



News Release

2 April 2020

BUNZL Q1 TRADING STATEMENT

Bunzl plc, the specialist international distribution and services Group, today announces an update on the impact which the COVID-19 outbreak has had on the business and its trading statement for the period since 31 December 2019.

COVID-19

During these difficult times, the safety and welfare of the Group's employees and continuing to support Bunzl's customers are the main priorities.

The Company has implemented responsible working practices for the current environment across the Group including where possible, colleagues working from home and the adoption of flexible and separate working arrangements in warehouses. Bunzl provides a critical function in the supply chains in which it operates with the supply of essential products and services to its customers. The Group has increasingly been designated a critical supplier by governments around the world, allowing Bunzl to play an important part in responding to the COVID-19 crisis.

Current trading and prospects

The Group's resilient business model has delivered a strong performance in the first quarter ended 28 March 2020. Revenue has increased approximately 4.5% at actual exchange rates. At constant exchange rates, revenue, adjusted for the impact of the number of trading days in the quarter relative to the prior year, rose by approximately 6%. Of this growth, acquisitions contributed 3% with underlying revenue growth adding approximately 3%.

Underlying revenue growth in Continental Europe was strong and North America saw some growth despite the impact of the previously announced price and product specification changes with a large grocery customer. Revenue growth in Rest of the World was particularly strong due to growth in our safety businesses in Latin America and UK & Ireland experienced a slight decline, principally due to further weakness in the hospitality sector during the quarter.

Trading has been strong in safety across the quarter and has strengthened more recently in grocery, healthcare and cleaning & hygiene. The foodservice and retail sectors, which together account for around 35% of Group revenue, have been increasingly negatively impacted by the COVID-19 crisis in the latter part of March.

Looking forward, parts of Bunzl supplying to the foodservice and retail sectors are expected to be significantly affected by the closures being witnessed across the world. The cleaning & hygiene and safety sectors are expected to see a mixed trading picture as a result of the end-markets served. Sectors such as grocery and healthcare are expected to deliver a robust performance.

Given the unprecedented uncertainty around the impact of COVID-19, it is not possible to assess with certainty the impact this will have on the Group's financial performance for the year. As such, the Company is withdrawing its previous guidance for the year ending December 2020.

Robust financial position

The Group has a proven cash generative business model, strong balance sheet with net debt to EBITDA of 1.9x as at 31 December 2019 and significant headroom in its committed facilities of over £0.6bn. The Company has an investment grade credit rating, strong relationships with a broad group of banks, is a long-standing issuer in the US private placement market and has access to the public bond markets. The Group has no debt maturities in the remainder of 2020. The principal covenant limits are net debt to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times.

In light of the evolving COVID-19 situation, the Company has moved quickly to protect profitability, liquidity and cashflow while seeking to ensure it is well placed to benefit when the recovery takes place. The Group is acting responsibly with regard to its employees and is accessing employee-related government support packages where appropriate. In certain countries and where safe to do so, employees are transferring between sites to balance capacity. The Board, executive committee and business area managing directors are taking a 20% reduction in fees / base salary during the second quarter 2020 to help support the business. All discretionary spend has been stopped and the Group continues to manage actively its cost base.

The Company has also paused all acquisition activity, including deferring the completion of the purchase of ICM, a distributor of personal protection equipment in Denmark, the proposed acquisition of which was announced in February 2020, until later in the year and ceased any non-essential capital expenditure. The Group maintains a high level of focus on working capital and, will, where possible, defer tax payments in line with recent government policies.

Dividend

Notwithstanding the generally robust trading position and the Company's strong balance sheet, the macro economic environment is one of heightened uncertainty. After due consideration, the Board has decided it will no longer propose a final dividend for the year ended 31 December 2019 at the Annual General Meeting to be held on 15 April 2020. The Board recognises the importance of dividends to shareholders and, as such, it intends to consider the appropriateness, quantum and timing of an additional interim dividend payment relating to the financial year ended 31 December 2019 when it has a clearer view of the effects of COVID-19 on the Company's business.

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

"Bunzl is a strong, resilient and well diversified business offering many critical and essential services to customers. While we had a strong first quarter, the ongoing uncertainty and headwinds presented by the COVID-19 outbreak mean we have a significantly more challenging near-term trading outlook. However, we are taking appropriate actions on cost and cashflow and Bunzl remains a financially strong business with both a robust liquidity position and a capital structure that are well-placed to absorb an extended period of uncertainty.

"I am immensely thankful for the dedication and courage of our colleagues around the world during these challenging times and proud that large parts of Bunzl are playing an important part in responding to the COVID-19 crisis and continuing to serve critical industries."

This announcement contains inside information.

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