



News Release

29 August 2017

HALF YEARLY FINANCIAL REPORT FOR SIX MONTHS ENDED 30 JUNE 2017

Bunzl plc, the international distribution and outsourcing Group, today publishes its half yearly financial report for the six months ended 30 June 2017.

	H1 17	H1 16	Growth as reported	Growth at constant exchange
Financial results				
Revenue	£4,119.2m	£3,446.8m	20%	7%
Adjusted operating profit*	£272.6m	£235.1m	16%	4%
Adjusted profit before income tax*	£248.3m	£210.6m	18%	5%
Adjusted earnings per share*	55.1p	46.2p	19%	7%
Interim dividend	14.0p	13.0p	8%	

Statutory results

Operating profit	£206.2m	£180.1m	14%
Profit before income tax	£181.9m	£155.6m	17%
Basic earnings per share	40.0p	33.8p	18%

Highlights include:

- Good increases at constant exchange rates in revenue, adjusted operating profit* and adjusted earnings per share*
- Organic revenue growth increased to 3.7%
- Group operating margin* down 20 basis points to 6.6%, principally due to the impact of lower margin business won in North America
- Eleven acquisitions announced to date, including one announced today, with a total committed spend of £546 million
- Return on average operating capital of 54.3% with return on invested capital of 16.4%
- Continued strong cash conversion (operating cash flow[†] to adjusted operating profit*) of 96%
- 24 year track record of dividend growth continues with an increase of 8% in the interim dividend

* Before customer relationships amortisation, acquisition related items and associated tax where relevant (see Note 1)

[†] Before acquisition related items (see Consolidated cash flow statement)

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

"Bunzl has once again delivered good increases in revenue, adjusted operating profit and adjusted earnings per share. I am particularly pleased to report a significant pick up in the level of organic revenue growth to 3.7% during the first half of 2017 following the previously announced new business win in North America last year.

It is also good to see that acquisition activity, which continues to be an important part of our growth strategy, has accelerated in 2017. With four months of the year remaining, we are already at a record level of annual committed spend of £546 million including two larger businesses, being DDS in the US and the proposed acquisition of the Hedis group in France.

Looking forward, we are confident that the prospects for the Group are positive and that the Company will continue to grow and develop further both organically and through acquisition."

Business area highlights:

	Revenue (£m)		Growth at constant exchange	Adjusted operating profit* (£m)		Growth at constant exchange	Operating margin*	
	H1 17	H1 16		H1 17	H1 16		H1 17	H1 16
North America	2,432.6	1,997.8	7%	148.0	128.1	2%	6.1%	6.4%
Continental Europe	769.0	638.6	9%	73.1	60.5	10%	9.5%	9.5%
UK & Ireland	566.1	523.4	7%	37.9	36.0	4%	6.7%	6.9%
Rest of the World	351.5	287.0	2%	25.1	21.0	(1)%	7.1%	7.3%

North America (59% of revenue and 52% of adjusted operating profit[◇])

- Revenue increase driven by strong improvement in organic growth
- Growth in grocery from substantial increase in business with existing customer, albeit at lower margins
- Significant expansion in retail supplies through acquisition of DDS
- Redistribution growth from category management programmes
- Safety boosted by purchase of Kishigo
- Further expansion and development in Canada

Continental Europe (19% of revenue and 26% of adjusted operating profit[◇])

- Strong increases in revenue and profit with stable operating margin (+10bp at constant exchange rates)
- Marginal sales decline in cleaning & hygiene in France
- Significant growth in Spain
- Expansion into safety in Italy through purchase of Neri
- Substantial proposed acquisition of Hedis group in France

UK & Ireland (14% of revenue and 13% of adjusted operating profit[◇])

- Trading in safety affected by subdued marketplace
- Revenue and profit increase in cleaning & hygiene
- Food retail recovering following account loss in 2016; non-food retail boosted by acquisition of Woodway
- Growth in hospitality from contract wins and expansion of business with existing customers
- Healthcare held back by difficult market conditions
- Good growth in Ireland across all sectors

Rest of the World (8% of revenue and 9% of adjusted operating profit[◇])

- Latin America
 - Some recovery in Brazil with mixed performance elsewhere
- Australasia
 - Continued improvement in market conditions
- Asia
 - Expansion in Asia through acquisitions in Singapore and China

* Before customer relationships amortisation and acquisition related items (see Notes 1 and 2)

◇ Before customer relationships amortisation, acquisition related items and corporate costs (see Note 2)

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Note:

A live webcast of today's presentation to analysts will be available on www.bunzl.com commencing at 9.30 am.

CHAIRMAN'S STATEMENT

Results

Although both the macroeconomic and market conditions have remained variable in many of the countries and sectors in which we operate, I am pleased to report that Bunzl has produced another good set of results for the first half of 2017. Overall currency translation movements, due to the weakening of sterling, had a significant positive impact on the reported Group growth rates at actual exchange rates.

Group revenue for the first half of 2017 increased 20% to £4,119.2 million (2016: £3,446.8 million) and adjusted operating profit before customer relationships amortisation and acquisition related items was up 16% to £272.6 million (2016: £235.1 million). Adjusted earnings per share were 55.1p (2016: 46.2p), an increase of 19%.

At constant exchange rates, revenue increased by 7% and adjusted operating profit rose by 4% with the Group operating margin declining from 6.8% to 6.6%. Adjusted earnings per share were up 7%.

Return on average operating capital decreased to 54.3% from 55.9% at 31 December 2016 due to a lower operating margin and higher operating capital in the underlying business and the impact of a lower return on operating capital from acquisitions. Return on invested capital of 16.4% was down from 16.7% at 31 December 2016 due to the effect of acquisitions and a lower underlying return on average operating capital.

Dividend

The Board has decided to increase the interim dividend by 8% to 14.0p. Shareholders will again have the opportunity to participate in our dividend reinvestment plan.

Strategy

We continue to pursue our proven strategy of developing the business through organic growth, consolidating the markets in which we compete through focused acquisitions and continuously improving the quality of our operations and making our businesses more efficient. Acquisition activity has accelerated in 2017. Including the acquisition announced today, we have acquired, or agreed in principle to acquire, 11 businesses so far this year. The committed spend in respect of these acquisitions is £546 million, adding annualised revenue of £543 million.

Board

David Sleath, who had served as a non-executive director since 2007, retired after the Company's Annual General Meeting in April 2017. Lloyd Pitchford, who is currently Chief Financial Officer of Experian plc, was appointed as a non-executive director with effect from 1 March 2017 and assumed the role of Chairman of the Audit Committee upon David's retirement when Vanda Murray also became the Senior Independent Director. Stephan Nanninga, a Dutch national who has had extensive international experience across a range of businesses operating in the distribution and service sectors, joined the Board as a non-executive director on 1 May 2017.

CHIEF EXECUTIVE'S REVIEW

Operating performance

With more than 85% of the Group's revenue generated outside the UK, the weakening of sterling against most currencies has had a significant positive translation impact on the Group's reported results, increasing revenue, profits and earnings by approximately 12%. As in previous reporting periods, the operations, including the relevant growth rates and changes in operating margin, are therefore reviewed below at constant exchange rates to remove the distorting impact of these currency movements. Changes in the level of revenue and profits at constant exchange rates have been calculated by retranslating the results for the first half of 2016 at the average rates used for 2017. Unless

otherwise stated, all references in this review to operating profit are to adjusted operating profit (being operating profit before customer relationships amortisation and acquisition related items) while operating margin refers to adjusted operating profit as a percentage of revenue.

Revenue increased 7% (20% at actual exchange rates) to £4,119.2 million due to the positive impact of acquisitions together with an improved level of organic growth. Consistent with the trends seen during the fourth quarter of 2016, organic revenue continued to increase in the first half of 2017 and was up 3.7% compared to the same period last year mainly as a result of the additional business won in North America towards the end of 2016. Operating profit was £272.6 million, an increase of 4% (16% at actual exchange rates). The percentage growth in operating profit was lower than that of revenue principally due to the impact of the business won in North America being at an operating margin below the Group average, resulting in a decline in the Group operating margin by 20 basis points at both constant and actual exchange rates to 6.6%.

In North America revenue rose 7% (22% at actual exchange rates) due to the impact of higher organic growth together with the effect of acquisitions, while operating profit increased 2% (16% at actual exchange rates) as the operating margin declined 30 basis points at both constant and actual exchange rates to 6.1% due to the impact of the lower margin business won. Revenue in Continental Europe rose 9% (20% at actual exchange rates) as a result of the impact of acquisitions and organic revenue growth, with operating profit up 10% (21% at actual exchange rates) as the operating margin improved 10 basis points at constant exchange rates (unchanged at actual exchange rates) to 9.5%. In UK & Ireland revenue was up 7% (8% at actual exchange rates) due to the impact of acquisitions and operating profit increased 4% (5% at actual exchange rates) with the operating margin decreasing by 20 basis points at both constant and actual exchange rates to 6.7%. In Rest of the World revenue increased 2% (22% at actual exchange rates) and operating profit was down 1% (up 20% at actual exchange rates) with the business area operating margin reducing 20 basis points at both constant and actual exchange rates to 7.1%.

Adjusted profit before income tax (being profit before income tax, customer relationships amortisation and acquisition related items) was £248.3 million, up 5% (18% at actual exchange rates) due to the growth in adjusted operating profit and a lower net interest charge. Profit before income tax was £181.9 million, an increase of 4% (17% at actual exchange rates). Basic earnings per share were 6% higher (18% at actual exchange rates) at 40.0p. Adjusted earnings per share, which excludes the effect of customer relationships amortisation and acquisition related items, were 55.1p, an increase of 7% (19% at actual exchange rates).

Once again the operating cash flow, which is before acquisition related items, was very strong with cash conversion (the ratio of operating cash flow to adjusted operating profit) at 96%. The ratio of net debt to EBITDA calculated at average exchange rates increased from 2.0 times at the end of 2016 to 2.2 times.

Acquisitions

Acquisition activity has picked up significantly in 2017. So far this year, including the transaction we have announced today, we have acquired, or agreed in principle to acquire, 11 businesses for a total committed spend of £546 million. These include two larger transactions being DDS in the US and a group of businesses in France consisting of Hedis, Comptoir de Bretagne and Générale Collectivités. With four months of the year remaining, 2017 already represents a record level of annual acquisition spend for Bunzl and significantly exceeds the previous high of £327 million achieved in 2015.

In January, in addition to completing the purchase of Sæbe Compagniet and Prorisk and GM Equipement, which we agreed to acquire in November 2016, we acquired two further businesses. Early in the month we purchased

the business of Packaging Film Sales which distributes food packaging products, including flexible barrier films and speciality bags and pouches, to food processors in the US. Revenue in 2016 was £5 million. At the end of January we acquired LSH, a distributor of safety products, primarily to end users, based in Singapore. This represents our first step into Singapore and provides a base from which to develop our operations in Asia. Revenue in 2016 was £5 million.

At the end of March we completed two acquisitions. ML Kishigo, which is engaged in the sale of high visibility clothing and other safety related workwear to distributors throughout the US, provides customised solutions for its customers and brings additional expertise and an extended product portfolio to our existing safety business in the US. Revenue in 2016 was £27 million. Neri supplies a broad range of personal protection equipment, including gloves, footwear and workwear, to both distributors and end users throughout Italy and takes us into the important safety market there for the first time. Revenue in 2016 was £41 million.

We completed four transactions during May. DDS is a distributor of goods not-for-resale and value-added services to retailers and other general distribution customers, principally throughout North America. The business supplies a wide range of packaging, consumables and operating store supplies through a variety of distribution and outsourcing programmes and has expanded and extended our operations, particularly in relation to the retail sector. Revenue in 2016 was £248 million. Tecnopacking is engaged in the distribution of industrial and disposable packaging products to end users operating in a variety of different sectors throughout Spain as well as in Portugal. Revenue in 2016 was £33 million. This acquisition has further extended our operations in Spain which have grown significantly in recent years with total annualised revenue now approaching €200 million. We also acquired two separate businesses in Canada at the end of May. AMFAS and Western Safety are distributors of commercial and industrial first aid and safety supplies, including a full range of personal protection equipment, to end user customers throughout Western Canada. The businesses, which together had aggregated annualised revenue of £10 million in 2016, also provide safety-related services including training programmes and other workplace safety solutions.

Pixel Inspiration was purchased at the end of June. A marketing services business which specialises in the digital signage sector, Pixel provides project-based installations for multi-site retailers and financial institutions in the UK and is also engaged in the provision of management and consultancy services related to the usage of such installations. Revenue in 2016 was £7 million.

Towards the end of July the Company made a binding offer for the acquisition of a group of businesses in France. Hedis, which trades through a number of subsidiaries, is engaged in the sale and distribution of cleaning & hygiene related products to a variety of end user customers, principally in the public, healthcare, foodservice and cleaning sectors, as well as to some redistributors. Two other businesses, Comptoir de Bretagne and Générale Collectivités, distribute light catering equipment and tableware to a similarly fragmented customer base in France. In 2016 the aggregate revenue of the businesses to be acquired was £134 million, of which £113 million related to Hedis and £21 million related to Comptoir de Bretagne and Générale Collectivités. The consultation process with the relevant works councils of the target companies has now been completed. It is anticipated that the final sale and purchase documentation will be entered into shortly and completion of the acquisition will take place towards the end of the year, subject to the approval of the transaction by the French competition authority.

Today we are also announcing the acquisition of HSESF and its associated companies in China. Based in Shanghai with operations in four other provinces in eastern China, the businesses are principally engaged in the

sale of a variety of personal protection equipment to local distributors and end users but also export products to customers overseas. The aggregate revenue of the businesses acquired was £24 million in 2016.

North America

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Growth at constant exchange
Revenue	2,432.6	1,997.8	7%
Adjusted operating profit*	148.0	128.1	2%
Operating margin*	6.1%	6.4%	

* Before customer relationships amortisation and acquisition related items (see Notes 1 and 2)

In North America, revenue increased by 7% to £2,432.6 million, primarily due to a substantial increase in business with an existing grocery customer, which helped drive organic sales growth to 5%, as well as the impact of recent acquisitions. The rate of organic growth was higher than in the recent past although the additional business won is at an operating margin below the average margin for the North America business area. Operating profit therefore increased by 2% to £148.0 million, with the operating margin declining to 6.1%.

Our largest business serving the grocery sector benefited from several new accounts and additional business with one existing customer in particular has increased our capacity to handle pick and pack items which will allow us to expand our service to other customers requesting this type of product handling. We are working on programmes to make our operations in this sector more efficient, particularly as our customers themselves grow and expand. Our variety of delivery options and value-added services continue to provide our customers with an effective and efficient solution for sourcing large volume, low value not-for-resale items.

Our retail supplies business has benefited significantly from the acquisition in May of DDS which complements our existing business by providing additional merchandising and delivery capabilities to multi-channel retailers. DDS's experience with speciality retailers will allow us to offer more products across our customer base and expand their operating model to many of our existing customers. By combining their expertise in this sector with our transportation system, consolidation facilities, extensive distribution network and scale, we can deliver a more robust and complete market leading service to all types of retailers.

Our redistribution business serving the foodservice and janitorial and sanitation ('jan-san') sectors has grown during the first half as a result of the success of our category management programme for our larger national and regional customers. As their partner on this programme, we provide our customers with support throughout the supply chain from the supplier to the end user. We focus on reducing their operating costs and improving their capital management practices by optimising the flow of products that are costly for them to handle. In addition, our experienced national sales team, using the expanded e-commerce and digital tool capabilities that we have available, is able to offer our customers an effective solution to ensure that they can target specific products for specific customers. We have also continued to expand our central warehouse system for jan-san items. This, together with our ongoing investment in marketing tools and the development of new product items, has contributed to our growth with foodservice distributor customers by allowing them to offer more products to their own customers.

Although our business serving the food processor sector has experienced ongoing margin pressures due to the continuing consolidation of several large customers, we have again delivered good results. We moved the operations from our largest facility servicing this business into a new, modern warehouse that will drive more efficiencies and provide opportunities to grow further. This facility now includes state-of-the-art automation to facilitate the handling of small, individual items. Our national accounts strategy continues to deliver new ways to expand our offer to our larger customers through the use of additional digital and marketing tools that we have developed.

Revenue and operating profit declined in our operations that supply the agricultural sector due to adverse weather conditions in California which affected the fruit and vegetable harvests. However, our continued investment in the business has helped to generate new opportunities for us, particularly in Mexico. Following completion of the integration of these businesses onto one IT platform, we have begun to change our warehouse footprint to improve efficiencies and to be closer to our customers' locations. These initiatives will allow us to generate cost savings while at the same time gain new business through the enhanced service levels that we are able to provide.

Our safety business saw some improvement in sales due to the purchase of ML Kishigo at the end of March but operating profit was slightly down against the backdrop of challenging market conditions in the oil and gas sector. The acquisition has provided access to a broad, own label range of new and innovative high visibility clothing and other safety-related workwear. These items complement our existing range of safety products and are now available to all of our customers in this sector.

In the convenience store sector, both revenue and operating profit once again increased as we continued to execute our pull-through strategy by partnering with our primary wholesale customers to develop even stronger relationships with the national and regional convenience store chains. Our ability to manage our customers' inventory and provide excellent fill rates and just-in-time delivery services continues to prove our value.

Finally, our business in Canada has shown good revenue and operating profit growth through the impact of recent acquisitions. These include the purchase of AMFAS and Western Safety during the first half of the year. In addition to distributing commercial and industrial first aid and safety supplies, including a full range of personal protection equipment, they also provide safety-related services including training programmes and other workplace safety solutions.

Continental Europe

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Growth at constant exchange
Revenue	769.0	638.6	9%
Adjusted operating profit*	73.1	60.5	10%
Operating margin*	9.5%	9.5%	

* Before customer relationships amortisation and acquisition related items (see Notes 1 and 2)

Revenue in Continental Europe rose by 9% at constant exchange rates to £769.0 million and operating profit increased 10% to £73.1 million. Gross margins and operating costs continued to be carefully managed and, as a result, the operating margin increased by 10 basis points at constant exchange rates (unchanged at actual exchange rates) to 9.5%. Organic sales growth was 2%, an improvement over the comparable period in 2016, and

this was supplemented by the incremental impact of the five acquisitions completed in 2016 as well as from the four businesses acquired during the first half of 2017.

In France, sales in our cleaning & hygiene business declined marginally as an underlying improvement in growth with smaller, regional customers, particularly in the hotel, restaurant and catering ('horeca') sector as well as in the industrial and food sectors, was not sufficient to offset fully the impact of the loss of two larger accounts. Sales improved at our safety business, particularly with a number of larger accounts, albeit at lower margins. Prorisk and GM Equipement, acquired at the end of January, have been fully integrated onto our ERP system and their stock relocated to our main safety product warehouse. Comatec, our foodservice business, saw a significant increase in sales, both in France and in the export market, resulting in improved profits. The proposed purchase of Hedis, Comptoir de Bretagne and Générale Collectivités, which was announced in July and is expected to be completed towards the end of the year, will further expand our existing cleaning & hygiene operations in France and extend our business there into the catering equipment sector for the first time.

In the Netherlands, sales increased in the horeca, grocery, non-food retail and healthcare sectors but fell in the cleaning, government and safety sectors. Business with customers in the retail and healthcare sectors in particular was boosted by two larger account wins. Margin pressure and some one-off costs relating to implementation of these new contracts led to a slight decline in operating profit.

In Belgium, sales grew in the cleaning & hygiene sector but our retail sector business continues to suffer from difficult trading conditions as our customers face competition from lower cost retail chains. Gross margins improved but we incurred some one-off costs relating to an IT implementation and warehouse relocation in the cleaning & hygiene sector. Polaris Chemicals, acquired in 2016, has performed ahead of expectations.

In Germany, sales were lower in all sectors, with the exception of the hotel sector, although gross margins improved. This, combined with the impact of operating cost reductions in all businesses, led to an improvement in operating profit. Inkozell and MoHaGe, which were acquired in May 2016, have integrated well into the Group.

Our Swiss business has returned to sales growth, despite continued pressure in the tourism sector, due to strong performances in the industrial, retail and medical sectors. Lower costs in the business serving the horeca sector also contributed to a significantly higher operating profit. In Austria, Meier Verpackungen saw an improvement in sales in particular to the fruit and vegetable and dairy sectors. Margins also improved leading to a strong increase in operating profit.

In Denmark, sales were behind last year in all sectors, in particular due to fewer capital goods being sold into the retail sector and the loss of a major public sector customer in the latter part of last year. Gross margins improved and costs were reduced but this did not fully offset the impact of lower sales. Sæbe Compagniet, a distributor of cleaning & hygiene related products, was acquired at the start of the year.

In Spain, sales grew strongly in the cleaning & hygiene sector as a contract with a major customer continues to be rolled out. Our safety businesses continued to deliver good growth and our medical business successfully introduced a number of new products leading to substantially higher revenue. At the same time margins improved such that operating profit increased significantly. Tecnopacking, a distributor of industrial and disposable packaging based near Valencia, was acquired at the end of May.

In Italy, Neri was acquired at the end of March and has extended the Group's operations into the safety sector there for the first time. The business is trading in line with expectations.

In Turkey, sales at our safety business, Istanbul Ticaret, increased significantly due to both volume gains and the price inflation impact of the devaluation of the Turkish lira. Gross margins remained stable and operating profit has risen well. Sales and profits have also risen substantially at Bursa Pazari, the packaging and foodservice supplies business we acquired in March 2016, which is trading well ahead of expectations.

In Israel, sales grew well in both of our businesses serving the horeca and bakery sectors. With margins also improving and limited operating cost increases, operating profit increased substantially.

In Central Europe, sales grew strongly in Romania and the Czech Republic following customer wins. In Hungary, sales also increased in the cleaning & hygiene and safety sectors although were lower in the retail sector. The two acquisitions made in 2016, Silwell in Hungary and Blyth in the Czech Republic, are both trading ahead of expectations.

UK & Ireland

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Growth at constant exchange
Revenue	566.1	523.4	7%
Adjusted operating profit*	37.9	36.0	4%
Operating margin*	6.7%	6.9%	

* Before customer relationships amortisation and acquisition related items (see Notes 1 and 2)

In UK & Ireland, revenue increased by 7% to £566.1 million while operating profit was up 4% at £37.9 million. Operating margin was only down 20 basis points to 6.7% as we took active steps to mitigate the adverse consequences of the significant foreign exchange transaction impact from the weakening of sterling last year. Although the trading performance has picked up since the declines seen in 2016, the UK market continues to be challenging due to political and economic uncertainty which appears to be holding back investment decisions. This, together with the impact of the loss of an account in food retail in the first quarter of 2016, resulted in flat organic sales growth with the overall increase in revenue due to the impact of the acquisitions made in 2016 and 2017.

Both sales and operating profit in our safety business were down, principally due to a subdued marketplace for both major capital infrastructure projects and investment. However, we continue to develop in both innovative, exclusive own brands and digital channels to add value to our customer base. In the cleaning & hygiene sector, the improvement of our value proposition has seen us achieve sales and profit growth by both securing new customers and providing additional services to our existing ones. Investment continues in both people and systems providing our customers with valuable data driven insights to help them run their own businesses more efficiently and profitably.

Following a significant contract loss during the first quarter of 2016, our food retail business has started to win more business with a clearly defined proposition based on a consolidated offer combined with 'best-in-class' service. We

are securing new customers as well as winning new product categories with existing customers. However, the food retail sector remains challenging with strong competition between the retailers which drives a focus on usage and price, thereby putting our revenue growth and margins under pressure. The high street also continues to provide both opportunities and threats for our retail packaging businesses. We have recently managed to secure some large existing customers by providing global solutions in a rapidly developing marketplace and our acquisition of Woodway in December 2016 has further strengthened our offering in high quality packaging products with a particular focus on e-commerce packaging solutions. The acquisition of Pixel Inspiration at the end of June has expanded our marketing services offer into providing digital solutions in the fulfilment of point-of-sale merchandising and will provide an excellent opportunity to grow further in this sector.

Within our catering and hospitality business we have had to contend with the impact of rising food prices and the increase in national living wage on our customers' costs which together have put further pressure on our customers' operating margins, thereby causing them to look for cost savings in our product categories. Despite these trends, we have managed to grow both our sales and operating profit through new business wins and by providing innovative new products and services to help our existing customers grow in this challenging and competitive market. The combination of more flexible service solutions, development of our 'food-to-go' proposition and proactive range penetration is helping secure more business with both new and existing customers.

The healthcare market in the UK continues to be a high profile focus for the government, particularly as it tries to reduce costs. Within this environment, we have managed to grow sales by a combination of high service levels and the development of a number of own brand products. The reluctance of some of our customers to accept price increases in the wake of the devaluation of sterling means we have seen margins decline in some areas and operating profit fall in the period. However, the growth in the private sector and our further penetration of the nursing home marketplace has helped to offset some of this pressure.

Our business in Ireland has continued to grow both sales and operating profit strongly, supported by an improved economic environment. We are currently in the process of moving to a new, purpose-built facility in Armagh, which will improve efficiencies within our catering and hospitality businesses, and upgrading our IT and digital platforms within our retail, cleaning and safety businesses based in Dublin. By having a number of specialist businesses clearly focused on our specific markets, we continue to offer valued advice and insight to help our customers grow.

Rest of the World

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Growth at constant exchange
Revenue	351.5	287.0	2%
Adjusted operating profit*	25.1	21.0	(1)%
Operating margin*	7.1%	7.3%	

* Before customer relationships amortisation and acquisition related items (see Notes 1 and 2)

In Rest of the World, revenue increased 2% to £351.5 million but operating profit was down 1% to £25.1 million with operating margin down 20 basis points to 7.1%. Trading conditions have improved somewhat compared to the recent past and the economic environments in the countries in which we operate have stabilised, but market conditions remain variable across the business area. Of the total increase in revenue, just over 1% was due to the organic growth of the underlying business, with acquisitions accounting for the balance.

In Brazil, the market is slowly recovering from the sharp contraction seen over the last two years, albeit against a backdrop of renewed political uncertainty. In our safety sector, sales rose despite the continued headwinds from increasing unemployment and low capital investment. The full integration of Casa do EPI, acquired in 2015, into our existing safety business was completed successfully and is generating synergies. Previous initiatives taken to improve gross margins have, together with the increase in sales, led to good growth in operating profit. In the cleaning & hygiene sector, the recent gain of a significant new contract has led to strong sales growth.

In the Brazilian healthcare sector, sales continued to grow. Gross margins in our medical business came under some pressure due to product mix but strong cost control offset this and operating margins were maintained. Our dental business, acquired in late 2015, was able to increase sales and improve gross margins although the cost of investments made in the business impacted operating profit.

In Chile, despite a continuing soft economy, our safety business Vicsa saw a further increase in sales and improved gross margins such that operating profit exceeded expectations. While the business includes operations in several other countries in the region, trading was strongest in Chile and Peru and the business has continued to expand its e-commerce platforms to reach new customers. Our other safety business, Tecno Boga, following difficult trading in 2016, has successfully launched a number of new product lines to adapt to changing demand in the mining sector. As a result, the business has returned to sales growth. In the foodservice sector, our catering supplies business DPS was able to increase sales and operating profit while improving operating margins.

In Colombia, our safety business Solmaq suffered from a number of operational challenges in its new warehouse and from the impact of softer demand in the construction, industrial and public sectors. As a result, sales and operating profit fell and the business implemented a number of operational improvement and cost reduction measures.

Our safety business in Mexico, despite market uncertainty at the start of the year, achieved good sales growth as customers increased stock levels to reduce price volatility. Gross margins came under pressure due to unfavourable foreign exchange movements but strong cost control partly offset the impact on operating profit. A new e-commerce platform was launched to improve the service offering and the business remains well positioned to adapt to the changing market conditions in Mexico.

In Australasia, market conditions continued to show signs of improvement with demand for commodities strengthening and new investment in the resources and construction sectors providing some underlying confidence back into the market.

Our largest business, Bunzl Outsourcing Services, continued to develop and refine its offer into the more resilient healthcare, cleaning, catering and retail sectors with sales and operating profit both increasing. Our strength in the area of specialist medical consumables gives us a number of opportunities for growth through our ability to provide expertise across a comprehensive range of clinical products and seamless delivery into a diverse and evolving customer base. We have also made good progress with our new digital trading initiative and are now implementing this across all of the Outsourcing Services businesses. This platform will further enhance our current offer by creating an efficient and easy to access online mobile portal for our customers and external sales teams.

Our food processor business has also made progress with the ongoing strategy to diversify our presence across the wider food processor sector. We have been successful in winning several major customer contracts across Australia and we will realise the benefit of these gains as the year progresses. In New Zealand we have also

secured new business wins with major processor customers across both North and South Islands. Overall the business has continued to develop a stronger presence with retail food packaging and has successfully introduced several new, innovative product ranges. These will further enhance our offer for both rigid and flexible food packaging solutions into major end user customers.

Our industrial and safety supplies business was rebranded and relaunched as Bunzl Safety in January. While continuing to be impacted by the resources market downturn in Australia, this business has continued to progress with its strategy to diversify its customer base by developing new business opportunities in the construction, energy and government sectors. The business is also now realising the benefits from the recently implemented ERP system upgrade. This, combined with a reduction in costs through the consolidation of facilities and a reorganisation of the business to fit the current market environment, has enabled us to streamline our operational platform and processes and will allow us to continue to drive productivity and enhance our competitive position.

Since the year end we have expanded our operations in Asia through two acquisitions. LSH, based in Singapore, was acquired at the end of January and HSESF, based in China, was purchased at the beginning of August. The businesses, which are principally engaged in the distribution of personal protection equipment, are trading in line with our expectations.

Prospects

A combination of Bunzl's strong market position, improved levels of organic revenue growth and the ongoing benefit from acquisitions are expected to lead to further growth in each of our business areas despite variable macroeconomic conditions across the countries in which we operate. If exchange rates remain at their current levels, we expect that there will be a positive translation effect of approximately 6% on the full year results for 2017.

In North America, the combination of recent acquisitions and improved organic growth should result in a good performance for the year. In Continental Europe we expect to see a strong performance due to the benefit of acquisitions and continued organic growth. Despite ongoing uncertainty in some of our markets, UK & Ireland should make good progress due to the impact of acquisitions and the benefit of a previously announced account win. In Rest of the World, although market conditions will remain variable, we expect to see further progress.

The Board is confident that the prospects for the Group are positive and that the Company will continue to develop the business and build shareholder value due to a combination of organic growth and acquisitions.

FINANCIAL REVIEW

Group performance

With more than 85% of the Group's revenue generated outside of the UK, the weakening of sterling against most currencies has had a significant positive translation impact on the Group's reported results increasing revenue, profits and earnings by approximately 12%.

Revenue increased to £4,119.2 million, up 7% at constant exchange rates (20% at actual exchange rates) due to organic growth of 3.7% and the incremental impact of acquisitions. Adjusted operating profit (being operating profit before customer relationships amortisation and acquisition related items) increased to £272.6 million, an increase of 4% at constant exchange rates (16% at actual exchange rates). The adjusted operating profit margin decreased from 6.8% to 6.6% at both constant and actual exchange rates, mainly due to the additional business won with a significant customer in North America at lower than average margins.

The net interest charge of £24.3 million decreased by £2.5 million at constant exchange rates (decrease of £0.2 million at actual exchange rates) mainly from the impact of a lower effective interest rate on the Group's borrowings. Adjusted profit before income tax was £248.3 million, up 5% at constant exchange rates (18% at actual exchange rates) due to the growth in adjusted operating profit and the lower net interest charge. With customer relationships amortisation and acquisition related items of £66.4 million increasing by 8% at constant exchange rates (21% at actual exchange rates), profit before tax was £181.9 million, an increase of 4% at constant exchange rates (17% at actual exchange rates).

Tax

The effective tax rate (being the tax rate on adjusted profit before income tax) was 26.9% (30 June 2016: 27.7%). This rate includes the effect of a reduction in provisions for tax risks following the positive outcome of a previous tax uncertainty in the first half of the year. Based on the forecasts for the full year and assuming no significant changes in tax legislation, it is estimated that the effective tax rate for the full year 2017 will be approximately 1.5 percentage points higher than at the half year. The reported tax rate on statutory profit before tax was 27.6% (30 June 2016: 28.4%). This rate is higher than the effective tax rate because some acquisition related items are not tax-deductible. As noted in the Principal risks and uncertainties section of the 2016 Annual Report, the Group is monitoring the development of proposals for tax reforms in the US.

Profit for the period

Profit for the period increased 6% at constant exchange rates (18% at actual exchange rates) to £131.7 million. Adjusted profit for the period increased 7% at constant exchange rates (19% at actual exchange rates) to £181.5 million.

Earnings

Earnings per share and adjusted earnings per share grew in line with the respective profits for the period. Earnings per share were 40.0p, up 6% at constant exchange rates (up 18% at actual exchange rates). After adjusting for customer relationships amortisation, acquisition related items and the associated tax, adjusted earnings per share were 55.1p, an increase on 2016 of 7% at constant exchange rates (19% at actual exchange rates). Customer relationships amortisation, acquisition related items and associated tax are items that are not taken into account by management when assessing the results of the business as they are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions and therefore do not relate to the underlying operating performance and distort comparability between businesses and reporting periods. Accordingly, such items are excluded when calculating the adjusted earnings per share on which management

assesses the performance of the Group. Further details on this and on other non-GAAP measures are set out in Note 1.

Dividends

The interim dividend has increased by 8% to 14.0p from 13.0p in 2016.

Acquisitions

Eleven acquisitions were completed in the first half of 2017, including two which the Company agreed to acquire in November 2016. Further details are set out in the Chief Executive's Review and in Note 9. The estimated annualised revenue and adjusted operating profit of the businesses acquired were £398.5 million and £32.3 million respectively, with a total committed spend of £330.6 million. Excluding the two acquisitions which were agreed in 2016, the total committed spend on acquisitions agreed in the period was £306.7 million. A summary of the effect of acquisitions made in the six months ended 30 June 2017 is as follows:

	£m
Provisional fair value of assets and liabilities acquired	226.2
Goodwill	92.9
Consideration	319.1
Satisfied by:	
cash consideration	308.4
deferred consideration	10.7
	319.1
Contingent payments relating to retention of former owners	18.6
Net cash acquired	(15.2)
Transaction costs and expenses	8.1
Total committed spend in respect of acquisitions completed in the current period	330.6
Spend on acquisitions committed as at 31 December 2016 but completed in January 2017	(23.9)
Total committed spend in respect of acquisitions agreed in the current period	306.7

The net cash outflow in the period in respect of acquisitions comprised:

	£m
Cash consideration	308.4
Net cash acquired	(15.2)
Deferred consideration in respect of prior year acquisitions	7.4
Net cash outflow in respect of acquisitions	300.6
Transaction costs and expenses	7.2
Payments relating to retention of former owners	4.2
Total cash outflow in respect of acquisitions	312.0

Cash flow

Cash generated from operations before acquisition related items was £276.1 million, a £38.5 million increase from 2016, primarily due to a £37.5 million increase in adjusted operating profit. The Group's free cash flow of £187.4 million was £34.5 million higher than 2016. After payment of the 2016 interim dividend of £42.8 million, an acquisition cash outflow of £312.0 million and a £30.2 million outflow on employee share schemes, the net cash outflow was £197.6 million. The summary cash flow for the period was as follows:

	Six months to 30.6.17 £m	Six months to 30.6.16 £m
Cash generated from operations*	276.1	237.6
Net capital expenditure	(13.9)	(10.7)
Operating cash flow*	262.2	226.9
Cash conversion %[†]	96%	97%
Net interest	(21.7)	(20.8)
Tax	(53.1)	(53.2)
Free cash flow	187.4	152.9
Dividends	(42.8)	(38.6)
Acquisitions	(312.0)	(98.3)
Employee share schemes	(30.2)	8.6
Net cash (outflow)/inflow	(197.6)	24.6

* Before acquisition related items

[†] The ratio of operating cash flow before acquisition related items to adjusted operating profit

Balance sheet

Return on average operating capital decreased from 55.9% at 31 December 2016 to 54.3%, driven by a lower operating margin and higher average operating capital in the underlying business and the impact of the lower return on operating capital from acquisitions. Return on invested capital decreased from 16.7% at 31 December 2016 to 16.4%, due to the effect of acquisitions and a lower return in the underlying business. Intangible assets have increased by £193.0 million since 31 December 2016 to £2,140.6 million, primarily due to goodwill and customer relationships arising on acquisitions in the period of £255.6 million, an amortisation charge of £51.0 million and a negative exchange impact of £19.7 million.

The Group's net pension deficit at 30 June 2017 of £78.7 million was £5.4 million lower than at 31 December 2016, mainly due to an actuarial gain of £4.1 million. The actuarial gain arose as a result of the actual return on scheme assets being £13.1 million higher than expected partly offset by a £9.0m increase in the present value of scheme liabilities due to the impact of changes in assumptions, principally lower discount rates.

The movements in shareholders' equity and net debt during the period were as follows:

Shareholders' equity	£m
At 1 January 2017	1,312.5
Profit for the period	131.7
Dividends	(138.2)
Currency (net of tax)	(15.0)
Actuarial gain on pension schemes (net of tax)	3.1
Share based payments (net of tax)	11.2
Employee share schemes	(28.9)
At 30 June 2017	1,276.4

Net debt	£m
At 1 January 2017	(1,228.6)
Net cash outflow	(197.6)
Currency	23.7
At 30 June 2017	(1,402.5)

Net debt to EBITDA (times)	2.2
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The Group continually monitors net debt and forecast cash flows to ensure that sufficient facilities are in place to meet the Group's requirements in the short, medium and long term and, in order to do so, arranges borrowings from a variety of sources. Additionally, the Group monitors compliance with its debt covenants, principally net debt to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times. All covenants have been complied with for the six months ended 30 June 2017, with net debt to EBITDA calculated at average exchange rates of 2.2 times, an increase from 2.0 times at 31 December 2016, principally as a result of the significant acquisition spend during the period.

The Group has substantial committed borrowing facilities available to it comprising multi-currency credit facilities from the Group's banks and US dollar, euro and sterling bonds. As at 30 June 2017, the Group had undrawn committed facilities of £676.4 million. During the next 12 months, £353.1 million of the committed facilities and bonds mature. The Group's remaining committed borrowing facilities and bonds will mature at various times over the period up to November 2028.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group for the remaining six months of the financial year remain those detailed in the section entitled 'Principal risks and uncertainties' on pages 35 to 37 of the Annual Report for the year ended 31 December 2016. These include the impact of general economic conditions and the ongoing competitive pressures in the countries in which we operate, the impact of product price changes, the translation and transaction impacts of movements in exchange rates on the Group's results, the ability of the Group to complete and successfully integrate acquisitions, the impact of changes in tax legislation on the Group's cash flows and the availability of funding to enable the Group to meet its financial obligations as they fall due. A copy of the 2016 Annual Report is available on the Company's website at www.bunzl.com.

Although the principal risks and uncertainties affecting the Group are unchanged from the year ended 31 December 2016, the Board is continuing to monitor the potential risks associated with the referendum vote for the UK to leave the European Union. Although the UK government has commenced negotiations with the European Union, the terms under which the UK will eventually leave the European Union and the impact this will have on the Group's operations are currently unclear. The risks to the Group's operations are most likely to relate

to the impact of foreign exchange volatility, an economic slowdown in the UK and the imposition of trade tariffs. Of these risks, the first two have already been identified as principal risks for the Group, under the headings 'Foreign exchange' and 'Economic environment'. The risk relating to trade tariffs is considered to be a Group risk but is not currently thought to be a principal risk.

Consolidated income statement

		Six months to 30.6.17 £m	Six months to 30.6.16 £m	Growth		Year to 31.12.16 £m
	Notes			Actual exchange rates	Constant exchange rates	
Revenue	2	4,119.2	3,446.8	20%	7%	7,429.1
Operating profit	2	206.2	180.1	14%	3%	409.7
Finance income	3	4.9	2.7			7.1
Finance expense	3	(29.2)	(27.2)			(53.9)
Profit before income tax		181.9	155.6	17%	4%	362.9
Income tax	4	(50.2)	(44.2)			(97.0)
Profit for the period attributable to the Company's equity holders		131.7	111.4	18%	6%	265.9
Earnings per share attributable to the Company's equity holders						
Basic	6	40.0p	33.8p	18%	6%	80.7p
Diluted	6	39.5p	33.4p	18%	6%	79.7p
Dividend per share	5	14.0p	13.0p	8%		42.0p
Non-GAAP measures*						
Operating profit	2	206.2	180.1			409.7
Adjusted for:						
Customer relationships amortisation	2	47.4	38.2			81.3
Acquisition related items	2	19.0	16.8			34.0
Adjusted operating profit	2	272.6	235.1	16%	4%	525.0
Finance income	3	4.9	2.7			7.1
Finance expense	3	(29.2)	(27.2)			(53.9)
Adjusted profit before income tax		248.3	210.6	18%	5%	478.2
Tax on adjusted profit	4	(66.8)	(58.3)			(128.6)
Adjusted profit for the period		181.5	152.3	19%	7%	349.6
Adjusted earnings per share	6	55.1p	46.2p	19%	7%	106.1p

* See Note 1 for further details of the non-GAAP measures.

Consolidated statement of comprehensive income

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Profit for the period	131.7	111.4	265.9
Other comprehensive income/(expense)			
<i>Items that will not be reclassified to profit or loss:</i>			
Actuarial gain/(loss) on defined benefit pension schemes	4.1	(24.1)	(42.4)
Tax on items that will not be reclassified to profit or loss	(1.0)	5.8	8.3
Total items that will not be reclassified to profit or loss	3.1	(18.3)	(34.1)
<i>Items that may be reclassified to profit or loss:</i>			
Foreign currency translation differences on foreign operations	(10.0)	198.9	267.0
Loss taken to equity as a result of effective net investment hedges	(0.2)	(36.5)	(59.7)
(Loss)/gain recognised in cash flow hedge reserve	(4.2)	(0.5)	2.6
Movement from cash flow hedge reserve to income statement	(2.0)	(0.1)	(1.5)
Tax on items that may be reclassified to profit or loss	1.4	(0.3)	(0.7)
Total items that may be reclassified subsequently to profit or loss	(15.0)	161.5	207.7
Other comprehensive (expense)/income for the period	(11.9)	143.2	173.6
Total comprehensive income attributable to the Company's equity holders	119.8	254.6	439.5

Consolidated balance sheet

	Notes	30.6.17 £m	30.6.16 £m	31.12.16 £m
Assets				
Property, plant and equipment		122.6	117.1	123.3
Intangible assets	7	2,140.6	1,861.4	1,947.6
Derivative financial assets	10	12.8	45.0	14.9
Deferred tax assets		2.5	4.0	2.3
Total non-current assets		2,278.5	2,027.5	2,088.1
Inventories		1,003.3	837.3	960.9
Income tax receivable		4.5	0.7	5.7
Trade and other receivables		1,228.6	1,067.8	1,157.5
Derivative financial assets	10	7.7	33.2	12.5
Cash at bank and in hand	8	297.0	250.6	282.4
Total current assets		2,541.1	2,189.6	2,419.0
Total assets		4,819.6	4,217.1	4,507.1
Equity				
Share capital		108.0	107.8	107.9
Share premium		170.5	166.9	167.5
Translation reserve		17.8	(17.4)	27.7
Other reserves		16.0	20.0	21.1
Retained earnings		964.1	891.6	988.3
Total equity attributable to the Company's equity holders		1,276.4	1,168.9	1,312.5
Liabilities				
Interest bearing loans and borrowings	8	1,386.5	1,267.9	1,283.6
Defined benefit pension liabilities		78.7	69.8	84.1
Other payables		35.6	28.6	30.5
Provisions		41.0	27.0	31.0
Derivative financial liabilities	10	0.3	-	1.7
Deferred tax liabilities		128.0	122.0	124.9
Total non-current liabilities		1,670.1	1,515.3	1,555.8
Bank overdrafts	8	180.3	140.1	155.7
Interest bearing loans and borrowings	8	134.0	62.4	86.0
Income tax payable		82.1	77.7	82.9
Trade and other payables		1,449.2	1,217.7	1,297.8
Derivative financial liabilities	10	21.8	25.7	8.1
Provisions		5.7	9.3	8.3
Total current liabilities		1,873.1	1,532.9	1,638.8
Total liabilities		3,543.2	3,048.2	3,194.6
Total equity and liabilities		4,819.6	4,217.1	4,507.1

Consolidated statement of changes in equity

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves [◇] £m	Retained earnings [†] £m	Total equity £m
At 1 January 2017	107.9	167.5	27.7	21.1	988.3	1,312.5
Profit for the period					131.7	131.7
Actuarial gain on defined benefit pension schemes					4.1	4.1
Foreign currency translation differences on foreign operations			(10.0)			(10.0)
Loss taken to equity as a result of effective net investment hedges			(0.2)			(0.2)
Loss recognised in cash flow hedge reserve				(4.2)		(4.2)
Movement from cash flow hedge reserve to income statement				(2.0)		(2.0)
Income tax credit/(charge) on other comprehensive income			0.3	1.1	(1.0)	0.4
Total comprehensive (expense)/income			(9.9)	(5.1)	134.8	119.8
2016 interim dividend					(42.8)	(42.8)
2016 final dividend					(95.4)	(95.4)
Issue of share capital	0.1	3.0				3.1
Employee trust shares					(32.0)	(32.0)
Share based payments					11.2	11.2
At 30 June 2017	108.0	170.5	17.8	16.0	964.1	1,276.4
	Share capital £m	Share premium £m	Translation reserve £m	Other reserves [◇] £m	Retained earnings [†] £m	Total equity £m
At 1 January 2016	107.7	163.9	(179.1)	20.2	903.6	1,016.3
Profit for the period					111.4	111.4
Actuarial loss on defined benefit pension schemes					(24.1)	(24.1)
Foreign currency translation differences on foreign operations			198.9			198.9
Loss taken to equity as a result of effective net investment hedges			(36.5)			(36.5)
Loss recognised in cash flow hedge reserve				(0.5)		(0.5)
Movement from cash flow hedge reserve to income statement				(0.1)		(0.1)
Income tax (charge)/credit on other comprehensive income			(0.7)	0.4	5.8	5.5
Total comprehensive income/(expense)			161.7	(0.2)	93.1	254.6
2015 interim dividend					(38.6)	(38.6)
2015 final dividend					(86.8)	(86.8)
Issue of share capital	0.1	3.0				3.1
Employee trust shares					7.1	7.1
Share based payments					13.2	13.2
At 30 June 2016	107.8	166.9	(17.4)	20.0	891.6	1,168.9

Consolidated statement of changes in equity (continued)

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves [◇] £m	Retained earnings [†] £m	Total equity £m
At 1 January 2016	107.7	163.9	(179.1)	20.2	903.6	1,016.3
Profit for the year					265.9	265.9
Actuarial loss on defined benefit pension schemes					(42.4)	(42.4)
Foreign currency translation differences on foreign operations			267.0			267.0
Loss taken to equity as a result of effective net investment hedges			(59.7)			(59.7)
Gain recognised in cash flow hedge reserve				2.6		2.6
Movement from cash flow hedge reserve to income statement				(1.5)		(1.5)
Income tax (charge)/credit on other comprehensive income			(0.5)	(0.2)	8.3	7.6
Total comprehensive income			206.8	0.9	231.8	439.5
2015 interim dividend					(38.6)	(38.6)
2015 final dividend					(86.8)	(86.8)
Issue of share capital	0.2	3.6				3.8
Employee trust shares					(37.5)	(37.5)
Share based payments					15.8	15.8
At 31 December 2016	107.9	167.5	27.7	21.1	988.3	1,312.5

[◇] Other reserves comprise merger reserve of £2.5m (30 June 2016: £2.5m; 31 December 2016: £2.5m), capital redemption reserve of £16.1m (30 June 2016: £16.1m; 31 December 2016: £16.1m) and negative cash flow hedge reserve of £2.6m (30 June 2016: £1.4m positive; 31 December 2016: £2.5m positive).

[†] Retained earnings comprise earnings of £1,117.7m (30 June 2016: £1,003.2m; 31 December 2016: £1,120.7m) offset by own shares of £153.6m (30 June 2016: £111.6m; 31 December 2016: £132.4m).

Consolidated cash flow statement

	Notes	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Cash flow from operating activities				
Profit before income tax		181.9	155.6	362.9
Adjusted for:				
net finance expense	3	24.3	24.5	46.8
customer relationships amortisation	7	47.4	38.2	81.3
acquisition related items	2	19.0	16.8	34.0
Adjusted operating profit		272.6	235.1	525.0
Adjustments:				
non-cash items	11	19.6	16.5	28.0
working capital movement	11	(16.1)	(14.0)	(6.3)
Cash generated from operations before acquisition related items		276.1	237.6	546.7
Cash outflow from acquisition related items	9	(11.4)	(12.4)	(17.0)
Income tax paid		(53.1)	(53.2)	(123.2)
Cash inflow from operating activities		211.6	172.0	406.5
Cash flow from investing activities				
Interest received		4.8	0.6	5.9
Purchase of property, plant and equipment and software		(14.6)	(10.9)	(25.4)
Sale of property, plant and equipment		0.7	0.2	0.6
Purchase of businesses	9	(300.6)	(85.9)	(159.6)
Cash outflow from investing activities		(309.7)	(96.0)	(178.5)
Cash flow from financing activities				
Interest paid		(26.5)	(21.4)	(49.1)
Dividends paid		(42.8)	(38.6)	(125.4)
Increase in borrowings		246.3	200.9	206.1
Repayment of borrowings		(61.1)	(197.6)	(210.5)
Realised gains on foreign exchange contracts		0.8	5.3	22.9
Proceeds from issue of ordinary shares to settle share options		3.1	3.1	3.8
Proceeds from exercise of market purchase share options		14.8	14.0	26.4
Purchase of employee trust shares		(48.1)	(8.5)	(67.7)
Cash inflow/(outflow) from financing activities		86.5	(42.8)	(193.5)
(Decrease)/increase in cash and cash equivalents		(11.6)	33.2	34.5
Cash and cash equivalents at beginning of the period		126.7	50.7	50.7
(Decrease)/increase in cash and cash equivalents		(11.6)	33.2	34.5
Currency translation		1.6	26.6	41.5
Cash and cash equivalents at end of the period	8	116.7	110.5	126.7

Non-GAAP measures*				
Cash generated from operations before acquisition related items		276.1	237.6	546.7
Purchase of property, plant and equipment and software		(14.6)	(10.9)	(25.4)
Sale of property, plant and equipment		0.7	0.2	0.6
Operating cash flow		262.2	226.9	521.9
Cash conversion % (operating cash flow to adjusted operating profit)		96%	97%	99%

* See Note 1 for further details of the non-GAAP measures.

Notes

1. Basis of preparation

The condensed set of financial statements for the six months ended 30 June 2017, with comparative figures for the six months ended 30 June 2016, is unaudited and does not constitute statutory accounts. However the external auditors have carried out a review of the condensed set of financial statements and their report in respect of the six months ended 30 June 2017 is set out in the Independent review report. The comparative figures for the year ended 31 December 2016 do not constitute the Company's statutory accounts for the year. Those accounts have been reported on by the Company's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and did not contain statements under Section 498(2)(3) of the Companies Act 2006.

The directors, having reassessed the principal risks and uncertainties, consider it appropriate to adopt the going concern basis of accounting in the preparation of the condensed set of financial statements. The condensed set of financial statements has been prepared in accordance with International Accounting Standard ('IAS') 34 'Interim Financial Reporting' as adopted by the EU and the Disclosure Guidance and Transparency Rules Sourcebook of the UK's Financial Conduct Authority. The condensed set of financial statements has been prepared on the basis of the accounting policies set out in the Group's 2016 statutory accounts which were prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. There are no new standards issued by the International Accounting Standards Board ('IASB') that are effective for the Group for the year ending 31 December 2017. The Group has adopted all relevant amendments to existing standards issued by the IASB that are effective from 1 January 2017 with no material impact on its consolidated results or financial position.

IFRS 15 'Revenue from Contracts with Customers' will be effective in the consolidated financial statements for the year ending 31 December 2018, with comparatives restated from a transition date of 1 January 2017. Revenue is currently recognised in the income statement at the point in time at which the significant risks and rewards of ownership of the goods are transferred. IFRS 15 requires companies to apportion revenue from customer contracts to separate performance obligations and recognise revenue as these performance obligations are satisfied. The Group has reviewed its arrangements with customers and concluded that for substantially all of its customer contracts the performance obligation is the delivery of goods and it is therefore appropriate to recognise revenue at a single point of time, on delivery of goods, which is consistent with current accounting policies. Accordingly, based on the Group's assessment, which is ongoing, the application of IFRS 15 is not anticipated to have a material impact on the timing of revenue recognition and consequently is not anticipated to have a material impact on the Group's operating profit or financial position.

IFRS 9 'Financial Instruments' will be effective in the consolidated financial statements for the year ending 31 December 2018 with a transition date of 1 January 2017. The Group has reviewed the differences between IFRS 9 and the current accounting policies which comply with IAS 39 'Financial Instruments: Recognition and Measurement'. Based on this analysis, the Group does not anticipate that there will be any material impact on its consolidated results or financial position.

IFRS 16 'Leases' will be effective in the consolidated financial statements for the year ending 31 December 2019. To prepare for the transition to this new accounting standard, data has been collated on all of the Group's leases which are principally for warehouses and vehicles. Based on the Group's assessment, which is ongoing, the application of IFRS 16 will have a material impact on the consolidated financial statements. The new standard will require that the Group's leased assets are recorded within property, plant and equipment as 'right of use assets' with a corresponding lease liability which is based on the discounted value of the cash payments required under each lease. The existing operating lease expenses, currently recorded in operating costs, will be replaced with a depreciation charge, which will be lower than the current operating lease expense, and a separate financing expense, which will be recorded in finance expense. There will be no net cash flow impact arising from the new standard and the Group does not currently intend to alter its approach as to whether assets should be leased or bought going forward. Current banking covenants are unaffected.

Non-GAAP measures

Further to the various performance measures defined under IFRS, the Group reports a number of alternative performance measures that are designed to assist with the understanding of the underlying performance of the Group and its businesses. These measures are not defined under IFRS and, as a result, do not comply with Generally Accepted Accounting Practice (and are therefore often referred to as 'non-GAAP measures') and may not be directly comparable with other companies' non-GAAP measures. They are not designed to be a substitute

1. Basis of preparation (continued)

for any of the IFRS measures of performance. The principal alternative performance measures used within this half yearly financial report include:

- adjusted operating profit, adjusted profit before income tax and adjusted profit for the period (as reconciled on the face of the consolidated income statement);
- adjusted earnings per share and adjusted diluted earnings per share (as reconciled in Note 6);
- cash conversion % (operating cash flow, as reconciled on the face of the consolidated cash flow statement, to adjusted operating profit);
- 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 and software, inventories and trade and other receivables less trade and other payables)); and
- 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, defined benefit pension schemes, cumulative customer relationships amortisation, acquisition related items and amounts written off goodwill, net of the associated tax)).

These measures exclude the charge for customer relationships amortisation, acquisition related items and any associated tax, where relevant. Acquisition related items comprise deferred consideration payments relating to the retention of former owners of businesses acquired, transaction costs and expenses and adjustments to previously estimated earn outs. Customer relationships amortisation, acquisition related items and any associated tax are items which are not taken into account by management when assessing the results of the business as they are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions and therefore do not relate to the underlying operating performance and distort comparability between businesses and reporting periods. Accordingly, these items are removed in calculating the profitability measures by which management assess the performance of the Group.

Other non-GAAP measures are used to monitor the performance of the Group and a number of these are based on, or derived from, the non-GAAP measures noted above. All non-GAAP measures in this half yearly financial report have been calculated consistently with the methods applied in the 2016 Annual Report. Growth rates at constant exchange rates are calculated by retranslating the results for the first half of 2016 at the average rates for the first half of 2017 so that they can be compared without the distorting impact of changes caused by foreign exchange translation.

2. Segment analysis

	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Six months ended 30 June 2017						
Revenue	2,432.6	769.0	566.1	351.5		4,119.2
Adjusted operating profit/(loss)	148.0	73.1	37.9	25.1	(11.5)	272.6
Customer relationships amortisation	(13.8)	(19.6)	(5.1)	(8.9)	-	(47.4)
Acquisition related items	(8.8)	(5.2)	(2.0)	(3.0)	-	(19.0)
Operating profit/(loss)	125.4	48.3	30.8	13.2	(11.5)	206.2
Finance income						4.9
Finance expense						(29.2)
Profit before income tax						181.9
Adjusted profit before income tax						248.3
Income tax						(50.2)
Profit for the period						131.7
Purchase of property, plant and equipment and software	4.4	4.7	2.6	2.9	-	14.6
Depreciation and software amortisation	5.2	5.3	2.4	2.1	0.2	15.2

2. Segment analysis (continued)

Six months ended 30 June 2016	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	1,997.8	638.6	523.4	287.0		3,446.8
Adjusted operating profit/(loss)	128.1	60.5	36.0	21.0	(10.5)	235.1
Customer relationships amortisation	(11.1)	(16.2)	(4.0)	(6.9)	-	(38.2)
Acquisition related items	(6.4)	(5.0)	(0.9)	(4.5)	-	(16.8)
Operating profit/(loss)	110.6	39.3	31.1	9.6	(10.5)	180.1
Finance income						2.7
Finance expense						(27.2)
Profit before income tax						155.6
Adjusted profit before income tax						210.6
Income tax						(44.2)
Profit for the period						111.4
Purchase of property, plant and equipment and software	3.6	3.6	1.9	1.4	0.4	10.9
Depreciation and software amortisation	4.6	4.4	2.2	1.6	0.1	12.9
Year ended 31 December 2016	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	4,362.1	1,355.1	1,087.8	624.1		7,429.1
Adjusted operating profit/(loss)	289.6	126.6	83.7	46.6	(21.5)	525.0
Customer relationships amortisation	(23.1)	(34.9)	(8.3)	(15.0)	-	(81.3)
Acquisition related items	(11.7)	(12.5)	(1.8)	(8.0)	-	(34.0)
Operating profit/(loss)	254.8	79.2	73.6	23.6	(21.5)	409.7
Finance income						7.1
Finance expense						(53.9)
Profit before income tax						362.9
Adjusted profit before income tax						478.2
Income tax						(97.0)
Profit for the year						265.9
Purchase of property, plant and equipment and software	7.4	8.0	5.4	3.8	0.8	25.4
Depreciation and software amortisation	9.8	9.4	4.5	3.4	0.3	27.4

The Group's financial results have not historically been subject to significant seasonal trends.

Acquisition related items comprise the following:

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Deferred consideration payments relating to the retention of former owners of businesses acquired	13.8	14.1	29.6
Transaction costs and expenses	8.1	2.9	6.8
Adjustments to previously estimated earn outs	(2.9)	(0.2)	(2.4)
Acquisition related items	19.0	16.8	34.0

3. Finance income/(expense)

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Interest on cash and cash equivalents	1.8	1.2	3.0
Interest income from foreign exchange contracts	2.6	1.1	3.0
Net interest income on defined benefit pension schemes	-	-	0.4
Other finance income	0.5	0.4	0.7
Finance income	4.9	2.7	7.1
Interest on loans and overdrafts	(25.1)	(24.2)	(49.7)
Interest expense from foreign exchange contracts	(0.7)	(0.7)	(1.1)
Net interest expense on defined benefit pension schemes	(1.2)	(0.7)	(1.9)
Fair value (loss)/gain on US private placement notes in a hedge relationship	(0.8)	(29.9)	2.9
Fair value gain/(loss) on interest rate swaps in a hedge relationship	0.3	28.8	(3.1)
Foreign exchange (loss)/gain on intercompany funding	(22.8)	75.1	117.8
Foreign exchange gain/(loss) on external debt not in a hedge relationship	21.4	(75.5)	(118.3)
Other finance expense	(0.3)	(0.1)	(0.5)
Finance expense	(29.2)	(27.2)	(53.9)
Net finance expense	(24.3)	(24.5)	(46.8)

The foreign exchange gain or loss on intercompany funding arises as a result of the retranslation of foreign currency intercompany loans. The foreign exchange gain or loss on intercompany funding is substantially matched by the foreign exchange loss or gain on external debt not in a hedge relationship, which minimises the foreign currency exposure in the income statement.

4. Income tax

In assessing the underlying performance of the Group, management uses adjusted profit which excludes customer relationships amortisation and acquisition related items. Similarly the tax effect of these items is excluded in monitoring the effective tax rate (being the tax rate on adjusted profit before income tax) which is shown in the table below:

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Income tax on profit	50.2	44.2	97.0
Tax associated with customer relationships amortisation and acquisition related items	16.6	14.1	31.6
Tax on adjusted profit	66.8	58.3	128.6
Profit before income tax	181.9	155.6	362.9
Customer relationships amortisation and acquisition related items	66.4	55.0	115.3
Adjusted profit before income tax	248.3	210.6	478.2
Reported tax rate	27.6%	28.4%	26.7%
Effective tax rate	26.9%	27.7%	26.9%

5. Dividends

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
2015 interim		38.6	38.6
2015 final		86.8	86.8
2016 interim	42.8		
2016 final	95.4		
Total	138.2	125.4	125.4

Dividends per share for the periods to which they relate are:

	Six months to 30.6.17	Six months to 30.6.16	Per share Year to 31.12.16
2016 interim		13.00p	13.00p
2016 final			29.00p
2017 interim	14.00p		
Total	14.00p	13.00p	42.00p

The 2017 interim dividend of 14.00p per share will be paid on 2 January 2018 to shareholders on the register on 17 November 2017. The 2017 interim dividend will comprise approximately £46m of cash. The 2016 final dividend was paid on 3 July 2017, comprising £95.4m of cash.

6. Earnings per share

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Profit for the period	131.7	111.4	265.9
Adjusted for:			
customer relationships amortisation	47.4	38.2	81.3
acquisition related items	19.0	16.8	34.0
tax credit on adjusting items	(16.6)	(14.1)	(31.6)
Adjusted profit for the period	181.5	152.3	349.6
Basic weighted average ordinary shares in issue (million)	329.5	329.9	329.4
Dilutive effect of employee share plans (million)	3.7	3.5	4.3
Diluted weighted average ordinary shares (million)	333.2	333.4	333.7
Basic earnings per share	40.0p	33.8p	80.7p
Adjustment	15.1p	12.4p	25.4p
Adjusted earnings per share	55.1p	46.2p	106.1p
Diluted earnings per share	39.5p	33.4p	79.7p
Adjustment	15.0p	12.3p	25.1p
Adjusted diluted earnings per share	54.5p	45.7p	104.8p

7. Intangible assets

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Goodwill			
Beginning of the period	1,191.5	999.3	999.3
Acquisitions	92.9	21.4	51.0
Currency translation	(8.9)	102.6	141.2
End of the period	1,275.5	1,123.3	1,191.5
Customer relationships			
Cost			
Beginning of the period	1,306.4	1,069.2	1,069.2
Acquisitions	162.7	45.7	80.2
Currency translation	(8.9)	126.7	157.0
End of the period	1,460.2	1,241.6	1,306.4
Amortisation			
Beginning of the period	568.7	436.5	436.5
Charge in the period	47.4	38.2	81.3
Currency translation	1.7	47.5	50.9
End of the period	617.8	522.2	568.7
Net book value of Customer relationships	842.4	719.4	737.7
Net book value of Software	22.7	18.7	18.4
Total net book value of Intangible assets	2,140.6	1,861.4	1,947.6

Both goodwill and customer relationships have been acquired as part of business combinations. Further details of acquisitions made in the period are set out in Note 9.

8. Cash and cash equivalents and net debt

	30.6.17 £m	30.6.16 £m	31.12.16 £m
Cash at bank and in hand	297.0	250.6	282.4
Bank overdrafts	(180.3)	(140.1)	(155.7)
Cash and cash equivalents	116.7	110.5	126.7
Interest bearing loans and borrowings - current liabilities	(134.0)	(62.4)	(86.0)
Interest bearing loans and borrowings - non-current liabilities	(1,386.5)	(1,267.9)	(1,283.6)
Derivatives managing interest rate risk and currency profile	1.3	51.0	14.3
Net debt	(1,402.5)	(1,168.8)	(1,228.6)

The Cash at bank and in hand and Bank overdrafts amounts included in the table above include the amounts associated with the Group's cash pool. The cash pool enables the Group to access cash in its subsidiaries to pay down the Group's borrowings. The Group has the legal right of set-off of balances within the cash pool. The Cash at bank and in hand and Bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	30.6.17 £m	30.6.16 £m	31.12.16 £m
Cash at bank and in hand net of amounts in the cash pool	140.9	153.6	139.6
Bank overdrafts net of amounts in the cash pool	(24.2)	(43.1)	(12.9)
Cash and cash equivalents	116.7	110.5	126.7

	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Movement in net debt			
Beginning of the period	(1,228.6)	(1,107.2)	(1,107.2)
Net cash (outflow)/inflow	(197.6)	24.6	16.0
Realised gains on foreign exchange contracts	0.8	5.3	22.9
Currency translation	22.9	(91.5)	(160.3)
End of the period	(1,402.5)	(1,168.8)	(1,228.6)

9. Acquisitions

Acquisitions, involving the purchase of the acquiree's share capital or, as the case may be, the relevant assets of the businesses acquired, have been accounted for under the acquisition method of accounting. Part of the Group's strategy is to grow through acquisition. The Group has developed a process to assist with the identification of the fair values of the assets acquired and liabilities assumed, including the separate identification of intangible assets in accordance with IFRS 3 'Business Combinations'. This formal process is applied to each acquisition and involves an assessment of the assets acquired and liabilities assumed with assistance provided by external valuation specialists where appropriate. Until this assessment is complete, the allocation period remains open up to a maximum of 12 months from the relevant acquisition date. At 30 June 2017 the allocation period for all acquisitions completed since 1 July 2016 remained open and accordingly the fair values presented are provisional.

Adjustments are made to the assets acquired and liabilities assumed during the allocation period to the extent that further information and knowledge come to light that more accurately reflect conditions at the acquisition date. To date, the adjustments made have impacted assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly, adjustments have been made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments have also been made to reflect the associated tax effects.

The consideration paid or payable in respect of acquisitions comprises amounts paid on completion, deferred consideration and payments which are contingent on the retention of former owners of businesses acquired. IFRS 3 requires that any payments that are contingent on future employment, including payments which are contingent on the retention of former owners of businesses acquired, are charged to the income statement. All other consideration has been allocated against the identified net assets, with the balance recorded as goodwill. Transaction costs and expenses such as professional fees are charged to the income statement. The acquisitions provide opportunities for further development of the Group's activities and create enhanced returns. Such opportunities and the workforces inherent in each of the acquired businesses do not translate to separately identifiable intangible assets but do represent much of the assessed value that supports the recognised goodwill.

For each of the businesses acquired during the period, the name of the business, the market sector served, its location and date of acquisition, as well as the estimated annualised revenue it would have contributed to the Group for the period if such acquisitions had been made at the beginning of the period, are separately disclosed. The remaining disclosures required by IFRS 3 are provided separately for those individual acquisitions that are considered to be material and in aggregate for individually immaterial acquisitions. An acquisition would generally be considered individually material if the impact on the Group's revenue or profit measures (on an annualised basis) or the relevant amounts on the balance sheet is greater than 5%. Management also applies judgement in considering whether there are any material qualitative differences from other acquisitions made.

There were no individually material acquisitions during the six months ended 30 June 2017.

2017

Summary details of the acquisitions acquired or agreed to be acquired during the six months ended 30 June 2017 are included in the table below:

Business	Sector	Country	Acquisition date 2017	Estimated annualised revenue £m
Sæbe Compagniet	Foodservice	Denmark	2 January	13.1
Packaging Film Sales	Foodservice	USA	9 January	4.8
LSH	Safety	Singapore	31 January	5.1
Prorisk and GM Equipement	Safety	France	31 January	6.7
ML Kishigo	Safety	USA	31 March	26.6
Neri	Safety	Italy	31 March	40.5
DDS	Retail	USA	23 May	247.6
AMFAS	Safety	Canada	31 May	5.8
Western Safety	Safety	Canada	31 May	4.2
Tecnopacking	Foodservice, retail, other	Spain	31 May	36.8
Pixel Inspiration	Retail	UK	30 June	7.3
Completed acquisitions				398.5
Sæbe Compagniet (committed at 31 December 2016)				(13.1)
Prorisk and GM Equipement (committed at 31 December 2016)				(6.7)
Committed acquisitions				378.7

9. Acquisitions (continued)

A summary of the effect of acquisitions completed in the six months ended 30 June 2017 and 30 June 2016 and for the year ended 31 December 2016 is shown below:

	30.6.17	30.6.16	31.12.16
	£m	£m	£m
Provisional fair value of assets acquired			
Customer relationships	162.7	45.7	80.2
Property, plant and equipment and software	5.8	0.6	(0.5)
Inventories	53.1	5.0	16.5
Trade and other receivables	59.3	16.6	44.1
Trade and other payables	(42.5)	(8.8)	(32.3)
Net cash/(overdrafts)	15.2	(3.6)	1.0
Provisions	(10.9)	(0.4)	(3.8)
Defined benefit pension liabilities	-	(0.9)	(1.0)
Income tax payable and deferred tax liabilities	(16.5)	(11.0)	(17.8)
Fair value of net assets acquired	226.2	43.2	86.4
Goodwill	92.9	21.4	51.0
Consideration	319.1	64.6	137.4
Satisfied by:			
cash consideration	308.4	52.8	124.4
deferred consideration	10.7	11.8	13.0
	319.1	64.6	137.4
Contingent payments relating to retention of former owners	18.6	9.1	18.2
Net (cash)/overdrafts acquired	(15.2)	3.6	(1.0)
Transaction costs and expenses	8.1	2.9	6.8
Total committed spend in respect of acquisitions completed in the current period	330.6	80.2	161.4
Spend on acquisitions committed at prior period end but completed in the current period	(23.9)	-	-
Spend on acquisitions committed but not completed at the period end	-	-	22.8
Total committed spend in respect of acquisitions agreed in the current period	306.7	80.2	184.2

The net cash outflow in respect of acquisitions comprised:

	Six months to 30.6.17	Six months to 30.6.16	Year to 31.12.16
	£m	£m	£m
Cash consideration	308.4	52.8	124.4
Net (cash)/overdrafts acquired	(15.2)	3.6	(1.0)
Deferred consideration in respect of prior year acquisitions	7.4	29.5	36.2
Net cash outflow in respect of acquisitions	300.6	85.9	159.6
Transaction costs and expenses	7.2	2.7	5.9
Payments relating to retention of former owners	4.2	9.7	11.1
Total cash outflow in respect of acquisitions	312.0	98.3	176.6

Acquisitions completed in the six months ended 30 June 2017 contributed £57.3m (six months ended 30 June 2016: £17.1m; year ended 31 December 2016: £85.7m) to the Group's revenue and £5.6m (six months ended 30 June 2016: £2.5m; year ended 31 December 2016: £11.2m) to the Group's adjusted operating profit for the six months ended 30 June 2017.

The estimated contributions from acquisitions completed to the results of the Group if such acquisitions had been made at the beginning of the respective period, are as follows:

	Six months to 30.6.17	Six months to 30.6.16	Year to 31.12.16
	£m	£m	£m
Revenue	199.3	36.7	182.3
Adjusted operating profit	16.1	5.6	21.5

9. Acquisitions (continued)

2016

Summary details of the businesses acquired during the year ended 31 December 2016 are included in the table below:

Business	Sector	Country	Acquisition date 2016	Annualised revenue £m
Earthwise Bag	Grocery	USA	9 February	13.2
Bursa Pazari	Foodservice	Turkey	30 March	32.3
Inkozell and Mo Ha Ge	Healthcare	Germany	31 May	19.3
Classic Bag	Retail	UK	31 May	7.4
Polaris Chemicals	Cleaning and hygiene	Belgium	31 May	2.9
Plus II	Cleaning and hygiene	Canada	25 July	17.8
Apex	Cleaning and hygiene	Canada	26 July	6.6
Blyth	Safety	Czech Republic	31 August	5.7
Kingsbury Packaging	Foodservice	UK	14 September	5.4
Silwell	Foodservice	Hungary	30 September	7.9
Tri-Star Packaging	Foodservice	UK	30 September	27.8
Woodway	Retail	UK	30 December	36.0
Completed acquisitions				182.3
Sæbe Compagniet	Foodservice	Denmark	2 January 2017	12.4
Prorisk and GM Equipment	Safety	France	31 January 2017	6.4
Committed acquisitions				201.1

The annualised revenue of acquisitions completed in the six months ended 30 June 2016 was £75.1m.

10. Financial instruments

The following financial assets and liabilities are held at fair value:

	30.6.17 £m	30.6.16 £m	31.12.16 £m
Derivative financial assets			
Interest rate swaps	13.1	45.0	14.7
Interest rate options	0.2	-	0.1
Foreign exchange contracts for net investment hedging	0.8	16.5	7.6
Foreign exchange contracts for intercompany hedging	6.0	14.1	1.6
Foreign exchange contracts for cash flow hedging	0.4	2.6	3.4
	20.5	78.2	27.4
Derivative financial liabilities			
Interest rate swaps	(0.3)	-	(1.7)
Foreign exchange contracts for net investment hedging	(10.0)	(4.0)	(3.3)
Foreign exchange contracts for intercompany hedging	(8.3)	(20.6)	(4.4)
Foreign exchange contracts for cash flow hedging	(3.5)	(1.1)	(0.4)
	(22.1)	(25.7)	(9.8)

All financial assets and liabilities in the tables above have carrying amounts where the fair value is, and has been throughout the relevant period, a level two fair value measurement. Level two fair value measurements use inputs other than quoted prices that are observable for the relevant asset or liability, either directly or indirectly. The fair values of both financial assets and liabilities are calculated by discounting expected future cash flows translated at the appropriate balance sheet date exchange rates and adjusted for counterparty credit risk as applicable.

The fair values of all financial instruments equate to their book values, with the exception of the US dollar, euro and sterling private placement notes. The fair value of US dollar, euro and sterling private placement notes using market prices at 30 June 2017 was £1,204.9m (30 June 2016: £1,332.1m; 31 December 2016: £1,304.7m), compared to a carrying value of £1,169.0m (30 June 2016: £1,224.8m; 31 December 2016: £1,264.3m).

11. Cash flow from operating activities

The table below gives further details on the non-cash items and the working capital movement shown in the consolidated cash flow statement.

Non-cash items	Six months to 30.6.17 £m	Six months to 30.6.16 £m	Year to 31.12.16 £m
Depreciation and software amortisation	15.2	12.9	27.4
Share based payments	6.2	5.4	10.2
Provisions	(2.4)	(1.8)	(3.0)
Retirement benefit obligations	(0.7)	(1.4)	(9.0)
Other	1.3	1.4	2.4
	19.6	16.5	28.0
Working capital movement			
(Increase)/decrease in inventories	(11.2)	42.3	(18.0)
Increase in trade and other receivables	(33.8)	(11.9)	(39.6)
Increase/(decrease) in trade and other payables	28.9	(44.4)	51.3
	(16.1)	(14.0)	(6.3)

12. Post balance sheet event

As explained in the Chief Executive's review, since 30 June 2017 the Group has made a binding offer to acquire the Hedis group of companies. It is anticipated that the final sale and purchase documentation will be entered into shortly and completion of the acquisition will take place towards the end of the year, subject to the approval of the transaction by the French competition authority. In the year ended 31 December 2016 the aggregate revenue of the businesses to be acquired was £134 million.

13. Related party transactions

As disclosed in the Annual Report for the year ended 31 December 2016, the Group has identified the directors of the Company, its key management and the Group pension schemes as related parties for the purpose of IAS 24 'Related Party Disclosures'. There have been no material transactions with those related parties during the six months ended 30 June 2017. Details of the relevant relationships with those related parties will be disclosed in the Annual Report for the year ending 31 December 2017. All transactions with subsidiaries are eliminated on consolidation.

Responsibility statement of the directors in respect of the half yearly financial report

The directors confirm that to the best of their knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU;
- the half yearly financial report includes a fair review of the important events during the first six months of the year, and their impact on the condensed set of financial statements, and a description of principal risks and uncertainties for the remaining six months of the year as required by Disclosure and Transparency Rule ('DTR') 4.2.7R; and
- the half yearly financial report includes a fair review of the disclosure of related party transactions and changes therein as required by DTR4.2.8R.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of a condensed set of financial statements may differ from legislation in other jurisdictions.

For and on behalf of the Board

Frank van Zanten
Chief Executive
29 August 2017

Brian May
Finance Director

Independent review report to Bunzl plc

Report on the condensed interim financial statements

Our conclusion

We have reviewed Bunzl plc's condensed interim financial statements (the 'interim financial statements') in the half yearly financial report of Bunzl plc for the six month period ended 30 June 2017. Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

What we have reviewed

The interim financial statements comprise:

- the consolidated income statement and consolidated statement of comprehensive income for the six month period ended 30 June 2017;
- the consolidated balance sheet as at 30 June 2017;
- the consolidated cash flow statement for the period then ended;
- the consolidated statement of changes in equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the half yearly financial report have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 1 to the interim financial statements, the financial reporting framework that has been applied in the preparation of the full annual financial statements of the Group is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The half yearly financial report, including the interim financial statements, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half yearly financial report in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Our responsibility is to express a conclusion on the interim financial statements in the half yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for Bunzl plc for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What a review of interim financial statements involves

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the half yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

PricewaterhouseCoopers LLP
Chartered Accountants
London
29 August 2017