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BUNZL PLC
Form 6-K
August 26, 2003

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 or 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

For August 26, 2003

BUNZL PLC
(Exact name of Registrant as specified in its charter)

ENGLAND
(Jurisdiction of incorporation or organisation)

110 Park Street, London W1K 6NX
(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F..X.. Form 40-F.....

(Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No ..X..

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):)

NOT APPLICABLE

INDEX

Description

1. Press release dated August 26, 2003 - Interim Results

Tuesday 26 August 2003

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INTERIM RESULTS FOR SIX MONTHS TO 30 JUNE 2003

Bunzl plc, the international distribution and outsourcing Group, today announces its interim results for the six months ended 30 June 2003.

- Sales of continuing operations were GBP1,331.4 million (2002: GBP1,328.6 million), up 7% at constant exchange rates
- Operating profit from continuing operations before goodwill was GBP101.0 million (2002: GBP98.1 million), up 11% at constant exchange rates
- Profit before tax and goodwill was GBP100.8 million (2002: GBP102.1 million), up 6% at constant exchange rates
- Profit before tax was GBP92.0 million (2002: GBP94.2 million), up 5% at constant exchange rates
- Adjusted earnings per share were 14.6p (2002: 14.7p), up 6% at constant exchange rates
- Dividend up 5% to 3.85p
- Outsourcing Services sales up 7% and operating profit up 11% at constant exchange rates

Commenting on today's results, Anthony Habgood, Chairman of Bunzl, said:

"Double digit increases in operating profits at constant exchange rates show the strength of our businesses and their continued underlying ability to grow even in difficult times.

"Underlying volume growth, our continued opportunities to make acquisitions and the cash generative nature of the Group give us confidence that the business will continue to develop satisfactorily."

Enquiries:

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CHAIRMAN'S STATEMENT

Results

Against the backdrop of ongoing difficult economic conditions around the world, the Group again produced strong results in its continuing operations due to good operating performance, underlying volume growth and the successful integration of acquisitions. The movement of the dollar was unfavourable and, although the euro strengthened, overall currency movements significantly reduced the reported growth rates of continuing operations' sales and operating profits. Year-on-year deflation also had a negative impact on the growth of both sales and profits, although many prices rose during the second quarter. Sales of continuing

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operations were GBP1,331.4 million (2002: GBP1,328.6 million), up 7% at constant exchange rates and operating profit of continuing operations was GBP92.2 million (2002: GBP90.5 million), up 10% at constant exchange rates. Including discontinued operations, total sales were GBP1,331.4 million (2002: GBP1,490.3 million), down 6% at constant exchange rates, while total operating profit before goodwill amortisation was GBP101.0 million (2002: GBP105.8 million), up 2% at constant exchange rates. Profit before tax and goodwill amortisation was GBP100.8 million (2002: GBP102.1 million), up 6% at constant exchange rates, while profit before tax was GBP92.0 million (2002: GBP94.2 million), up 5% at constant exchange rates. Earnings per share were 12.7p (2002: 13.0p), up 5% at constant exchange rates, while adjusted earnings per share, after eliminating goodwill amortisation, were 14.6p (2002: 14.7p), up 6% at constant exchange rates.

The proceeds from strong cash generation were principally spent on the share buy back programme and also on acquisitions during the period. Net debt was GBP106.9 million at the end of the period, comparable to that at the year end. With shareholders' funds reduced as a result of the share buy back and a small increase in the pension liability under FRS17, gearing rose marginally to 22.8% from 22.3% at the year end.

Dividend

The Board has decided to increase the interim dividend by 5% to 3.85p (2002:3.65p). Eligible shareholders will again be able to participate in our dividend reinvestment plan.

Board

Bunzl's strong independent Board was further enhanced with the appointment of Michael Roney as a non-executive director in June. Michael is President of Goodyear's operations in Europe and brings great experience of distribution, retail and manufacturing throughout Europe, Asia and South America. We welcome him to the Board.

Lawrence McQuade retired as a non-executive director at the Annual General Meeting in May. We thank him for his service. His sound independent advice and wise counsel were greatly appreciated.

Acquisitions

With four acquisitions successfully completed in the final two months of 2002, the early months of 2003 have been spent largely on integrating these into our existing businesses in North America, Europe and Australasia. During the period we also acquired Enterprise from ConAgra Foods. Headquartered in Dallas, Enterprise distributes supplies to the food processor industry and had sales in the year ended May 2002 of \$24 million. It broadens the geographic coverage of our expanding food processor supplies business in North America and strengthens our position with major customers. Total spend on acquisitions during the period was GBP4 million.

Share Buy Back

In late February the Board instituted a share buy back programme. Shares have been bought on the market and have then been cancelled thus reducing the overall number of shares in issue. In the first half the cost of the buy back was GBP44.4 million resulting in the cancellation of 10.7 million shares at an average price of GBP4.15 per share. These purchases were consistent with the

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Board's continuing overall capital management strategy. This strategy seeks to maintain an appropriate balance sheet structure taking into account completed and prospective acquisitions and disposals. It is our current intention to continue the share buy back programme.

Prospects

As the world goes through another year of slower economic expansion, our major businesses have again shown their resilience producing good underlying volume growth which was supplemented by incremental acquisition activity. The disposal of Paper Distribution, adverse currency movements, especially the US dollar, and year-on-year price deflation all lowered reported growth during the period.

Looking forward, we see volume growth continuing while these negative forces appear likely to be substantially reduced. The dilutionary impact of the sale of Paper Distribution will not be present in the second half. The dollar, which was 16c weaker relative to sterling in the first half, will be 5c weaker in the second half if the year to date average (\$1.61) is sustained for the balance of the year. Year-on-year price deflation, which was still at a relatively high average level in the first half, has been coming down as the year has progressed especially following the resin cost driven price rises in the second quarter. Currently there are no clear overall trends in price levels.

The underlying volume growth of our major businesses, our continued opportunities to make acquisitions and the cash generative nature of the Group give us confidence that the business will continue to develop satisfactorily.

OPERATING REVIEW

The Group operates in many currency zones and, in this period of unusual currency volatility, the operations are reviewed below at constant exchange rates to remove the distortionary impact of these significant currency swings. The following table reconciles the half year growth rates of sales and operating profit before goodwill amortisation as reported in sterling with those at constant exchange rates:

	Actual Exchange Rates		Constant Exchange Rates	
	Sales % Growth	Operating Profit % Growth	Sales % Growth	Operating Profit % Growth
Outsourcing Services	0	+3	+7	+11
Filtrona	0	+3	+6	+10
Continuing Operations	0	+3	+7	+11

Sales of continuing operations at constant exchange rates rose 7% as we

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continued to grow despite the economic conditions around the world. Operating profit before goodwill amortisation at constant exchange rates rose 11%. For the Group as a whole, margins rose from 7.1% to 7.6% and return on capital employed from 38.5% to 44.0%. These increases were principally due to mix change, particularly the sale of the lower margin Paper Distribution business in July 2002, and as a result of the successful integration of acquisitions and continued cost reduction.

Outsourcing Services

Operating across North America, Europe and Australasia, Bunzl is the leading supplier of a range of products including outsourced food packaging, disposable supplies and cleaning and safety products for supermarkets, redistributors, caterers, food processors, hotels, contract cleaners, non-food retail and other users.

Sales at constant exchange rates rose by 7%. Robust volume growth and the successful integration of acquisitions both contributed to this growth. While we saw some increases during the period, prices were on average lower than in the same period last year resulting in year-on-year deflation which reduced this sales growth from double figures to 7%.

Profits rose by 11% at constant exchange rates as the profitability of the business was improved by the successful integration of acquisitions and operating cost reductions.

With many of our customers and suppliers now operating internationally, we are well placed to serve them. We have also increased our international sourcing activities. Much of this imported product is sold under our own label which has itself been an expanding part of our product offering.

North America

While general economic conditions in the US remained difficult, we again experienced good volume growth. In particular, the food processor business grew strongly both in plant supplies and packaging and our expansion in non-food retail is also increasingly significant. Our supermarket supply business continued to show some volume growth despite a number of customers being under pressure in difficult economic times. The shift towards outsourcing and the continued trend to differentiate through offering value added fresh and freshly prepared product fuelled the growth in usage of our store supplies.

The acquisitions of Kenco and Saxton in 2002 strengthened our position in redistribution and increased our penetration of the cleaning/jansan market. Enterprise, which we bought in February this year, further expanded our position in the food processor segment.

Our Canadian business showed excellent growth as the integration of the acquisitions made in 2001 enabled us to offer a truly national service to our customers. We are now strongly positioned to service our target customer groups across the country.

Cost reduction remains a focus of our business as we seek to increase our efficiency so that we can provide our customers with the service they require.

Europe

Although Europe also experienced difficult economic conditions, our business

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showed strong overall growth as we continued to increase the penetration of our chosen markets.

Of particular note during the period were areas where our successful existing operations were supplemented by the integration of acquisitions made during 2002. Our excellent UK cleaning and safety business was further strengthened by the integration of Darenas which we purchased from Ecolab late last year. The addition of Lockhart and McLaughlin, which we acquired in May and December 2002 respectively, gave added impetus to our operations supplying the catering and related trades as the provision of catering equipment extended our capability to provide one stop shop supplies programmes to our customers. Finally our strong and growing Australasian business was complemented by the integration of Lesnies which we acquired in November and which took that business further into food processing supplies and established a broader platform for future growth.

Filtrona

Filtrona is a world leading supplier of outsourced cigarette filters, ink reservoirs and other bonded fibre products, protective caps and plugs, self-adhesive tear tapes and certain security products. It is also a leading extruder of custom plastic profiles.

In a tough manufacturing environment, sales at constant exchange rates were up 6% as we continued to achieve underlying volume growth. Profits at constant exchange rates rose 10% as a result of reduced costs, largely due to the reorganisation of the business in August 2002, and of a change in mix with the higher margin operations generally showing faster growth. Growth of both sales and profits was achieved at constant exchange rates in both the tobacco and non-tobacco related parts of the business.

For the business area as a whole, internationalisation continues to be a theme as most of the operations are developing on a worldwide basis. China, in particular, is increasing both as a market and as a source for our products.

In the tobacco related side of the business, sales of both filters and tear tapes were ahead as the result of growth of higher value added products. Special filters continued to expand and growth resumed in North America. Both South America, despite political and economic difficulties in Venezuela, and Asia were well ahead and, while some self-manufacture of large volume specials is expected in Russia, outsourcing continues to be a growing trend among the majority of our customers. Security products drove the growth of tear tapes as brand protection, brand promotion and product traceability are in increasing demand.

Within non-tobacco related markets, both the bonded fibres and the caps and plugs businesses grew internationally with China becoming an increasing market for the former's ink reservoir business and a supply source for the latter. Sales of extrusions were slightly softer although they picked up towards the end of the period. Globalpack, our Brazilian plastic packaging business, was strongly ahead in local currency and even progressed in sterling terms. Security products also benefited in these markets.

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Six months to	Growth		Year t
Six months to	30.6.02	Actual	Constant	31.12.0

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	30.6.03 GBPm	*Restated GBPm	Exchange Rates	Exchange Rates	*Restate GBP
Sales					
Existing businesses	1,326.7	1,328.6			2,673.
Acquisitions	4.7				
Continuing operations	1,331.4	1,328.6	0%	+7%	2,673.
Discontinued operations	-	161.7			161.
Total sales	1,331.4	1,490.3			2,835.
Operating profit					
Existing businesses	92.0	90.5			189.
Acquisitions	0.2				
Continuing operations	92.2	90.5	+2%	+10%	189.
Discontinued operations	-	7.4			7.
Total operating profit	92.2	97.9			196.
Profit on sale of discontinued operations	-	-			4.
Profit on ordinary activities before interest	92.2	97.9			200.
Net interest payable	(0.2)	(3.7)			(5.)
Profit on ordinary activities before taxation	92.0	94.2	-2%	+5%	195.
Profit before taxation, goodwill amortisation and exceptional items	100.8	102.1	-1%	+6%	207.
Taxation on profit on ordinary activities	(33.3)	(34.2)			(70.)
Profit on ordinary activities after taxation	58.7	60.0			125.
Profit attributable to minorities	(0.5)	(0.2)			(0.)
Profit for the period	58.2	59.8			124.
Dividends paid and proposed	(17.6)	(17.0)			(52.)
Retained profit for the period	40.6	42.8			72.
Basic earnings per share	12.7p	13.0p	-2%	+5%	27.
Adjusted earnings per share per share	14.6p	14.7p	-1%	+6%	29.

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Diluted earnings per share	12.6p	12.8p		
Dividends per share	3.85p	3.65p	+5%	

*Restated on adoption of FRS17 'Retirement Benefits'

CONSOLIDATED BALANCE SHEET

	30.6.03 GBPm	30.6.02 *Restated GBPm	31.12.02 *Restated GBPm
Fixed assets			
Intangible assets - goodwill	283.6	292.6	289.5
Tangible fixed assets	201.3	220.8	199.6
Investments	28.5	32.2	34.3
	513.4	545.6	523.4
Current assets			
Stocks	217.8	245.8	217.5
Debtors: amounts receivable within one year	379.3	452.7	357.5
Debtors: amounts receivable after more than one year	10.2	4.9	10.4
Investments	134.4	34.6	140.7
Cash at bank and in hand	43.7	52.8	51.5
	785.4	790.8	777.6
Creditors: amounts falling due within one year	(478.6)	(544.0)	(471.4)
Net current assets	306.8	246.8	306.2
Total assets less current liabilities	820.2	792.4	829.6
Creditors: amounts falling due after more than one year	(256.1)	(243.5)	(265.3)
Provisions for liabilities and charges	(40.1)	(54.2)	(43.1)
Net assets excluding pensions	524.0	494.7	521.2
Net pension liabilities	(53.1)	(42.5)	(43.7)
Net assets	470.9	452.2	477.5
Capital and reserves			
Called up share capital	114.3	116.3	116.8
Share premium account	79.4	71.4	77.3
Revaluation reserve	1.5	1.6	1.5
Profit and loss account	273.0	260.7	279.6
Shareholders' funds: equity interests	468.2	450.0	475.2
Minority equity interests	2.7	2.2	2.3

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	470.9	452.2	477.5
Net debt	106.9	230.5	106.0
Gearing	22.8%	51.2%	22.3%

*Restated on adoption of FRS17 'Retirement Benefits'

CONSOLIDATED CASH FLOW STATEMENT

	Six months to	Six months to	Year to
	30.6.03	30.6.02	31.12.02
		*Restated	*Restated
	GBPm	GBPm	GBPm
Reconciliation of total operating profit to net cash inflow from operating activities	30.6.03		
Total operating profit	92.2	97.9	196.4
Adjustments for non-cash items	24.5	26.6	48.1
Working capital movements	(10.4)	(7.9)	0.8
Other cash movements	(2.5)	(4.8)	(8.9)
Special pension contribution	-	-	(20.0)
Net cash inflow from operating activities	103.8	111.8	216.4
Consolidated cash flow statement			
Net cash inflow from operating activities	103.8	111.8	216.4
Net cash outflow for returns on investments and servicing of finance	(1.4)	(6.2)	(9.0)
Tax paid	(25.3)	(25.8)	(64.3)
Net cash outflow for capital expenditure	(15.0)	(18.4)	(31.0)
Acquisition of businesses	(4.2)	(51.1)	(77.0)
Disposal of businesses	-	-	111.3
Other acquisition and disposal cash flows	(0.1)	(0.2)	(0.7)
Equity dividends paid	(17.0)	(15.6)	(48.0)
Net cash inflow/(outflow) before use of liquid resources and financing	40.8	(5.5)	97.7
Management of liquid resources	39.4	(17.7)	(128.7)
Net cash (outflow)/inflow from financing	(7.2)	(3.0)	8.0
Purchase of own shares	(41.4)	-	-
Increase/(decrease) in cash in the period	31.6	(26.2)	(23.0)
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period	31.6	(26.2)	(23.0)
Decrease in debt due within one year	8.7	8.8	37.0
Decrease/(increase) in debt due after one year	0.5	(3.2)	(37.4)
(Decrease)/increase in current			

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asset investments	(39.4)	17.7	128.7
Exchange and other movements	(2.3)	6.9	23.2
Movement in net debt in the period	(0.9)	4.0	128.5
Opening net debt	(106.0)	(234.5)	(234.5)
Closing net debt	(106.9)	(230.5)	(106.0)

*Restated on adoption of FRS17 'Retirement Benefits'

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Six months to 30.6.03 GBPm	Six months to 30.6.02 *Restated GBPm	Year to 31.12.02 *Restated GBPm
Profit for the period	58.2	59.8	124.8
Actuarial losses	(8.1)	(23.6)	(44.3)
Currency translation differences on foreign currency net investments	3.0	(2.6)	(10.9)
Total recognised gains and losses for the period	53.1	33.6	69.6
Prior year adjustment (adoption of FRS17)	(68.8)		
Total recognised gains and losses since last directors' report and accounts	(15.7)		

CONSOLIDATED RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Six months to 30.6.03 GBPm	Six months to 30.6.02 *Restated GBPm	Year to 31.12.02 *Restated GBPm
Opening shareholders' funds as previously reported	544.0	456.5	456.5
Prior year adjustment (adoption of FRS17)	(68.8)	(25.9)	(25.9)
Opening shareholders' funds restated	475.2	430.6	430.6
Profit for the period	58.2	59.8	124.8
Dividends paid and proposed	(17.6)	(17.0)	(52.3)
Transfer of goodwill on disposals	-	-	19.4
Issue of share capital	2.2	2.8	7.9

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Actuarial losses	(8.1)	(23.6)	(44.3)
Purchase of own shares	(44.7)	-	-
Currency translation	3.0	(2.6)	(10.9)
Closing shareholders' funds	468.2	450.0	475.2

ANALYSIS OF SALES AND OPERATING PROFIT

	Six months to 30.6.03 GBPm	Six months to 30.6.02 GBPm	Sales Year to 31.12.02 GBPm	Six months to 30.6.03 GBPm	Opera Six months to 30.6.02 *Restated GBPm
Continuing operations					
Outsourcing					
Services	1,102.7	1,099.1	2,231.2	79.9	77.6
Filtrona	228.7	229.5	442.4	28.9	28.1
Goodwill				(8.8)	(7.6)
Corporate activities				(7.8)	(7.6)
	1,331.4	1,328.6	2,673.6	92.2	90.5
Discontinued operations					
Goodwill	-	161.7	161.7	-	7.7
				-	(0.3)
Total	1,331.4	1,490.3	2,835.3	92.2	97.9

*Restated on adoption of FRS17 'Retirement Benefits'

Notes

Basis of preparation

The interim financial information has been prepared on the basis of the accounting policies set out in the Group's 2002 statutory accounts, with the exception of the accounting for retirement benefits, and was approved by the Board on 26 August 2003.

During the period the Group fully adopted FRS17 'Retirement Benefits'. As a result, comparative figures have been restated. The impact on the consolidated profit for the six months to 30 June 2002 and the year to 31 December 2002 was a reduction of GBP1.4m and GBP0.4m respectively and the impact on the consolidated shareholders' funds as at 30 June 2002 and 31 December 2002 was a reduction of GBP50.9m and GBP68.8m respectively.

The figures for the six months to 30 June 2003 and 30 June 2002 are unaudited and do not constitute statutory accounts. However, the auditors have carried out a review of the figures to 30 June 2003 and their report is set out in the Independent review report. The figures for the year to 31 December 2002 are taken from the statutory accounts which have been filed with the Registrar of Companies, as restated for FRS17 referred to above.

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The auditors' report on those accounts was unqualified and did not contain any statement under Section 237(2) or (3) of the Companies Act 1985.

Profits for each of the business areas and their percentage change from 2002 are stated before the effect of goodwill amortisation. In the Chairman's statement and Operating review, references to changes in the level of sales and profits at constant exchange rates have been calculated by retranslating the relevant results for the six months to 30 June 2002 at the average exchange rates used for the six months to 30 June 2003.

Adjusted earnings per share

Basic and diluted earnings per share are calculated using a weighted average number of shares of 459.4m and 461.7m respectively (2002: 460.8m and 466.4m).

Adjusted earnings per share is based on earnings of GBP67.0m (2002: GBP67.7m), being the earnings for the six months to 30 June 2003 excluding the goodwill amortisation charge of GBP8.8m (2002: GBP7.9m).

Taxation

A taxation charge of 33.0% (2002: 33.5%) on the profit on underlying operations excluding goodwill amortisation has been provided based on the estimated effective rate of taxation for the year, the UK taxation charge being GBP3.5m (2002: GBP5.0m).

Dividends

An interim dividend of 3.85p per share has been declared and will be paid on 2 January 2004 to shareholders on the register on 21 November 2003.

Independent review report by KPMG Audit Plc to Bunzl plc

Introduction

We have been engaged by the Company to review the financial information set out in the Consolidated profit and loss account, Consolidated balance sheet, Consolidated cash flow statement, Consolidated statement of total recognised gains and losses, Consolidated reconciliation of movements in shareholders' funds, Analysis of sales and operating profit and Notes. We have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

This report is made solely to the Company in accordance with the terms of our engagement to assist the Company in meeting the requirements of the Listing Rules of the Financial Services Authority. Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our review work, for this report, or for the conclusions we have reached.

Directors' responsibilities

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the interim report in accordance with the Listing Rules which require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

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Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: 'Review of interim financial information' issued by the Auditing Practices Board for use in the United Kingdom. A review consists principally of making enquiries of Group management and applying analytical procedures to the financial information and underlying financial data and, based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

Review conclusion

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 June 2003.

KPMG Audit Plc
Chartered Accountants
London
26 August 2003

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BUNZL PLC

Date: August 26, 2003

By:___/s/ Anthony Habgood__

Title: Chairman