



News Release

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BUNZL Q3 TRADING STATEMENT PROFIT IN-LINE WITH EXPECTATIONS; 2023 PROFIT OUTLOOK MAINTAINED

Bunzl plc, the specialist international distribution and services Group, today announces its trading statement for the period since 30 June 2023.

Following Bunzl's strong performance over recent years and continued resilience, the Group continues to perform well. Adjusted operating profit over the quarter was in-line with expectations and the Group reiterates its 2023 adjusted operating profit growth outlook.

Group revenue in the third quarter declined by 4.8% at constant exchange rates, with underlying revenue, which is organic growth adjusted for trading days, declining by 4.7%, driven by a continued decline in Covid-19 related product sales; a reduced level of inflation benefit; and wider post-pandemic related normalisation trends which drove expected volume weakness consistent with the prior quarter. One fewer trading day than the comparable period negatively impacted revenue by 0.8%¹. Acquisitions contributed growth of 2.0% at constant exchange rates, whilst the disposal of our UK healthcare business impacted revenue by 1.3%. Overall, at actual exchange rates, given the weakness of sterling in the prior year, Group revenue declined by 8.8% over the quarter. Operating margin over the quarter was very strong, remaining substantially higher than compared to the pre-pandemic period in 2019, and slightly ahead of the Group's expectations.

We reiterate our confidence in the Group's 2023 adjusted operating profit being moderately higher than in 2022 at constant exchange rates. We expect Group revenue, at constant exchange rates, to be slightly lower than in 2022, with the benefit of announced acquisitions offset by some organic decline, following strong organic growth in recent years, and a small impact from the UK healthcare disposal. Operating margin in 2023 is now expected to reach the record level seen in recent years.

In September 2023, Bunzl signed an agreement to acquire CT Group, a distributor of surgical and medical devices and provider of value-added logistics services to health providers in Brazil which will enhance Bunzl's national presence and expand our product offering. In 2022, the higher margin business generated revenue of BRL 269 million (c.£42 million). Completion of the acquisition is subject to competition authority clearance.

Towards the end of August 2023, Bunzl completed the acquisition of Pittman Traffic & Safety Equipment in Ireland, a distributor of safety and asset protection solutions, such as bollards, speed bumps and workplace barriers. This acquisition supports the expansion of our North America based McCue business, which already has a UK presence. Pittman Traffic & Safety Equipment generated revenue of EUR 7 million (c.£6 million) in 2022.

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

"Our performance continues to highlight the strength and resilience of the Group's business model, with revenue over the quarter 29% higher, and operating margin substantially higher, than the comparable period in 2019 at constant exchange rates. I remain confident in our ability to sustain a higher operating margin compared to pre-pandemic levels, supported by the acquisitions we have made over the period. Furthermore, today we announce our 13th and 14th acquisitions of 2023, with a total year-to-date committed spend of more than £425 million. I remain excited by the Group's medium-term opportunities, which continue to be driven by our proven compounding growth strategy and active acquisition pipeline, supported by a strong balance sheet."

Enquiries:

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1. Net of the benefit of growth in excess of 26% per annum in hyperinflationary economies, largely in Turkey, which contributed a small increase of 0.1%.