News Release

30 August 2022

HALF YEARLY FINANCIAL REPORT FOR SIX MONTHS ENDED 30 JUNE 2022

Bunzl plc, the specialist international distribution and services Group, today publishes its half yearly financial report for the six months ended 30 June 2022.

Financial results	H1 22	H1 21	Growth as reported	Growth at constant exchange*◊
Revenue	**£5,650.8m**	£4,866.6m	16.1%	12.4%
Adjusted operating profit*	**£411.4m**	£366.8m	12.2%	8.6%
Adjusted profit before income tax*	**£380.5m**	£338.4m	12.4%	8.8%
Adjusted earnings per share*	**85.7p**	77.7p	10.3%	6.9%
Interim dividend	**17.3p**	16.2p	6.8%	

Statutory results			
Operating profit	**£327.5m**	£304.1m	7.7%
Profit before income tax	**£296.6m**	£275.7m	7.6%
Basic earnings per share	**66.2p**	63.3p	4.6%

Highlights include:

- Strong revenue growth of 12.4% at constant exchange rates, driven by product cost inflation and continued volume recovery in the base business♯, and growth from acquisitions
- Adjusted operating profit* increase of 8.6% at constant exchange rates and rise in adjusted earnings per share* of 6.9%; Reported operating profit up 7.7% and reported basic earnings per share up 4.6%
- Adjusted operating profit 41% higher at constant exchange rates compared with the first half of 2019, demonstrating the strength and resilience of the Bunzl model
- Resilient free cash flow generation, with cash conversion of 86% despite the impact of inflation and greater inventory held to support service levels to customers during supply chain disruption
- Interim dividend per share growth of 6.8% consistent with the Group's commitment to ensuring sustainable dividend growth
- Net debt to EBITDA*† of 1.6 times provides substantial headroom for further acquisitions
- Six acquisitions announced year to date with a total committed spend of more than £225 million

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

"The strength of our first half results is testament to the dedication of our colleagues and the resilience of our value-added business model. Over the period, our teams have been agile in navigating substantial inflation and supply chain disruption, while supporting recovery in the base business and continuing to provide our customers with essential products and services that are crucial to their operations. Our good performance has also been enabled by the depth and flexibility of our global supply chains.

We remain focused on continuing to execute our long-term compounding growth strategy. So far this year we have announced six acquisitions and have an active pipeline with good balance sheet headroom. We believe the merits of joining Bunzl have been amplified over the last few years, supporting our long-term strategic commitment to investing in businesses that drive growth and returns for the Group. Sustainability remains a key focus across the Group, and we continue to use our position and expertise to innovate and enable customers to transition to packaging products that support the circular economy, as well as investing in solutions that benefit the environment, communities, our supply chain and our people.

While mindful of the economic outlook, I believe our talented teams, the inherent resilience of our business model and diversification of our portfolio across sectors and regions, as well as our consistent focus on our strategic priorities, will continue to support the Group's performance and maintain our strong track record of value creation."

* Alternative performance measure (see Note 2).
◊ Growth at constant exchange rates is calculated by comparing the H1 22 results to the H1 21 results retranslated at the average exchange rates used for H1 22.
♯ Base business defined as underlying revenue excluding the top Covid-19 related products (including masks, sanitisers, disposable gloves, disinfectants, coveralls, disposable wipes, face shields and eye protection).
† At average exchange rates and based on historical accounting standards, in accordance with Group's external debt covenants.

H1 22 performance highlights:

Underlying revenue growth*ǂ contribution	H1 22
Base business♯	15.4%
Covid-19 related orders	(6.1)%
Group total	**9.3%**

Underlying revenue growth*ǂ by sector	H1 22
Foodservice and Retail	21%
Cleaning & Hygiene, Safety and Healthcare	(4)%
Grocery and other	11%

- Group underlying revenue growth of 9.3% reflected the very strong growth in the base business, driven by product cost inflation and supported by volume growth, which more than offset the expected decline in Covid-19 related sales
- The base business saw very strong revenue growth across North America, Continental Europe and UK & Ireland, driven by strong product cost inflation. This was complemented by volume recovery in Continental Europe and UK & Ireland, due to the reduced level of Covid-19 related restrictions compared to the prior year
- Reduced Covid-19 related sales, due to the year-on-year impact of deflation on certain Covid-19 related products and volume decline, affected all business areas. Rest of the World was particularly impacted given the higher proportion of Covid-19 related sales generated in Latin America in the prior year
- The foodservice and retail sectors combined saw very strong underlying revenue growth, driven by significant inflation and recovery in the base business, despite a decline in Covid-19 related sales
- The cleaning & hygiene, safety and healthcare sectors were impacted by the decline in Covid-19 related sales, with cleaning & hygiene also continuing to be impacted by work from home trends, although the safety base business in North America started to see some improvement. Combined, underlying revenue for these sectors remained strongly ahead of the comparable period in 2019
- Underlying revenue in the grocery sector grew very strongly, driven by significant product cost inflation
- In addition to underlying revenue growth, Group revenues were further supported by 3.0% growth from the incremental impact of acquisitions
- Inflation trends overall have been somewhat supportive to operating margin
- Given our performance year-to-date, we now expect the Group operating margin in 2022 to be higher than historical levels and only slightly lower than that achieved in 2021

Business area highlights:

	Revenue (£m)		Growth at constant exchange*◊	Underlying revenue growth*ǂ	Adjusted operating profit* (£m)		Growth at constant exchange*◊	Operating margin*	
	H1 22	H1 21			**H1 22**	H1 21		**H1 22**	H1 21
North America	**3,435.9**	2,857.7	12.7%	9.9%	**231.5**	199.9	8.4%	**6.7%**	7.0%
Continental Europe	**1,026.1**	971.8	11.6%	9.0%	**97.7**	91.8	13.5%	**9.5%**	9.4%
UK & Ireland	**687.1**	579.6	18.8%	14.1%	**40.6**	22.8	78.1%	**5.9%**	3.9%
Rest of the World	**501.7**	457.5	4.8%	(0.4)%	**53.9**	64.8	(21.8)%	**10.7%**	14.2%

North America (61% of revenue and 55% of adjusted operating profit*†)

- Underlying revenue grew strongly, despite a decline in Covid-19 related sales, driven by substantial product cost inflation, particularly in grocery and foodservice
- Foodservice and grocery performance drove very strong base business revenue growth, while the cleaning & hygiene sector continued to be impacted by work from home trends. The safety base business started to see some improvement as conditions started to ease for customers in end markets
- Operating cost inflation was high, driven by fuel and freight costs. However, whilst wage rates remained high, they largely stabilised over the period, moderating their impact on operating cost inflation compared to the second half of 2021
- Negotiations with our largest customer by revenue are ongoing

Continental Europe (18% of revenue and 23% of adjusted operating profit*†)

- Underlying revenue grew strongly, despite a decline in Covid-19 related sales, driven by strong product cost inflation in foodservice and retail and a recovery in base business volumes, which was attributable to the relaxation of the Covid-19 related restrictions that had impacted the comparable prior year period
- France benefited from a recovery in its cleaning & hygiene and foodservice businesses, supported by product cost inflation
- The Netherlands saw very strong growth in foodservice and retail, driven by inflation and new business wins, with the retail business relocating to a larger facility to support demand

UK & Ireland (12% of revenue and 9% of adjusted operating profit*†)

- Underlying revenue grew very strongly, despite a decline in Covid-19 related sales, driven by similar dynamics to those in Continental Europe
- The strong improvement in the base business drove a meaningful improvement in operating margin
- Investment in operating efficiency continued, with the ongoing roll-out of new technologies to support the business

Rest of the World (9% of revenue and 13% of adjusted operating profit*†)

- Underlying revenue grew very strongly in Asia Pacific, supported by growth in both the base business and larger Covid-19 related orders, whilst in Latin America underlying revenue was strongly impacted by the reduction in Covid-19 related sales, as expected
- Overall, underlying revenue for Rest of the World was broadly flat, with acquisitions in Asia Pacific providing good support to total growth
- Adjusted operating profit and operating margin decline reflected the reduction in higher margin Covid-19 related sales, although margins remain significantly higher than in the comparable 2019 period

* Alternative performance measure which excludes charges for customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges and the profit or loss on disposal of businesses and any associated tax, where relevant. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group. Further details of these alternative performance measures are set out in Note 2. Unless otherwise stated operating margin in this review refers to adjusted operating profit as a percentage of revenue.

◊ Growth at constant exchange rates is calculated by comparing the H1 22 results to the results for H1 21 retranslated at the average exchange rates used for H1 22.

ɨ Underlying revenue is a measure of revenue over comparative periods at constant exchange rates, excluding the incremental impact of acquisitions and disposals and adjusted for differences in trading days between periods as well as for growth delivered in excess of 26% per annum in hyperinflationary economies.

♯ Base business defined as underlying revenue excluding the top Covid-19 related products (including, masks, sanitisers, disposable gloves, disinfectants, coveralls, disposable wipes, face shields and eye protection).

† Based on adjusted operating profit and before corporate costs (see Note 3).

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

CHAIRMAN'S STATEMENT

The Group continued to respond quickly and effectively to a challenging environment and over the first half of the year produced another strong performance. At constant exchange rates, the Group delivered very strong revenue growth of 12.4% (16.1% at actual exchange rates), an increase of 8.6% in adjusted operating profit and growth of 6.9% in adjusted earnings per share, with basic earnings per share at actual exchange rates increasing 4.6%. This has resulted, at constant exchange rates, in adjusted operating profit being 41% higher than the comparable period in 2019 and is equivalent to a 12% Compound Annual Growth Rate (CAGR) over that period, which is well ahead of the 9% CAGR achieved between 2004 and 2021. The consistency of the Group's performance despite the challenges of the pandemic and the shifting patterns of business since 2020, as well as recent supply chain disruptions and significant inflation, demonstrates the strength of the Bunzl model and reinforces my confidence in the Group's strategy.

As we look ahead to further global economic uncertainty, I am confident in Bunzl's resilient characteristics, including its diversified portfolio of geographies and sectors, and agile and decentralised structure, which have served the Group very well historically. The Group's focus on delivering a value-added offering to customers around essential products and services which its customers can rely upon, and its continual innovation in areas such as sustainability, is core to its resilience. The business is further supported by a consistent and proven compounding strategy and a strong balance sheet, with a highly successful refinancing earlier in the year extending the Group's debt maturities.

Strategic priorities

We continue to pursue a strategy of developing the business through a combination of organic growth, operational improvements and acquisition growth. The Group has announced six acquisitions year-to-date, including the acquisition of Hygi.de, a fast-growing online distributor in Germany, which materially increases Bunzl's presence in the high potential German market. Overall, the range of acquisitions announced, across multiple geographies and sectors, including adjacent sectors such as warehouse storage solutions, highlights the depth of opportunity that Bunzl has for further growth. The opportunity for further consolidation is a key pillar of growth for the Group.

The Group has continued to focus on alternative packaging that is better suited to the circular economy, with a higher penetration of packaging made from alternative materials compared to 2021 overall. The Group also continues to work on the roadmap to achieving net zero carbon emissions, inclusive of Scope 3 emissions, by 2050 at the latest and has increased its auditing and assessments of suppliers in high-risk regions outside of Asia. Furthermore, with the appointment of Dr. Pamela Kirby as a non-executive director the proportion of female members of our Board and Executive Committee is c.40%.

Bunzl ended the period with a net debt to EBITDA of only 1.6 times, with the strength of the Group's financial position enabling a continued focus on longer term strategic growth priorities despite the near-term macroeconomic uncertainties.

Shareholder returns

The Board is recommending an interim dividend of 17.3p which represents 6.8% growth on the 2021 interim dividend and reflects the Group's commitment to ensuring sustainable dividend growth, with 29 years of consecutive annual dividend growth delivered to date. Since 2004, Bunzl has now returned £1.9 billion to shareholders through dividends and has committed £4.6 billion in acquisitions to support a growth strategy that has delivered an annual adjusted earnings per share CAGR of 10% over the period.

Governance

In July we announced the appointment of Dr. Pamela Kirby as a non-executive director with effect from 1 August 2022. Pamela has significant knowledge and experience in global businesses, having worked in several international roles for over 30 years. She brings a wealth of international distribution, strategic and UK listed company experience to the Board.

CHIEF EXECUTIVE OFFICER'S REVIEW

Overview

The strength of Bunzl's performance over the period is driven by the hard work and dedication of all our colleagues globally and highlights the value Bunzl provides its customers, ensuring they can rely on us to deliver essential products and solutions despite supply chain disruption. Furthermore, by continuously improving the value-added offering we provide our customers and finding innovative products and solutions that meet their needs, we are able to navigate various external challenges. This is evidenced by our success in implementing price increases over the period. The resilience of our business model is testament to the commitment of our employees, as well as our diversification, focus on essential products and supply chain strength.

Operating performance

With over 90% of adjusted operating profit generated outside the UK, profits and earnings were positively impacted between 3% and 4% by currency translation over the period. The positive exchange rate impact was principally due to the effect on average exchange rates of the weakening of sterling against the US dollar, Canadian dollar and Brazilian real, partly offset by the adverse impact of the strengthening of sterling against the Euro. The commentary below is stated at constant exchange rates unless otherwise highlighted.

In the first half of 2022 revenue increased by 12.4% (16.1% at actual exchange rates) to £5,650.8 million. Within this, underlying revenue growth was 9.3%, whilst acquisitions contributed revenue growth of 3.0% and excess growth in hyperinflationary economies, largely in Turkey, contributed a small increase of 0.1%. There was no impact over the period from the number of trading days compared to the prior year period.

Underlying revenue growth of 9.3% during the first half of the year was driven by very strong growth of the base business, which benefited the Group's underlying revenue growth by 15.4%. Growth in the base business reflected very strong inflation growth across most business areas and volume growth driven by Continental Europe and UK & Ireland recovery. This was partially offset by the expected reduction in sales of the top Covid-19 related products, which contributed an underlying revenue decrease of 6.1%. The decline in Covid-19 related sales reflects the annualisation of price deflation on certain Covid-19 related products, as well as some reduction in volumes, although Covid-19 related sales remain significantly ahead of 2019 levels.

North America achieved underlying revenue growth of 9.9%, driven by substantial product cost inflation. Underlying revenue in Continental Europe grew by 9.0%, driven by strong product cost inflation as well as good volume recovery in the base business. Strong year-on-year base business volume recovery in UK & Ireland, in addition to strong product cost inflation, supported an increase in underlying revenue of 14.1%. With UK & Ireland having had a higher weighting to the foodservice and retail sectors, the extended lockdowns earlier in 2021 impacted operating margin, but following the improved trading performance over the period, the region delivered a meaningful improvement in adjusted operating margin. The impact of the decline in Covid-19 related sales was broadly similar across North America, Continental Europe and UK & Ireland. Underlying revenue in Rest of the World declined by 0.4% year-on-year, driven by Latin America, which was strongly impacted by a decline in Covid-19 related sales given the high proportion of these sales in the prior year.

Underlying revenue growth in Asia Pacific was very strong, supported by both base business growth and an increase in Covid-19 related sales year-on-year, driven by some larger Covid-19 related orders.

With both product cost inflation, as well as continued post-pandemic recovery of the base business in Continental Europe and UK & Ireland, the foodservice and retail sectors combined delivered underlying revenue growth of 21% year-on-year, despite the decline in Covid-19 related sales. The cleaning & hygiene, safety, and healthcare sectors were impacted by the decline in Covid-19 related sales year-on-year. The cleaning & hygiene sector also continued to be impacted by work from home trends, which hampered the base business recovery, although product cost inflation was supportive. Despite still being affected by the work from home trend more generally, the cleaning & hygiene sectors in Continental Europe and UK & Ireland saw year-on-year growth due to the greater impact on office working in the comparative period from Covid-19 related restrictions. Encouragingly, our base business in safety has started to see some improvement in North America, as supply chain and labour shortages have begun to show signs of easing for customers. Overall, total underlying revenue in the cleaning & hygiene, safety and healthcare sectors declined by 4% year-on-year due to lower Covid-19 related sales, although total sales were 8% higher than in the first half of 2019, with Covid-19 related sales remaining higher than in 2019 and good growth delivered in the healthcare sector. Total underlying revenue in the grocery and other sectors grew by 11% year-on-year, driven by product cost inflation.

Whilst inflation in plastics, paper and chemicals continued to be strongest in North America over the period, inflation became more widespread in the first half of 2022, compared to the second half of 2021, and was also strongly supportive of performance in Continental Europe and UK & Ireland. The Group has managed the strong inflation well and successfully implemented product price increases. Our largest customers, particularly in North America, often have product price movements factored into agreements, whilst elsewhere regular price reviews are required. While inflation trends remained strong to the end of the period, product cost inflation has started to annualise in North America. However, the product cost inflation benefits in other regions lagged North America.

Although we experienced operating cost inflation in the first half of the year, this has been more than offset by revenue growth driven by product cost inflation and achieving further operational efficiencies. Operating cost inflation in North America has been high, driven by fuel and freight costs, despite some support from fuel surcharges, as well as wage inflation and property inflation linked to lease renewals. However, wage rates, which grew particularly strongly in 2021, were largely stable over the first half of the year, which has moderated their year-on-year impact on operating cost inflation. We expect fuel and freight inflation to similarly start to moderate given annualisation of these cost increases and the potential benefit of lower fuel prices and improved capacity in the freight market. Whilst wage inflation has remained more benign in Continental Europe over the period, we expect inflation to start building in this business area. Driving operational efficiencies is a core component of our compounding strategy and is particularly important at a time of higher inflation. Over the first six months we have continued to focus on optimising our warehouse space and have implemented additional technologies and automation that support our processes. Overall, combined with the positive contribution that product cost inflation has made to revenue, inflation dynamics have been somewhat supportive to margins to date.

Adjusted operating profit was £411.4 million, an increase of 8.6% (12.2% at actual exchange rates) and operating margin decreased to 7.3% from 7.5% but remains ahead of historical levels. Whilst inflation has been somewhat supportive to margins, the reduction in operating margin reflects the normalisation of revenue mix, with the reduction in sales of Covid-19 related products, which are largely own brand, and the stronger recovery in typically lower margin sectors within our base business. Reported operating profit was £327.5 million, an increase of 4.0% (7.7% at actual exchange rates), reflecting the 8.6% increase in adjusted operating profit and an increase in customer relationships and brands amortisation and acquisition related items due to acquisition activity over the last 12 months.

Adjusted profit before income tax was £380.5 million, an increase of 8.8% (12.4% at actual exchange rates) due to the growth in adjusted operating profit. Net finance expense increased slightly, reflecting a non-cash charge from hyperinflation accounting related largely to operations in Turkey. The Group expects a net finance expense in 2022 of approximately £75 million, including an impact of approximately £10 million from hyperinflation accounting. Reported profit before income tax was £296.6 million, an increase of 3.8% (7.6% at actual exchange rates).

The effective tax rate of 24.6% was higher than the 23.5% in the prior year, reflecting the absence of benefits seen in recent years from the favourable settlement of prior year exposures. In 2022 the Group's effective tax rate for the full year is expected to be in-line with the first half. Adjusted earnings per share were 85.7p, an increase of 6.9% (10.3% at actual exchange rates) and basic earnings per share were 66.2p, an increase of 0.9% (4.6% at actual exchange rates).

The Group's cash generation continues to be impressive, with £236.2 million of free cash flow generated, representing 26% growth at actual exchange rates compared to the comparable period in 2019, and continuing to enable strong investment in the business and acquisitions. Compared to the first half of 2021, free cash flow increased by 4.9% at actual exchange rates, with moderately lower operating cash flow offset by lower cash tax payments. Cash conversion (operating cash flow as a percentage of lease adjusted operating profit) over the period was 86%, despite working capital being impacted by inflation and from holding a greater level of inventory to mitigate supply chain disruption, ensuring continued supply to customers. Net capital expenditure of £18.9 million compares to £15.3 million in the prior year period and reflects continued investment in IT and digital technologies, as well as warehouse consolidations. The Group ended the period with net debt, excluding lease liabilities, of £1,374.6 million compared to £1,337.4 million in December 2021. Net debt to EBITDA, calculated at average exchange rates and in accordance with the Group's external debt covenants, which are based on historical accounting standards, was 1.6 times compared to 1.4 times at the end of June 2021 and 1.6 times at the end of 2021. Inclusive of five announced acquisitions which did not close before 30 June 2022, net debt to EBITDA would be 1.7 times. This is significantly below our 2.0 times to 2.5 times target range, providing substantial headroom for further acquisitions. Due to the structure of recent acquisitions, with increasing earn-outs and options to be exercised to buy out minorities in future years, we hold deferred consideration to be paid subject to earnings achieved by these businesses on our balance sheet. At the end of the period, a liability of £79.1 million was held compared with £107.8 million at the end of 2021. This liability is not included within the Group's external debt covenant definition. In March the Group successfully completed a US Private Placement issue of USD 400 million which refinances near-term US Private Placement maturities, extending the Group debt maturity profile.

Return on average operating capital increased to 43.5% compared to 43.3% at 31 December 2021, driven by a higher return from the underlying business and a positive impact from acquisitions. Return on invested capital was 14.9% compared to 15.1% at 31 December 2021, with a higher return from the underlying business offset by the impact of higher capital employed related to recent acquisitions, which temporarily dilute the metric. Return on average operating capital and return on invested capital both remain significantly higher than in December 2019, with 36.9% and 13.6% respectively achieved at the end of 2019.

Organic growth and operational efficiency

We remain committed to delivering growth through our consistent compounding strategy which focuses on organic growth, operational efficiency and acquisitions. Our colleagues have continued to provide our customers with innovative products and services, with a growing sustainability offering being a particular focus. Furthermore, digital sales now account for 68% of orders compared to 67% in the prior year period and 61% in the first half of 2019. Our continued focus on operational efficiencies included the relocation of a larger warehouse in North America and the consolidation of two warehouses in Latin America, as well as the further implementation of technologies and automation that drive more efficient processes. Continued roll-out of new technology and further warehouse consolidations are planned for the second half of the year.

Acquisitions

In the year to date, Bunzl has announced six acquisitions with committed spend of more than £225 million, adding an estimated annualised revenue of approximately £220 million. The strength of the Group's cash conversion and balance sheet continues to enable the Group to fund further acquisitions, largely through cash generated in the year. Included in the period was the announcement of the acquisition of the successful online distributor Hygi.de, which approximately doubles Bunzl's presence in the German market. This is a significant step in the development of our business in this high potential market.

Acquisition	Completion	Description
USL	May 2022	New Zealand distributor of medical consumables to the healthcare sector, including hospitals, aged care, and community health services, with revenue of NZD 114 million (c.£59 million) in 2021
Hygi.de	July 2022	Leading and fast-growing online distributor of cleaning and hygiene products in Germany to a fragmented customer base, with revenue of EUR 107 million (c.£92 million) in 2021
AFL Groep	July 2022	Distributor of logistics and warehouse related supplies to customers in the Benelux region, with revenue of EUR 19 million (c.£16 million) in 2021
London Catering & Hygiene Solutions	July 2022	Distributor of catering supplies and cleaning and hygiene products in the UK with revenue of £5 million in the 12 months to May 2022
Containit	August 2022	Fast-growing distributor of warehouse storage solutions to the resource and defence sectors in Australia, with revenue of AUD 17 million (c.£9 million) in 2021
Corsul Group	Subject to competition authority clearance	Leading distributor of personal protective equipment (PPE) in the South of Brazil, with revenue of BRL 260 million (c.£35 million) in 2021

Bunzl ended the period with net debt to EBITDA of 1.6 times, providing the Group with substantial capacity to fund further acquisitions. Our pipeline is active, and we see significant opportunities for continued acquisition growth in our existing markets where we have limited or no sector presence, as well as potential to expand into new markets.

Equitable and sustainable growth

We understand our role as a proactive leader in the transition to a more sustainable and equitable future. As we have previously laid out, sustainability is a key strategic priority, and we have directed our efforts into four key areas where we believe we can make the greatest positive contribution: providing alternative packaging solutions; ensuring responsible supply chains; investing in our people; and taking action on climate change. We have continued to make good progress towards our goals in each of these areas over the period.

The Group continues to focus on transitioning customers to packaging that is better suited to a circular economy. We are achieving this by engaging with stakeholders on legislative changes, as well as proactively offering alternative products and working with customers to achieve their corporate targets. Whilst the impact of inflation and continued recovery in foodservice and retail, as well as the decline in Covid-19 related sales, has driven a small increase in the proportion of Bunzl's Group revenue generated by packaging, the proportion of this packaging that is made from alternative materials has increased overall compared to 2021. Our strength in sourcing innovative products, including from within our own brand portfolio, as well as the expert advice, data tools and supply chain investments we can provide, are increasingly competitive advantages for Bunzl. The Group continues to have very limited exposure to single-use plastic consumables where some volume reduction is expected.

Bunzl has a purpose-driven strategy to deliver essential business solutions around the world and create long-term sustainable value for the benefit of all stakeholders. The importance of motivated colleagues is crucial to our success, and we continue to focus on ensuring that we reward the valuable contributions our people make to our business. We are conscious of the impact high inflation has on our people and we are monitoring the evolving situation to ensure that we continue to appropriately support our colleagues. Furthermore, with our support of communities inherent to our locally driven business model, across our Group businesses have been donating essential products, including medical consumables, sanitary items and catering consumables, to help with the relief efforts in Ukraine and its neighbouring countries, in addition to a £200,000 donation made by the Group to the Disasters Emergency Committee appeal through the British Red Cross.

North America

	H1 22 £m	**H1 21 £m**	Growth at constant exchange*	Underlying growth*
Revenue	**3,435.9**	**2,857.7**	12.7%	9.9%
Adjusted operating profit*	**231.5**	**199.9**	8.4%	
Operating margin*	**6.7%**	**7.0%**		

* Alternative performance measure (see Note 2)

In North America revenue increased 12.7% to £3,435.9 million, with underlying growth contributing 9.9%. Substantial product cost inflation in the base business, particularly in grocery and foodservice, was further supported by the positive impact of the acquisitions of Pinnacle in February 2021, Intergro in September 2021, McCue Corporation in October 2021 and Tingley Rubber in December 2021. Strength in the base business was partially offset by the decline of Covid-19 related sales, as expected. Adjusted operating profit was £231.5 million with an operating margin of 6.7%, down from 7.0% in 2021, which was driven by the changing revenue mix in the business, although inflation dynamics were somewhat supportive to margin. During the period, wages largely stabilised, although out-bound fuel and freight as well as property costs were high, with the former partially mitigated by fuel surcharges passed through to customers. Whilst inflation was high over the period, driven by fuel and freight costs, the year-on-year impact on wages moderated. We expect to also see moderation of fuel and freight costs as these increases annualise, in addition to the potential benefit from reducing fuel costs and increased freight capacity. Overall, the impact of operating cost inflation was more than offset by revenue and margin growth attributable to product cost inflation. A strong focus on category and supply chain management, including expansion of our own brand portfolio, strongly supported our businesses despite the ongoing challenges across in-bound supply chains.

Our largest business, in the US grocery sector, continued to see very strong revenue growth from stable consumer demand and significant product cost inflation in the base business, with slowing Covid-19 related sales partially offset by new business wins. Fresh food categories, such as salad and hot food bars, reopened in some markets but continued to remain largely below pre-pandemic levels. Our convenience store sector experienced strong growth, supported by new product categories and a return of foodservice offerings, as well as a continued recovery in travel compared to the prior year. Negotiations with our largest customer by revenue are ongoing.

Our foodservice redistribution business delivered strong growth, driven by significant inflation in packaging categories, and a recovery of in-restaurant dining when compared to the prior year period. Growth in the packaging category more than offset declines in Covid-19 related sales. Demand for takeaway packaging continued despite the return of in-person dining. Our food processor and agricultural sectors also continued their strong growth, due to continued strong consumer demand, product cost inflation and the acquisition of Intergro in September 2021.

Our cleaning & hygiene redistribution business was broadly flat, as base business product cost inflation was offset by volume declines in Covid-19 related sales, and with high levels of remote working persisting.

Our retail supplies business grew slightly compared to last year, with the impact of product cost inflation and a full period of in-person shopping offsetting declines in Covid-19 related sales, although operating margin was impacted by the decline in Covid-19 related sales. Online growth moderated, although store level fulfilment of online orders by many retailers continued to provide growth in packaging volumes.

Our safety business grew very strongly, with the favourable impact of the McCue Corporation and Tingley Rubber acquisitions more than offsetting the decline in Covid-19 related sales. End markets continued to rebalance as manufacturing gradually returned to pre-pandemic levels due to the supply chain and labour challenges easing a little, driving moderate growth in our base business.

Lastly, our business in Canada grew well, benefiting from significant product cost inflation, which more than offset the impact of the decline in Covid-19 related sales in safety. Cleaning & hygiene continued to perform below pre-pandemic levels due to remote working reducing demand from facilities management customers.

Continental Europe

	H1 22 £m	**H1 21 £m**	Growth at constant exchange*	Underlying growth*
Revenue	**1,026.1**	**971.8**	11.6%	9.0%
Adjusted operating profit*	**97.7**	**91.8**	13.5%	
Operating margin*	**9.5%**	**9.4%**		

* Alternative performance measure (see Note 2)

Revenue in Continental Europe grew by 11.6% to £1,026.1 million, due to the benefit of strong product cost inflation, a recovery in the foodservice and retail sectors, and the benefit from the acquisitions of Disposable Discounter in February 2021, Proin Pinilla and Arprosa in July 2021 and Hydropac in November 2021. Growth in the base business was partially offset by the expected reduction in Covid-19 related sales. Hyperinflation in Turkey was a further support to overall revenue growth, although underlying revenue growth of 9.0% is adjusted to exclude this impact. Adjusted operating profit increased by 13.5% to £97.7 million with operating margin increasing to 9.5% from 9.4%.

In France, revenue grew moderately in our cleaning & hygiene businesses as the recovery from foodservice customers within this sector and inflation offset a reduction in Covid-19 related sales, particularly to our public sector and healthcare customers. Our safety business saw a significant reduction in sales of Covid-19 related products and supply chain challenges which have disrupted product availability. However, our foodservice businesses have seen significantly higher sales due to the Covid-19 related restrictions in the prior period and inflation.

In the Netherlands, there was very strong growth in our foodservice and retail businesses, driven by inflation and new business wins, despite the decline in Covid-19 related sales, with the retail business successfully relocating to a larger facility to enable further growth. Good growth continued in the grocery and e-commerce fulfilment sectors and our healthcare business benefited from an improvement in non-Covid-19 related healthcare treatments. In our safety business, sales of Covid-19 related items were significantly lower and supply chain disruptions also impacted product availability. Sales of cool gel packaging continued to grow well, in support of e-commerce customers and our business Disposable Discounter benefited from strong growth in the takeaway sector.

In Belgium, our cleaning & hygiene businesses have grown strongly with catering and contract cleaning customers benefiting from fewer Covid-19 related restrictions.

In Germany, significant growth in our foodservice business more than offset the reduction in Covid-19 related sales in our other German businesses. The acquisition of Hygi.de, in July 2022, represents a significant milestone for the region as it materially increases our presence in Germany and provides a much stronger platform for further expansion in the country. In Switzerland, revenue was marginally down as strong growth in the foodservice and retail sectors could not offset declining Covid-19 related sales. In Austria, inflation drove strong growth with food processing customers.

In Denmark, the foodservice businesses have grown strongly in the absence of Covid-19 lockdown restrictions whilst revenues in our safety and grocery businesses were broadly stable given the impact of lower Covid-19 related sales. In Norway, our catering equipment business saw significantly higher sales due to a less severe impact from lockdowns than in the prior year.

Sales grew strongly in Spain, driven by foodservice recovery as well as strong growth in the industrial and disposable packaging business. Our safety redistribution businesses were impacted by the reduction of Covid-19 related sales, as well as inventory availability due to extended lead times on imported products. In Italy, growth in the safety base business was more than offset by lower Covid-19 related sales.

In Turkey, high inflation is driving increased revenue across most channels, although profitability has been significantly impacted by the application of the hyperinflation accounting standard. In Israel, sales growth was strong as a result of inflation and further foodservice sector recovery.

In Hungary, sales grew in all sectors, with the exception of grocery and the public sector where Covid-19 related sales decreases have impacted performance. We had good growth in Romania in the retail, grocery and safety sectors, whilst Czech Republic sales were broadly flat due to the impact of lower Covid-19 related sales.

UK & Ireland

	H1 22 £m	**H1 21 £m**	Growth at constant exchange*	Underlying growth*
Revenue	**687.1**	**579.6**	18.8%	14.1%
Adjusted operating profit*	**40.6**	**22.8**	78.1%	
Operating margin*	**5.9%**	**3.9%**		

* Alternative performance measure (see Note 2)

In UK & Ireland, revenue increased by 18.8% to £687.1 million, with underlying growth of 14.1% driven by strong product cost inflation, alongside continued recovery in certain markets, most notably foodservice as hotels and restaurants returned to near normal trading over the first half in the absence of the Covid-19 related lockdowns that affected the same period in 2021. In addition, the period benefited from the acquisitions of Deliver Net in January 2021, Comax in May 2021 and Workwear Express in October 2021. Due to the strength of base business recovery, despite the decline in higher-margin Covid-19 related sales over the period, operating margin increased from 3.9% to 5.9%. Adjusted operating profit correspondingly increased to £40.6 million, up 78.1% year on year.

Our foodservice business grew substantially, driven by volume recovery as well as inflation. Recovery has been driven by restaurants and hotels being fully open, albeit many of the larger chains closed outlets during the pandemic and the industry has suffered with staff shortages. Sporting events and other leisure activities witnessed a resurgence along with the resumption of travel, both domestic and international. As a result, we saw an increase in the purchase of catering consumables and products for kitchen refurbishments. Catering associated with offices did see a small increase in activity, although work from home trends continue to impact the business.

In our cleaning & hygiene supplies business, revenue continued to recover. Despite office occupancy remaining well below pre-pandemic levels, the business won new customers in both the facilities management and government sectors. The introduction of new sustainable product ranges, combined with tailored customer carbon emissions dashboards to help our customers with achieving their own sustainable targets, has helped secure existing business and drive new opportunities for future growth.

Our retail packaging businesses continued to recover very strongly during the period. Following the reopening of shops our in-store packaging businesses witnessed strong growth as customers returned to in-person visits. At the same time, revenue from our online packaging businesses softened slightly as the balance swung slightly in favour of more traditional methods of retail purchasing. Our grocery business grew strongly with the annualisation of some new wins and increased footfall into supermarkets following the easing of Covid-19 related restrictions compared to the prior year period.

Our safety businesses continued to suffer from slower activity in their customer base, with construction and manufacturing industry customers impacted by a shortage of raw materials and labour availability. Despite this trend, we have continued to develop more sustainable solutions such as our offer to recycle workwear and Personal Protective Equipment (PPE) for our customers.

In healthcare, whilst the decline in Covid-19 related sales has impacted the business year-on-year, we have continued to win more business in the private healthcare market as elective surgery starts to recover. We have also signed a long-term contract with one of our NHS customers clearly illustrating the value we bring in supplying complex delivery solutions to a large hospital trust.

In Ireland, we have seen good recovery and growth in our foodservice and packaging businesses. We have also introduced new stock management software in the businesses to further improve the availability of stock for our customers.

In addition to continued investment in technology, such as AI stock management software, we also continue to invest in implementing sustainable technology, demonstrated by our growth in electric vehicle company cars and our continued trial of hydrogenated vegetable oil commercial vehicles to reduce diesel consumption.

Rest of the World

	H1 22 £m	H1 21 £m	Growth at constant exchange*	Underlying growth*
Revenue	**501.7**	**457.5**	4.8%	(0.4)%
Adjusted operating profit*	**53.9**	**64.8**	(21.8)%	
Operating margin*	**10.7%**	**14.2%**		

* Alternative performance measure (see Note 2)

In Rest of the World, revenue increased 4.8% to £501.7 million, although underlying revenue declined by 0.4% as a result of the revenue decline in Latin America, due to a strong reduction in Covid-19 related sales, offsetting the very strong growth in Asia Pacific. Asia Pacific continued to benefit from Covid-19 related sales growth, supported by some larger Covid-19 related orders. The acquisitions of Harvey Distributors in May 2021, Obex Medical Holdings in June 2021, Medshop in September 2021 and USL in May 2022, all of which were in Asia Pacific, drove total constant currency growth. Adjusted operating profit declined by 21.8% to £53.9 million with operating margin decreasing from 14.2% to 10.7%, due to the strong reduction in Covid-19 related sales in Latin America. However, operating margin remains well ahead of 2019 levels, with adjusted operating profit in the first half of 2022 more than double that achieved in the first half of 2019 at constant exchange rates.

In Brazil, our safety division was impacted by the large reduction in Covid-19 related sales, as expected, although revenues in our safety businesses remain well ahead of pre-pandemic levels. The foodservice sector was similarly impacted by the decline in Covid-19 related sales, as was the healthcare division, although the foodservice base business grew very strongly. Sales grew in the branded medical and dental businesses.

In Chile, our safety businesses, which sold limited Covid-19 related products in the prior year, saw good sales growth as markets continued to benefit from product cost inflation. Our catering supplies business saw very strong growth in both sales and operating profits, as strong demand from returning foodservice activity and restricted local supply continued to support the business. Sales of sustainable packaging solutions also continued to grow well, driven by both regulation and a shift to alternative products given supply shortages.

In Mexico, sales in our safety business grew as the underlying industrial demand improved slightly and supply chain disruption eased. Margins were lower but in line with expectations as the market returned to its pre-pandemic conditions. The business continued to make excellent progress on its digital strategy and has now moved a significant proportion of its sales to online platforms. In Colombia, our two safety businesses saw strong sales growth as the underlying industrial activity improved and supply chain restrictions eased.

Our largest business in Asia Pacific continues to perform well, benefiting from its position in the more resilient healthcare and cleaning & hygiene sectors. The business has, however, seen a downturn in trading from some of the other sectors in which it operates as some customers have struggled to return to pre-pandemic capacity due to employee shortages.

Our Australian speciality healthcare business continued to deliver a strong performance, benefiting from improved supply from their major suppliers. The business also benefited from an increase in traditional patient blood and influenza consumables as pathology patients return to normal testing protocols.

Our Australian safety business continued with good momentum, capitalising on opportunities to support government and industry customers with Covid-19 Rapid Antigen Testing. The underlying business also continued its improved performance as its traditional customers in the resource industry remained strong, benefiting from global demand.

FRSA, whilst impacted by supply chain and shipping delays, has been successful in mobilising several large customer wins in both supply and service across the region and this has helped support good momentum.

In New Zealand, our healthcare business experienced a slight slowdown over the period, as hospitals that had initially delayed elective surgeries to allow beds for potential Covid-19 outbreaks became impacted by shortages of workers. This business is expected to recover as hospitals return to more normal activities.

Our safety business in Singapore delivered another very good performance, benefiting from businesses in its traditional customer base reopening. The business has also been successful winning contracts with new global customers to supply their operations across Southeast Asia.

Prospects

We upgrade our 2022 margin guidance compared to that published in our pre-close statement. We now expect Group operating margin in 2022 to be higher than historical levels and only slightly lower than that achieved in 2021.

At constant exchange rates, the Group continues to expect very good revenue growth in 2022, driven by good organic revenue growth and the positive contribution of acquisitions announced in the last 12 months. Growth of the base business is expected to be only partially offset by the further normalisation of sales of Covid-19 related products, albeit these are expected to remain ahead of 2019 levels.

Although the economic outlook is increasingly uncertain, Bunzl's business model has proven to be inherently resilient historically, owing to the essential nature of the products and value-added services the Group provides its customers, and supported by the diversification of its geographic and sector exposure. The agility afforded by our decentralised business model, combined with the depth of our global supply chains, positions us to respond quickly and effectively to changing external conditions, whilst our highly cash generative nature further boosts the Group's resilience. Successfully growing the business despite the challenges faced over the last few years has demonstrated this resilience and quality.

The Group's longer-term prospects remain attractive. Organic growth, which is driven by activity in our markets, is further supported by new business opportunities and the Group's daily focus on making the business more efficient. This is complemented by our continual innovation in our products and services, with sustainability macrotrends currently a primary driver of our customers' demand for new solutions; our credentials in this area enhance our differentiated offering. Our acquisition growth is driven by our position as the leading operator of scale in highly fragmented markets, with a strong balance sheet and demonstrated track record of our ability to consolidate. We have an attractive pipeline of acquisition opportunities in our existing markets, supplemented by potential acquisitions in new geographies and adjacent sectors. Our capital allocation and portfolio optimisation discipline ensure we are investing to drive a good return. We believe the merits of joining Bunzl have only been further evidenced as a result of the pandemic and supply chain disruptions, and this is reflected in our recent acquisition success and the conversations we are having with a number of acquisition targets.

The Group remains committed to its proven and consistent strategy of driving organic growth, delivering operational improvements and further consolidating our markets through strategic acquisitions, continuing to build on Bunzl's track record of value creation.

FINANCIAL REVIEW

As in previous years this review refers to a number of alternative performance measures which management uses to assess the performance of the Group. Details of the Group's alternative performance measures are set out in Note 2 to the interim financial statements.

Currency translation

Currency translation had a positive impact on the Group's reported results, increasing revenue, profits and earnings by between 3% and 4%. The positive exchange rate impact was principally due to the effect on average exchange rates of the weakening of sterling against the US dollar, Canadian dollar and Brazilian real, partly offset by the adverse impact of the strengthening of sterling against the Euro.

Average exchange rates	**Six months to 30.6.22**	Six months to 30.6.21
US$	**1.30**	1.39
Euro	**1.19**	1.15
Canadian$	**1.65**	1.73
Brazilian real	**6.59**	7.48
Australian$	**1.80**	1.80

Closing exchange rates	**30.6.22**	30.6.21
US$	**1.21**	1.38
Euro	**1.16**	1.16
Canadian$	**1.57**	1.71
Brazilian real	**6.35**	6.93
Australian$	**1.77**	1.84

Revenue

Revenue increased to £5,650.8 million (2021 H1: £4,866.6 million), an increase of 12.4% at constant exchange rates (up 16.1% at actual exchange rates), due to underlying growth of 9.3%, from strong growth in the base business driven by product cost inflation, acquisitions adding 3.0% and excess growth in hyperinflationary economies adding 0.1%.

Movement in revenue	£m
2021 H1 revenue	4,866.6
Currency translation	159.1
Excess growth in hyperinflationary economies*	7.2
Underlying revenue growth	466.1
Acquisitions	151.8
2022 H1 revenue	**5,650.8**

*Excess growth in hyperinflationary economies is considered to be growth above 26% per annum

Operating profit

Adjusted operating profit increased to £411.4 million (2021 H1: £366.8 million), an increase of 8.6% at constant exchange rates and 12.2% at actual exchange rates. At both constant and actual exchange rates the operating margin decreased to 7.3% from 7.5%. This decline in operating margin reflects a normalisation of revenue mix, with a reduction in sales of Covid-19 related products, including significant price deflation on disposable gloves, and a recovery in demand in the lower than average margin sectors of foodservice and retail, partly offset by price increases associated with product cost inflation which have been somewhat beneficial to margin.

During the six months to 30 June 2022, there have been no significant changes to inventory and receivables provisions. The Group has incurred a net charge of approximately £5 million relating to expected credit losses on trade receivables and slow moving inventory provisions, but has seen utilisations of approximately £7 million against these provisions during the period.

Movement in adjusted operating profit	£m
2021 H1 adjusted operating profit	366.8
Currency translation	12.0
Growth in the period	32.6
2022 H1 adjusted operating profit	**411.4**

Operating profit was £327.5 million (2021 H1: £304.1 million), an increase of 4.0% at constant exchange rates and 7.7% at actual exchange rates.

Movement in operating profit	£m
2021 H1 operating profit	304.1
Currency translation	10.9
Growth in adjusted operating profit	32.6
Increase in customer relationships and brands amortisation and acquisition related items	(20.1)
2022 H1 operating profit	**327.5**

Customer relationships and brands amortisation and acquisition related items are excluded from the calculation of adjusted operating profit as they do not relate to the underlying operating performance and distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating adjusted operating profit and other alternative performance measures by which management assesses the performance of the Group.

Net finance expense

The net finance expense of £30.9 million increased by £1.7 million at constant exchange rates (up £2.5 million at actual exchange rates), mainly due to a net monetary loss of £7.3 million relating to hyperinflation accounting, primarily from the Group's businesses in Turkey, partially offset by beneficial mark-to-market movements on interest rate derivatives from expectations of higher interest rates and increased market volatility.

Profit before income tax

Adjusted profit before income tax was £380.5 million (2021 H1: £338.4 million), up 8.8% at constant exchange rates (up 12.4% at actual exchange rates) due to the growth in adjusted operating profit partly offset by an increase in net finance expense. Profit before income tax increased to £296.6 million (2021 H1: £275.7million), an increase of 3.8% at constant exchange rates (up 7.6% at actual exchange rates).

Taxation

The Group's tax strategy is to comply with tax laws in all countries in which it operates and to balance its responsibilities for controlling the tax costs with its responsibilities to pay the appropriate level of tax where it does business. No companies are established in tax havens or other countries for tax purposes where the Group does not have an operational presence and the Group's de-centralised operational structure means that the level of intragroup trading transactions is very low. The group does not use intragroup transfer prices to shift profit into low tax jurisdictions. The Group's tax strategy has been approved by the Board and tax risks are reviewed by the Audit Committee. In accordance with UK legislation, the strategy is published on the Bunzl plc website within the Corporate governance section.

The effective tax rate (being the tax rate on adjusted profit before income tax) for the period was 24.6% (2021 H1: 23.5%) and the reported tax rate on statutory profit was 25.3% (2021 H1: 23.5%). As expected, the effective tax rate has increased and is closer to the blended statutory tax rate of countries in which the group operates, with a lower benefit from removing prior year exposures. The effective tax rate for the full year is likely to be similar to the half year.

The Group is monitoring the progress of draft legislation for a global minimum tax rate, as proposed by the OECD, to be set at 15% and potentially taking effect from 2024. Profits generated in countries with a tax rate below this level are likely to be an insignificant proportion of the Group as a whole, and it is therefore not expected that these rules will have any impact on the Group's effective tax rate. To confirm this, however, further analysis will be carried out on the detailed application of the rules once they have been finalised.

Earnings per share

Profit after tax increased to £221.6 million (2021 H1: £211.0 million), up 1.4% and an increase of £3.0 million at constant exchange rates (up 5.0% at actual exchange rates), due to a £10.8 million increase in profit before income tax, partly offset by an £7.8 million increase in the tax charge at constant exchange rates.

Adjusted profit after tax was £286.9 million (2021 H1: £258.9 million), up 7.3% and an increase of £19.5 million at constant exchange rates (up 10.8% at actual exchange rates), due to a £30.9 million increase in adjusted profit before income tax, partly offset by an £11.4 million increase in the tax on adjusted profit before income tax at constant exchange rates.

The weighted average number of shares in issue increased from 333.4 million in the period ended 30 June 2021 to 334.9 million due to employee share option exercises partly offset by share purchases into the employee benefit trust.

Basic earnings per share were 66.2p (2021 H1: 63.3p), up 0.9% at constant exchange rates (up 4.6% at actual exchange rates). Adjusted earnings per share were 85.7p (2021 H1: 77.7p), an increase of 6.9% at constant exchange rates (up 10.3% at actual exchange rates).

Movement in basic earnings per share	**Pence**
2021 H1 basic earnings per share	63.3
Currency translation	2.3
Increase in adjusted profit before income tax	7.1
Increase in customer relationships and brands amortisation and acquisition related items	(4.7)
Increase in reported tax rate	(1.5)
Increase in weighted average number of shares	(0.3)
2022 H1 basic earnings per share	**66.2**

Movement in adjusted earnings per share	**Pence**
2021 H1 adjusted earnings per share	77.7
Currency translation	2.5
Increase in adjusted profit before income tax	7.1
Increase in effective tax rate	(1.2)
Increase in weighted average number of shares	(0.4)
2022 H1 adjusted earnings per share	**85.7**

Dividends

The Company's practice in recent years has been to pay a progressive dividend, delivering year-on-year increases with the dividend usually growing at a similar rate to the growth in adjusted earnings per share. The Board is proposing a 2022 interim dividend of 17.3p, an increase of 6.8% on the amount paid in relation to the 2021 interim dividend.

Before approving any dividends, the Board considers the level of borrowings of the Group by reference to the ratio of net debt to EBITDA, the ability of the Group to continue to generate cash and the amount required to invest in the business, in particular into future acquisitions. The Group's long-term track record of strong cash generation provides the Company with the financial flexibility to fund a growing dividend.

Acquisitions

The Group completed one acquisition during the period ended 30 June 2022, this being USL in New Zealand. The estimated annualised revenue and adjusted operating profit of the acquisition completed during the period was £52 million and £3 million respectively. Including transaction costs on all acquisition activity, total committed spend for the period was £38.8 million. Including the two acquisitions which had been agreed during the period ended 30 June 2022 but not yet completed, the estimated annualised revenue and adjusted operating profit of the acquisitions agreed during the period was £154 million and £14 million respectively.

A summary of the effect of acquisitions completed in the period is as follows:

	£m
Fair value of net assets acquired	16.3
Goodwill	6.7
Consideration	23.0
Satisfied by:	
cash consideration	14.6
deferred consideration	8.4
	23.0
Contingent payments relating to the retention of former owners	1.4
Net overdrafts acquired	7.2
Transaction costs and expenses	7.2
Total committed spend in respect of acquisitions completed in the current period	**38.8**
Spend on acquisitions committed but not completed at the period end	144.7
Total committed spend in respect of acquisitions agreed in the current period	**183.5**

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

	£m
Cash consideration	14.6
Net overdrafts acquired	7.2
Deferred consideration payments	51.7
Net cash outflow in respect of acquisitions	73.5
Acquisition related items	11.0
Total cash outflow in respect of acquisitions	84.5

Acquisition related items comprised £7.4 million of transaction costs and expenses paid and £3.6 million of payments relating to the retention of former owners.

Cash flow

A summary of the cash flow for the period is shown below:

	Six months to 30.6.22 £m	Six months to 30.6.21 £m
Cash generated from operations†	**444.6**	447.6
Payment of lease liabilities	**(82.5)**	(78.7)
Net capital expenditure	**(18.9)**	(15.3)
Operating cash flow†	**343.2**	353.6
Net interest paid excluding interest on lease liabilities	**(24.2)**	(19.3)
Income tax paid	**(82.8)**	(109.1)
Free cash flow	**236.2**	225.2
Dividends paid	**(54.3)**	(52.8)
Acquisitions◊	**(84.5)**	(93.0)
Net payments relating to employee share schemes	**(59.8)**	(25.5)
Net cash inflow	**37.6**	53.9

† Before acquisition related items.
◊ Including acquisition related items.

The Group's free cash flow of £236.2 million was £11.0 million higher than in the comparable period, due to a decrease in income tax paid partly offset by a decrease in operating cash flow and increase in net interest paid excluding interest on lease liabilities. The Group's free cash flow was primarily used to finance dividend payments of £54.3 million in respect of 2021 (2021 H1: £52.8 million in respect of 2020), an acquisition cash outflow of £84.5 million (2021 H1: £93.0 million) and net payments of £59.8 million relating to employee share schemes. Cash conversion (being the ratio of operating cash flow to lease adjusted operating profit) for the six months to 30 June 2022 was 86% (2021 H1: 100%, 2021 YE: 102%), due to inflation and the greater level of inventory held to mitigate supply chain disruption to ensure continued supply to customers.

	Six months to 30.6.22 £m	Six months to 30.6.21 £m
Operating cash flow	**343.2**	353.6
Adjusted operating profit	**411.4**	366.8
Add back depreciation of right-of-use assets	**70.2**	66.5
Deduct payment of lease liabilities	**(82.5)**	(78.7)
Lease adjusted operating profit	**399.1**	354.6
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)	**86%**	100%

Net debt

Net debt excluding lease liabilities increased by £37.2 million during the period to £1,374.6 million (31 December 2021: £1,337.4 million), driven by a £79.5m increase due to currency translation, partly offset by a net cash inflow of £37.6 million and a £4.7 million decrease due to non-cash movements in debt. Net debt including lease liabilities was £1,892.6 million (31 December 2021: £1,826.1 million).

Net debt to EBITDA calculated at average exchange rates and based on historical accounting standards, in accordance with the Group's external debt covenants, was 1.6 times (31 December 2021: 1.6 times). Net debt to EBITDA calculated at average exchange rates including lease liabilities was 1.8 times (31 December 2021: 1.9 times).

Balance sheet

Summary balance sheet	**30.6.22 £m**	30.6.21 £m	31.12.21 £m
Intangible assets	**2,938.3**	2,453.1	2,766.8
Right-of-use assets	**477.0**	458.2	448.3
Property, plant and equipment	**129.9**	118.1	120.9
Working capital	**1,204.2**	1,020.3	1,027.6
Deferred consideration	**(79.1)**	(80.0)	(107.8)
Other net liabilities	**(411.1)**	(349.5)	(257.0)
	4,259.2	3,620.2	3,998.8
Net pensions asset/(deficit)	**37.7**	(10.5)	31.2
Net debt excluding lease liabilities	**(1,374.6)**	(1,183.3)	(1,337.4)
Lease liabilities	**(518.0)**	(500.6)	(488.7)
Equity	**2,404.3**	1,925.8	2,203.9
Return on average operating capital	**43.5%**	46.1%	43.3%
Return on invested capital	**14.9%**	16.5%	15.1%

Return on average operating capital increased to 43.5% from 43.3% at 31 December 2021 driven by a higher return from the underlying business and a positive impact from acquisitions. Return on invested capital decreased to 14.9% from

15.1% at 31 December 2021 with a higher return from the underlying business offset by the impact of higher capital employed from acquisitions.

Intangible assets increased by £171.5 million from 31 December 2021 to £2,938.3 million from an increase from currency translation of £182.0 million, £25.7 million from goodwill, customer relationships, brands and software arising on acquisitions in the period, a net increase from hyperinflation adjustments in Turkey and Argentina of £25.7 million and software additions of £3.7 million partly offset by an amortisation charge of £65.6 million.

Right-of-use assets increased by £28.7 million from 31 December 2021 to £477.0 million due to new leases during the period of £42.5 million, an increase from acquisitions of £5.4 million, an increase from remeasurement adjustments of £23.7 million and an increase from currency translation of £27.3 million partly offset by a depreciation charge of £70.2 million.

Working capital increased by £176.6 million from 31 December 2021 to £1,204.2 million mainly due to an increase from currency translation of £89.5 million, an underlying increase of £68.8 million as shown in the cash flow statement, £8.5 million from acquisitions, and £7.6 million from hyperinflation adjustments in Turkey and Argentina.

Deferred consideration decreased by £28.7 million from 31 December 2021 to £79.1 million due to deferred consideration and retention payments of £55.3 million partly offset by contingent consideration increases of £14.0 million, £8.4m of deferred consideration recognised on acquisitions and an increase from currency translation of £4.2 million.

The Group's net pension asset of £37.7 million at 30 June 2022 was £6.5 million higher than at 31 December 2021, largely due to cash contributions of £7.7m and an actuarial gain of £3.8 million. The actuarial gain arose as a result of a decrease in the present value of scheme liabilities from changes in assumptions, principally higher discount rates, partly offset by the actual return on scheme assets being lower than expected.

Shareholders' equity increased by £200.4 million from £2,203.9 million at 31 December 2021 to £2,404.3 million.

Movement in shareholders' equity	**£m**
Shareholders' equity at 31 December 2021	2,203.9
Profit for the period	221.6
Dividends	(190.5)
Currency (net of tax)	178.4
Hyperinflation accounting adjustment[1]	39.8
Actuarial gain on pension schemes (net of tax)	2.7
Share based payments (net of tax)	6.7
Employee share schemes (net of tax)	(58.3)
Shareholders' equity at 30 June 2022	**2,404.3**

[1] During the six months to 30 June 2022, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira. Following this, the results of the Group's businesses in Turkey, along with its business in Argentina which has been subject to hyperinflation accounting since 2018, have been adjusted for the effects of inflation in accordance with IAS 29. See Note 1 of the interim financial statements for further details.

Capital management

The Group's policy is to maintain a strong capital base to maintain investor, creditor and market confidence and to sustain future development of the business. The Group funds its operations through a mixture of shareholders' equity and bank and capital market borrowings. The Group's funding strategy is to maintain an investment grade credit rating and the Company's current credit rating with Standard & Poor's is BBB+. All borrowings are managed by a central treasury function and funds raised are lent onward to operating subsidiaries as required. The overall objective is to manage the funding to ensure the borrowings have a range of maturities, are competitively priced and meet the demands of the business over time. There were no changes to the Group's approach to capital management during the period and the Group is not subject to any externally imposed capital requirements.

Treasury policies and controls

The Group has a centralised treasury department to control external borrowings and manage liquidity, interest rate, foreign currency and credit risks. Treasury policies have been approved by the Board and cover the nature of the exposure to be hedged, the types of financial instruments that may be employed and the criteria for investing and borrowing cash. The Group uses derivatives to manage its foreign currency and interest rate risks arising from underlying business activities. No transactions of a speculative nature are undertaken. The treasury department is subject to periodic independent review by the internal audit department. Underlying policy assumptions and activities are periodically reviewed by the executive directors and the Board. Controls over exposure changes and transaction authenticity are in place.

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, compliance with the Group's biannual debt covenants is monitored on a monthly basis and formally tested at 30 June and 31 December. The principal covenant limits are net debt, calculated at average exchange rates, to EBITDA of no more than 3.5 times and interest cover of no less than 3.0 times. Sensitivity analyses using various scenarios are applied to forecasts to assess their impact on covenants and net debt. During the six months ended 30 June 2022 all covenants were complied with and based on current forecasts it is expected that such covenants will continue to be complied with for the foreseeable future. Debt covenants are based on historical accounting standards. The USPPs issued in March 2022 contain a clause whereby upon maturity of the previously issued USPPs, the latest maturity being in 2028, the principal financial covenants referred to above will no longer apply. In addition, during August 2022, these principle financial covenants were removed from the Group's committed bank facilities.

The Group has substantial funding available comprising multi-currency credit facilities from the Group's banks, US private placement notes and senior bonds. At 30 June 2022 the nominal value of US private placement notes outstanding was £843.0 million (31 December 2021: £834.7 million) with maturities ranging from 2022 to 2028. The £700 million senior bonds mature in 2025 and 2030. The Group's committed bank facilities mature between 2023 and 2027. At 30 June 2022 the available committed bank facilities totalled £1,014.9 million (31 December 2021: £996.2 million), £26.5 million of which was drawn down (31 December 2021: £14.5 million drawn down), providing headroom of £988.4 million (31 December 2021: £981.7 million). The Group expects to make repayments in the 18 month period from the date of these interim financial statements to the end of 31 December 2023 of approximately £216 million relating to maturing US private placement notes.

During the period, the Group issued US private placement notes with a delayed draw mechanism such that USD 130 million was received on 14 July 2022. A further USD 270 million will be received in November 2022. These issuances extend the Group's maturity profile to 2032.

Going concern

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 financial statements. In reaching this conclusion, the directors noted the Group's cash performance in the period, the substantial funding available to the Group as described above and the resilience of the Group to a range of severe but plausible downside scenarios. Further details are set out in Note 1 to the interim financial statements.

Risks and uncertainties

The principal risks and uncertainties affecting the business activities of the Group for the remaining six months of the financial year are unchanged from those detailed in the section entitled ‘Principal risks and uncertainties’ on pages 64 to 72 of the Annual Report for the year ended 31 December 2021. These were the risks of competitive pressures in the countries and markets in which the Group operates, financial collapse of either a large customer and/or a significant number of small customers, product cost deflation and inflation, the ability of the Group to complete and successfully integrate acquisitions, the risk of sustainability driven market changes, the risk of cyber-attacks on the Group’s operations, the financial risks associated with the availability of funding, the currency translation impact on the Group’s results and debt covenants and increases in taxation. A copy of the 2021 Annual Report is available on the Company’s website at www.bunzl.com.

Consolidated income statement
for the period ended 30 June 2022

	Notes	**Six months to 30.6.22 £m**	Six months to 30.6.21 £m	Year to 31.12.21 £m
Revenue	3	**5,650.8**	4,866.6	10,285.1
Operating profit	3	**327.5**	304.1	623.3
Finance income	4	**7.4**	3.9	10.7
Finance expense	4	**(38.3)**	(32.3)	(65.3)
Profit before income tax		**296.6**	275.7	568.7
Income tax	5	**(75.0)**	(64.7)	(125.9)
Profit for the period attributable to the Company's equity holders		**221.6**	211.0	442.8
Earnings per share attributable to the Company's equity holders				
Basic	7	**66.2p**	63.3p	132.7p
Diluted	7	**65.6p**	63.0p	131.8p
Dividend per share	6	**17.3p**	16.2p	57.0p

Alternative performance measures*				
Operating profit	3	**327.5**	304.1	623.3
Adjusted for:				
Customer relationships and brands amortisation	3	**61.5**	51.7	106.5
Acquisition related items	3	**22.4**	11.0	23.0
Adjusted operating profit	3	**411.4**	366.8	752.8
Finance income	4	**7.4**	3.9	10.7
Finance expense	4	**(38.3)**	(32.3)	(65.3)
Adjusted profit before income tax		**380.5**	338.4	698.2
Tax on adjusted profit	5	**(93.6)**	(79.5)	(155.7)
Adjusted profit for the period		**286.9**	258.9	542.5
Adjusted earnings per share	7	**85.7p**	77.7p	162.5p

* See Note 2 for further details of the alternative performance measures.

Consolidated statement of comprehensive income

for the period ended 30 June 2022

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Profit for the period	**221.6**	211.0	442.8
Other comprehensive income/(expense)			
Items that will not be reclassified to profit or loss:			
Actuarial gain on defined benefit pension schemes	**3.8**	32.6	74.1
Gain recognised in cash flow hedge reserve	**7.7**	2.9	4.4
Tax on items that will not be reclassified to profit or loss	**(3.0)**	(8.6)	(19.3)
Total items that will not be reclassified to profit or loss	**8.5**	26.9	59.2
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on foreign operations	**202.9**	(47.5)	(89.8)
(Loss)/gain taken to equity as a result of effective net investment hedges	**(28.1)**	9.8	11.5
Tax on items that may be reclassified to profit or loss	**-**	0.1	-
Total items that may be reclassified subsequently to profit or loss	**174.8**	(37.6)	(78.3)
Other comprehensive income/(expense) for the period	**183.3**	(10.7)	(19.1)
Total comprehensive income attributable to the Company's equity holders	**404.9**	200.3	423.7

Consolidated balance sheet

at 30 June 2022

	Notes	**30.6.22 £m**	30.6.21 £m	31.12.21 £m
Assets				
Property, plant and equipment		**129.9**	118.1	120.9
Right-of-use assets	9	**477.0**	458.2	448.3
Intangible assets	10	**2,938.3**	2,453.1	2,766.8
Defined benefit pension assets		**69.2**	27.3	63.6
Derivative financial assets	12	**1.6**	8.7	6.9
Deferred tax assets		**3.2**	3.8	2.8
Total non-current assets		**3,619.2**	3,069.2	3,409.3
Inventories	11	**1,809.2**	1,474.0	1,474.0
Trade and other receivables	11	**1,577.5**	1,302.0	1,431.0
Income tax receivable		**9.7**	8.9	8.0
Derivative financial assets	12	**14.1**	11.0	14.9
Cash at bank and in hand	14	**1,040.2**	906.5	776.9
Total current assets		**4,450.7**	3,702.4	3,704.8
Total assets		**8,069.9**	6,771.6	7,114.1
Equity				
Share capital		**108.5**	108.4	108.4
Share premium		**197.0**	191.6	194.2
Translation reserve		**(94.4)**	(228.5)	(269.2)
Other reserves		**22.6**	19.7	19.0
Retained earnings		**2,170.6**	1,834.6	2,151.5
Total equity attributable to the Company's equity holders		**2,404.3**	1,925.8	2,203.9
Liabilities				
Interest bearing loans and borrowings	14	**1,301.3**	1,480.5	1,433.7
Defined benefit pension liabilities		**31.5**	37.8	32.4
Other payables		**68.9**	56.3	72.9
Income tax payable		**1.7**	2.0	1.5
Provisions		**59.7**	56.9	56.3
Lease liabilities	13	**381.1**	369.1	359.6
Derivative financial liabilities	12	**66.4**	20.0	27.9
Deferred tax liabilities		**164.4**	112.1	151.0
Total non-current liabilities		**2,075.0**	2,134.7	2,135.3
Bank overdrafts	14	**812.2**	546.6	551.6
Interest bearing loans and borrowings	14	**215.4**	54.5	111.9
Trade and other payables	11	**2,336.6**	1,918.8	1,921.3
Income tax payable		**42.8**	44.6	42.1
Provisions		**19.1**	8.5	8.5
Lease liabilities	13	**136.9**	131.5	129.1
Derivative financial liabilities	12	**27.6**	6.6	10.4
Total current liabilities		**3,590.6**	2,711.1	2,774.9
Total liabilities		**5,665.6**	4,845.8	4,910.2
Total equity and liabilities		**8,069.9**	6,771.6	7,114.1

Consolidated statement of changes in equity

for the period ended 30 June 2022

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves◊ £m	Retained earnings† £m	Total equity £m
At 31 December 2021	**108.4**	**194.2**	**(269.2)**	**19.0**	**2,151.5**	**2,203.9**
Adjustment to 2021 closing equity in respect of hyperinflation in Turkey[1]					**14.0**	**14.0**
Restated equity at 1 January 2022	**108.4**	**194.2**	**(269.2)**	**19.0**	**2,165.5**	**2,217.9**
Profit for the period					**221.6**	**221.6**
Actuarial gain on defined benefit pension schemes					**3.8**	**3.8**
Foreign currency translation differences on foreign operations			**202.9**			**202.9**
Loss taken to equity as a result of effective net investment hedges			**(28.1)**			**(28.1)**
Gain recognised in cash flow hedge reserve				**7.7**		**7.7**
Income tax charge on other comprehensive income			**-**	**(1.9)**	**(1.1)**	**(3.0)**
Total comprehensive income			**174.8**	**5.8**	**224.3**	**404.9**
2021 interim dividend					**(54.3)**	**(54.3)**
2021 final dividend					**(136.2)**	**(136.2)**
Movement from cash flow hedge reserve to inventory				**(2.2)**		**(2.2)**
Hyperinflation accounting adjustment[1]					**25.8**	**25.8**
Issue of share capital	**0.1**	**2.8**				**2.9**
Employee trust shares					**(61.2)**	**(61.2)**
Share based payments					**6.7**	**6.7**
At 30 June 2022	**108.5**	**197.0**	**(94.4)**	**22.6**	**2,170.6**	**2,404.3**

[1] During the six months to 30 June 2022, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira. Following this, the results of the Group's businesses in Turkey, along with its business in Argentina which has been subject to hyperinflation accounting since 2018, have been adjusted for the effects of inflation in accordance with IAS 29. See Note 1 for further details.

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves◊ £m	Retained earnings† £m	Total equity £m
At 1 January 2021	108.3	187.7	(190.9)	14.3	1,799.7	1,919.1
Profit for the period					211.0	211.0
Actuarial gain on defined benefit pension schemes					32.6	32.6
Foreign currency translation differences on foreign operations			(47.5)			(47.5)
Gain taken to equity as a result of effective net investment hedges			9.8			9.8
Gain recognised in cash flow hedge reserve				2.9		2.9
Income tax credit/(charge) on other comprehensive income			0.1	(0.5)	(8.1)	(8.5)
Total comprehensive income			(37.6)	2.4	235.5	200.3
2020 interim dividend					(52.8)	(52.8)
2020 final dividend					(127.6)	(127.6)
Movement from cash flow hedge reserve to inventory				3.0		3.0
Issue of share capital	0.1	3.9				4.0
Employee trust shares					(28.2)	(28.2)
Share based payments					8.0	8.0
At 30 June 2021	108.4	191.6	(228.5)	19.7	1,834.6	1,925.8

Consolidated statement of changes in equity (continued)
for the period ended 30 June 2022

	Share capital £m	Share premium £m	Translation reserve £m	Other reserves◊ £m	Retained earnings† £m	Total equity £m
At 1 January 2021	108.3	187.7	(190.9)	14.3	1,799.7	1,919.1
Profit for the year					442.8	442.8
Actuarial gain on defined benefit pension schemes					74.1	74.1
Foreign currency translation differences on foreign operations			(89.8)			(89.8)
Gain taken to equity as a result of effective net investment hedges			11.5			11.5
Gain recognised in cash flow hedge reserve				4.4		4.4
Income tax charge on other comprehensive income			-	(0.8)	(18.5)	(19.3)
Total comprehensive income			(78.3)	3.6	498.4	423.7
2020 interim dividend					(52.8)	(52.8)
2020 final dividend					(127.6)	(127.6)
Movement from cash flow hedge reserve to inventory				1.1		1.1
Issue of share capital	0.1	6.5				6.6
Employee trust shares					15.5	15.5
Share based payments					18.3	18.3
At 31 December 2021	108.4	194.2	(269.2)	19.0	2,151.5	2,203.9

◊ Other reserves comprise merger reserve of £2.5m (30 June 2021: £2.5m; 31 December 2021: £2.5m), capital redemption reserve of £16.1m (30 June 2021: £16.1m; 31 December 2021: £16.1m) and a positive cash flow hedge reserve of £4.0m (30 June 2021: positive £1.1m; 31 December 2021: positive £0.4m).

† Retained earnings comprise earnings of £2,268.1m (30 June 2021: £1,929.1m; 31 December 2021: £2,204.4m), offset by own shares of £97.5m (30 June 2021: £94.5m; 31 December 2021: £52.9m).

Consolidated cash flow statement
for the period ended 30 June 2022

	Notes	**Six months to 30.6.22 £m**	Six months to 30.6.21 £m	Year to 31.12.21 £m
Cash flow from operating activities				
Profit before income tax		**296.6**	275.7	568.7
Adjusted for:				
net finance expense	4	**30.9**	28.4	54.6
customer relationships and brands amortisation	10	**61.5**	51.7	106.5
acquisition related items	3	**22.4**	11.0	23.0
Adjusted operating profit		**411.4**	366.8	752.8
Adjustments:				
depreciation and software amortisation	16	**88.5**	84.5	171.2
other non-cash items	16	**13.5**	4.9	4.4
working capital movement	16	**(68.8)**	(8.6)	2.1
Cash generated from operations before acquisition related items		**444.6**	447.6	930.5
Cash outflow from acquisition related items	8	**(11.0)**	(6.5)	(16.0)
Income tax paid		**(82.8)**	(109.1)	(181.4)
Cash inflow from operating activities		**350.8**	332.0	733.1
Cash flow from investing activities				
Interest received		**5.1**	2.4	8.7
Purchase of property, plant and equipment and software		**(19.4)**	(15.6)	(32.7)
Sale of property, plant and equipment		**0.5**	0.3	2.7
Purchase of businesses	8	**(73.5)**	(86.5)	(436.7)
Cash outflow from investing activities		**(87.3)**	(99.4)	(458.0)
Cash flow from financing activities				
Interest paid excluding interest on lease liabilities		**(29.3)**	(21.7)	(43.5)
Dividends paid	6	**(54.3)**	(52.8)	(180.4)
Increase in borrowings		**26.5**	-	14.5
Repayment of borrowings		**(72.1)**	(130.5)	(134.9)
Realised (losses)/gains on foreign exchange contracts		**(26.5)**	16.0	25.0
Payment of lease liabilities - principal	13	**(72.3)**	(68.7)	(138.6)
Payment of lease liabilities - interest	13	**(10.2)**	(10.0)	(20.3)
Proceeds from issue of ordinary shares to settle share options		**2.9**	4.0	6.6
Proceeds from exercise of market purchase share options		**11.3**	4.7	47.1
Purchase of employee trust shares		**(74.0)**	(34.2)	(34.2)
Cash outflow from financing activities		**(298.0)**	(293.2)	(458.7)
Decrease in cash and cash equivalents		**(34.5)**	(60.6)	(183.6)
Cash and cash equivalents at start of the period		**225.3**	429.7	429.7
Decrease in cash and cash equivalents		**(34.5)**	(60.6)	(183.6)
Currency translation		**37.2**	(9.2)	(20.8)
Cash and cash equivalents at end of the period	14	**228.0**	359.9	225.3

Consolidated cash flow statement (continued)
for the period ended 30 June 2022

Alternative performance measures*	Notes	**Six months to 30.6.22 £m**	Six months to 30.6.21 £m	Year to 31.12.21 £m
Cash generated from operations before acquisition related items		**444.6**	447.6	930.5
Purchase of property, plant and equipment and software		**(19.4)**	(15.6)	(32.7)
Sale of property, plant and equipment		**0.5**	0.3	2.7
Payment of lease liabilities	13	**(82.5)**	(78.7)	(158.9)
Operating cash flow		**343.2**	353.6	741.6
Adjusted operating profit		**411.4**	366.8	752.8
Add back depreciation of right-of-use assets	9	**70.2**	66.5	134.8
Deduct payment of lease liabilities	13	**(82.5)**	(78.7)	(158.9)
Lease adjusted operating profit		**399.1**	354.6	728.7
Cash conversion (operating cash flow as a percentage of lease adjusted operating profit)		**86%**	100%	102%
Operating cash flow		**343.2**	353.6	741.6
Net interest paid excluding interest on lease liabilities		**(24.2)**	(19.3)	(34.8)
Income tax paid		**(82.8)**	(109.1)	(181.4)
Free cash flow		**236.2**	225.2	525.4

* See Note 2 for further details of the alternative performance measures.

Notes

1. Basis of preparation and accounting policies

The condensed interim financial statements (the ‘interim financial statements’) of Bunzl plc (‘the Company’) for the six months ended 30 June 2022, with comparative figures for the six months ended 30 June 2021, are unaudited and do not constitute statutory accounts. However the external auditors have carried out a review of the interim financial statements and their report in respect of the six months ended 30 June 2022 is set out in the Independent review report on page 48. The comparative figures for the year ended 31 December 2021 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 interim financial statements for the six month period ended 30 June 2022 have been prepared in accordance with UK-adopted International Accounting Standard 34, ‘Interim Financial Reporting’ (IAS 34), and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom’s Financial Conduct Authority. The interim financial statements also comply with IAS 34 as issued by the International Accounting Standards Board. The interim report does not include all of the notes of the type normally included in the Annual Report. Accordingly, this report is to be read in conjunction with the Annual Report for the year ended 31 December 2021, which has been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006 and the applicable legal requirements of the Companies Act 2006.

The accounting policies adopted are consistent with those of the corresponding interim reporting period and also the previous financial year except for the estimation of income tax (see Note 5). The Group has adopted all relevant amendments to existing standards issued by the IASB and UK Endorsement Board that are effective from 1 January 2022 with no material impact on its consolidated results or financial position.

Going Concern

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 interim financial statements.

In reaching this conclusion, the directors noted the Group’s operating cash flow performance in the first half of the year and the substantial funding available to the Group as described in the Financial Review. The directors also considered a range of different forecast scenarios for the 18 month period from the date of these interim financial statements to the end of December 2023 starting with a base case projection derived from the Group’s 2022 forecasts excluding any non-committed acquisition spend or changes in funding. The resilience of the Group to a range of severe but plausible downside scenarios was factored into the directors’ considerations through two levels of stress testing against the base case projection.

These severe but plausible downside scenarios included the following assumptions:

- A 15% reduction in adjusted operating profit from the potential for adverse impacts from the crystallisation of the principal strategic and operational risks to the Group’s organic growth and a 10% increase in working capital
- A 25% reduction in adjusted operating profit from more severe adverse impacts from the crystallisation of the principal strategic and operational risks to the Group’s organic growth and a 20% increase in working capital

In addition, the group has carried out reverse stress tests against the base case to determine the level of performance that would result in a breach of financial covenants. In order for a breach of covenants to occur during the 18 month period to the end of December 2023 the Group would need to experience a reduction in EBITDA of over 45% compared to the base case.

In the first two stress tests it was found that the Group was resilient and in particular it remained in compliance with the relevant financial covenants. The conditions required to create the reverse stress test scenario were so severe that they were considered to be implausible. The directors are therefore satisfied that the Group’s forecasts, which take into account reasonably possible changes in trading performance, show that there are no material uncertainties over going concern, including no anticipated breach of covenants, and therefore the going concern basis of preparation continues to be appropriate.

Impact of Covid-19 on the financial statements at 30 June 2022

During the six months to 30 June 2022, there have been no significant changes to inventory and receivables provisions. The Group has incurred a net charge of approximately £5 million relating to expected credit losses on trade receivables and slow moving inventory provisions.

Further details on the impact of the Covid-19 pandemic on the financial results for the Group for the six months ended 30 June 2022 are included elsewhere in this report, notably in the Chief Executive Officer’s review and the Financial Review.

1. Basis of preparation and accounting policies (continued)

Impact of Hyperinflation on the financial statements at 30 June 2022

During the six months to 30 June 2022 the three-year cumulative inflation in Turkey exceeded 100% and as a result, IAS 29 'Financial Reporting in Hyperinflationary Economies' became applicable for entities with a functional currency of the Turkish Lira.

The Group's condensed interim financial statements include the results and financial position of its Turkish operations restated to the measuring unit current at the end of the period, with hyperinflationary gains and losses in respect of monetary items being reported in finance expense. Comparative amounts presented in the condensed interim financial statements have not been restated. In accordance with IAS 29, hyperinflationary accounting has been applied as if Turkey has always been a hyperinflationary economy, and as an accounting policy choice allowed under IAS 29, the differences between equity at 31 December 2021 as reported and the equity after the restatement of the non-monetary items to the measuring unit current at 31 December 2021 have been recognised directly in retained earnings, rather than in other comprehensive income. The inflation rate used by the Group is the official rate published by the Turkish Statistical Institute, TurkStat. The movement in the publicly available official price index for the six months to 30 June 2022 was an increase of 42% (six months to 30 June 2021: increase of 8%).

The impact of the continuing application of hyperinflationary accounting to the Group's business in Argentina was immaterial both in the current and comparative periods.

IAS 29 requires that the income statement is adjusted for inflation in the period and translated at the period-end foreign exchange rates and that non-monetary assets and liabilities on the balance sheet are inflated to reflect the change in purchasing power caused by inflation from the date of initial recognition. For the period ended 30 June 2022, this resulted in an increase in goodwill of £14.7m and a net increase in other intangibles of £11.0m. The impacts on other non-monetary assets and liabilities were immaterial. The total impact to retained earnings during the period was a gain of £39.8m, comprising the adjustment to opening balances for our businesses in Turkey of £14.0m and the impact of inflation in the current period for our businesses in Turkey and Argentina of £25.8m.

When applying IAS 29 on an ongoing basis, comparatives in a stable currency are not restated with the translation effect presented within other comprehensive income during the period, and the effect of inflating opening balances to the measuring unit current at the end of the reporting period presented as a change in equity.

2. Alternative performance measures

In addition to the various performance measures defined under IFRS, the Group reports a number of other 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 ('GAAP') and are therefore known as 'alternative performance measures'. Accordingly, these measures, which are not designed to be a substitute for any of the IFRS measures of performance, may not be directly comparable with other companies' alternative performance measures. The principal alternative performance measures used within the interim financial statements and the location of the reconciliation to equivalent IFRS measures are shown and defined in the table below:

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 (reconciled in the Financial review)
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 (reconciled in the following tables and in the Consolidated income statement)
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 (reconciled in the following tables)
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 (reconciled in the following tables)
Effective tax rate	Tax on adjusted profit before income tax as a percentage of adjusted profit before income tax (reconciled in Note 5)
Adjusted earnings per share	Adjusted profit for the period divided by the weighted average number of ordinary shares in issue (reconciled in the following tables and in Note 7)
Adjusted diluted earnings per share	Adjusted profit for the period divided by the diluted weighted average number of ordinary shares (reconciled in Note 7)
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 (as shown in the Consolidated cash flow statement)
Free cash flow	Operating cash flow after deducting payments for income tax and net interest excluding interest on lease liabilities (as shown in the Consolidated cash flow statement)
Lease adjusted operating profit	Adjusted operating profit after adding back the depreciation of right-of-use assets and deducting the payment of lease liabilities (as shown in the Consolidated cash flow statement)
Cash conversion	Operating cash flow as a percentage of lease adjusted operating profit (as shown in the Consolidated cash flow statement)
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 (reconciled in Note 11)
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 (reconciled in Note 14)
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 period ended 30 June 2022 so that they can be compared without the distorting impact of changes caused by foreign exchange translation. The exchange rates used for 2022 and 2021 can be found in the Financial Review

2. Alternative performance measures (continued)

Cumulative inflation over 100% (26% per annum compounded) over three years is one of the key indicators within IAS 29 to assess whether an economy is deemed to be hyperinflationary. As a result, the definition of 'Underlying revenue growth' has been updated to exclude growth in hyperinflationary economies above 26% per annum at constant exchange rates.

Except for the amendment noted above related to hyperinflationary economies, there have been no new alternative performance measures during the period and all other alternative performance measures have been calculated consistently with the methods applied in the consolidated financial statements for the year ended 31 December 2021.

The alternative performance measures listed above exclude the charge for customer relationships and brands amortisation, acquisition related items, non-recurring pension scheme charges, profit or loss on disposal of businesses 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, adjustments to previously estimated earn outs, customer relationships asset impairment charges, goodwill impairment charges and interest on acquisition related income tax. Customer relationships and brands amortisation, acquisition related items and any associated tax are considered by management to form part of the total spend on acquisitions or are non-cash items resulting from acquisitions. The non-recurring pension scheme charges relate to non-recurring charges arising from the Group's participation in a number of defined benefit pension schemes. In the period ended 30 June 2022 there have been no non-recurring pensions scheme charges. None of these items relate to the underlying operating performance of the business and, as a result, they distort comparability between businesses and reporting periods. Accordingly, these items are not taken into account by management when assessing the results of the business and are removed in calculating the profitability measures by which management assesses the performance of the Group. However, it should be noted that they do exclude charges that nevertheless do impact the Group's cash flow and GAAP financial performance.

Reconciliation of alternative performance measures to statutory measures

The principal profit related alternative performance measures, these being adjusted operating profit, adjusted profit before income tax, adjusted profit for the period and adjusted earnings per share are reconciled to the most directly reconcilable statutory measures in the tables below.

Six months ended 30 June 2022

		Adjusting items			
	Alternative performance measures £m	**Customer relationships and brands amortisation £m**	**Acquisition related items £m**	**Statutory measures £m**	
Adjusted operating profit	411.4	(61.5)	(22.4)	327.5	**Operating profit**
Finance income	7.4			7.4	Finance income
Finance expense	(38.3)			(38.3)	Finance expense
Adjusted profit before income tax	380.5	(61.5)	(22.4)	296.6	**Profit before income tax**
Tax on adjusted profit	(93.6)	15.2	3.4	(75.0)	Income tax
Adjusted profit for the period	286.9	(46.3)	(19.0)	221.6	**Profit for the period**
Adjusted earnings per share	85.7p	(13.8p)	(5.7p)	66.2p	**Basic earnings per share**

Six months ended 30 June 2021

		Adjusting items			
	Alternative performance measures £m	Customer relationships and brands amortisation £m	Acquisition related items £m	Statutory measures £m	
Adjusted operating profit	366.8	(51.7)	(11.0)	304.1	Operating profit
Finance income	3.9			3.9	Finance income
Finance expense	(32.3)			(32.3)	Finance expense
Adjusted profit before income tax	338.4	(51.7)	(11.0)	275.7	Profit before income tax
Tax on adjusted profit	(79.5)	13.6	1.2	(64.7)	Income tax
Adjusted profit for the period	258.9	(38.1)	(9.8)	211.0	Profit for the period
Adjusted earnings per share	77.7p	(11.4)p	(3.0)p	63.3p	Basic earnings per share

2. Alternative performance measures (continued)

Year ended 31 December 2021

	Alternative performance measures £m	Adjusting items: Customer relationships and brands amortisation £m	Adjusting items: Acquisition related items £m	Statutory measures £m	
Adjusted operating profit	752.8	(106.5)	(23.0)	623.3	Operating profit
Finance income	10.7			10.7	Finance income
Finance expense	(65.3)			(65.3)	Finance expense
Adjusted profit before income tax	698.2	(106.5)	(23.0)	568.7	Profit before income tax
Tax on adjusted profit	(155.7)	27.3	2.5	(125.9)	Income tax
Adjusted profit for the year	542.5	(79.2)	(20.5)	442.8	Profit for the year
Adjusted earnings per share	162.5p	(23.7)p	(6.1)p	132.7p	Basic earnings per share

3. Segment analysis

The Group results are reported as four business areas based on geographical regions which are reviewed regularly by the Company's chief operating decision maker, the Board of directors. Across the Group, the vast majority of revenue is generated from the delivery of goods to customers representing a single performance obligation which is satisfied upon delivery of the relevant goods. The Group's revenue and financial results have not historically been subject to significant seasonal trends. The principal results reviewed for each business area are revenue and adjusted operating profit.

Six months ended 30 June 2022	**North America £m**	**Continental Europe £m**	**UK & Ireland £m**	**Rest of the World £m**	**Corporate £m**	**Total £m**
Revenue	**3,435.9**	**1,026.1**	**687.1**	**501.7**		**5,650.8**
Adjusted operating profit/(loss)	**231.5**	**97.7**	**40.6**	**53.9**	**(12.3)**	**411.4**
Customer relationships and brands amortisation	**(27.4)**	**(18.9)**	**(6.0)**	**(9.2)**		**(61.5)**
Acquisition related items	**(10.9)**	**(4.8)**	**(3.6)**	**(3.1)**		**(22.4)**
Operating profit/(loss)	**193.2**	**74.0**	**31.0**	**41.6**	**(12.3)**	**327.5**
Finance income						**7.4**
Finance expense						**(38.3)**
Profit before income tax						**296.6**
Adjusted profit before income tax						**380.5**
Income tax						**(75.0)**
Profit for the period						**221.6**
Operating margin	**6.7%**	**9.5%**	**5.9%**	**10.7%**		**7.3%**
Return on average operating capital	**43.6%**	**48.5%**	**49.3%**	**38.9%**		**43.5%**

Six months ended 30 June 2021	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	2,857.7	971.8	579.6	457.5		4,866.6
Adjusted operating profit/(loss)	199.9	91.8	22.8	64.8	(12.5)	366.8
Customer relationships and brands amortisation	(21.3)	(18.3)	(4.4)	(7.7)		(51.7)
Acquisition related items	(3.1)	(3.6)	(1.6)	(2.7)		(11.0)
Operating profit/(loss)	175.5	69.9	16.8	54.4	(12.5)	304.1
Finance income						3.9
Finance expense						(32.3)
Profit before income tax						275.7
Adjusted profit before income tax						338.4
Income tax						(64.7)
Profit for the period						211.0
Operating margin	7.0%	9.4%	3.9%	14.2%		7.5%
Return on average operating capital	46.8%	50.1%	34.3%	54.6%		46.1%

3. Segment analysis (continued)

Year ended 31 December 2021	North America £m	Continental Europe £m	UK & Ireland £m	Rest of the World £m	Corporate £m	Total £m
Revenue	6,144.7	1,972.9	1,254.2	913.3		10,285.1
Adjusted operating profit/(loss)	401.3	191.8	67.0	116.5	(23.8)	752.8
Customer relationships and brands amortisation	(44.5)	(36.4)	(9.1)	(16.5)		(106.5)
Acquisition related items	(7.6)	(8.2)	(3.1)	(4.1)		(23.0)
Operating profit/(loss)	349.2	147.2	54.8	95.9	(23.8)	623.3
Finance income						10.7
Finance expense						(65.3)
Profit before income tax						568.7
Adjusted profit before income tax						698.2
Income tax						(125.9)
Profit for the year						442.8
Operating margin	6.5%	9.7%	5.3%	12.8%		7.3%
Return on average operating capital	42.9%	47.3%	38.4%	48.9%		43.3%

Acquisition related items	**Six months to 30.6.22 £m**	Six months to 30.6.21 £m	Year to 31.12.21 £m
Deferred consideration payments relating to the retention of former owners of businesses acquired	**8.7**	7.3	15.0
Transaction costs and expenses	**7.2**	3.7	8.3
Adjustments to previously estimated earn outs	**6.5**	-	(0.3)
	22.4	11.0	23.0

4. Finance income/(expense)

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Interest on cash and cash equivalents	**2.1**	1.2	3.5
Interest income from foreign exchange contracts	**4.3**	2.3	5.0
Net interest income on defined benefit pension schemes in surplus	**0.5**	-	0.1
Interest related to income tax	**-**	-	0.7
Other finance income	**0.5**	0.4	1.4
Finance income	**7.4**	3.9	10.7
Interest on loans and overdrafts	**(21.7)**	(20.2)	(40.7)
Lease interest expense	**(10.2)**	(10.0)	(20.3)
Interest expense from foreign exchange contracts	**(1.0)**	(0.7)	(1.5)
Net interest expense on defined benefit pension schemes in deficit	**(0.3)**	(0.4)	(0.8)
Fair value gain on US private placement notes and senior bond in a hedge relationship	**47.3**	23.3	33.3
Fair value loss on interest rate swaps in a hedge relationship	**(44.7)**	(23.1)	(33.1)
Foreign exchange gain/(loss) on intercompany funding	**99.8**	(24.4)	(25.3)
Foreign exchange (loss)/gain on external debt and foreign exchange forward contracts	**(99.8)**	24.4	25.2
Interest related to income tax	**(0.2)**	(0.5)	(0.5)
Monetary loss from hyperinflation accounting[1]	**(7.3)**	-	-
Other finance expense	**(0.2)**	(0.7)	(1.6)
Finance expense	**(38.3)**	(32.3)	(65.3)
Net finance expense	**(30.9)**	(28.4)	(54.6)

[1]See Note 1 for further details.

4. Finance income/(expense) (continued)

The foreign exchange gain on intercompany funding in the six month period to 30 June 2022 arises as a result of the retranslation of foreign currency intercompany loans. This gain on intercompany funding is substantially matched by the foreign exchange loss on external debt and foreign exchange forward contracts not in a hedge relationship, which minimises the foreign currency exposure in the Consolidated income statement.

5. Income tax

The tax charge for the interim financial statements is determined by applying the weighted average statutory tax rate based on full year forecast profits to the actual profits for the first half of the year, and then adjusting for non-taxable or deductible items that affect the profits of the first half of the year. Where tax balances are revised due to changes in tax rates or estimates of tax liabilities for prior periods, the full effect on the income statement is included in the tax charge for the first half of the year.

The adjustments to the tax charge at the weighted average rate to determine the income tax on profit for the period are as follows:

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Profit before income tax	**296.6**	275.7	568.7
Weighted average rate	**24.5%**	24.9%	24.9%
Tax charge at weighted average rate	**72.7**	68.7	141.7
Effects of:			
non-deductible expenditure	**3.5**	3.3	2.4
impact of intercompany finance	**(0.2)**	0.6	(0.2)
change in tax rates	**0.2**	(0.8)	(0.7)
prior year adjustments	**(4.0)**	(7.5)	(16.4)
other current year items	**2.8**	0.4	(0.9)
Income tax on profit	**75.0**	64.7	125.9

In assessing the underlying performance of the Group, management uses adjusted profit before income tax. The tax effect of the adjusting items (see Note 2) 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 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Income tax on profit	**75.0**	64.7	125.9
Tax associated with adjusting items	**18.6**	14.8	29.8
Tax on adjusted profit	**93.6**	79.5	155.7
Profit before income tax	**296.6**	275.7	568.7
Adjusting items	**83.9**	62.7	129.5
Adjusted profit before income tax	**380.5**	338.4	698.2
Reported tax rate	**25.3%**	23.5%	22.1%
Effective tax rate	**24.6%**	23.5%	22.3%

6. Dividends

Total dividends for the periods in which they are recognised are:

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
2020 interim		52.8	52.8
2020 final		127.6	127.6
2021 interim	**54.3**		
2021 final	**136.2**		
Total	**190.5**	180.4	180.4

Total dividends per share for the periods to which they relate are:

			Per share
	Six months to 30.6.22	Six months to 30.6.21	Year to 31.12.21
2021 interim		16.2p	16.2p
2021 final			40.8p
2022 interim	**17.3p**		
Total	**17.3p**	16.2p	57.0p

The 2022 interim dividend of 17.3p per share will be paid on 4 January 2023 to shareholders on the register at the close of business on 18 November 2022. The 2022 interim dividend will comprise approximately £58m of cash.

7. Earnings per share

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Profit for the period	**221.6**	211.0	442.8
Adjusted for:			
customer relationships and brands amortisation	**61.5**	51.7	106.5
acquisition related items	**22.4**	11.0	23.0
tax credit on adjusting items	**(18.6)**	(14.8)	(29.8)
Adjusted profit for the period	**286.9**	258.9	542.5

	Six months to 30.6.22	Six months to 30.6.21	Year to 31.12.21
Basic weighted average number of ordinary shares in issue (million)	**334.9**	333.4	333.8
Dilutive effect of employee share plans (million)	**2.8**	1.4	2.2
Diluted weighted average number of ordinary shares (million)	**337.7**	334.8	336.0
Basic earnings per share	**66.2p**	63.3p	132.7p
Adjustment	**19.5p**	14.4p	29.8p
Adjusted earnings per share	**85.7p**	77.7p	162.5p
Diluted basic earnings per share	**65.6p**	63.0p	131.8p
Adjustment	**19.4p**	14.3p	29.7p
Adjusted diluted earnings per share	**85.0p**	77.3p	161.5p

8. 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. A key 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' as revised. 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 2022 the allocation period for all acquisitions completed since 1 July 2021 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. Adjustments are made to the value of assets acquired to reflect more accurately the estimated realisable or settlement value. Similarly, adjustments are made to acquired liabilities to record onerous commitments or other commitments existing at the acquisition date but not recognised by the acquiree. Adjustments are also made to reflect the associated tax effects. During the six months to 30 June 2022 adjustments have been recognised to the fair value of assets and liabilities acquired related to acquisitions made in the prior year, resulting in a net decrease to goodwill of £3.9m. Given the immaterial amounts involved the fair value of assets and liabilities acquired as reported in the prior year have not been restated.

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. 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 to 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 and announced 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 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 significant acquisitions during the six months ended 30 June 2022. The acquisition of McCue Corporation on 15 October 2021 was considered to be individually significant due to its impact on intangible assets and was therefore disclosed separately for the year ended 31 December 2021.

Six months ended 30 June 2022

Summary details of the businesses acquired or agreed to be acquired during the period ended 30 June 2022 are shown in the table below:

Business	**Sector**	**Country**	**Acquisition date 2022**	**Annualised revenue £m**
USL[1]	Healthcare	New Zealand	31 May	**52.2**
Acquisition completed in the current period				**52.2**
Hygi.de[2,4]	Cleaning & Hygiene	Germany	11 July	**89.5**
Containit[3,4]	Safety	Australia	1 August	**12.1**
Acquisitions agreed in the current period				**153.8**

1 Acquisition of 90% of share capital
2 Acquisition of 75% of share capital
3 Acquisition of 80% of share capital
4 Acquisition committed at 30 June 2022

8. Acquisitions (continued)

A summary of the effect of acquisitions in the six months ended 30 June 2022 and 30 June 2021 and for the year ended 31 December 2021 is shown below:

	30.6.22 £m	30.6.21 £m	Total 31.12.21 £m	McCue 31.12.21 £m	Other 31.12.21 £m
Customer relationships	**14.8**	53.5	234.8	107.1	127.7
Brands	**4.2**	-	11.8	8.6	3.2
Property, plant and equipment and software	**1.0**	2.2	7.7	1.2	6.5
Right-of-use assets	**5.4**	8.2	12.6	3.4	9.2
Inventories	**8.5**	5.2	32.8	10.1	22.7
Trade and other receivables	**5.6**	10.2	63.8	25.1	38.7
Trade and other payables	**(5.6)**	(11.7)	(60.9)	(18.5)	(42.4)
Net (overdrafts)/cash	**(7.2)**	(5.2)	11.3	5.0	6.3
Provisions	**(1.7)**	(2.9)	(4.7)	(0.4)	(4.3)
Lease liabilities	**(5.6)**	(8.2)	(12.9)	(3.6)	(9.3)
Derivative assets/(liabilities)	**0.2**	(0.1)	(0.1)	-	(0.1)
Income tax payable and deferred tax liabilities	**(3.3)**	(14.6)	(57.3)	(29.1)	(28.2)
Fair value of net assets acquired	**16.3**	36.6	238.9	108.9	130.0
Goodwill	**6.7**	52.0	240.8	132.5	108.3
Consideration	**23.0**	88.6	479.7	241.4	238.3
Satisfied by:					
cash consideration	**14.6**	77.7	442.8	234.3	208.5
deferred consideration	**8.4**	10.9	36.9	7.1	29.8
	23.0	88.6	479.7	241.4	238.3
Contingent payments relating to the retention of former owners	**1.4**	13.9	30.9	8.4	22.5
Net overdrafts/(cash) acquired	**7.2**	5.2	(11.3)	(5.0)	(6.3)
Transaction costs and expenses	**7.2**	3.7	8.3	1.7	6.6
Total committed spend in respect of acquisitions completed in the current period	**38.8**	111.4	507.6	246.5	261.1
Spend on acquisitions committed but not completed at the period end	**144.7**	-	-	-	-
Total committed spend in respect of acquisitions agreed in the current period	**183.5**	111.4	507.6	246.5	261.1

The net cash outflow in respect of acquisitions comprised:

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Total Year to 31.12.21 £m	McCue Year to 31.12.21 £m	Other Year to 31.12.21 £m
Cash consideration	**14.6**	77.7	442.8	234.3	208.5
Net overdrafts/(cash) acquired	**7.2**	5.2	(11.3)	(5.0)	(6.3)
Deferred consideration payments	**51.7**	3.6	5.2	-	5.2
Net cash outflow in respect of acquisitions	**73.5**	86.5	436.7	229.3	207.4
Transaction costs and expenses paid	**7.4**	4.5	9.1	1.5	7.6
Payments relating to retention of former owners	**3.6**	2.0	6.9	-	6.9
Total cash outflow in respect of acquisitions	**84.5**	93.0	452.7	230.8	221.9

Acquisitions completed in the six months ended 30 June 2022 contributed £4.7m (six months ended 30 June 2021: £28.0m; year ended 31 December 2021: £123.2m) to the Group's revenue, £0.3m (six months ended 30 June 2021: £3.5m; year ended 31 December 2021: £17.3m) to the Group's adjusted operating profit and £0.2m (six months ended 30 June 2021: £2.2m; year ended 31 December 2021: £10.6m) to the Group's operating profit for the six months ended 30 June 2022.

8. Acquisitions (continued)
The estimated contributions from completed acquisitions to the results of the Group if such acquisitions had been made at the beginning of the respective periods, are as follows:

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Revenue	**26.1**	51.3	322.4
Adjusted operating profit	**1.5**	7.0	46.3

The estimated revenue which would have been contributed by the acquisitions agreed during the current period to the results for the six months ended 30 June 2022 if such acquisitions had been made at the beginning of the period is £76.9m.

Deferred Consideration

The table below gives further details of the Group's deferred consideration liabilities.

	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Minority options	**54.7**	26.3	41.9
Earnouts	**16.9**	47.2	57.7
Deferred consideration held at fair value	**71.6**	73.5	99.6
Other	**7.5**	6.5	8.2
Total Deferred Consideration	**79.1**	80.0	107.8
Current	**24.9**	40.2	46.5
Non-Current	**54.2**	39.8	61.3
Total Deferred Consideration	**79.1**	80.0	107.8

Year ended 31 December 2021

Summary details of the businesses acquired or agreed to be acquired during the year ended 31 December 2021 are shown in the table below:

Business	Sector	Country	Acquisition date 2021	Annualised revenue £m
Deliver Net	Healthcare	UK	31 January	19.5
Pinnacle	Cleaning & Hygiene	Canada	1 February	11.3
Disposable Discounter[1]	Foodservice	Netherlands	2 February	23.6
Comax	Cleaning & Hygiene	UK	31 May	16.4
Harvey Distributors	Cleaning & Hygiene	Australia	31 May	4.4
Obex Medical Holdings[2]	Healthcare	New Zealand	1 June	28.7
Proin Pinilla	Safety	Spain	22 July	14.3
Arprosa	Safety	Spain	31 July	6.6
Medshop[3]	Healthcare	Australia	8 September	14.4
Intergro	Foodservice	US	30 September	22.3
McCue Corporation[4]	Safety	US	15 October	72.6
Workwear Express[5]	Safety	UK	26 October	33.2
Hydropac[6]	Foodservice	UK	4 November	8.4
Tingley Rubber	Safety	US	21 December	46.7
Acquisitions agreed and completed in the current year				322.4

1 Acquisition of 75.1% of share capital
2 Acquisition of 99.1% of share capital
3 Acquisition of 75.1% of share capital
4 Acquisition of 96.9% of share capital
5 Acquisition of 96.3% of share capital
6 Located in the UK, but reporting through Continental Europe

9. Right-of-use assets

Six months ended 30 June 2022

Net book value	**Property £m**	**Motor Vehicles £m**	**Equipment £m**	**Total £m**
Beginning of the period	**366.4**	**57.8**	**24.1**	**448.3**
Acquisitions (Note 8)	**5.4**	**-**	**-**	**5.4**
Additions	**22.9**	**13.8**	**5.8**	**42.5**
Depreciation charge in the period	**(51.5)**	**(13.6)**	**(5.1)**	**(70.2)**
Remeasurement adjustments	**24.3**	**(0.3)**	**(0.3)**	**23.7**
Currency translation	**21.7**	**3.5**	**2.1**	**27.3**
As at 30 June 2022	**389.2**	**61.2**	**26.6**	**477.0**

Six months ended 30 June 2021

Net book value	Property £m	Motor Vehicles £m	Equipment £m	Total £m
Beginning of the period	358.3	66.4	28.7	453.4
Acquisitions (Note 8)	8.2	-	-	8.2
Additions	42.9	11.4	2.5	56.8
Depreciation charge in the period	(47.5)	(14.1)	(4.9)	(66.5)
Remeasurement adjustments	17.1	(2.6)	(0.9)	13.6
Currency translation	(6.3)	(0.7)	(0.3)	(7.3)
As at 30 June 2021	372.7	60.4	25.1	458.2

Year ended 31 December 2021

Net book value	Property £m	Motor Vehicles £m	Equipment £m	Total £m
Beginning of the year	358.3	66.4	28.7	453.4
Acquisitions (Note 8)	12.5	0.1	-	12.6
Additions	81.3	24.3	7.0	112.6
Depreciation charge in the year	(96.4)	(28.6)	(9.8)	(134.8)
Remeasurement adjustments	16.5	(3.5)	(1.5)	11.5
Currency translation	(5.8)	(0.9)	(0.3)	(7.0)
As at 31 December 2021	366.4	57.8	24.1	448.3

10. Intangible assets

Six months ended 30 June 2022

	Goodwill £m	**Customer relationships £m**	**Brands £m**	**Software £m**	**Total £m**
Cost					
At 31 December 2021	**1,710.9**	**2,055.2**	**25.0**	**90.2**	**3,881.3**
Adjustment to opening balances in respect of hyperinflation in Turkey[1]	**7.5**	**11.1**	**-**	**-**	**18.6**
Restated at 1 January 2022	**1,718.4**	**2,066.3**	**25.0**	**90.2**	**3,899.9**
Acquisitions (Note 8)	**6.7**	**14.8**	**4.2**	**-**	**25.7**
Adjustment for hyperinflation accounting[1]	**7.2**	**10.0**	**-**	**-**	**17.2**
Additions				**3.7**	**3.7**
Disposals				**(0.6)**	**(0.6)**
Currency translation	**103.8**	**136.4**	**2.8**	**5.5**	**248.5**
End of the period	**1,836.1**	**2,227.5**	**32.0**	**98.8**	**4,194.4**
Accumulated amortisation and impairment					
At 31 December 2021	**12.4**	**1,033.2**	**1.0**	**67.9**	**1,114.5**
Adjustment to opening balances in respect of hyperinflation in Turkey[1]	**-**	**4.9**	**-**	**-**	**4.9**
Restated at 1 January 2022	**12.4**	**1,038.1**	**1.0**	**67.9**	**1,119.4**
Amortisation charge in the period		**60.1**	**1.4**	**4.1**	**65.6**
Adjustment for hyperinflation accounting[1]	**-**	**5.2**	**-**	**-**	**5.2**
Disposals				**(0.6)**	**(0.6)**
Currency translation	**0.8**	**60.8**	**0.7**	**4.2**	**66.5**
End of the period	**13.2**	**1,164.2**	**3.1**	**75.6**	**1,256.1**
Net book value at 30 June 2022	**1,822.9**	**1,063.3**	**28.9**	**23.2**	**2,938.3**

[1]See Note 1 for further details.

10. Intangible assets (continued)

Six months ended 30 June 2021

	Goodwill £m	Customer relationships £m	Brands £m	Software £m	Total £m
Cost					
Beginning of the period	1,506.7	1,874.2	12.8	85.5	3,479.2
Acquisitions (Note 8)	52.0	53.5	-	0.2	105.7
Additions				5.1	5.1
Disposals				(0.3)	(0.3)
Currency translation	(27.3)	(38.7)	(0.1)	(1.6)	(67.7)
End of the period	1,531.4	1,889.0	12.7	88.9	3,522.0
Accumulated amortisation and impairment					
Beginning of the period	12.1	961.5	0.3	63.4	1,037.3
Amortisation charge in the period		51.3	0.4	4.2	55.9
Disposals				(0.3)	(0.3)
Currency translation	-	(22.6)	-	(1.4)	(24.0)
End of the period	12.1	990.2	0.7	65.9	1,068.9
Net book value at 30 June 2021	1,519.3	898.8	12.0	23.0	2,453.1

Year ended 31 December 2021

	Goodwill £m	Customer relationships £m	Brands £m	Software £m	Total £m
Cost					
Beginning of the year	1,506.7	1,874.2	12.8	85.5	3,479.2
Acquisitions (Note 8)	240.8	234.8	11.8	0.5	487.9
Additions				7.9	7.9
Disposals		-	-	(1.9)	(1.9)
Currency translation	(36.6)	(53.8)	0.4	(1.8)	(91.8)
End of the year	1,710.9	2,055.2	25.0	90.2	3,881.3
Accumulated amortisation and impairment					
Beginning of the year	12.1	961.5	0.3	63.4	1,037.3
Amortisation charge in the year		105.5	1.0	8.4	114.9
Disposals		-	-	(1.9)	(1.9)
Currency translation	0.3	(33.8)	(0.3)	(2.0)	(35.8)
End of the year	12.4	1,033.2	1.0	67.9	1,114.5
Net book value at 31 December 2021	1,698.5	1,022.0	24.0	22.3	2,766.8

Goodwill, customer relationships and brands intangible assets have been acquired as part of business combinations. Further details of acquisitions made in the period are set out in Note 8.

The Group has completed an impairment trigger assessment in relation to the carrying value of goodwill as at 30 June 2022. Based on this assessment, no impairment triggers were identified. The Group also considered whether there were any indicators that individual customer relationships and brands intangible assets were impaired and concluded that there were no impairments as at 30 June 2022.

Following the application of hyperinflation accounting to Turkey in the period to 30 June 2022, the carrying value of the customer relationships intangible assets of the Group's Turkish businesses has increased to £13.4m. The Group will perform an impairment assessment in relation to the carrying value of these assets during the second half of the year.

11. Working Capital

	30.6.22 £m	30.6.21 £m	31.12.21 £m
Inventories	**1,809.2**	1,474.0	1,474.0
Trade and other receivables	**1,577.5**	1,302.0	1,431.0
Trade and other payables	**(2,336.6)**	(1,918.8)	(1,921.3)
Add back net non-trading related receivables and payables	**17.9**	35.5	43.9
Add back dividends payable	**136.2**	127.6	-
	1,204.2	1,020.3	1,027.6

See Note 16 for the cash flow impact of movements in working capital which exclude the impact from foreign exchange movements and acquisitions.

12. Financial instruments

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

Financial assets	30.6.22 £m	30.6.21 £m	31.12.21 £m
Interest rate derivatives in fair value hedges	**0.4**	8.6	6.6
Foreign exchange derivatives in cash flow hedges	**5.6**	1.9	1.4
Foreign exchange derivatives in net investment hedges	**5.6**	5.7	7.0
Other foreign exchange and interest rate derivatives	**4.1**	3.5	6.8
Total derivative financial assets	**15.7**	19.7	21.8
Current derivative financial assets	**14.1**	11.0	14.9
Non-current derivative financial assets	**1.6**	8.7	6.9
Total derivative financial assets	**15.7**	19.7	21.8

Financial liabilities	30.6.22 £m	30.6.21 £m	31.12.21 £m
Interest rate derivatives in fair value hedges	**(66.4)**	(20.0)	(27.9)
Foreign exchange derivatives in cash flow hedges	**(0.4)**	(0.6)	(0.9)
Foreign exchange derivatives in net investment hedges	**(15.8)**	(2.5)	(3.9)
Other foreign exchange derivatives	**(11.4)**	(3.5)	(5.6)
Total derivative financial liabilities	**(94.0)**	(26.6)	(38.3)
Other payables	**(71.6)**	(73.5)	(99.6)
	(165.6)	(100.1)	(137.9)
Current derivative financial liabilities	**(27.6)**	(6.6)	(10.4)
Non-current derivative financial liabilities	**(66.4)**	(20.0)	(27.9)
Total derivative financial liabilities	**(94.0)**	(26.6)	(38.3)

Financial assets and liabilities stated as being measured at fair value in the tables above (including all derivative financial instruments), with the exception of other payables, have carrying amounts where the fair value is, and has been throughout the 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 financial assets and liabilities stated at level two fair value have been determined by discounting expected future cash flows, translated at the appropriate balance sheet date exchange rates and adjusted for counterparty or own credit risk as applicable. Other payables measured at fair value relate to earn outs on businesses acquired. This is a level three fair value which is initially measured based on the expected future profitability of the businesses acquired at the acquisition date and subsequently reassessed at each reporting date based on the most recent data available on the expected profitability of the businesses acquired. The reduction of £28.0m in other payables compared to December 2021 is primarily as a result of deferred consideration payments made in the period of £52.1m, offset by additional deferred consideration recognised of £20.3m and an adverse impact from foreign exchange of £3.8m. There were no transfers between levels for recurring fair value measurements during the period.

The fair values of all financial instruments approximate to their book values, with the exception of the US private placement notes and the senior bonds which are held at amortised cost. The fair value of all US private placement notes which are held at amortised cost, using market prices at 30 June 2022, was £831.9m (30 June 2021: £887.5m; 31 December 2021: £882.1m), compared to a carrying value of £860.5m (30 June 2021: £858.5m; 31 December 2021: £862.4m). The fair value of the senior bonds which are held at amortised cost, using market prices at 30 June 2022, was £619.9m (30 June 2021: £704.9m, 31 December 2021: £694.0m) compared to a carrying value of £629.7m (30 June 2021: £676.3m; 31 December 2021: £668.6m).

13. Lease liabilities

The Group leases certain property, plant, equipment and vehicles under non-cancellable operating lease agreements. These leases have varying terms and renewal rights.

Movement in lease liabilities	Six months to 30.6.22 £m	Six months to 30.6.21 £m	Year to 31.12.21 £m
Beginning of the period	**488.7**	497.5	497.5
Acquisitions (Note 8)	**5.6**	8.2	12.9
New leases	**42.5**	56.8	112.6
Interest charge in the period	**10.2**	10.0	20.3
Payment of lease liabilities	**(82.5)**	(78.7)	(158.9)
Remeasurement adjustments	**23.7**	13.6	11.5
Currency translation	**29.8**	(6.8)	(7.2)
End of the period	**518.0**	500.6	488.7
Ageing of lease liabilities:			
Current lease liabilities	**136.9**	131.5	129.1
Non-current lease liabilities	**381.1**	369.1	359.6
End of the period	**518.0**	500.6	488.7

14. Cash and cash equivalents and net debt

	30.6.22 £m	30.6.21 £m	31.12.21 £m
Cash at bank and in hand	**1,040.2**	906.5	776.9
Bank overdrafts	**(812.2)**	(546.6)	(551.6)
Cash and cash equivalents	**228.0**	359.9	225.3
Interest bearing loans and borrowings - current liabilities	**(215.4)**	(54.5)	(111.9)
Interest bearing loans and borrowings - non-current liabilities	**(1,301.3)**	(1,480.5)	(1,433.7)
Derivatives managing interest rate risk and currency profile of the debt	**(85.9)**	(8.2)	(17.1)
Net debt excluding lease liabilities	**(1,374.6)**	(1,183.3)	(1,337.4)
Lease liabilities	**(518.0)**	(500.6)	(488.7)
Total net debt including lease liabilities	**(1,892.6)**	(1,683.9)	(1,826.1)

During the period, the Group issued US private placement notes with a delayed draw mechanism such that USD 130 million was received on 14 July 2022. A further USD 270 million will be received in November 2022. These issuances extend the Group's maturity profile to 2032.

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 which is an enforceable right which the Group intends to use. The cash at bank and in hand and bank overdrafts figures net of the amounts in the cash pool are disclosed below for reference:

	30.6.22 £m	30.6.21 £m	31.12.21 £m
Cash at bank and in hand net of amounts in the cash pool	**308.3**	433.0	274.6
Bank overdrafts net of amounts in the cash pool	**(80.3)**	(73.1)	(49.3)
Cash and cash equivalents	**228.0**	359.9	225.3

15. Movement in net debt

Six months ended 30 June 2022	**Net debt £m**	**Cash and cash equivalents £m**	**Other components £m**
Beginning of the period excluding lease liabilities	**(1,337.4)**	**225.3**	**(1,562.7)**
Net cash inflow/(outflow)	**37.6**	**(34.5)**	**72.1**
Non-cash movement in debt	**4.7**	**-**	**4.7**
Realised losses on foreign exchange contracts	**(26.5)**	**-**	**(26.5)**
Currency translation	**(53.0)**	**37.2**	**(90.2)**
End of the period excluding lease liabilities	**(1,374.6)**	**228.0**	**(1,602.6)**
Lease liabilities	**(518.0)**	**-**	**(518.0)**
End of the period including lease liabilities	**(1,892.6)**	**228.0**	**(2,120.6)**

Six months ended 30 June 2021	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of the period excluding lease liabilities	(1,255.0)	429.7	(1,684.7)
Net cash inflow/(outflow)	53.9	(60.6)	114.5
Realised gains on foreign exchange contracts	16.0	-	16.0
Currency translation	1.8	(9.2)	11.0
End of the period excluding lease liabilities	(1,183.3)	359.9	(1,543.2)
Lease liabilities	(500.6)	-	(500.6)
End of the period including lease liabilities	(1,683.9)	359.9	(2,043.8)

Year ended 31 December 2021	Net debt £m	Cash and cash equivalents £m	Other components £m
Beginning of the year excluding lease liabilities	(1,255.0)	429.7	(1,684.7)
Net cash (outflow)/inflow	(88.2)	(183.6)	95.4
Realised gains on foreign exchange contracts	25.0	-	25.0
Currency translation	(19.2)	(20.8)	1.6
End of the year excluding lease liabilities	(1,337.4)	225.3	(1,562.7)
Lease liabilities	(488.7)	-	(488.7)
End of the year including lease liabilities	(1,826.1)	225.3	(2,051.4)

16. Cash flow from operating activities

The tables below give further details on the adjustments for depreciation and software amortisation, other non-cash items and the working capital movement shown in the Consolidated cash flow statement:

Depreciation and software amortisation	**Six months to 30.6.22 £m**	Six months to 30.6.21 £m	Year to 31.12.21 £m
Depreciation of right-of-use assets	**70.2**	66.5	134.8
Other depreciation and software amortisation	**18.3**	18.0	36.4
	88.5	84.5	171.2

Other non-cash items	**Six months to 30.6.22 £m**	Six months to 30.6.21 £m	Year to 31.12.21 £m
Share based payments	**6.6**	6.7	12.7
Provisions	**7.8**	(1.0)	(8.0)
Retirement benefit obligations	**(4.7)**	(1.1)	(1.9)
Other	**3.8**	0.3	1.6
	13.5	4.9	4.4

Working capital movement	**Six months to 30.6.22 £m**	Six months to 30.6.21 £m	Year to 31.12.21 £m
(Increase)/decrease in inventories	**(191.0)**	(55.1)	(32.9)
(Increase)/decrease in trade and other receivables	**(49.2)**	79.2	(10.7)
Increase/(decrease) in trade and other payables	**171.4**	(32.7)	45.7
	(68.8)	(8.6)	2.1

17. Related party disclosures

As disclosed in the Annual Report for the year ended 31 December 2021, the Group has identified the directors of the Company, their close family members, the Group's defined benefit pension schemes and its key management 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 2022. Details of the relevant relationships with those related parties will be disclosed in the Annual Report for the year ending 31 December 2022. All transactions with subsidiaries are eliminated on consolidation.

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

The directors confirm to the best of their knowledge that these condensed interim financial statements have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the International Accounting Standards Board ('IASB'), UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

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 Officer
30 August 2022

Richard Howes
Chief Financial Officer

Independent review report to Bunzl plc
Report on the condensed consolidated interim financial statements

Our conclusion
We have reviewed Bunzl plc's condensed consolidated interim financial statements (the "interim financial statements") in the half yearly financial report of Bunzl plc for the 6 month period ended 30 June 2022 (the "period").

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 issued by the IASB, UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the consolidated balance sheet as at 30 June 2022;
- the consolidated income statement and consolidated statement of comprehensive income for the period then ended;
- the consolidated statement of changes in equity for the period then ended;
- the consolidated cash flow statement 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 of Bunzl plc have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as issued by the IASB, UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion
We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 (ISRE), 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council 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.

Conclusions relating to going concern
Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with this ISRE. However, future events or conditions may cause the Group to cease to continue as a going concern.

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. In preparing the half yearly financial report, including the interim financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the half yearly financial report based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company 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.

PricewaterhouseCoopers LLP
Chartered Accountants
London
30 August 2022