operating margin for the first half of 2024 is expected to show a strong improvement compared to the first half of 2023, resulting in robust adjusted operating profit growth at constant exchange rates.

As expected, the decline in underlying revenue in North America in the first half of the year is driven by volume reductions in our US foodservice redistribution business, as we transition towards an increased own brand proposition; the ongoing impact from transitioning customer specific inventory in our US retail business; and deflation. Second quarter revenue trends in North America are expected to improve compared to the first quarter, with volumes starting to recover. We also expect a moderate decline in underlying revenue in Continental Europe and UK & Ireland, and some growth in Rest of the World. Good margin growth is expected in North America in the first half of the year and very strong margin growth in the UK & Ireland and Rest of the World. This is mainly due to the benefit from acquisitions and good ongoing margin management across the Group, following the strong margin performance in the second half of 2023.

In April, Bunzl signed an agreement to acquire RCL Implantex, a Brazilian distributor specialising in surgical and medical devices. This higher margin business generated revenue of BRL 112 million (c.£18 million) in 2023 and strengthens our position in this fragmented market. Competition authority clearance has now been received and the acquisition is expected to complete in the near future.

In June, Bunzl completed the acquisition of Clean Spot, a distributor of cleaning and hygiene products and equipment in Canada. The acquisition further enhances Bunzl's footprint in Canada and expands our product offering. In 2023 the business generated revenue of CAD 7 million (c. £4 million).

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

"Our agile and entrepreneurial teams continue to deliver robust profit growth. I am delighted with the ongoing successful margin management, including increasing penetration of own brands, demonstrated across the Group, allowing us to upgrade our full year profit outlook today. I am also pleased to welcome two more businesses to the Bunzl family, taking our total committed spend on acquisitions to around £600m so far this year. After an excellent start to the year for acquisitions, we maintain a strong balance sheet, providing us with significant optionality to continue to self-fund value-accretive acquisitions and our pipeline remains active."

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