



BUNZL

2022 ANNUAL

GENERAL MEETING

April 2022



INCOME STATEMENT



Good profit growth despite expected margin headwinds from revenue mix

FY21 revenue growth²

7.1%

FY 21 adjusted operating profit¹ growth²

2.8%

Q1 22 revenue growth²

12.5%

£m	2021	2020	REPORTED GROWTH	CONSTANT EXCHANGE
Revenue	10,285.1	10,111.1	1.7%	7.1%
Adjusted operating profit ¹	752.8	778.4	(3.3)%	2.8%
Operating margin ¹	7.3%	7.7%		
Adjusted profit before income tax ^{1,3}	698.2	715.6	(2.4)%	3.9%
Effective tax rate ¹	22.3%	23.1%		
Adjusted profit for the year ¹	542.5	550.5	(1.5)%	4.9%
Adjusted earnings per share ^{1,4}	162.5p	164.9p	(1.5)%	4.9%
Total dividend per share	57.0p	54.1p	5.4%	
Statutory				
Operating profit	623.3	618.5		
Profit before income tax ³	568.7	555.7		
Basic earnings per share ⁴	132.7p	128.8p		

Notes

1. Alternative performance measure – see Appendix 1
2. At constant exchange
3. Net finance cost in 2021 was £54.6 million and £62.8 million in 2020
4. Weighted average number of shares of 333.8 million in 2021 and 333.8 million in 2020

STRONG FINANCIAL DISCIPLINE DRIVES OPPORTUNITIES



Resilient cash conversion key to Bunzl's strength

Average cash conversion¹
since 2004

98%

Net debt : EBITDA^{1,2}

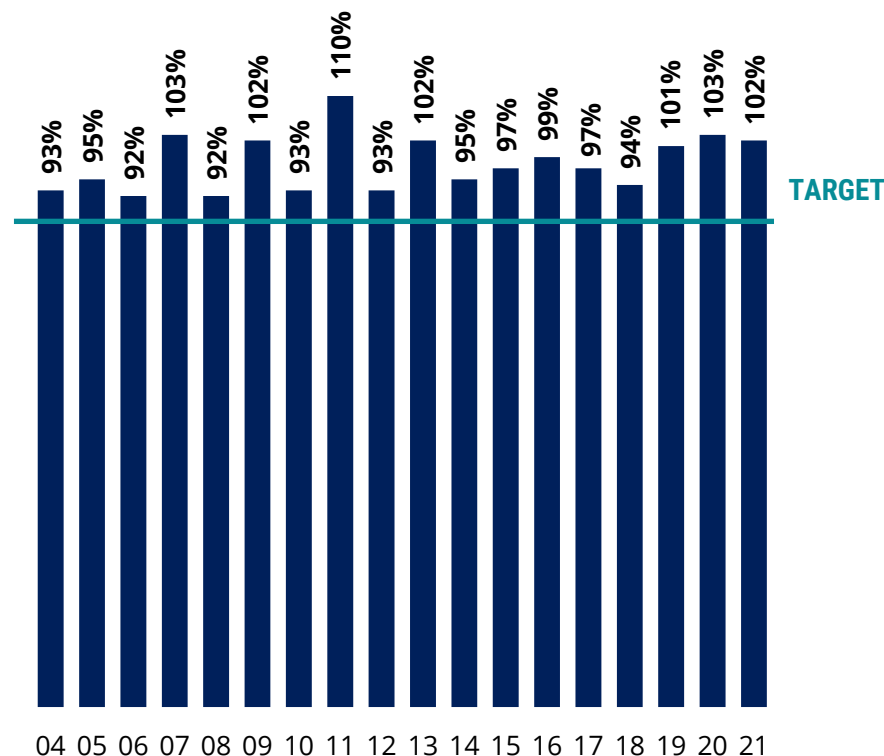
1.6x

Substantial capacity for self-funded acquisitions with 2.0x-2.5x target leverage

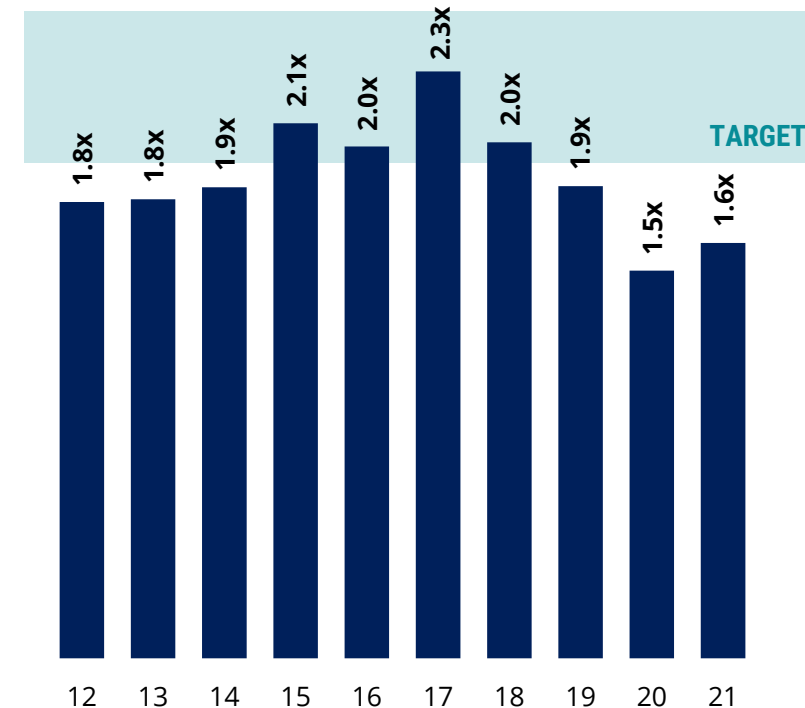
ROIC¹

15.1%

Cash conversion since 2004



Net debt : EBITDA^{1,2} over the last 10 years



Notes:

1. Alternative performance measure
2. On a covenant basis - at average exchange rates and based on historical accounting standards, in accordance with Group's external debt covenants

DIVIDEND GROWTH CONTINUES

Good dividend growth as dividend cover begins to normalise

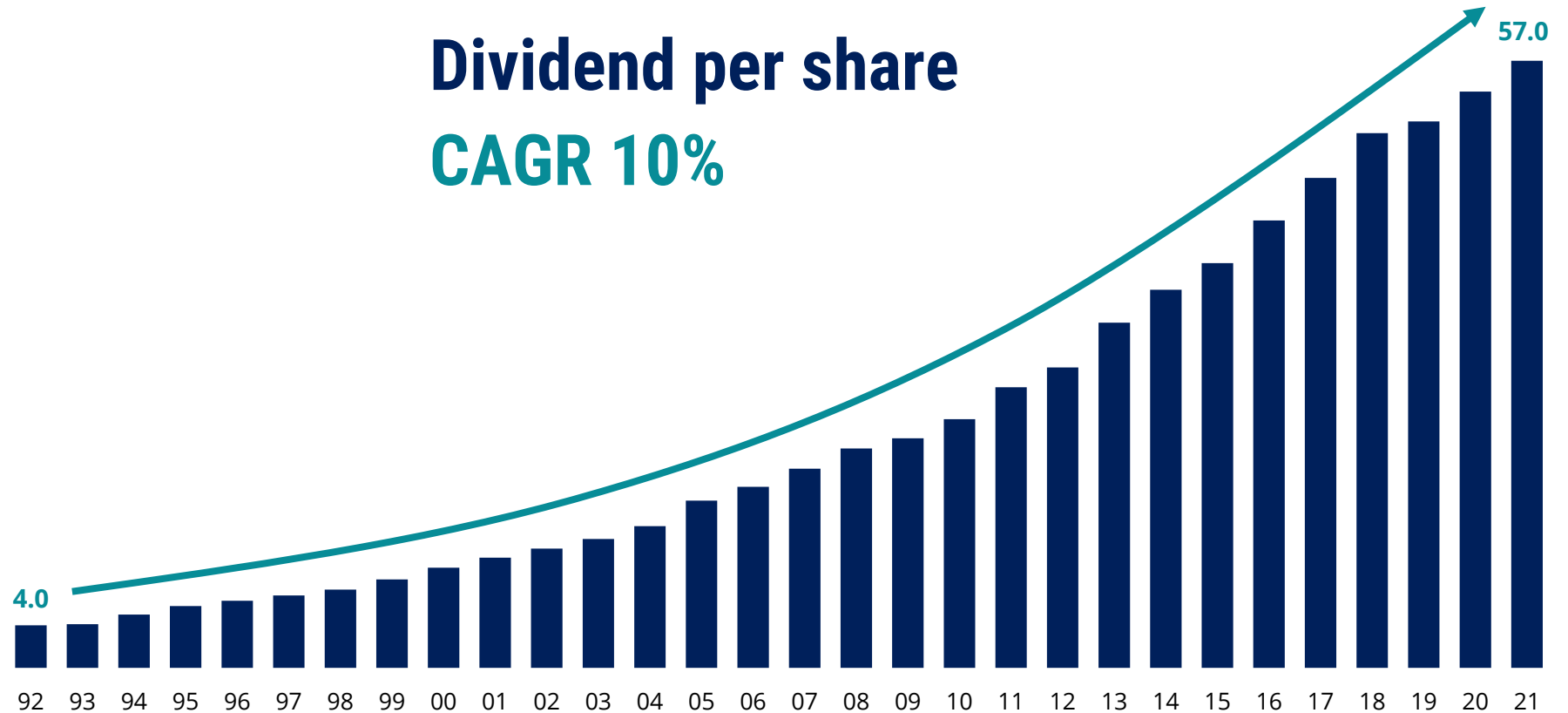


29 years

of consecutive
dividend
increases

Dividend per share

CAGR 10%



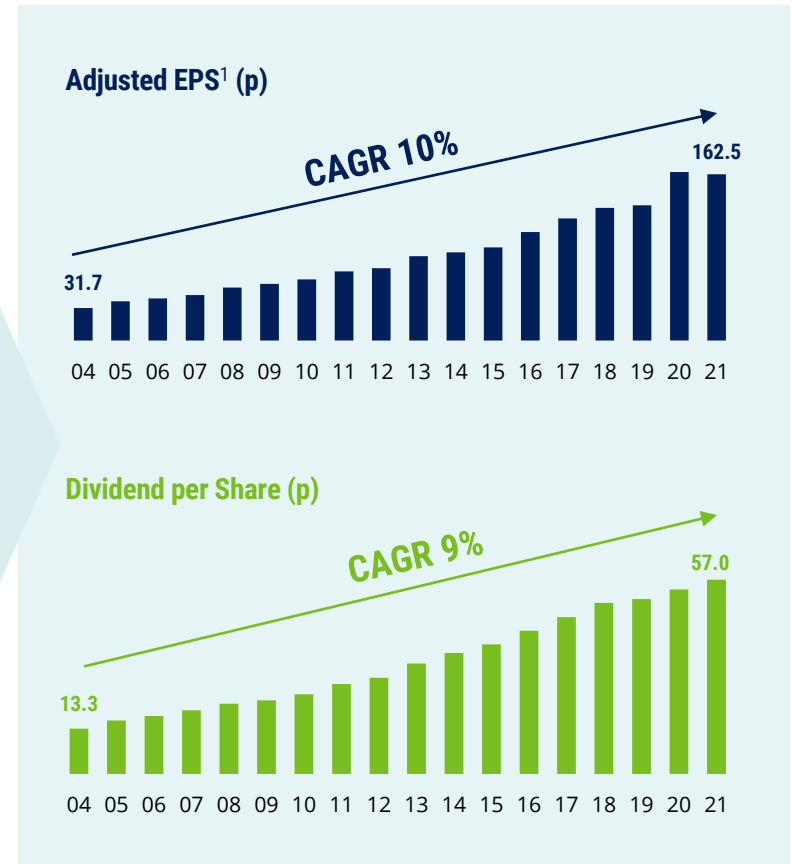
CONSISTENT AND PROVEN COMPOUNDING STRATEGY

Strong total shareholder returns



Proven track record

Strong returns and cash generation	Organic growth	<ul style="list-style-type: none"> – Driven by economic activity – Bunzl's drivers include exposure to growing sectors, winning new customers, own brand mix and sustainable products 	<ul style="list-style-type: none"> – +9% revenue CAGR since 2004 – 2.5% organic revenue growth (average 2004-2021)
	Operational efficiencies	<ul style="list-style-type: none"> – Proactive operational efficiency initiatives – Includes warehouse consolidations, improved IT and digital solutions and route planning software that drives efficiencies 	<ul style="list-style-type: none"> – 98% average cash conversion since 2004
	<ul style="list-style-type: none"> Acquisitions Dividend 	<ul style="list-style-type: none"> – 183 acquisitions since 2004 – Attractive pipeline for acquisitions with long runway for growth – Commitment to sustainable annual dividend growth 	<ul style="list-style-type: none"> – £4.4bn invested in new acquisitions since 2004 – 29 years of annual dividend growth – ROIC well ahead of WACC



Note: 1. Alternative performance measure

ACQUISITIONS A KEY COMPONENT OF HISTORIC SUCCESS



Momentum and headroom supportive to future growth

Acquisition contribution to revenue growth since 2011

c.2/3

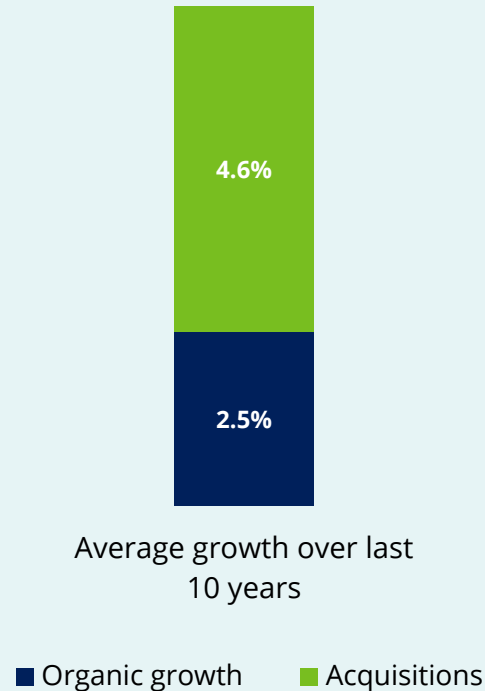
Significant committed spend over 2020 and 2021

c.£1 billion

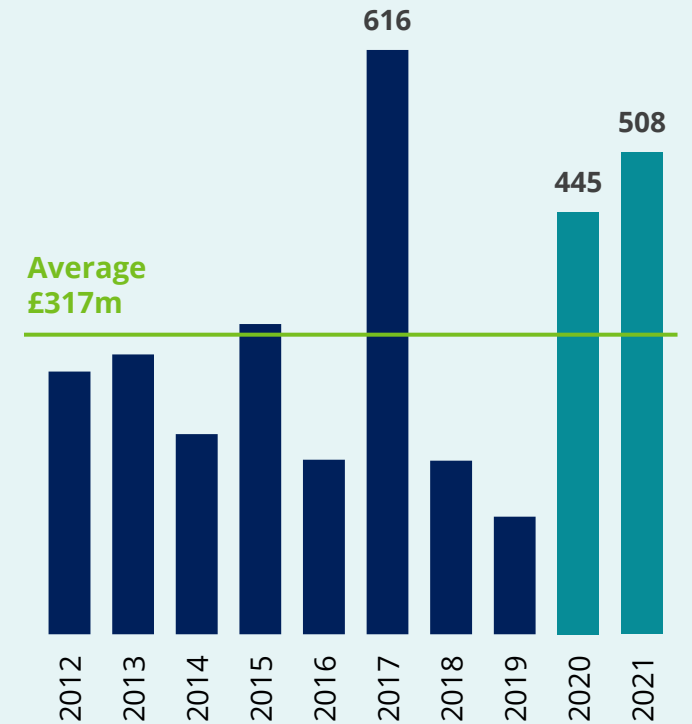
Active pipeline

Leverage and annual cash generation provides significant headroom for further investment

Average components of revenue growth over last 10 years



Committed acquisition spend over the last 10 years (£m)



PROGRESS AGAINST OUR SUSTAINABILITY COMMITMENTS



Tailored solutions for a better world

Better packaging solutions

Today: We are committed to supporting our customers to remove, replace and reduce single use plastics

In 2021:

- 2% of Group revenues relate to consumables facing regulation
- 84% of Group revenue attributable to non-packaging products or packaging¹ products made from alternative materials

Tomorrow: Significantly increase the amount of recyclable, compostable or reusable packaging supplied to our customers

Responsible supply chain

Today: Our supply chain in Asia is covered by direct auditing and assurance practices²

In 2021:

- 754 audits in Asia
- 10 suppliers terminated

Tomorrow: Expanding our programme to ensure 90% of our spend in high-risk markets is sourced from assessed and compliant suppliers

Investing in our people

Today: We are focused on engagement and diverse leadership succession

In 2021:

- Initiatives have driven a strong improvement in the UK & Ireland, with women comprising 22% of senior leader roles vs. 13% in 2019
- Encouraging retention levels despite labour market tightness

Tomorrow: Expanding our diversity programmes to encourage leaders from a more diverse pool of talent

Focus on Climate Change

Today: Our consolidation model supports carbon efficiency

In 2021:

- 12% reduction in carbon intensity³
- Joined the Race to Zero

Tomorrow: 50% more efficient by 2030³ (compared to 2019 baseline) and net zero by 2050, inclusive of scope 3, at the latest⁴

Notes

1. Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure
2. Asia is the most significant market by spend within regions that are classified as high risk
3. Scope 1 and 2 emissions
4. Scope 1, 2 and 3 emissions

STRENGTH THROUGH THE PANDEMIC



Pandemic has highlighted the strength of Bunzl's business model and strategy

Financial performance 2021 vs. 2019

- Revenue **+17%** higher¹, with underlying revenue² **+9%** higher¹
- Adjusted operating profit³ **+23%** higher¹
- Mix of sector and product revenue provided resilience through the period
- Average of **102%** cash conversion; Free Cash Flow **+15%** higher at actual exchange rates
- **Two further years** of consecutive dividend per share growth

Continued strategic progress

- Almost **£1bn** of committed acquisition spend over 2020 and 2021
- Percentage of digital orders increased from **62%** in 2019 to **67%** in 2021
- **84%** of Group revenues in 2021 generated by non-packaging products and packaging⁴ products made from alternative materials
- Strength of employee engagement with **88%** having a strong commitment to Bunzl
- Launch of **sustainability commitments**, including net zero carbon ambition

Attractive outlook

- Exited 2021 with net debt: EBITDA^{3,5} of **1.6x** compared to target level of 2.0-2.5x
- Active acquisition pipeline
- Continued support of Covid-19 related products through transitional period
- Longer-term attractive sector exposure

Notes

1. At constant exchange rates
2. Underlying revenue is a measure of revenue over comparative periods at constant exchange rates, excluding the incremental impact of acquisitions and disposals and adjusted for differences in trading days between years
3. Alternative performance measure – see Appendix 1
4. Packaging refers to packaging and other products within the foodservice, grocery and retail sectors which are facing legislation or consumer pressure
5. At average exchange rates and based on historical accounting standards, in accordance with Group's external debt covenants

A woman with dark hair, wearing a black hoodie and a bright yellow high-visibility safety vest, is operating a black pallet jack in a warehouse. She is looking towards the camera with a neutral expression. The pallet jack has a large screen and a steering wheel. In the background, there are orange metal shelving units and wire mesh cages. Another person in a yellow vest is partially visible on the right side of the frame.

Appendices

APPENDIX 1

Alternative performance measures



This presentation includes various performance measures defined under International Financial Reporting Standards ('IFRS') as well as a number of alternative performance measures. The principal alternative performance measures used in this presentation are:

Underlying revenue growth - Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange and adjusted for differences in trading days between years

Adjusted operating profit - Operating profit before customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses

Operating margin - Adjusted operating profit as a percentage of revenue

Adjusted profit before income tax - Profit before income tax, customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges and profit or loss on disposal of businesses

Adjusted profit for the period - Profit for the year before customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses and the associated tax

Effective tax rate - Tax on adjusted profit before income tax as a percentage of adjusted profit before income tax

Adjusted earnings per share - Adjusted profit for the year divided by the weighted average number of ordinary shares in issue

Adjusted diluted earnings per share - Adjusted profit for the year divided by the diluted weighted average number of ordinary shares

Operating cash flow - Cash generated from operations before acquisition related items after deducting purchases of property, plant and equipment and software and adding back the proceeds from the sale of property, plant and equipment and software and deducting the payment of lease liabilities

Free cash flow - Operating cash flow after deducting payments for income tax and net interest excluding interest on lease liabilities

Lease adjusted operating profit - Adjusted operating profit after adding back the depreciation of right-of-use assets and deducting the payment of lease liabilities

Cash conversion - Operating cash flow as a percentage of lease adjusted operating profit

Working capital - Inventories and trade and other receivables less trade and other payables, excluding non-operating related receivables, non-operating related payables (including those relating to acquisition payments) and dividends payable

Return on average operating capital - The ratio of adjusted operating profit to the average of the month end operating capital employed (being property, plant and equipment, right-of-use assets, software, inventories and trade and other receivables less trade and other payables)

Return on invested capital - The ratio of adjusted operating profit to the average of the month end invested capital (being equity after adding back net debt, lease liabilities, net defined benefit pension scheme liabilities, cumulative customer relationships and brands amortisation, acquisition related items and amounts written off goodwill, net of the associated tax)

EBITDA - Adjusted operating profit on a historical GAAP basis, before depreciation of property, plant and equipment and software amortisation and after adjustments as permitted by the Group's debt covenants, principally to exclude share option charges and to annualise for the effect of acquisitions and disposal of businesses

Net debt excluding lease liabilities - Net debt excluding the carrying value of lease liabilities

Constant exchange rates - Growth rates at constant exchange rates are calculated by retranslating the results for prior years at the average rates for the year ended 31 December 2021 so that they can be compared without the distorting impact of changes caused by foreign exchange translation

APPENDIX 2

Statutory P&L



£m	2021	2020
Revenue	10,285.1	10,111.1
Adjusted operating profit ¹	752.8	778.4
Operating margin ¹	7.3%	7.7%
Adjusting items	(129.5)	(159.9)
Operating profit	623.3	618.5
Net finance expense	(54.6)	(62.8)
Profit before income tax	568.7	555.7
Reported tax rate	22.1%	22.6%
Profit for the year	442.8	430.0
Basic earnings per share	132.7	128.8p

Notes

1. Alternative performance measure – see Appendix 1

APPENDIX 3

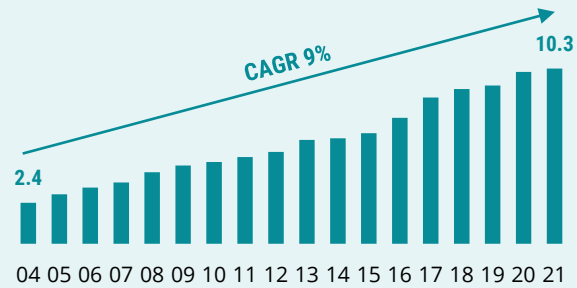
Financial track record



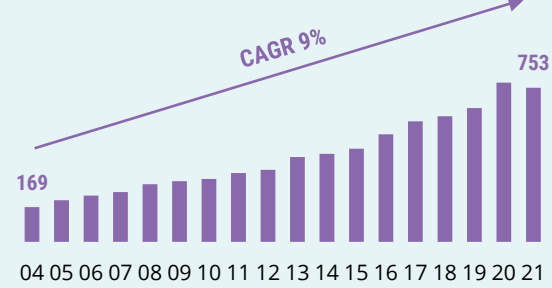
Proven
compounding
growth strategy
CAGR

c.9-10%

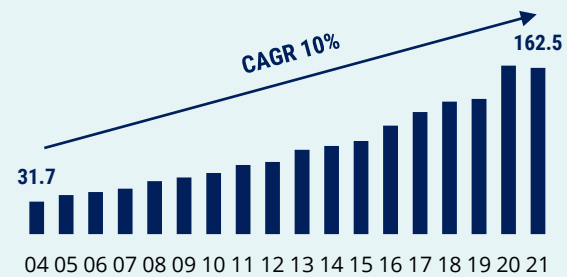
Revenue (£bn)



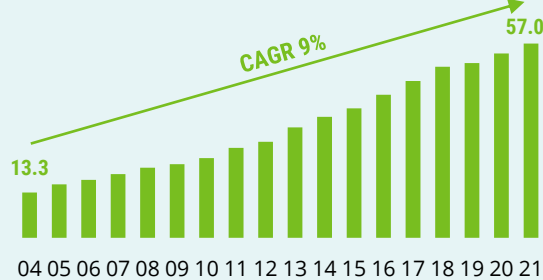
Adjusted operating profit¹ (£m)



Adjusted EPS¹ (p)



Dividend per Share (p)



Note: 1. Alternative performance measure

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