

## Research Recommendation: **BUY - Bunzl (BNZL)**

Fundamentals	2008	2009	2010E	2011E
Revenues (£m)	4,177	4,649	4,782	4,961
Pre Tax Profit (£m)	206.9	216.0	264.9	284.1
EPS (p)	52.7	55.9	57.9	62.2
P/E Ratio (x)	11.2	12.1	12.5	11.6
PEG (x)	0.7	2.0	3.6	1.6
Dividend (p)	20.6	21.6	22.9	24.6
Yield (%)	3.5	3.2	3.2	3.4

Stock	Bunzl
Ticker	BNZL.L
Market	FTSE 100
12M High	727p
12M Low	482p
Market Cap.	£2,378m
Shares out	328.4m
Beta	0.74

### Background

Supplies range of non-food consumables for customers operating own businesses. Partners with both suppliers and customers providing outsourcing solutions and service distribution. Main customer markets include grocery, foodservice, cleaning and safety

### Technical Commentary

Shares strong since results end-Feb. Suggested stops in-line with 20-day moving average, should provide support. RSI still rising, momentum high.

### Fundamental Commentary

Potential beneficiary of improved economic sentiment, earnings ex-UK seen as important thanks to wide range of products, many of which support company in tough times, while others will do well in economic recovery.

### Comments

**15 Mar** - Acquires Weita Holding of Switzerland for undisclosed fee (small).

**8 Mar** - HSBC ups to overweight and target to 850p (from 680p) after solid results; inflation, \$ and M&A drivers.

**23 Feb** - Panmure Gordon ups to Buy, raises target to 741p (from 660p) after better-than-expected results.

**22 Feb** - Shore Capital likes business model, maintains Buy.

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Graph: 1 year (daily)



Graph: 3-month (hourly)



### Risks

**23 Feb** - Citigroup increases target to 675p, maintains Hold. Sees no improvement in UK organic growth.

Shares may consolidate after strong run up, as close to several broker targets.

**ENTRY PRICE** 724.5p

**STOP LOSS** 688.3p  
(-5.0%)

**Bull Points** Defensive product offering. Potential to benefit from B2B's link to economic recovery. Stock remains in longer term uptrend.

**Bear Points** Potential for shares price consolidation after strong rally. Aggressive investors may move out of this to catch high moving beta stocks in rally.