

The difference is ESSENTIAL



Bunzl Insight Series
Continental Europe
11th October 2022

CONTINENTAL EUROPE INSIGHT EVENT: PRESENTING TEAM



Experienced leadership



Alberto Grau

Business Area Head,
Continental Europe



**Wilbert van
Wachtendonk**

Managing Director,
Bunzl Retail & Industry,
Netherlands



Eric Croon

Digital Transformation
Director,
Bunzl Continental Europe

50

**cumulative
years at Bunzl¹**

Deep knowledge
and experience

Entrepreneurial
mindset

Delivering
Bunzl's strategy
at the local level

Note

1. Inclusive of Wilbert's tenure at Gelpa, a company acquired by Bunzl in 2005

AGENDA



Part 1

A successful **GROWTH** model

We have a strong track record of growth in Continental Europe and an established platform for future growth



Part 2

Delivering **VALUE-ADDED** solutions

Our proposition supports customers with their complex challenges and drives our good returns



Part 3

Driving **ACQUISITION** growth

Our successful acquisition model supports our attractive growth outlook



A man with a beard, wearing a blue cap and a high-visibility yellow vest over a blue shirt, is holding a large cardboard box. He is looking directly at the camera. The background shows a warehouse with many stacks of similar cardboard boxes.

A successful **GROWTH** model

STRONG GROWTH DELIVERED IN CONTINENTAL EUROPE



Revenue and profit have more than doubled since 2010

STRONG CONSISTENT GROWTH

Revenue increase since 2004

5x

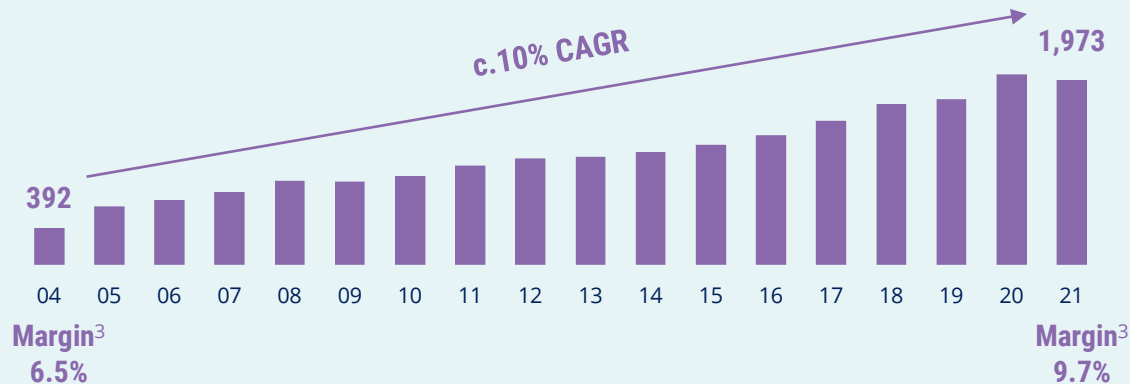
Organic growth contribution¹

1/3

Acquisition growth contribution¹

2/3

Bunzl Continental Europe revenue (£m)²



Adjusted operating profit³ CAGR (04-21)²

c.13%

Operating margin³ growth since 2004

320bps



Strong revenue growth

- Organic growth supported by the building of strong customer relationships
- Consolidation of fragmented markets with the acquisition of good businesses



Steady margin improvement

- Good business performance and operational excellence
- Portfolio development

Notes

1. Average contribution to revenue growth over the last 10 years
2. At 2021 exchange rates
3. Alternative performance measure – see Appendix 1

CONSISTENT TRACK RECORD OF EXPANSION



Expansion since 2005 has established Bunzl's leading position today

EXPANSION

1994:

Bunzl acquires its **first business in Continental Europe**, Hopa Disposables in the Netherlands

2005:

Continental Europe **business area created** with presence in eight countries

2010:

Presence in **12 countries**

TODAY



16 countries



52 operating companies



6 core customer markets



5,600 colleagues



c.2,000 expert sales and customer service colleagues



Operating from >100 locations



66 acquisitions since 1994

ENTREPRENERIAL LEADERSHIP TEAM DRIVES GROWTH



c.50% of our Managing Directors are ex-owners or joined through acquisition

Identifying strong and capable management teams is core to our decentralised strategy

Our leadership team has:



Entrepreneurial mindset



Commercial acumen



Strong customer relationships

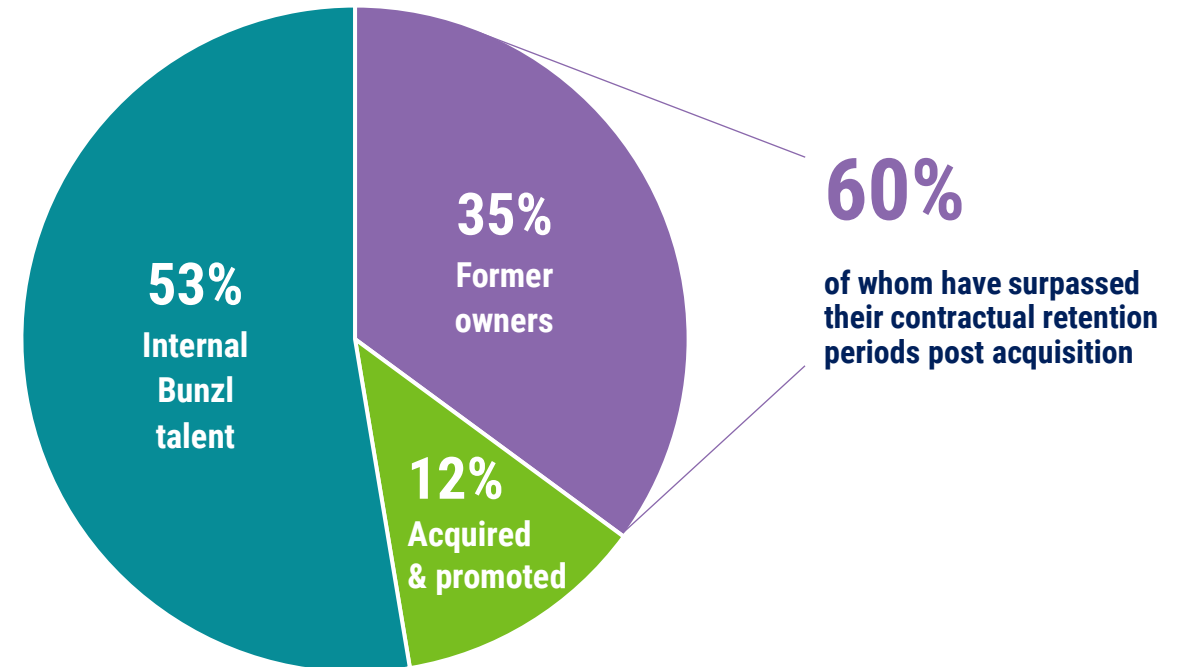


Depth of knowledge of local markets and competitive dynamics



Relationships that are crucial for future acquisition sourcing

MIX OF OUR MANAGING DIRECTORS IN CONTINENTAL EUROPE



SUPPORTED BY THE BALANCE OF LOCAL EXPERTISE AND SCALE



Decentralised model is supported by regional and group investments

WHY OUR LOCAL APPROACH WORKS

- Individual customers' needs and complexities vary significantly
- Our global customers act in a local and decentralised way
- Our competitors are local operators
- Complements entrepreneurial mindset and agility to respond

AND BENEFITS FROM OUR SCALE ACROSS EUROPE AND GLOBALLY

Financial strength to invest in:

- Sustainability
- Digital & technology
- Talent
- Acquisitions
- Working capital

Operational efficiency expertise:

- Sourcing capabilities
- Footprint efficiency
- Purchasing synergies
- Best-practice sharing
- Common own brands

Acquisition execution support



47 warehouse relocations and consolidations since 2010



Shanghai sourcing team provides reassurance to our customers



Sustainability expertise shared across the Group with regular committee meetings and support from expert roles



1,000s of supplier relationships in Continental Europe and beyond

RESULTING IN A SOLID PLATFORM TO DRIVE FURTHER GROWTH



Significant opportunities across multiple highly fragmented markets

Highly decentralised

- 52 operating companies spread across 16 countries

Low customer concentration

- Top 10 customers account for less than 10% of Continental Europe revenue

Focused on delivering strong returns

- ROACE: 47%¹

Significant further growth opportunities

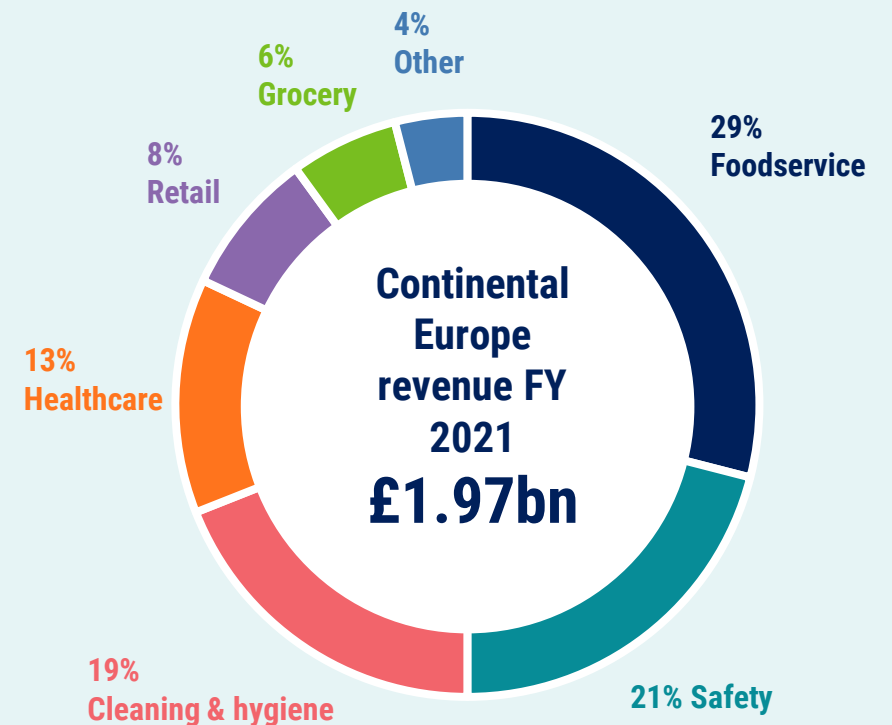
- We only have a presence across all 6 of our core verticals in 2 of our 16 countries

Note

1. In 2021 and an alternative performance measure – see Appendix 1

A DIVERSIFIED BUSINESS ACROSS MARKETS AND SECTORS

COUNTRY PRESENCE	
	Germany
	France
	Italy
	Spain
	Netherlands
	Belgium
	Denmark
	Norway
	Switzerland
	Austria
	Czech Republic
	Hungary
	Romania
	Slovakia
	Israel
	Turkey



A woman with dark hair tied back, wearing a dark blue long-sleeved shirt with bright yellow-green reflective stripes and a BUNZL logo on the chest. She is standing in a warehouse aisle, looking down at a clipboard she is holding. The background shows tall metal shelving units filled with cardboard boxes.

Delivering
VALUE-ADDED
solutions

WE PROVIDE SOLUTIONS TO OUR CUSTOMERS' CHALLENGES

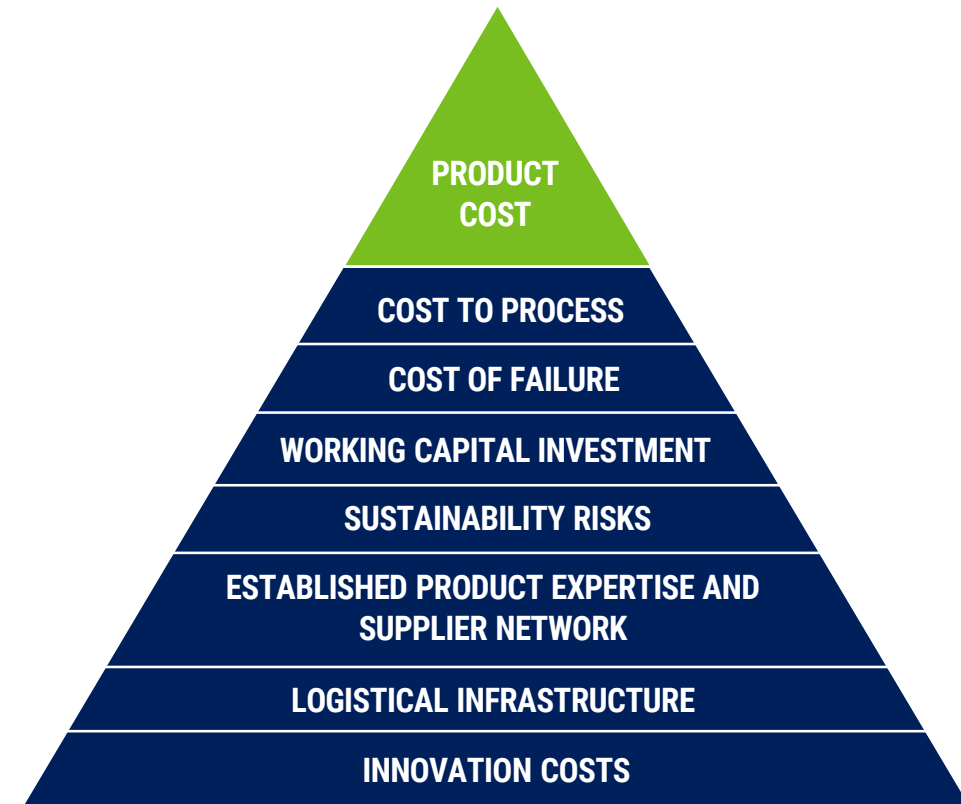


Our expertise delivers significant value beyond the cost of the products

Bunzl provides a customised service that offers:

- **Category expertise** and advice from customer service specialists and sales experts
- **Sustainable solutions** and advice that support customers' objectives
- **Essential and innovative** products and solutions
- **Scale** that drives competitive prices
- A strong and **ethical supply chain**
- **Reliability** and availability
- Working capital **efficiencies**
- **Robust logistical support**
- **Digital interfaces** to ensure silent and smooth transactions

Saving our customers more than just the cost of products





Part 2

Delivering **VALUE-ADDED** solutions

Our proposition
supports customers
with their complex
challenges and drives
our good returns



A SUCCESSFUL BUNZL NETHERLANDS BUSINESS





OUR VALUE-ADDED PROPOSITION DRIVES STRONG RETURNS

Case study: demonstrating our value-added proposition in action

NETHERLANDS

- Netherlands is c.20% of Continental Europe Revenue
- Bunzl Retail & Industry is **one of the eight operating companies** in the country




Located in Arnhem

Part of Bunzl since 2005

Bolt-on acquisitions:



JANSSEN PACKAGING
custom made packaging solutions

Acquisition in 2015
(c.£8 million¹ revenue in 2014)



AFL GROEP BV

Acquisition in July 2022
(c.£16m annual revenue in 2021)



Specialists in packaging for a range of customer end-markets



c.£130 million¹ revenue in 2021



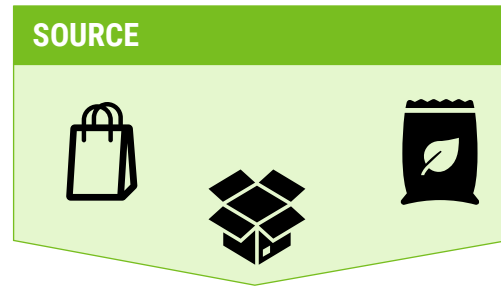
High single digit organic profit CAGR since 2005

Note
1. At 2021 exchange rates

WE ARE A TRUSTED PARTNER TO OUR CUSTOMERS

We are an extension of our customers' teams

We supply business critical products and ensure continuity of supply even in challenging situations

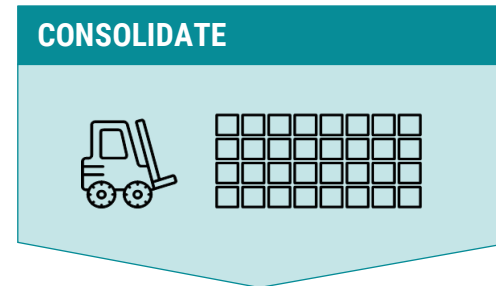


33

Customer service and
category specialists

c.400

Supplier
relationships

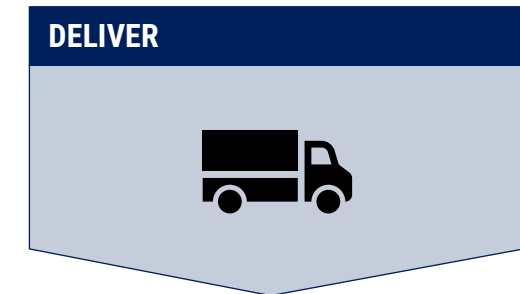


c.700

SKUs per customer
(top 10 customers)

>80%

Customer orders
placed digitally



99%

Orders delivered on
time and in full (YTD)

315

Average sites per
customer
(top 10 customers)



UNDERSTANDING OUR CUSTOMERS IS CORE TO OUR OFFERING

Deep understanding of our customers underpins the services they value

WE ESTABLISH CLOSE RELATIONSHIPS

We help our customers reach their goals by establishing long-term relationships

17 years

Average partnership length (top 20 customers)

>12 years

Average tenure of senior sales team in the business

WE UNDERSTAND THEIR CHALLENGES AND PROVIDE SOLUTIONS

Analyse our customers' needs in detail

- Data to support decision-making
- Hold regular workshops with our customers to understand their needs

Innovate with a strong network of suppliers

- We co-develop products and solutions to suit our customers' needs in the most cost-effective ways

c.65%¹

of packaging made from sustainable alternative materials

>25%

of products distributed annually are new

Note

1. Products that are widely recyclable or compostable (in line with national guidance), made from a renewable resource, for example palm leaf or sugar cane, or reusable products like 'bags for life'. In addition, the statistic highlighted includes cardboard boxes, sheets and rolls.

DELIVERING SOLUTIONS TO CHALLENGES OUR CUSTOMERS FACE

We proactively seek improvements for our customers' businesses

EXAMPLE: ENDLESS CARDBOARD

Typical customer challenge:

- Customers use generic, poorly sized cardboard boxes
- Excess waste and inefficient deliveries
- Poor customer image

Bunzl's solution:

- Endless cardboard sheets, rather than boxes, with a machine that converts sheets into optimal sized boxes
- Automated packing solution, saving customer on labour costs
- Bunzl has an exclusive partnership with the machinery provider, protecting our innovative solution

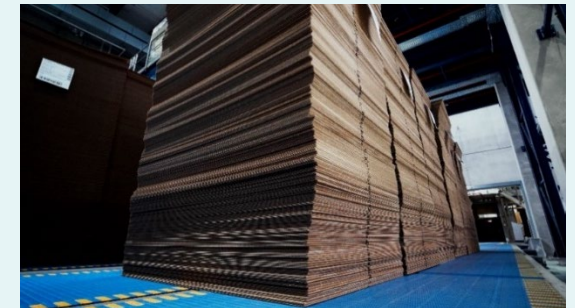
Potential customer cost saving on packaging and transport

c.30%

Potential carbon footprint reduction

c.30%

Continuous innovation supports Bunzl's margins, drives customer retention and strengthens our ability to win new business





CEVA: ESSENTIAL PRODUCTS FOR A 3PL BUSINESS

Helping our customers grow to fuel our own organic growth



100+ warehouse network in Benelux

Fast-growing business

Essential packaging products required

PRIOR SOLUTION

>400 suppliers

Each warehouse sourced independently

On time and in full **< 90%**

High packaging **costs**

No value-added services through partnership

BUNZL SOLUTION

Sole distributor of goods-not-for-resale

On time and in full **99% +**

Improved logistics, more reliable supply chain

Reduced costs

Warehouse and packaging **innovation**, including new machinery

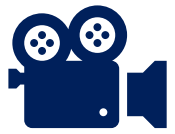
Joint revenue venture to provide CEVA's larger customers with packaging – **upside opportunity**



30% reduction of air in shipped packaging

15% cost saving

10% improved availability of products



CEVA: CUSTOMER TESTIMONIAL



Bunzl is a reliable partner

Length of partnership

12 years

**Expanded significantly
in scope in 2017**

Products supplied

1,000+ products

With an unrivalled value-added offering

“We value the relationship with Bunzl as they are a total solution supplier”

“CEVA is growing, and Bunzl helps us in that growth”

“Bunzl and CEVA are acting together in improving our sustainability”

“For CEVA, Bunzl is not just a supplier, but we are working in partnership”

“We depend on Bunzl’s knowledge and flexibility to get the right solution delivered”



TAILORED APPROACH DRIVES OUR PERFORMANCE

Value-added solutions for customers drives our profitability



c.13%

organic adjusted
operating profit¹ CAGR
(2016-2021)

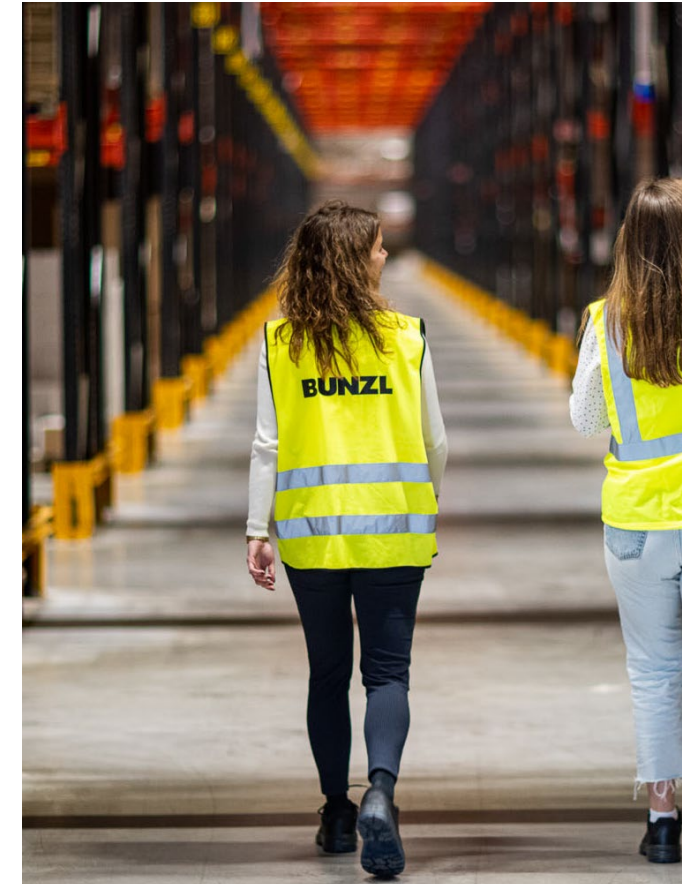
c.150bps

operating margin¹
increase (2016-2021)

**Deep customer relationships
ensure we understand what
our customers value**

**Value-added solutions
enhance and support margins**

**Continuous innovation
ensures our offering stays
ahead of our competitors'**



Note

1. Alternative performance measure – see Appendix 1

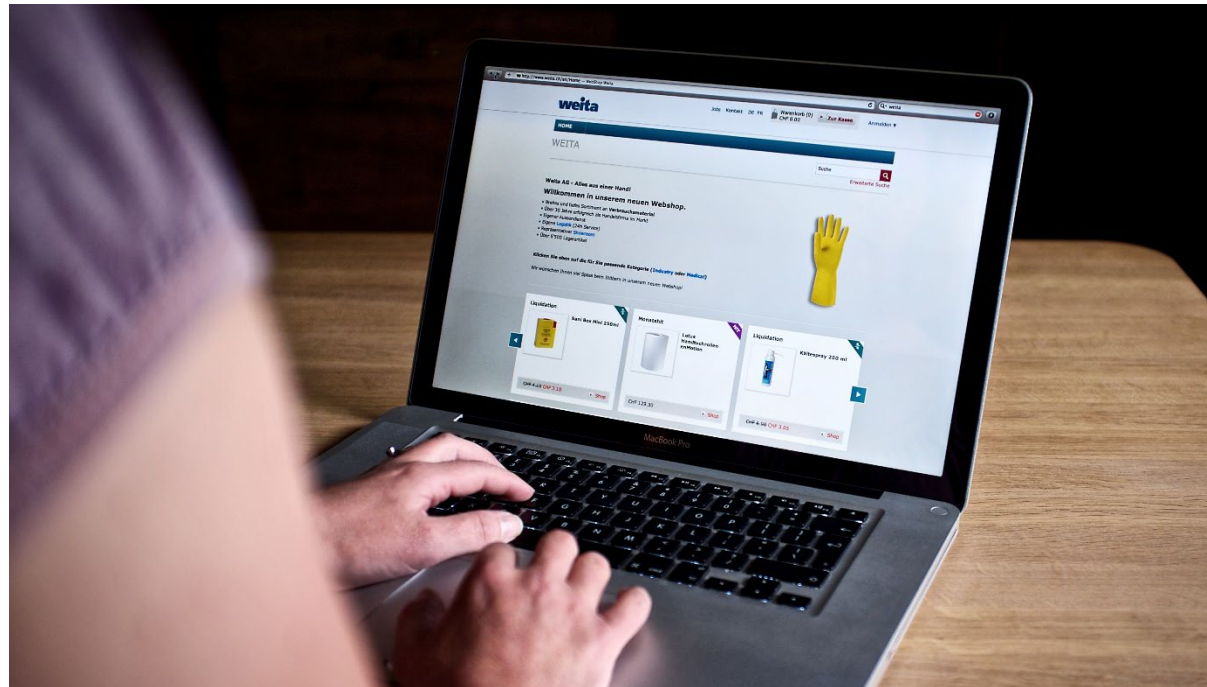
Part 2

Delivering **VALUE-ADDED** solutions

Our proposition
supports customers
with their complex
challenges and drives
our good returns



DELIVERING DIGITAL SOLUTIONS FOR CUSTOMERS



DIGITAL INVESTMENTS SUPPORT OUR CONSISTENT STRATEGY



Digital projects in Continental Europe are focused around three main priorities

CUSTOMER EXPERIENCE

Enhancing customer stickiness

- Remove pain points
- Self-service solutions
- Fast and easy interaction with Bunzl (B2C feel)

OPERATIONAL EFFICIENCY

Delivering excellent service levels

- Process automation
- Flexible architecture
- Scalable tools

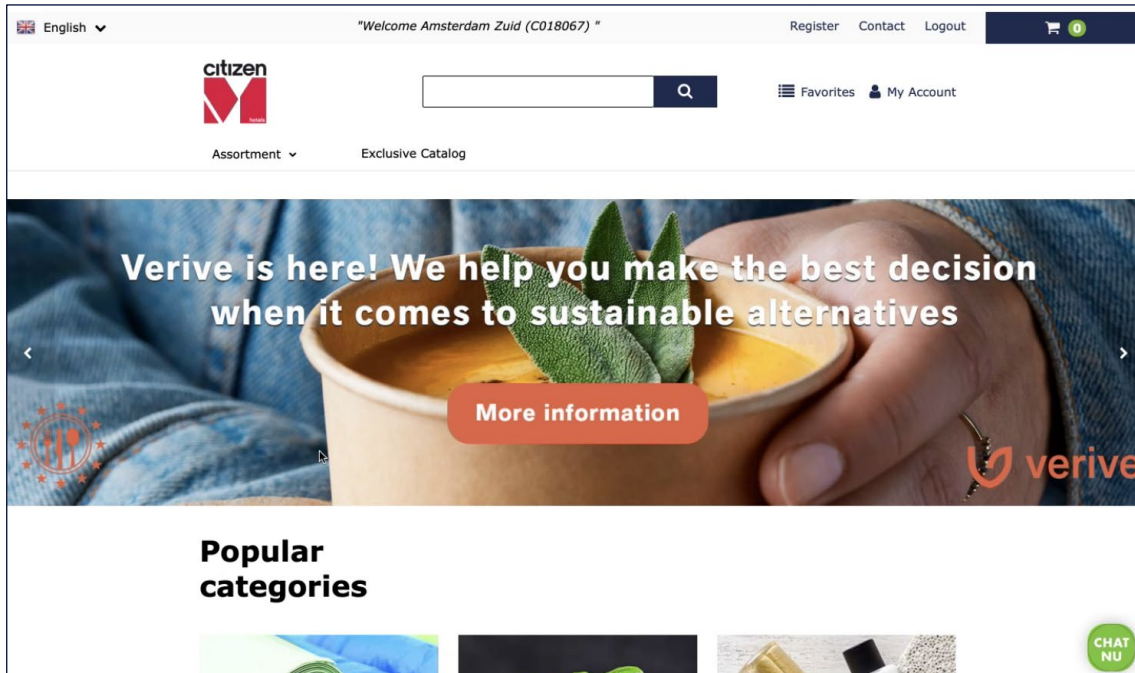
DATA AND ANALYTICS

Creating value through the right insights

- Dynamic dashboards for fact-driven decisions
- Predict and prescribe
- Create new business models

CUSTOMER-FACING SOLUTIONS THAT SIMPLIFY PROCESSES

Delivering bespoke digital portals that enhance customer stickiness



CITIZEN M WEBSHOP PORTAL

Background:

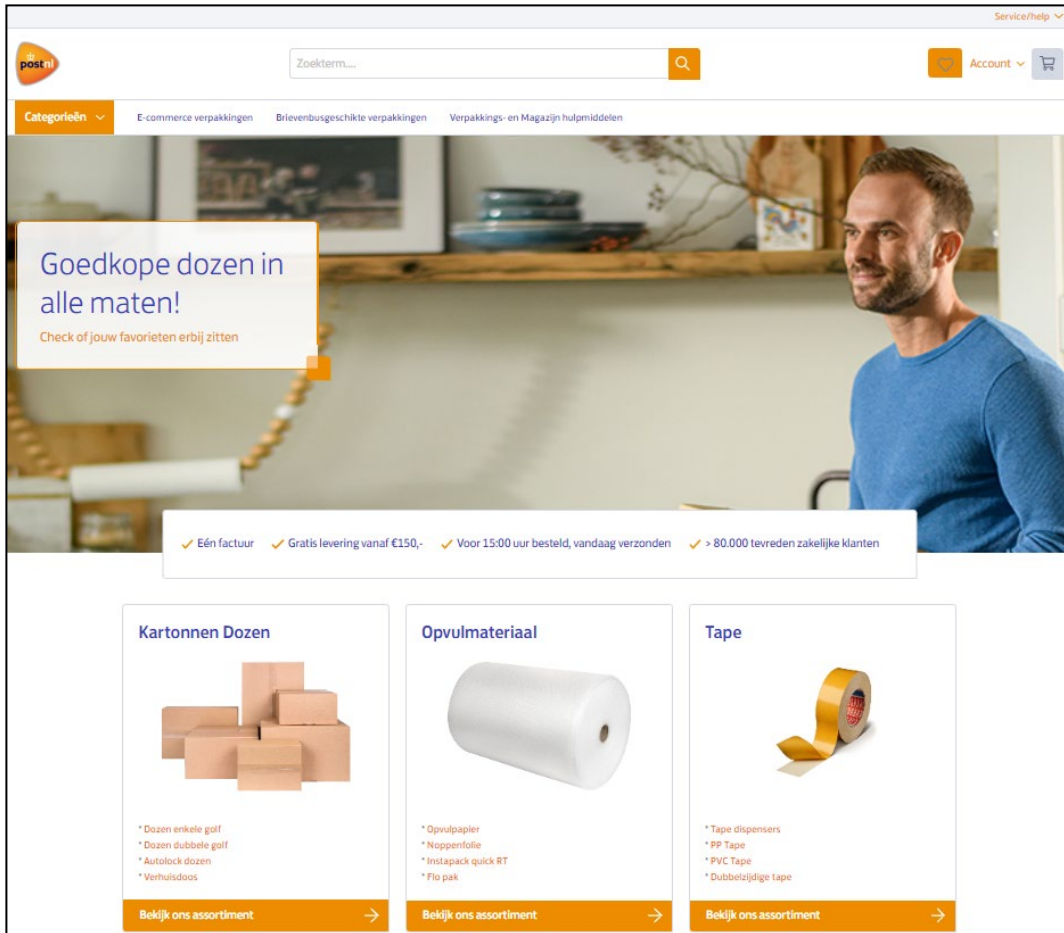
- Business won in 2019 – digital offering was a key component of success
- Exclusive distributor of essential products to Citizen M, including customised products

Bunzl's solution:

- Bespoke webshop built and integrated into the Citizen M intranet and CRM system – their preferred set-up
- Tailored to their needs with quick access to key products
- Each hotel in Europe and North America orders essential products from a pre-defined list, specific to their hotel
- E-commerce feel supports usability
- Data on usage and ordering statistics provided for each hotel

INNOVATION THAT OUR CUSTOMERS VALUE

Delivering solutions that help our customers to grow



PORTAL CREATED TO ENABLE POSTNL TO SELL PACKAGING MATERIALS

Background:

- The Dutch postal service, PostNL, wanted support in offering packaging products to their end customers to grow their business

Bunzl's solution:

- Bunzl created and manages the portal that is integrated into PostNL's ecommerce website to facilitate orders
- Bunzl supplies the packaging products PostNL sells to its customers for delivery services
- Bunzl is responsible for supplying this packaging to PostNL, whilst PostNL handles the final delivery to its end consumer
- Now being rolled out in Belgium due to its success
- Our solution helps them to grow their business while increasing our own customer reach

INSIGHT DRIVES COMPETITIVE ADVANTAGE AND STICKINESS



Providing customers with data to improve sustainability and efficiency

CARBON FOOTPRINT EFFICIENCY TOOL – IN SPAIN

- Detailed mapping of routes to calculate and simulate carbon footprint of product deliveries
- Significant opportunity for customers to reduce carbon footprint through improved ordering patterns
- The tool is certified by AENOR, based on GHG Protocol standards

Example of restaurant chain:

- 2,000 Bunzl deliveries per year, with c.75% of orders €100-1,000 and 16% of orders below €60
- First results show 60% reduction of small orders <€60 which results in a c.10% reduction in total CO₂e associated with deliveries

DOSING ANALYSIS FOR LAUNDRY MACHINES – IN FRANCE

- Innovative connected sensors collect detergent and disinfectant usage data and sends to an intelligent data platform
- Collection of activity and usage data ensures correct level of consumption and provides predictive maintenance alerts
- Drives positive results on quality of washing, energy reduction and reduces maintenance downtime
- Increases customer stickiness
- Implemented for 20 customers, with potential for further European roll out

A man wearing a black shirt and a high-visibility yellow safety vest is driving a yellow Jungheinrich forklift through a warehouse aisle. He is holding a clipboard and looking towards the right. The warehouse is filled with high industrial shelving units (pallet racks) on both sides, which are densely packed with cardboard boxes. The floor is a smooth, light-colored concrete. The lighting is bright and even, typical of a large industrial facility.

Driving **ACQUISITION** growth

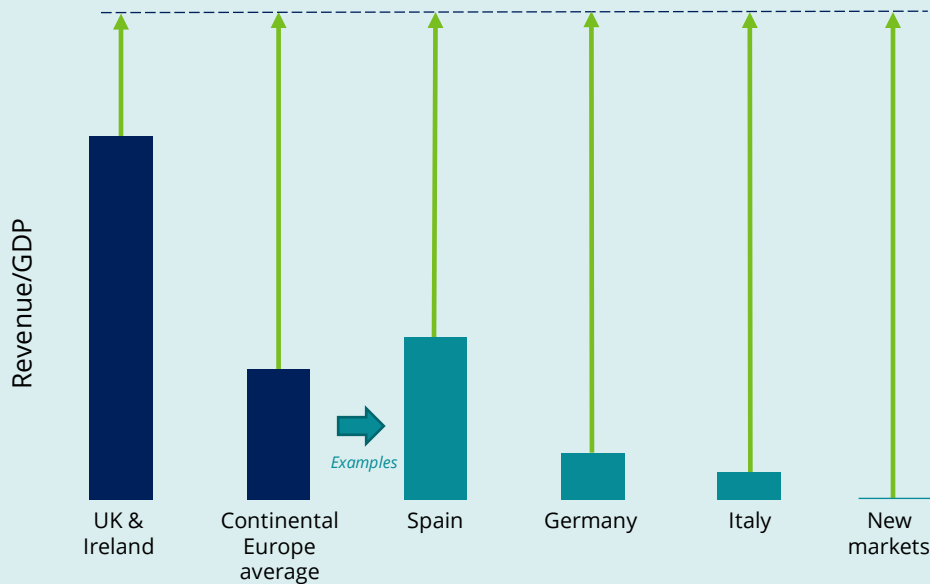
SIGNIFICANT OPPORTUNITY FOR FURTHER EXPANSION



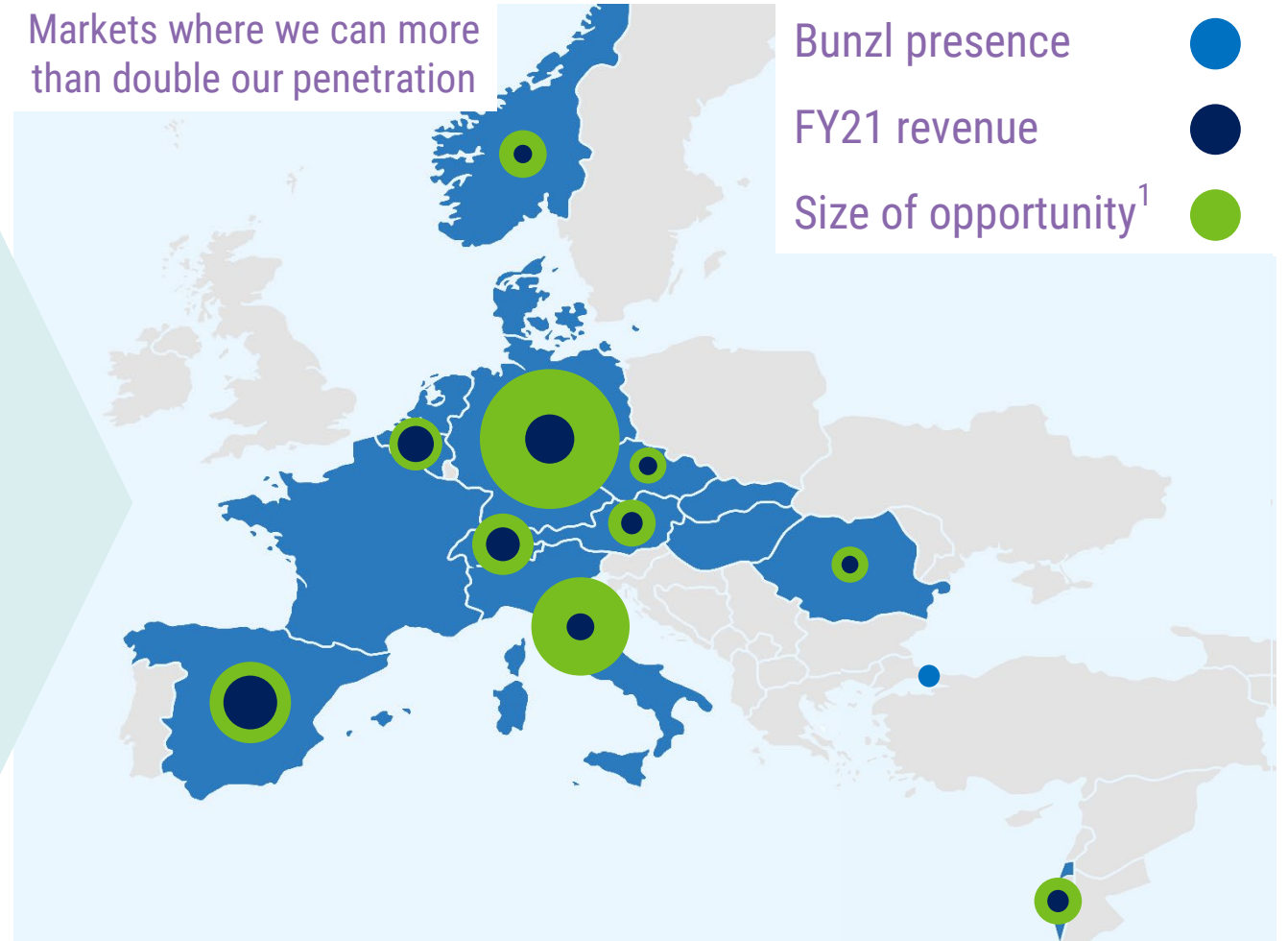
Opportunity to significantly increase revenues in Continental Europe

Illustrative opportunity across markets

Based on UK & Ireland penetration we have the opportunity to increase our presence meaningfully across our countries, as well as grow beyond this and enter new countries and verticals



Markets where we can more than double our penetration



Note: 1. Based on 2021 revenue/GDP of UK & Ireland as a comparable penetration

SIZEABLE GROWTH OPPORTUNITIES WITHIN EXISTING MARKETS



Strong pipeline includes increased sector penetration

COUNTRY	FOODSERVICE	GROCERY	C&H	SAFETY	RETAIL	HEALTHCARE
Germany	●		●	●		●
France	●		●	●		●
Italy				●	●	
Spain	●		●	●	●	●
Netherlands	●	●	●	●	●	●
Belgium	●	●	●		●	●
Denmark	●	●	●	●		
Norway	●					
Switzerland	●	●	●	●	●	●
Austria	●					
Czech Republic		●		●		
Hungary	●	●	●	●		
Romania		●	●	●		
Slovakia	●	●				
Israel	●					
Turkey	●			●		●

● Bunzl has an existing presence

Significant opportunities in Continental Europe

- Increase share in existing markets
- Expand number of core sectors within current countries
- Enter new countries, e.g. Poland, Sweden, Finland and Portugal

Example opportunities within established markets:

	% of Continental Europe revenue	Top three sectors and revenue mix	Example opportunities
France	c.30%	<ul style="list-style-type: none"> • C&H: c.45% • Foodservice: c.25% • Safety: c.20% 	Safety consolidation Healthcare growth
Netherlands	c.20%	<ul style="list-style-type: none"> • Healthcare: c.20% • Safety: c.20% • Foodservice: c.15% 	Enhance our position in C&H Consolidation of specialist packaging sector
Spain	c.10%	<ul style="list-style-type: none"> • Safety: c.35% • Foodservice: c.25% • C&H: c.15% 	Consolidation of particularly fragmented C&H market Healthcare growth

PIPELINE ACTIVELY MANAGED AND MONITORED

Local relationships are the main source of deal generation



- Local origination through local MDs in Continental Europe; **long-term relationships fostered**
- List of acquisition **targets regularly reviewed** by Business Area and Group leadership teams
- Local teams supported by Business Area leadership to **attract sellers to join Bunzl**
- **Group Corporate Development team executes**; local teams agree to performance targets
- Integration by local teams focuses on managing risk whilst **maximising commercial opportunity**

List of priority acquisition targets in Continental Europe

Regular and monitored contact driven by local MDs

c.150 companies with combined revenue c.EUR 8bn

Includes targets with medium-term lead-time

Additional potential targets beyond this active list

CASE STUDY: SUPPORTING OUR ACQUISITIONS TO GROW



Multiline: doubled our presence in Denmark; established a foodservice platform

ACQUISITION

- Foodservice distributor in Denmark
- Acquired in 2003
- Sold by founder's widow

RATIONALE

- Significantly strengthen Bunzl's position in Denmark
- Become number one foodservice distributor
- Generate purchasing synergies
- Provide a strong platform to further consolidate the foodservice market

SUCCESS

- Leveraged Group scale to invest in sustainability and digital technologies
- Leveraged Bunzl Shanghai to expand its own brand range
- Provided platform for development of our business in Denmark with 5 subsequent bolt-on acquisitions

c.10%

**Adjusted operating profit¹
CAGR since 2003**



Note

1. Alternative performance measure – see Appendix 1

CASE STUDY: ENHANCING THE OFFERING OF OUR ACQUISITIONS



Allshoes: acquisition of a fast-growing safety shoe business in 2014

ACQUISITION

- Number one safety footwear distributor in the Netherlands
- Acquired in 2014
- Sold due to no family succession

RATIONALE

- Enhance our leading position in PPE distribution in the Netherlands
- Brand strength (both high-end and own brand)
- High profitability with good potential to grow in the Benelux region

SUCCESS

- Transformed from a traditional distributor into a data driven and customer-oriented business
- Developed Asian sourcing, leveraging Bunzl's Shanghai sourcing operation
- Founded Circular Footwear Alliance to collect and recycle safety shoes
- 99% of orders placed digitally

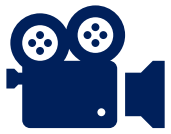
c.11%

**Adjusted operating profit¹
CAGR since 2015**



Note

1. Alternative performance measure – see Appendix 1



HYGI.DE: SELLER TESTIMONIAL

Supporting expansion in a high potential market



HYGI.DE – ACQUIRED JULY 2022

- **Market leading** online distributor of cleaning and hygiene products in Germany
- Established in 2004
- **Fast growing** business
- 2021 revenue of **c.£92 million**
- Provides Bunzl with:
 - A significantly increased position in Germany
 - A stronger platform for continued expansion in Germany
 - Enhanced digital capabilities

ACQUISITION PROCESS

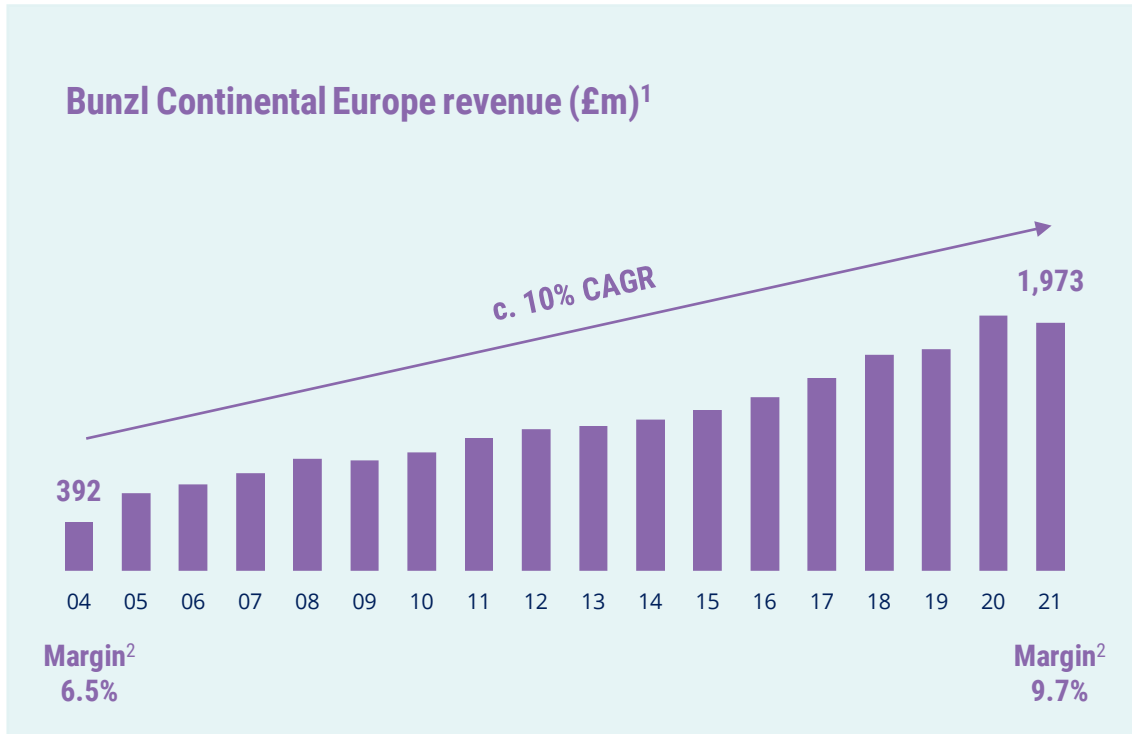
- Annual meetings with local Bunzl leadership since 2012 – **10 years in the making**
- Sold to Bunzl to release value for family members and to **enable further expansion**
- Bunzl selected for:
 - Ability to support hygide growth ambitions
 - Evidence of historic acquisitions remaining part of the Bunzl Group
 - Decentralised structure and ability to maintain commercial autonomy
 - Sustainability credentials and expertise

Concluding remarks

STRONG TRACK RECORD



Tremendous growth achieved; significant opportunities ahead



Bunzl's Continental Europe business has a strong track record of growth



We add value by solving our customers' problems. This drives our strong and sustainable margins and ROACE



We have significant opportunities for further growth

Notes

1. At 2021 exchange rates

2. Operating margin, which is an alternative performance measure – see Appendix 1

**The
difference
is ESSENTIAL**

Q&A



Appendix

APPENDIX 1



Alternative performance measures

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

Underlying revenue growth - Revenue excluding the incremental impact of acquisitions and disposals compared to revenue in prior years at constant exchange, adjusted for differences in trading days between years and adjusted to exclude growth in excess of 26% per annum in hyperinflationary economies

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

Operating margin - Adjusted operating profit as a percentage of revenue

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Constant exchange rates - Growth rates at constant exchange rates are calculated by retranslating the results for the prior periods at the average exchange rates for the current period so that they can be compared without the distorting impact of changes caused by foreign exchange translation