BUNZL

News Release

24 October 2024

BUNZL Q3 TRADING STATEMENT
IMPROVED UNDERLYING REVENUE GROWTH; FY GUIDANCE UNCHANGED

Bunzl plc, the specialist international distribution and services Group, today announces its trading statement for the period since 30 June 2024.

Group revenue in the quarter grew by 5.4% at constant exchange rates. Underlying revenue, which is organic revenue adjusted for trading days[1], declined by 1.2%, an expected improvement in trading compared to the prior quarter as underlying revenue trends continue to strengthen. Improved performance through the quarter in our US foodservice redistribution business supported volume growth in North America, with the Group overall delivering modest volume growth year-on-year. Acquisitions contributed growth of 6.8% at constant exchange rates. Overall, at actual exchange rates, Group revenue grew by 2.0%. Operating margin over the quarter was in line with expectations, supporting our 2024 outlook.

The Group's full year guidance remains unchanged. The Group continues to expect to deliver robust revenue growth, at constant exchange rates, driven by acquisitions already completed in 2024; with a small decline in underlying revenue. We continue to expect adjusted operating profit in 2024 to show a strong increase in comparison with 2023, at constant exchange rates, with Group operating margin expected to be moderately above the level reported for 2023.

In August 2024, we made a commitment to allocate c.£700 million per annum, primarily to be invested in value-accretive acquisitions and, if required, returns of capital in each of the three years ending 31 December 2027, which is intended to steadily return Bunzl to its target leverage range by the end of 2027. We also initiated a £250 million buyback with immediate effect with an expectation of announcing a further buyback at our 2024 preliminary results. Since the results we have executed approximately £100 million of the £250 million buyback, and as set out below, continued to invest in value-accretive acquisitions.

In August, Bunzl completed the acquisition of Cermerón, a regional distributor of cleaning & hygiene products to foodservice and hospitality customers in Southern Spain, which enhances Bunzl's regional strength in these sectors. The business generated revenue of EUR 13 million (£11 million) in 2023.

In September, Bunzl completed the acquisition of Cubro Group ("Cubro"), the leading distributor of mobility aids and clinical furniture to the aged care, community care, and hospital markets in New Zealand. This fast-growing business expands our offering in the healthcare market, and generated NZD 92 million (£44 million) of revenue in the year to March 2024.

In September, Bunzl completed the acquisition of DBM Medical Group ("DBM"), a specialist distributor of orthopaedic surgery products in New Zealand. DBM complements our growing healthcare business in the region and generated NZD 16 million (£7 million) of revenue in the year to June 2024.

In October, Bunzl completed the acquisition of Arrow County Holdings Limited ("Arrow"), a distributor of cleaning and hygiene products in the UK, with a strong own brand portfolio. The business complements our existing customer offering and generated revenue of £24 million in 2023.

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

"Bunzl has delivered another period of good growth that demonstrates the ongoing strength of our compounding strategy and resilient business model. I am pleased to see continued momentum in underlying revenue performance and the extension of this year's acquisition success, with 11 acquisitions announced, and our pipeline remaining active. We welcome Cubro, DBM, Cermerón and Arrow, strengthening our growing position in New Zealand's healthcare market, enhancing our regional position in Spain, and complementing our own brand portfolio in the UK. Our initial £250 million share buyback is also well underway, and I reiterate our commitment 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 to 2027."

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1. Net of the benefit of growth in excess of 26% per annum in hyperinflationary economies, which contributed a small decrease of 0.2%. Trading days had a negligible impact over the period.