

Brambles



Half-Year
Results
21 February 2013

Agenda

Results Highlights

Tom Gorman, CEO

Results Analysis

Zlatko Todorcevski, CFO

Context & Outlook

Tom Gorman, CEO

Key messages

- On track for solid full-year result following strong first half
 - Strong result in Pallets segment driven by Americas region
 - Continued sales revenue growth in RPCs and Containers
 - Maintenance of improved cost structure enables increased Recall margins
 - Efficiency focus driving growth in margins, cash and ROCI
- Continued momentum with strategy delivery
 - Further integration and consolidation of Pallets organisation
 - RPCs to deliver ongoing profitable growth improvement
 - Pallecon acquisition to drive Containers growth
- Full-year Underlying Profit guidance confirmed within tighter range
- Increase in interim dividend to 13.5 Australian cents per share









Brambles

Results Highlights

Tom Gorman
CEO



Key financial outcomes

Continuing Operations				
Sales revenue	US\$2,890M		4%	
Operating Profit	US\$481M		14%	
Underlying Profit	US\$490M		7%	
Underlying Profit after tax	US\$311M		17%	
Underlying basic EPS	US20.1¢		12%	
Return on Capital Invested	15%		1pt	
Free Cash Flow	US\$177M			US\$272M
Dividends per share	A13.5¢			A0.5¢

Ongoing new business momentum

(US\$M)	Net new business wins impact in the period	Net annualised new business won in the period
Pallets - Americas	42	68
Pallets - EMEA	29	31
Pallets - Asia-Pacific	2	-
Total Pallets	73	99
RPCs	4	13
Containers	2	20
Total Pooling Solutions	79	132
Recall	2	8
Total	81	140

Pallets - Americas: strong growth

- Sales revenue up 9% to US\$1,075M
 - Constant currency sales revenue up 10%
- Strong contribution from win-backs in CHEP USA
- Profitable growth in all businesses
- Underlying Profit up 20% to US\$190M
- Delivery of efficiencies and cost synergies
- Continued progress with asset management programs
- Return on Capital Invested up 3 points to 18%



Pallets - EMEA: improving performance

- Sales revenue down 1% to US\$669M
 - Constant currency sales revenue up 5%
 - UK & Ireland and Mid Europe driving resilient Western Europe sales
 - Continued strength in Middle East & Africa, Central & Eastern Europe
 - Underlying Profit up 1% to US\$137M
 - Efficiencies supporting improved returns
 - Return on Capital Invested up 1 point to 22%
- 

Pallets - Asia-Pacific: timing impacts

- Sales revenue up 6% to US\$198M
 - Constant currency sales revenue up 5%
 - Continued modest sales growth in Australia & New Zealand
 - Asian operations growing: South-East Asia and China profitable
 - Underlying Profit down 5% to US\$34M
 - Plant costs and compensation timings in Australia
 - Ongoing Asia investment for profitable growth
 - Return on Capital Invested down 3 points to 16%
- 

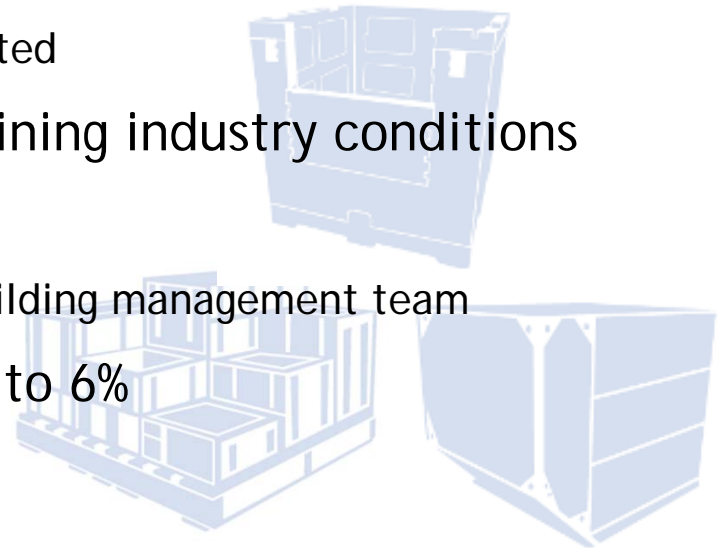
RPCs: strong profit improvement

- Sales revenue up 5% to US\$406M
 - Constant currency sales revenue up 10%
- North America roll-out driving sales growth
- Underlying Profit up 26% to US\$68M
- Increased scale driving efficiencies
- Disciplined deployment of capital to ensure improving returns
- Return on Capital Invested up 2 points to 10%



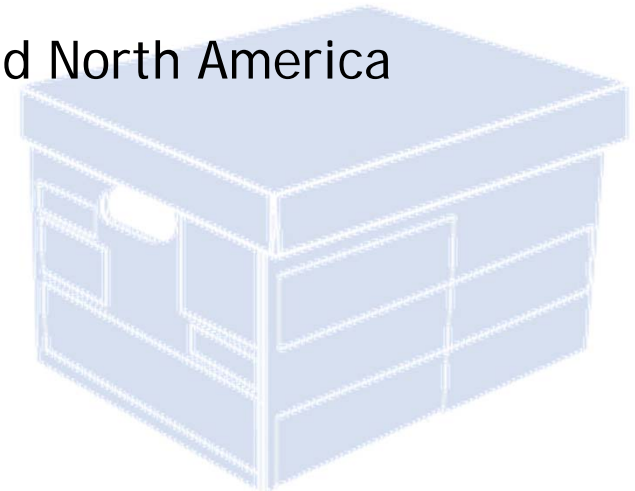
Containers: investing for growth

- Sales revenue up 2% to US\$138M
 - Constant currency sales revenue up 6%
- Strong sales growth in Aerospace Solutions, US IBC, US Auto
 - Conversion of opportunities slower than anticipated
- Impact of challenging automotive and refining industry conditions
- Underlying Profit down 54% to US\$8M
 - Driven by investment in growth programs and building management team
- Return on Capital Invested down 8 points to 6%



Recall: solid result, paper price impact

- Sales revenue down 3% to US\$404M
 - Constant currency sales revenue down 1%
- Paper price reduction in destruction services
- Softer customer activity levels in Europe and North America
- Underlying Profit up 2% to US\$72M
- Improved cost structure maintained
- Return on Capital Invested stable at 13%



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Results Analysis

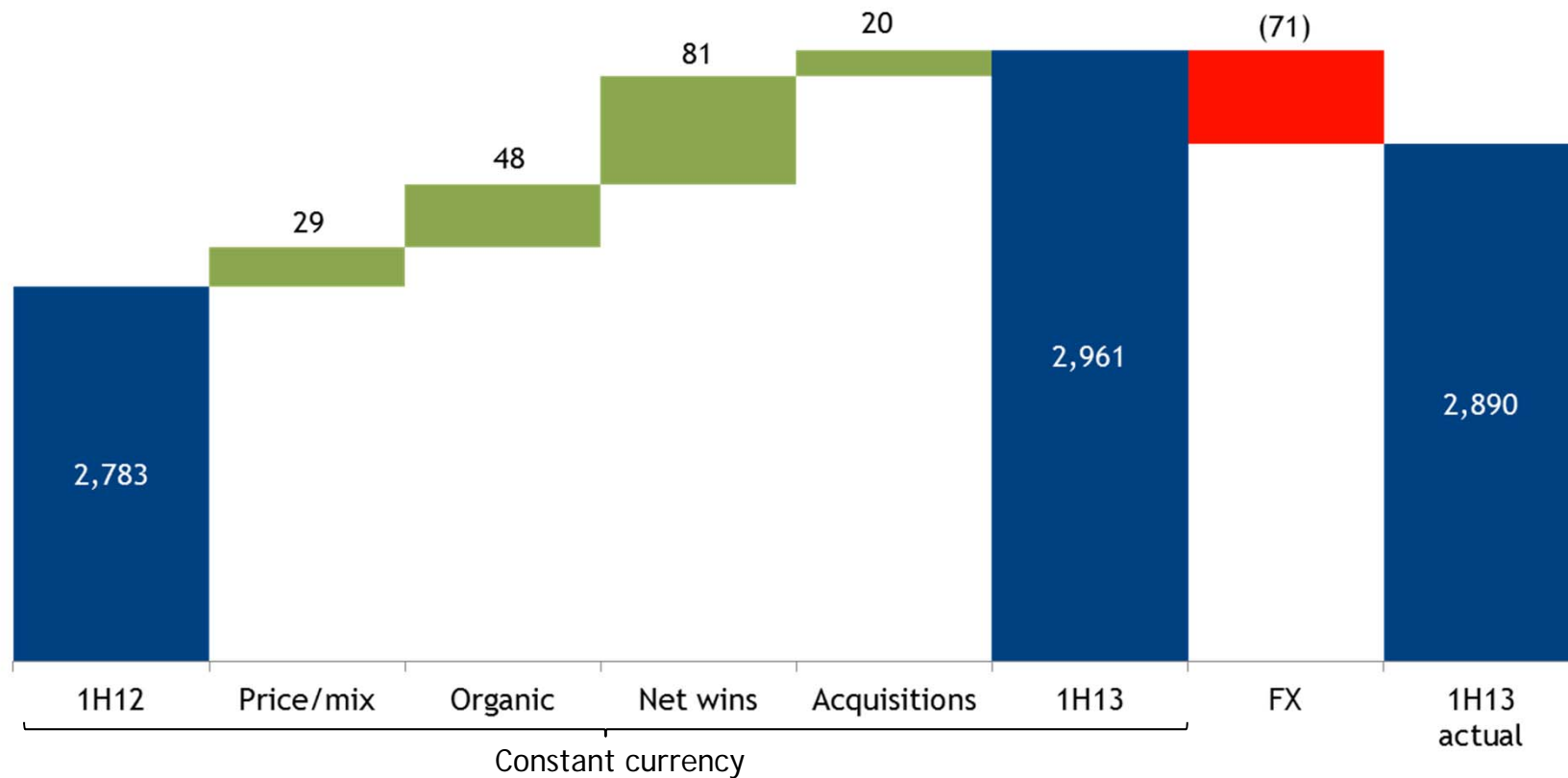
Zlatko Todorcevksi
CFO



Results summary

Continuing Operations (US\$M)	Actual FX			Constant FX
	1H13	1H12	Change	Change
Sales revenue	2,889.7	2,783.0	4%	6%
Underlying EBITDA	767.9	738.5	4%	7%
Underlying Profit	490.0	456.3	7%	11%
Operating Profit	481.4	422.9	14%	17%
Profit after tax	303.3	241.8	25%	30%

Group sales revenue growth (US\$M)

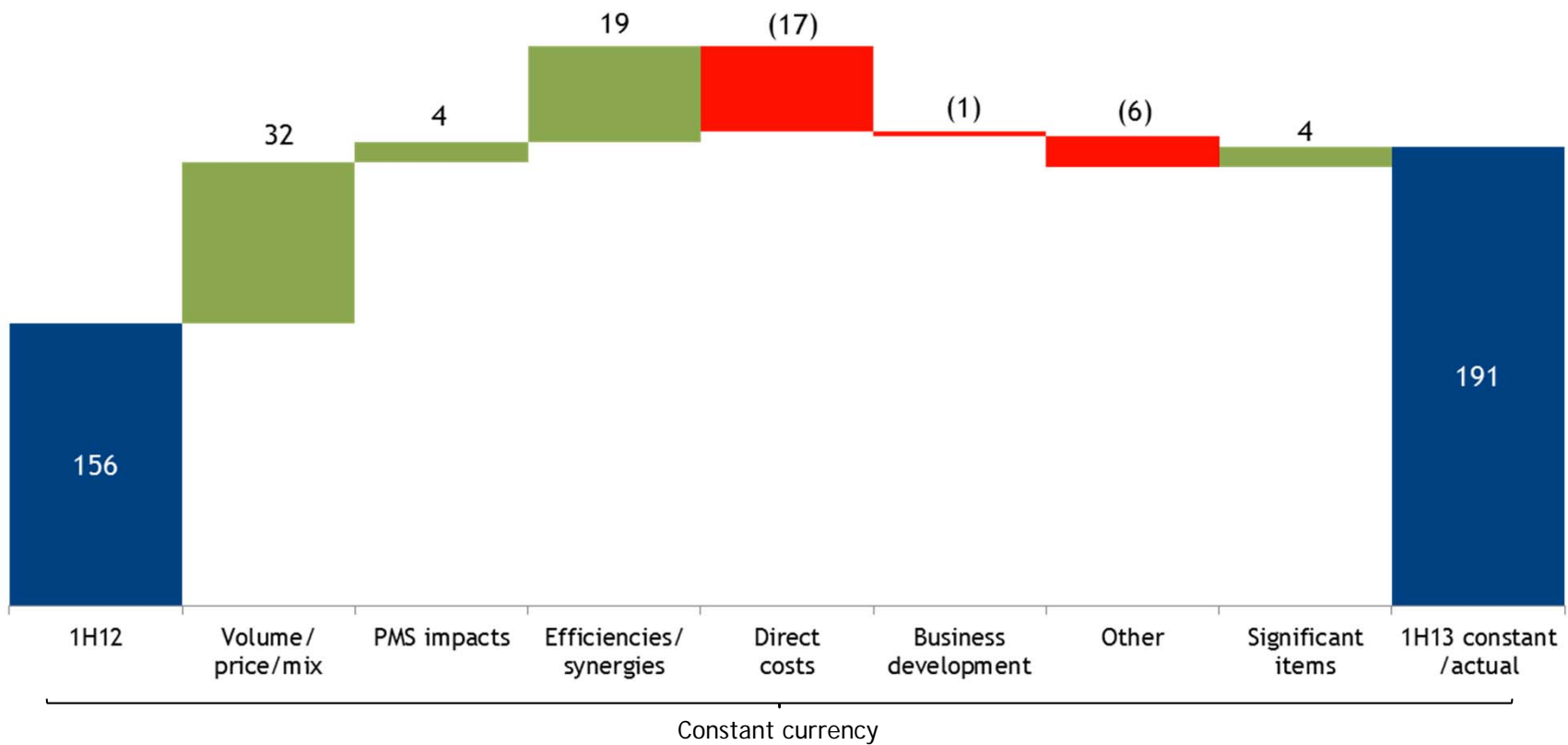


Pallets: results summary

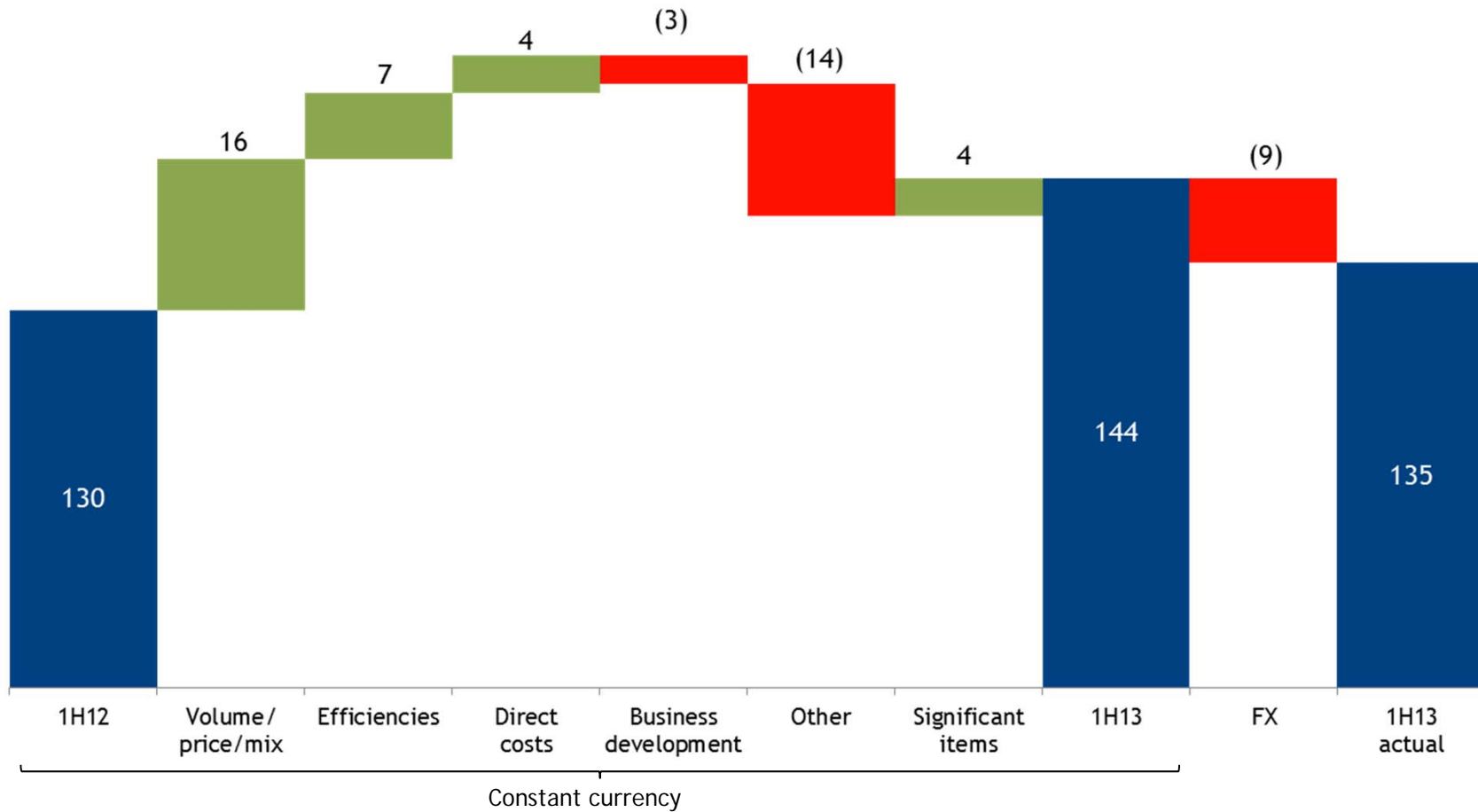
	Actual FX			Constant FX
(US\$M)	1H13	1H12	Change	Change
Americas	1,074.7	983.8	9%	10%
EMEA	669.4	672.8	(1)%	5%
Asia-Pacific	198.4	187.0	6%	5%
Sales revenue	1,942.5	1,843.6	5%	8%
Operating Profit	360.2	321.7	12%	15%
Significant Items	0.4	8.5		
Underlying Profit	360.6	330.2	9%	12%
<i>Margin</i>	<i>19%</i>	<i>18%</i>	<i>1pp</i>	
<i>Return on Capital Invested</i>	<i>19%</i>	<i>17%</i>	<i>2pp</i>	

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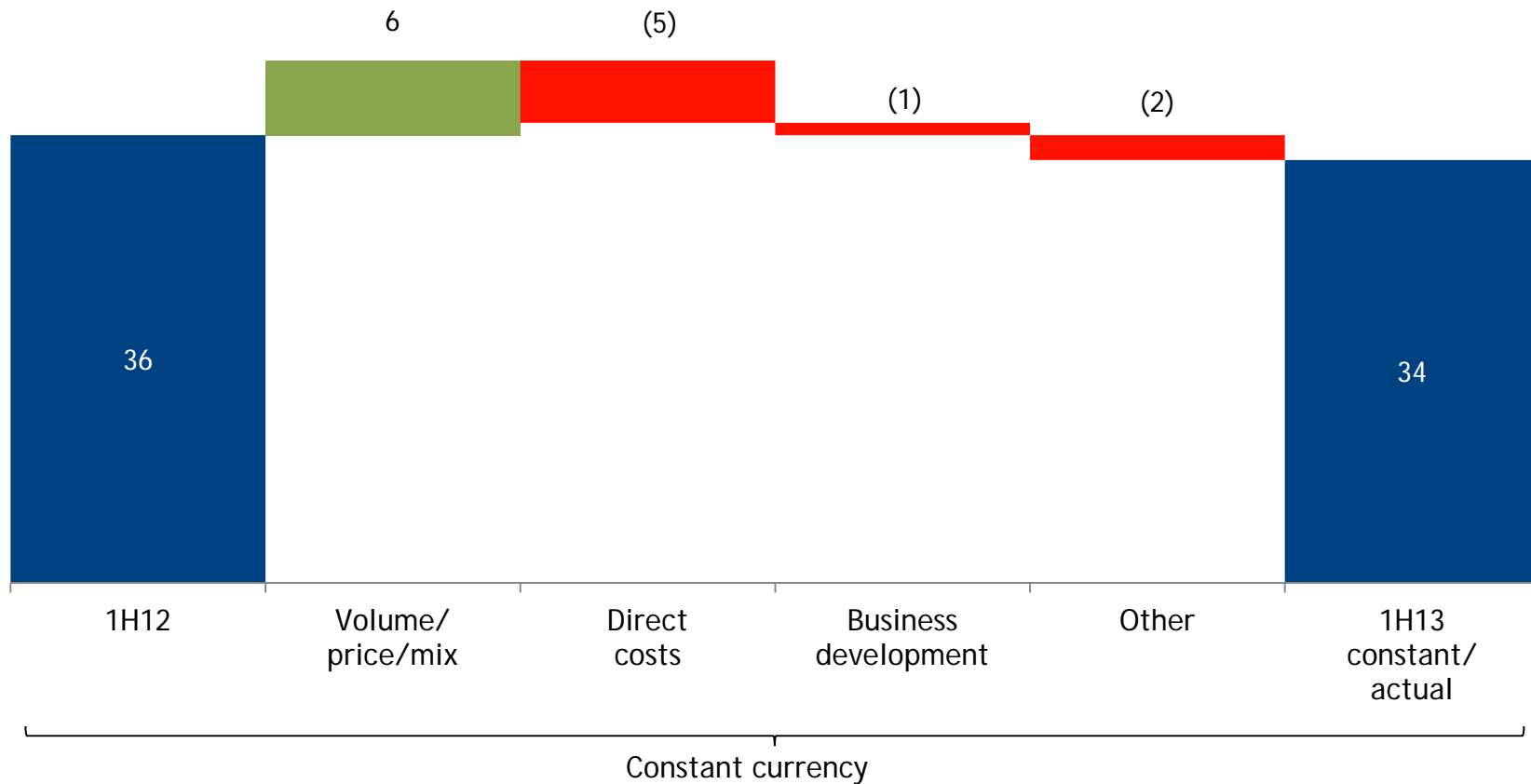
Pallets - Americas: Operating Profit (US\$M)



Pallets - EMEA: Operating Profit (US\$M)



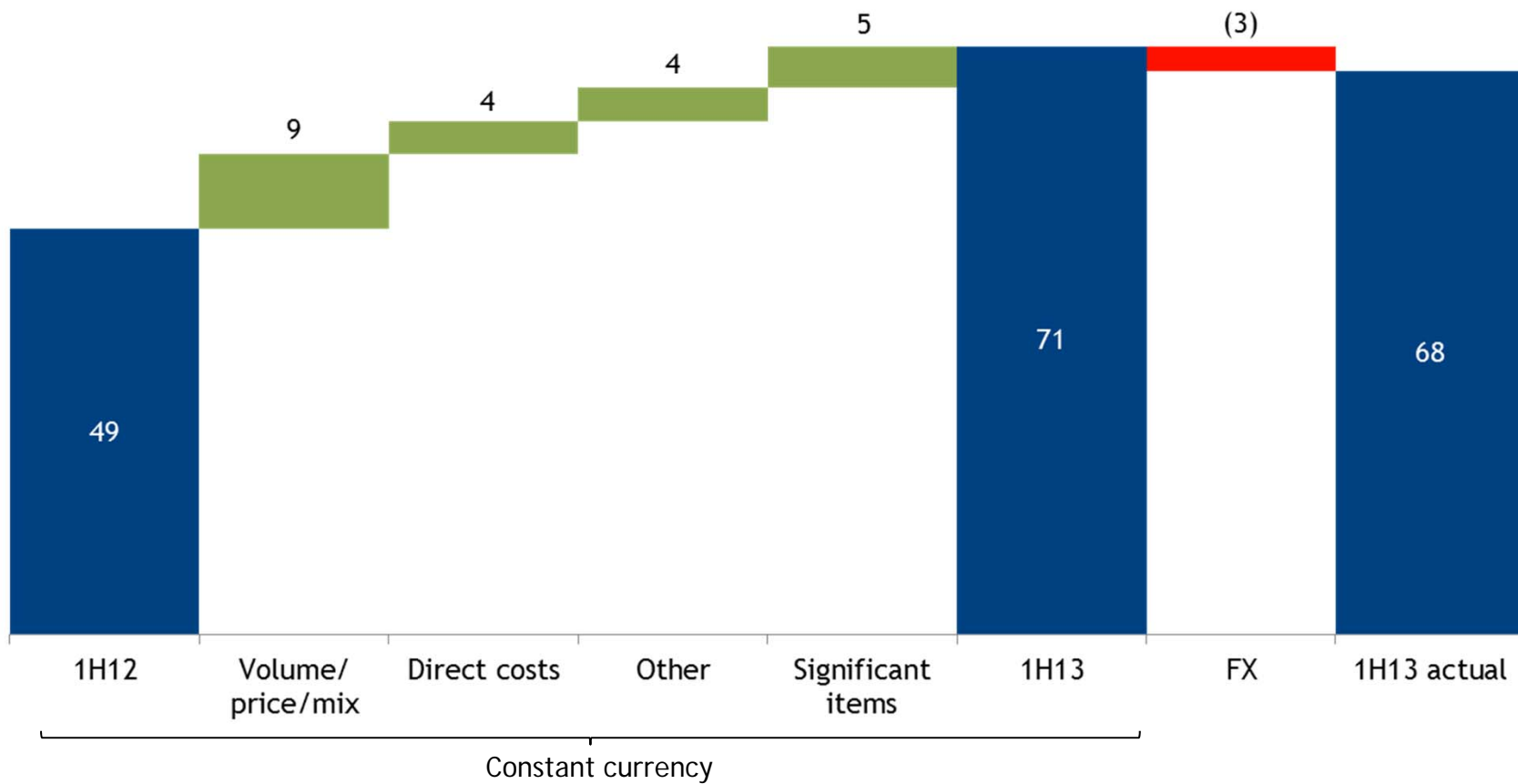
Pallets - Asia-Pacific: Operating Profit (US\$M)



RPCs: results summary

	Actual FX			Constant FX
(US\$M)	1H13	1H12	Change	Change
Europe	259.0	252.2	3%	9%
North America	80.6	70.1	15%	15%
South America	10.4	12.6	(17)%	(6)%
ANZ & South Africa	55.9	51.8	8%	9%
Sales revenue	405.9	386.7	5%	10%
Operating Profit	68.3	49.0	39%	45%
Significant Items	-	5.2		
Underlying Profit	68.3	54.2	26%	31%
<i>Margin</i>	<i>17%</i>	<i>14%</i>	<i>3pp</i>	
<i>Return on Capital Invested</i>	<i>10%</i>	<i>8%</i>	<i>2pp</i>	

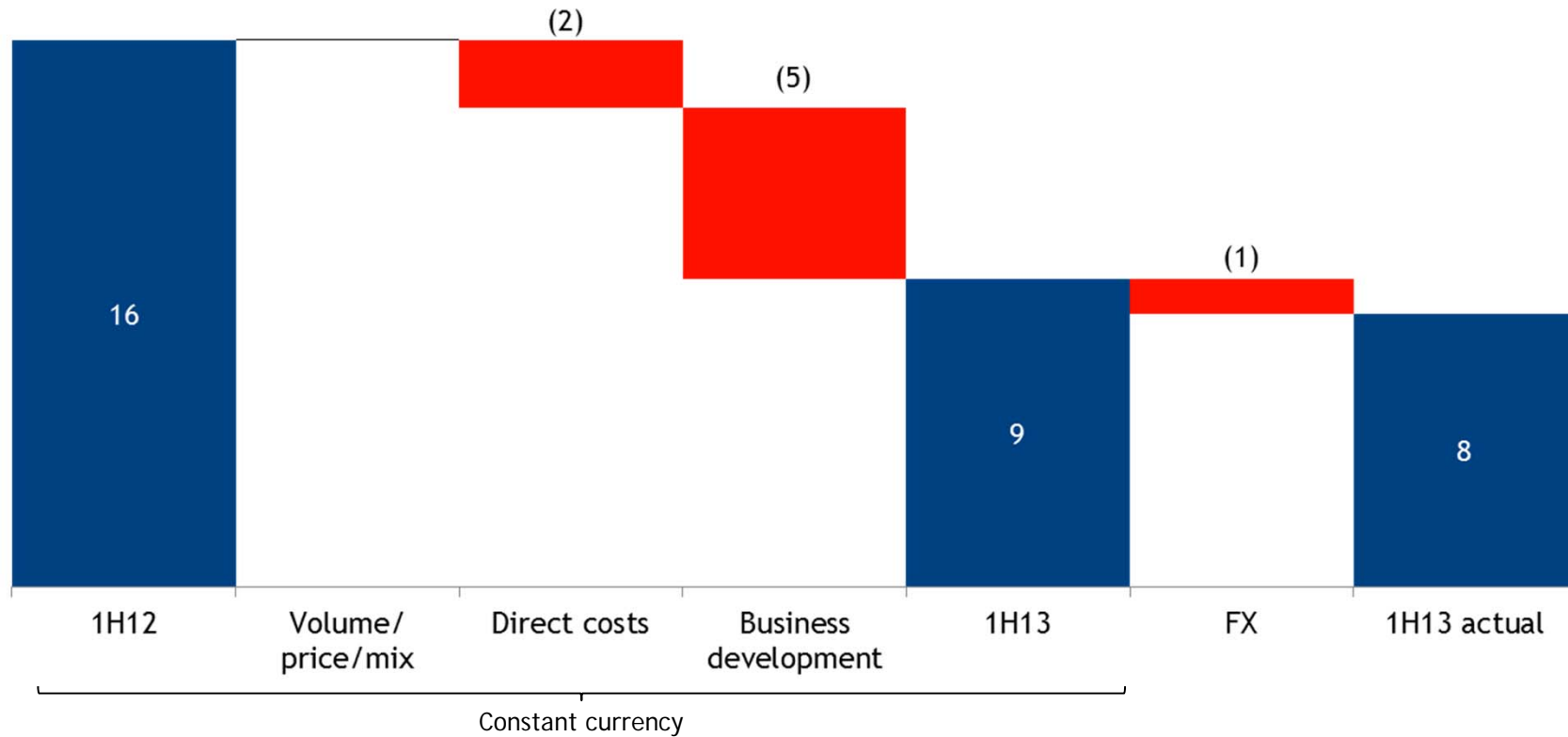
RPCs: Operating Profit (US\$M)



Containers: results summary

(US\$M)	Actual FX			Constant FX
	1H13	1H12	Change	Change
Automotive	73.2	78.7	(7)%	(2)%
Aerospace Solutions	24.9	17.6	41%	45%
Intermediate Bulk Containers	22.0	19.3	14%	17%
Catalyst & Chemical Containers	17.6	19.6	(10)%	(10)%
Sales revenue	137.7	135.2	2%	6%
Operating / Underlying Profit	7.6	16.4	(54)%	(48)%
<i>Margin</i>	<i>6%</i>	<i>12%</i>	<i>(6)pp</i>	
<i>Return on Capital Invested</i>	<i>6%</i>	<i>14%</i>	<i>(8)pp</i>	

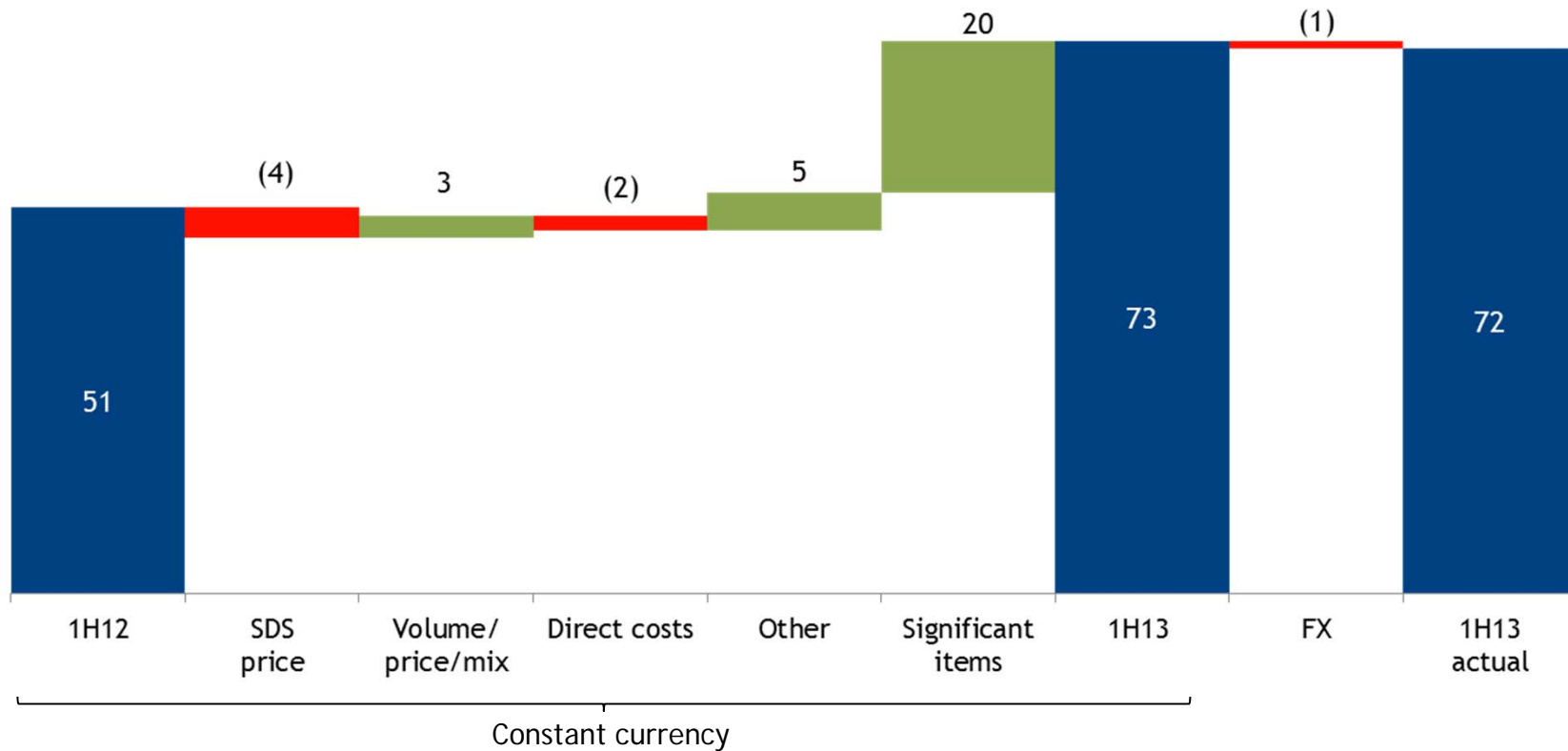
Containers: Operating Profit (US\$M)



Recall: results summary

	Actual FX			Constant FX
(US\$M)	1H13	1H12	Change	Change
Americas	174.2	181.9	(4)%	(2)%
Europe	97.8	109.1	(10)%	(7)%
Rest of World	131.6	126.5	4%	3%
Sales revenue	403.6	417.5	(3)%	(1)%
Operating Profit	72.4	51.2	41%	43%
Significant Items	-	20.0		
Underlying Profit	72.4	71.2	2%	3%
<i>Margin</i>	<i>18%</i>	<i>17%</i>	<i>1pp</i>	
<i>Return on Capital Invested</i>	<i>13%</i>	<i>13%</i>	-	

Recall: Operating Profit (US\$M)

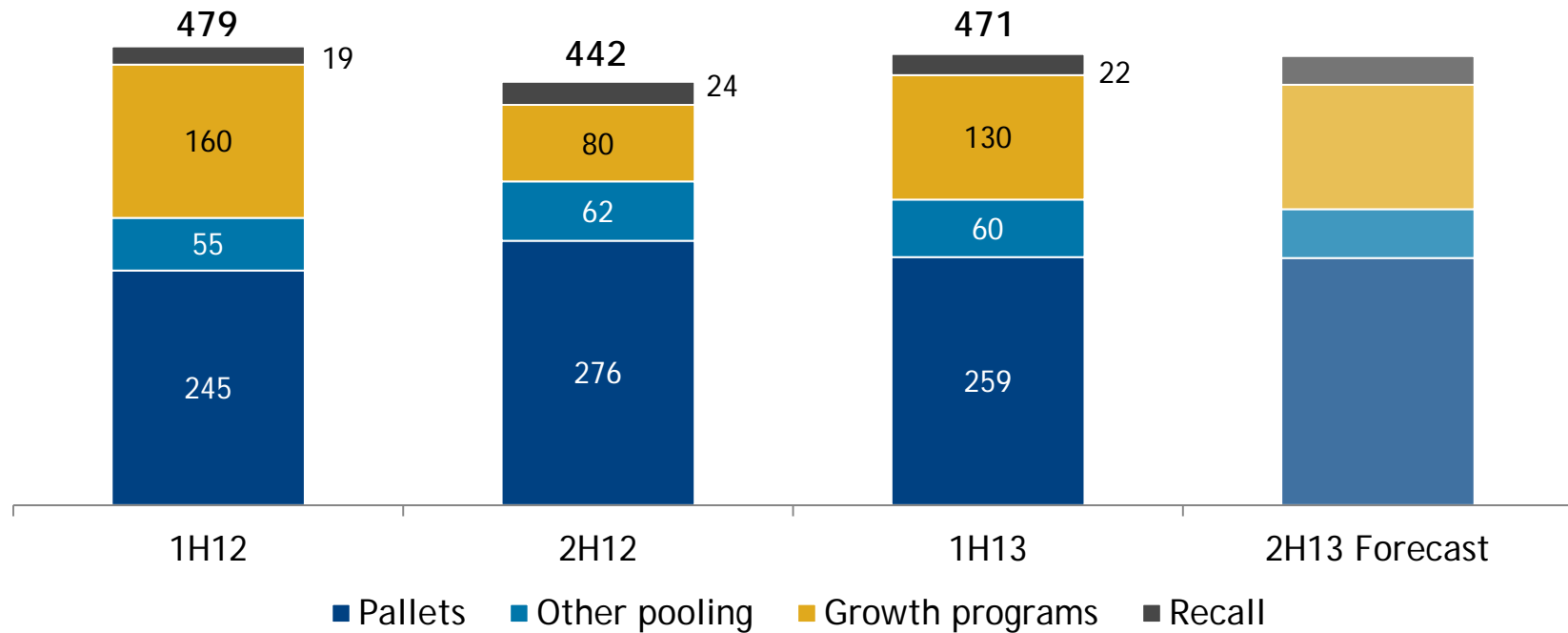


Cash flow

(US\$M)	1H13	1H12	Change
EBITDA	767.9	738.5	29.4
Capital expenditure	(446.9)	(516.2)	69.3
Proceeds from sale of PP&E	35.6	37.1	(1.5)
Working capital movement	(24.4)	(104.7)	80.3
IPEP expense	54.3	55.2	(0.9)
Provisions/other	(29.0)	(61.1)	32.1
Cash flow from Continuing Operations	357.5	148.8	208.7
Significant Items/discontinued operations	(15.5)	(38.4)	22.9
Financing costs and tax	(164.7)	(205.2)	40.5
Free cash flow	177.3	(94.8)	272.1
Dividends paid	(210.3)	(200.4)	(9.9)
Free cash flow after dividends	(33.0)	(295.2)	262.2

Capital expenditure trend by segment

(US\$M) actual FX, capex on PP&E, accruals basis



Note: Growth programs defined as growth investments in Pallets emerging markets, RPCs and Containers.

Strong balance sheet

	December 2012	June 2012
Net debt (US\$M)	2,677	2,690
Net debt to net debt plus equity (%)	46.8	49.5

	1H13	1H12	Covenants
EBITDA/net finance costs (x)	14.0	8.8	3.5 (min)
Net debt/EBITDA (x)	1.7	2.2	3.5 (max)

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Context & Outlook

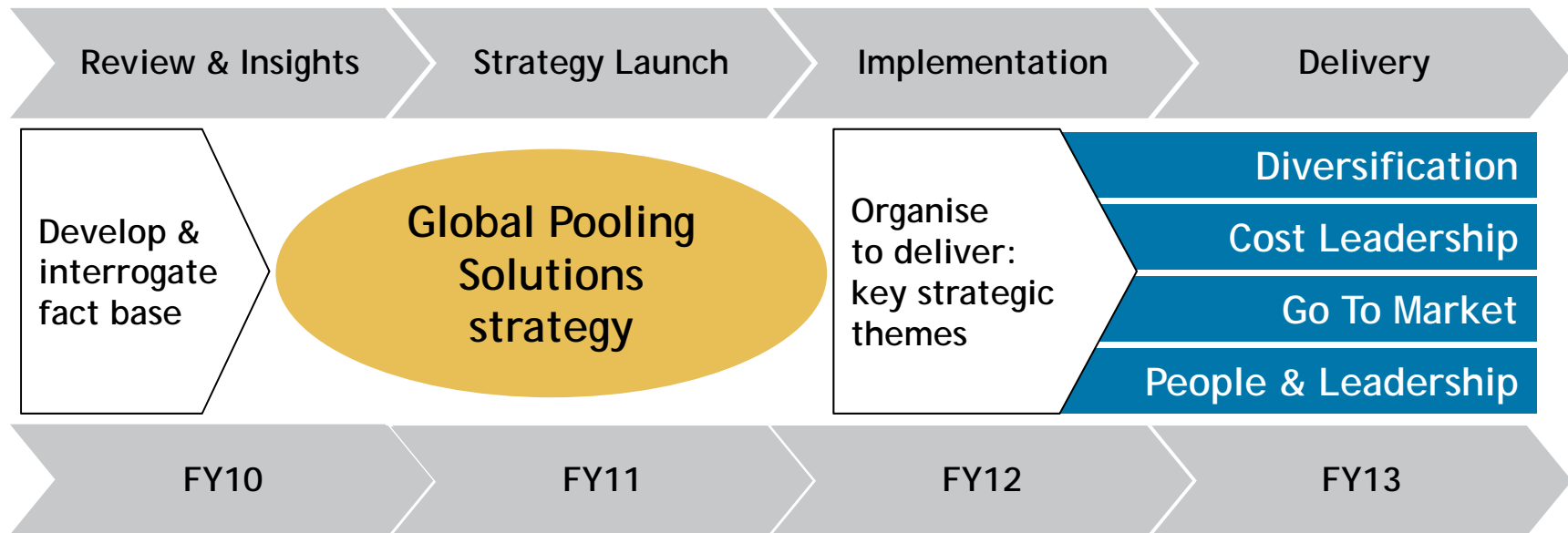
Tom Gorman, CEO



Results and strategy scorecard

FY13 target (constant currency)		Progress
Sales revenue growth in all segments	-	Pooling Solutions growth on track; Recall impacted by paper price
Pallets: emerging markets sales revenue up 15%-plus	✓	19% growth delivered for 1H13; on track for full year
RPCs: sales revenue up 15%	✗	10% growth delivered for 1H13; revised FY13 expectation: 10-15%
Containers: new units sales revenue growth targets	-	Longer sales cycle; Pallecon acquisition to drive growth
Efficiencies from IFCO integration and global Pallets	✓	On track for delivery
Maintenance of improved cost structure in Recall	✓	On track for delivery
Underlying Profit: US\$1,010-1,070M (30 June 2012 FX)	✓	Range tightened: US\$1,030-1,060M

Intensive focus on execution



Pallets outlook

- New business growth to continue to drive sales revenue
 - Continued expectation for sales growth in all regions
 - On track for 15% constant-currency growth in emerging markets
- Expectation for continued efficiency gains
 - Margin improvements in all regions in 2H13 and beyond
 - Asset management programs to drive further improvement
- Further integration and simplification of structure
 - Unification of leadership under Group President, Peter Mackie
 - Continued focus on best practice and operational efficiency

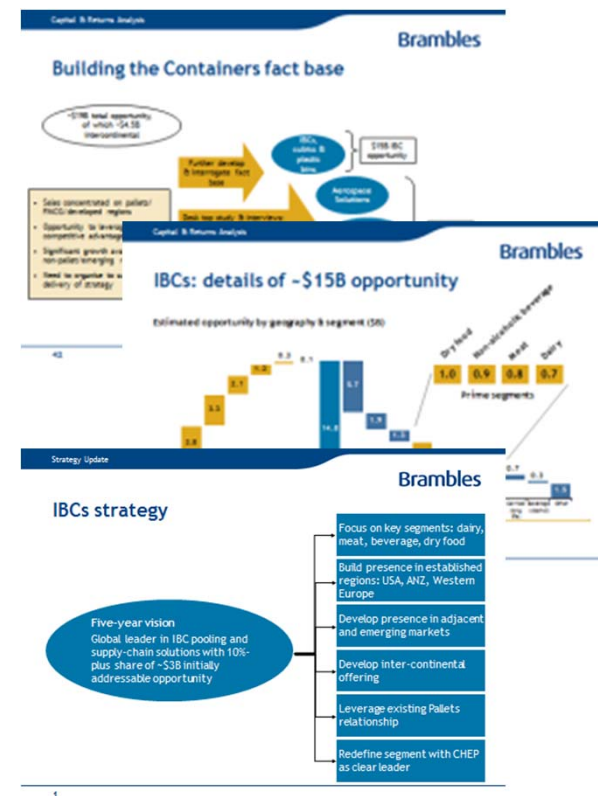
RPCs outlook

- Constant-currency sales revenue growth of 10-15% to be delivered in FY13
- Continued strong sales growth expected in subsequent years
- Expansion from increased US penetration, rollout of product range
- Scale efficiencies to drive improved profitability and return on capital
- Increased focus on cross-selling and collaboration with Pallets business



Driving growth through Pallecon

- Pallecon key facts
 - Operating for 37 years
 - Leading provider of IBC rentals and services
 - Main operations in ANZ, Western Europe
 - FY12 sales revenue of US\$70M
- Acquisition enables growth and scale
 - Principle driver of FY13 Containers growth
 - Creation of global CHEP IBC business unit
 - Strongly profitable business
 - FY17 target: 10% share of ~US\$3B addressable opportunity



Containers outlook

- IBCs expansion plus growth in newer businesses
 - Aerospace Solutions: pooling and maintenance services
 - Expansion of US and emerging markets automotive operations
 - Executive appointed to lead pursuit of intercontinental opportunities
- Short-term challenges exist
 - Slower than anticipated sales conversion in aerospace and US automotive
 - Tough conditions in CCC and mature automotive businesses
 - Focus on investment drives negative FY13 profit growth

Recall outlook

- Focus on stabilisation of operations continues
- Cost reductions delivering sustainable improvement
- Paper price weakness
 - Short-term sales growth challenge
 - Some impact on FY13 margins



Outlook summary

- Subject to unforeseen circumstances and at 30 June 2012 exchange rates ¹
- Continued constant currency sales revenue growth in all Pooling Solutions segments
- On track to deliver FY13 Underlying Profit within tightened guidance range of US\$1,030M to US\$1,060M
- Net finance costs: US\$115M
- Tax rate: 28%
- Expecting positive free cash-flow after dividends
- Continued expectation of ongoing sales and profit growth and improving group margins in FY14

¹First-half Underlying Profit of US\$490.0M translates to US\$480.4M at 30 June 2012 exchange rates.

Key messages

- On track for full-year result following strong first half
 - Strong result in Pallets segment driven by Americas region
 - Continued sales revenue growth in RPCs and Containers
 - Maintenance of improved cost structure enables increased Recall margins
 - Efficiency focus driving growth in margins, cash and ROCI
- Continued momentum with strategy delivery
 - Further integration and consolidation of Pallets organisation
 - RPCs to deliver ongoing profitable growth improvement
 - Pallecon acquisition to drive Containers growth
- Full-year Underlying Profit guidance range tightened
 - US\$1,030M to US\$1,060M at 30 June 2012 exchange rates

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Q&A

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MOMENTUM



Appendices



Appendix 1: Glossary of terms and measures

Except where noted, common terms and measures used in this document are based upon the following definitions:

Actual rates	In the statutory financial statements, Brambles translates foreign currency results into US dollars at the applicable actual monthly exchange rates ruling in each period.
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes intangible assets, investments in associates and equity acquisitions. It is shown gross of any fixed asset disposals proceeds.
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.
Constant currency	Constant currency results are presented by translating both current and comparable period foreign currency results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.
Earnings per share (EPS)	Profit after tax, minority interests and Significant Items, divided by shares in issue.
Free Cash Flow	Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.
Net new business	Brambles defines net new business wins as the change in sales revenue in the reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business wins is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant currency basis. Brambles defines net annualised new business as the implied sales revenue in 12 months from net new business won during the reporting period.

Appendix 1: Glossary of terms and measures (continued)

Except where noted, common terms and measures used in this document are based upon the following definitions:

Operating Profit	Operating Profit is profit before finance costs and tax, as shown in the statutory financial statements.
Organic growth	The change in sales revenue in the reporting period resulting from like -for-like sales of the same products with the same customers.
PMS	Pallet Management Services, a division of Brambles operating under the IFCO brand in the USA.
Return on Capital Invested	Return on Capital Invested is Underlying Profit divided by Average Capital Invested (a six-month average of capital invested calculated as net assets before tax balances, cash and borrowings but after adjustment for accumulated pre-tax Significant Items, actuarial gains or losses and net equity adjustments for equity-settled share-based payments).
RPC	Reusable plastic crate, used to transport fresh produce.
Sales revenue	Excludes revenues of associates and non-trading revenue.
Significant Items	Significant Items are items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: <ul style="list-style-type: none"> • Outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or • Part of the ordinary activities of the business but unusual due to their size and nature.
Underlying Profit	Underlying Profit is profit from Continuing Operations before finance costs, tax and Significant Items.

Appendix 2: 1H13 currency mix

(US\$M, actual FX)	Total	USD	EUR	GBP	AUD	Other
Pallets	1,942.5	813.3	376.0	177.8	155.8	419.6
RPCs	405.9	80.6	190.6	27.6	39.0	68.1
Containers	137.7	23.9	48.0	10.7	19.8	35.3
Recall	403.6	117.7	53.1	21.4	102.1	109.3
Total sales revenue	2,889.7	1,035.5	667.7	237.5	316.7	632.3
Operating Profit	481.4	143.3	123.9	51.7	37.4	125.1
Net debt ¹	2,676.9	1,886.4	1,087.5	5.4	(499.7)	197.3

¹ Net debt shown after adjustments for impact of financial derivatives

Appendix 3: Major currency exchange rates

USD vs.		USD	EUR	AUD	GBP	CAD	ZAR
Average	1H13	1.0000	1.2785	1.0397	1.5981	1.0058	0.1177
	1H12	1.0000	1.3693	1.0288	1.5865	0.9944	0.1310
As at	31 December 12	1.0000	1.3193	1.0371	1.6174	1.0052	0.1179
	30 June 12	1.0000	1.2440	1.0032	1.5515	0.9673	0.1189
Share of actual 1H13 sales revenue		36%	23%	11%	8%	6%	3%

Appendix 4: Effective tax rate

Continuing Operations (US\$M) actual FX	1H13		1H12	
	Statutory	Underlying	Statutory	Underlying
Profit before tax	426.7	435.3	339.1	372.5
Tax expense	123.4	124.7	97.3	106.5
Effective tax rate	28.9%	28.6%	28.7%	28.6%

Appendix 5: Significant Items

(US\$M) actual FX	1H13	1H12
Underlying Profit	490.0	456.3
Significant Items:		
Acquisition-related costs	(4.5)	(1.4)
Restructuring & IFCO integration costs	(4.1)	(22.0)
Recall transaction costs	-	(5.9)
Pension costs	-	(5.8)
Foreign exchange gain on capital repatriation	-	1.7
Subtotal	(8.6)	(33.4)
Operating Profit	481.4	422.9

Appendix 6: Credit facilities and debt profile

US\$B at 31 December 2012					
Maturity	Type	Committed facilities	Uncommitted facilities	Debt drawn	Headroom
< 12 months	Bank/Other	0.2	0.2	0.1	0.3
1 - 2 years	Bank/USPP ¹ /Other	0.8	-	0.4	0.4
2 - 3 years	Bank/144A ² /Other	0.8	-	0.3	0.5
3 - 4 years	Bank/USPP ¹ /Other	0.9	-	0.7	0.2
4 - 5 years	Bank/Other	0.3	-	0.1	0.2
> 5 years	USPP ¹ /144A ² /EMTN ³	1.2	-	1.2	-
Total		4.2	0.2	2.8	1.6

¹ US Private Placement notes

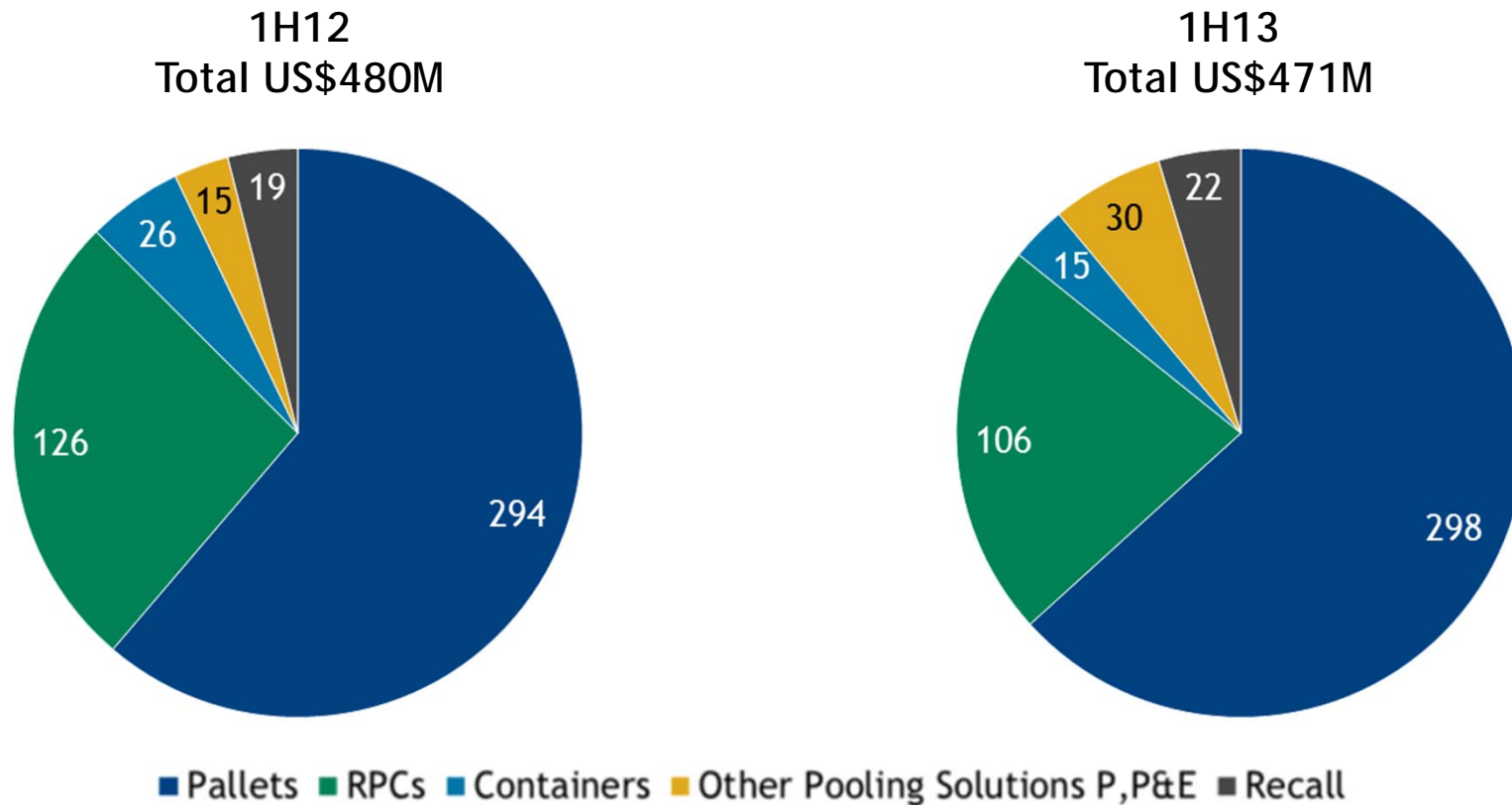
² US 144A bonds

³ Euro Medium Term Note

Appendix 7: Efficiencies and synergies

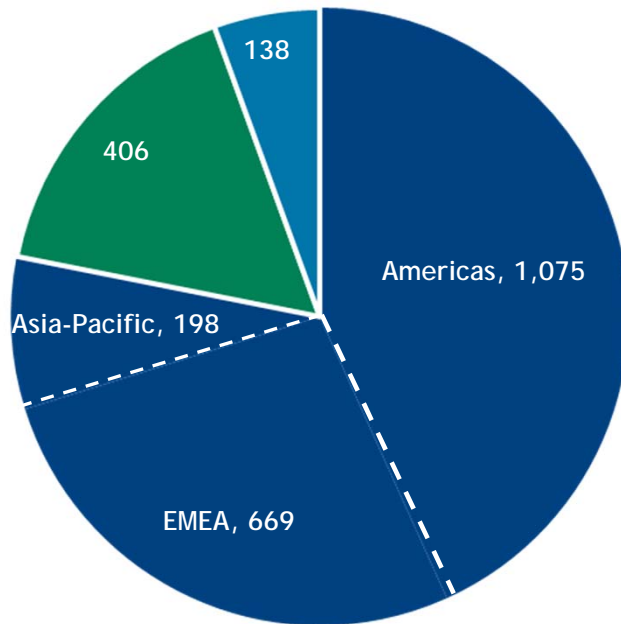
(US\$M)	Actual		Forecast			
	Incremental year-on-year improvement					
Initiatives	FY12	1H13	FY13	FY14	FY15	
IFCO RPC and PMS Integration	10	6	10	20	-	40
Operations & Logistics efficiencies in Pallets segment	10	7	10	20	20	60
Total	20	13	20	40	20	100

Appendix 8: Capital expenditure breakdown by nature (accruals basis)



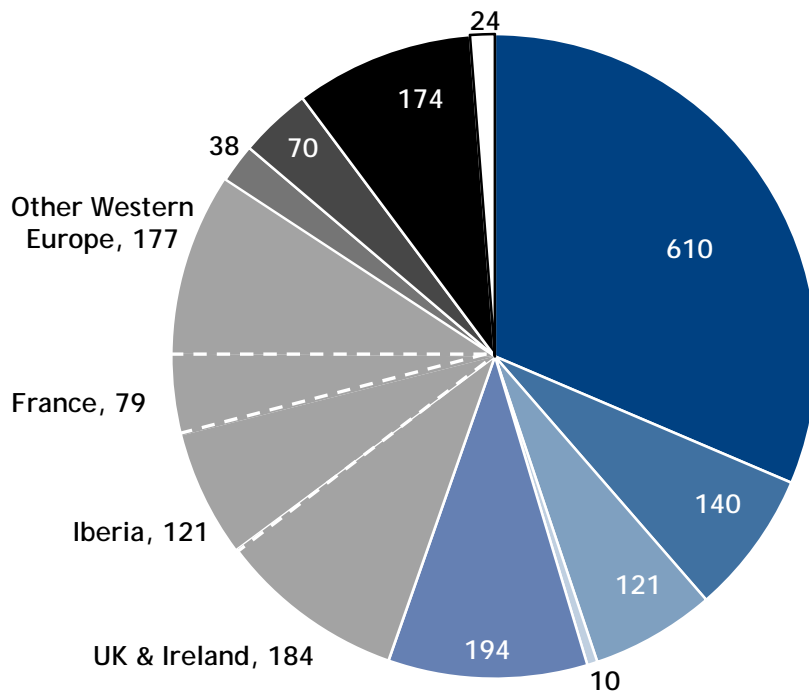
Note: Property, plant and equipment cash capex in 1H13 was US\$447M compared with US\$516M in 1H12

Appendix 9: Pooling Solutions 1H13 sales revenue by segment (US\$M)



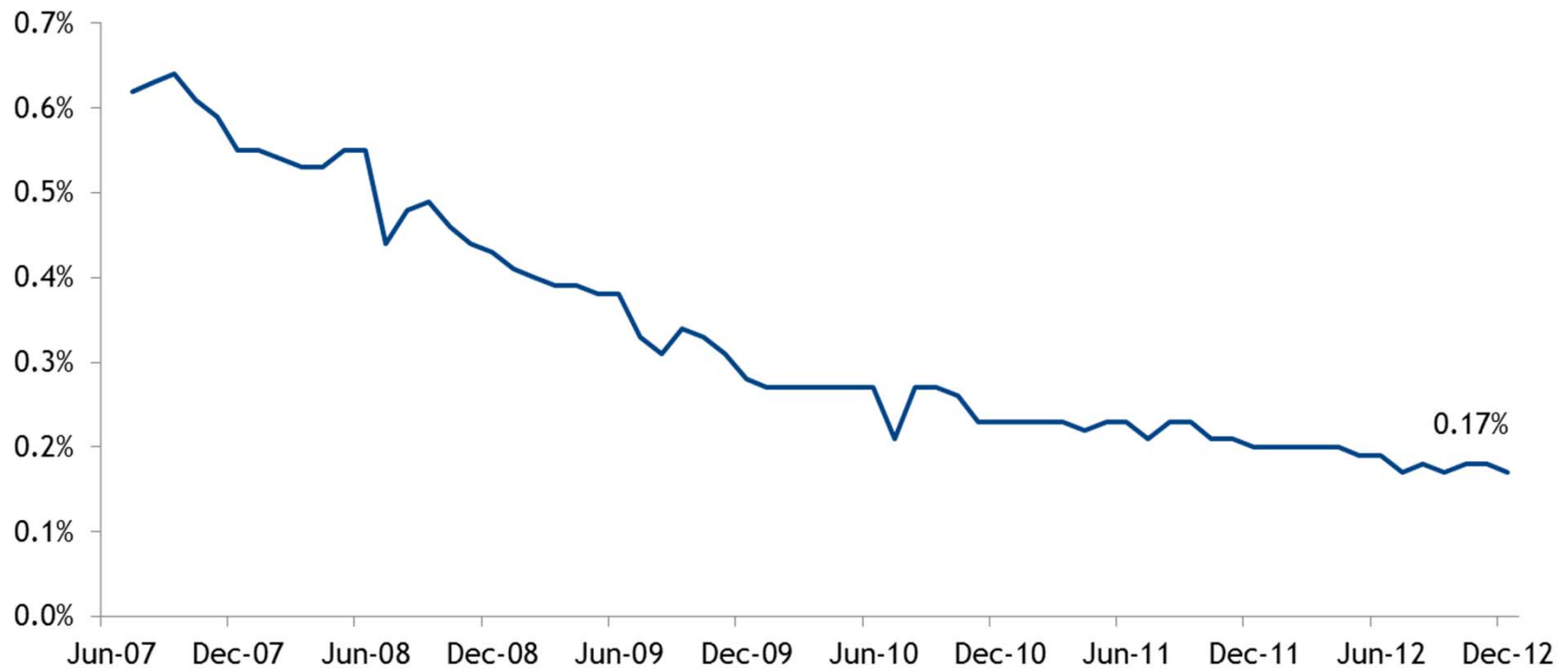
Constant FX growth vs. 1H12	
Pallets - Americas	10%
Pallets - EMEA	5%
Pallets - Asia-Pacific	5%
RPCs	10%
Containers	6%

Appendix 10: Pallets 1H13 sales revenue by Customer Business Unit (US\$M)



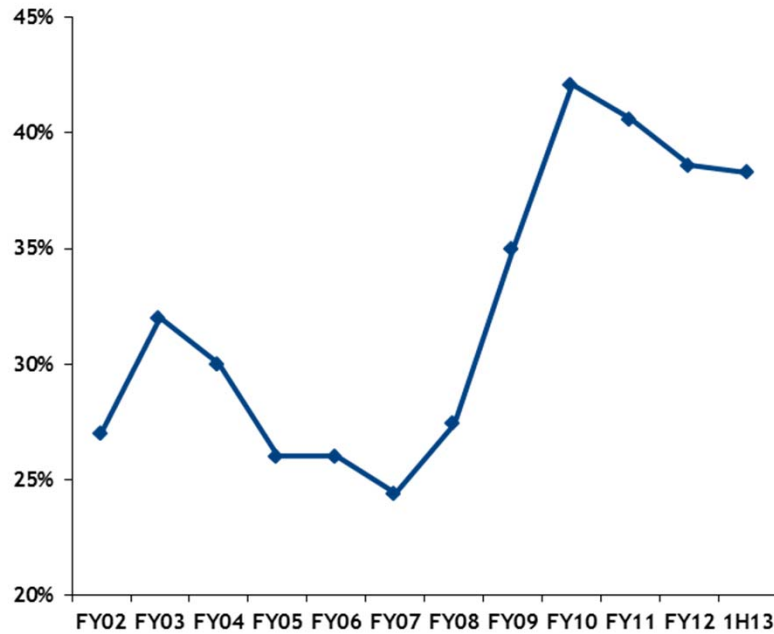
Constant FX growth vs. 1H12	
USA	7%
Canada	15%
Latin America	14%
LeanLogistics	19%
Pallet Management Services	12%
Western Europe	2%
UK & Ireland	4%
Iberia	(3)%
France	2%
Other	3%
Central & Eastern Europe	52%
Middle East & Africa	13%
Australia & NZ	3%
Asia	28%

Appendix 11: CHEP USA pallet rejections

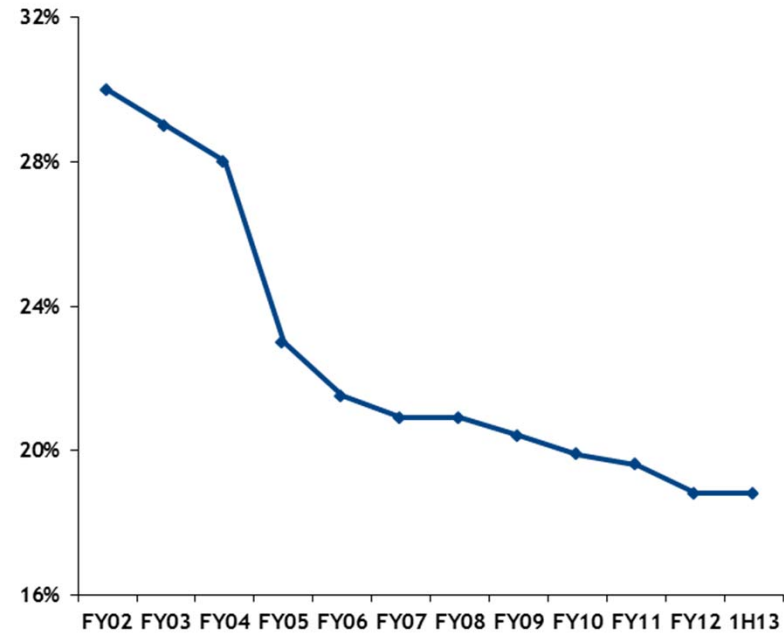


Appendix 12a: CHEP USA pallet plant operations and transportation trends

Plant cost ratio
(Plant costs/sales)

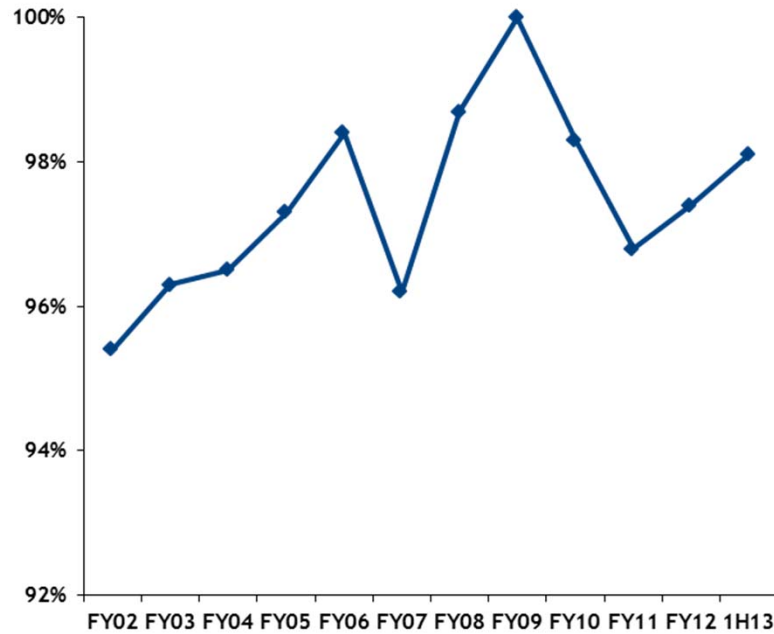


Transportation cost ratio
(Transportation costs/sales)

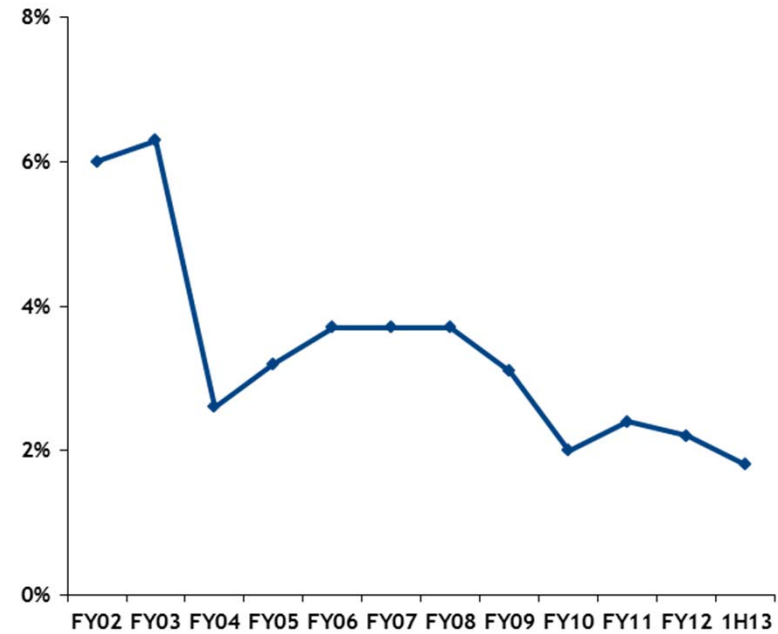


Appendix 12b: CHEP USA pallet productivity trends

Control ratio
(Returns + recoveries/total issues)

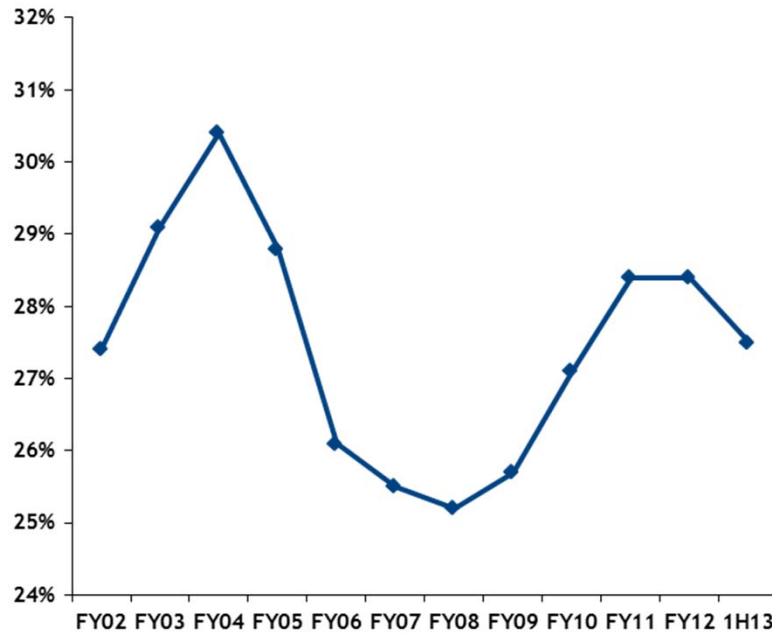


New equipment issue ratio
(Pallets purchased/total issues)

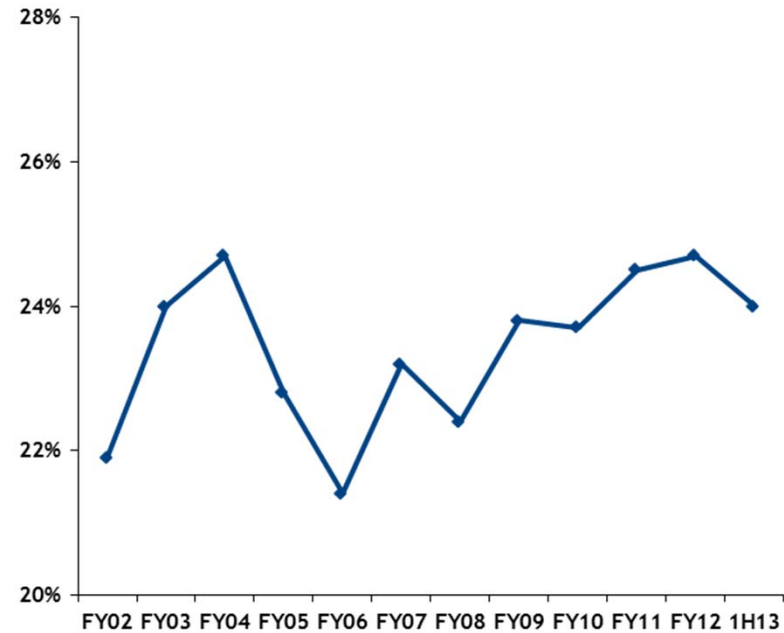


Appendix 13a: CHEP Europe pallet plant operations and transportation trends

Plant cost ratio
(Plant costs/sales)

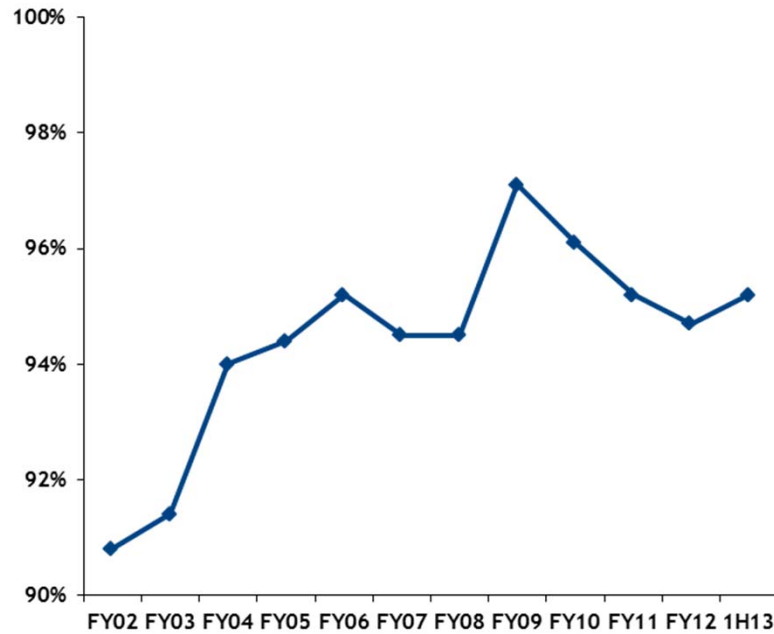


Transportation cost ratio
(Transportation costs/sales)

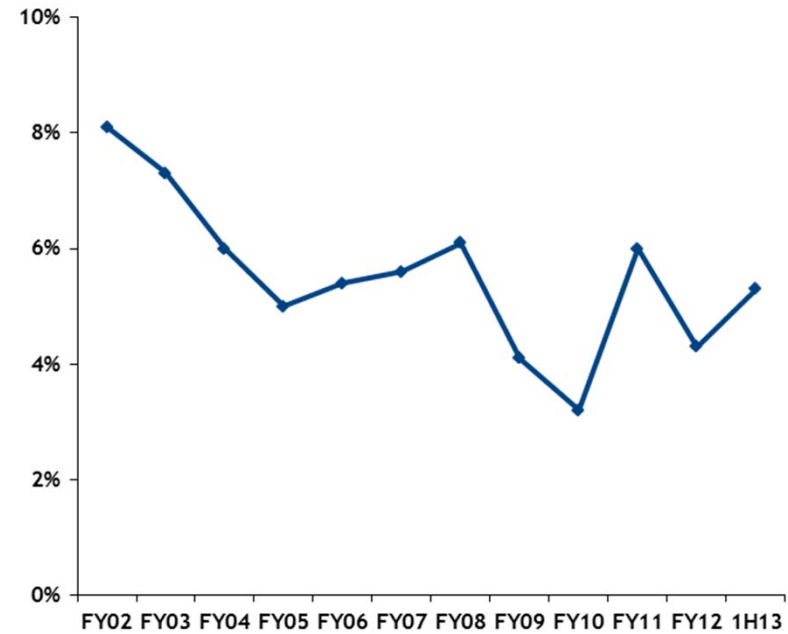


Appendix 13b: CHEP Europe pallet productivity trends

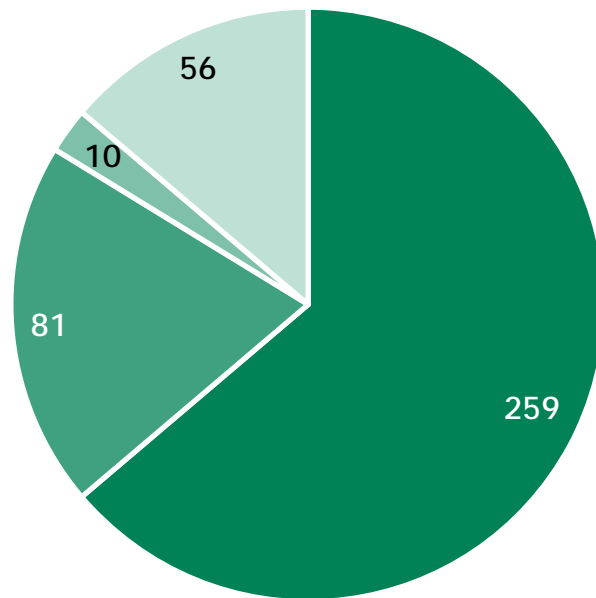
Control ratio
(Returns + recoveries/total issues)



New equipment issue ratio
(Pallets purchased/total issues)

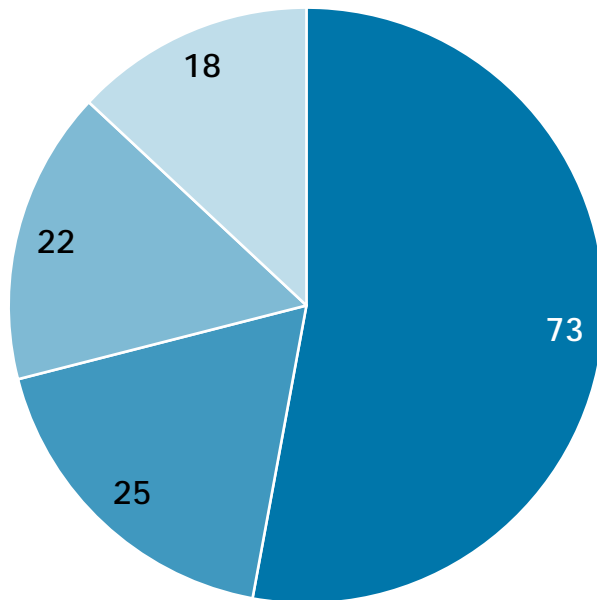


Appendix 14: RPCs 1H13 sales revenue by region (US\$M)



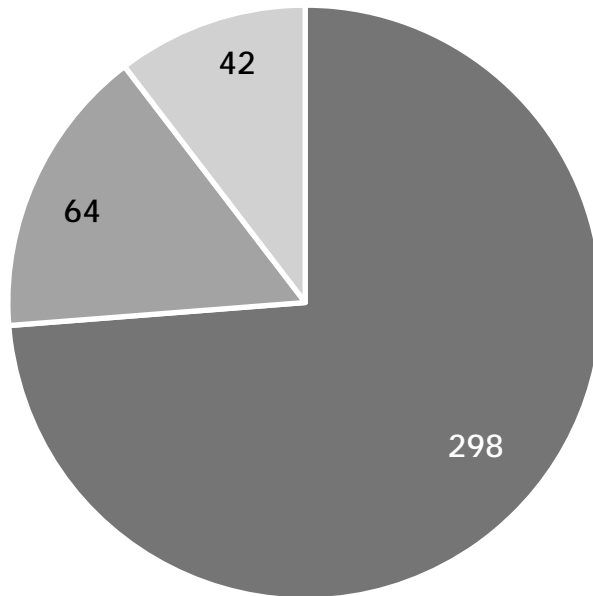
Constant FX growth vs. 1H12	
Europe	9%
North America	15%
South America	(6)%
ANZ & South Africa	9%

Appendix 15: Containers 1H13 sales revenue by sector (US\$M)



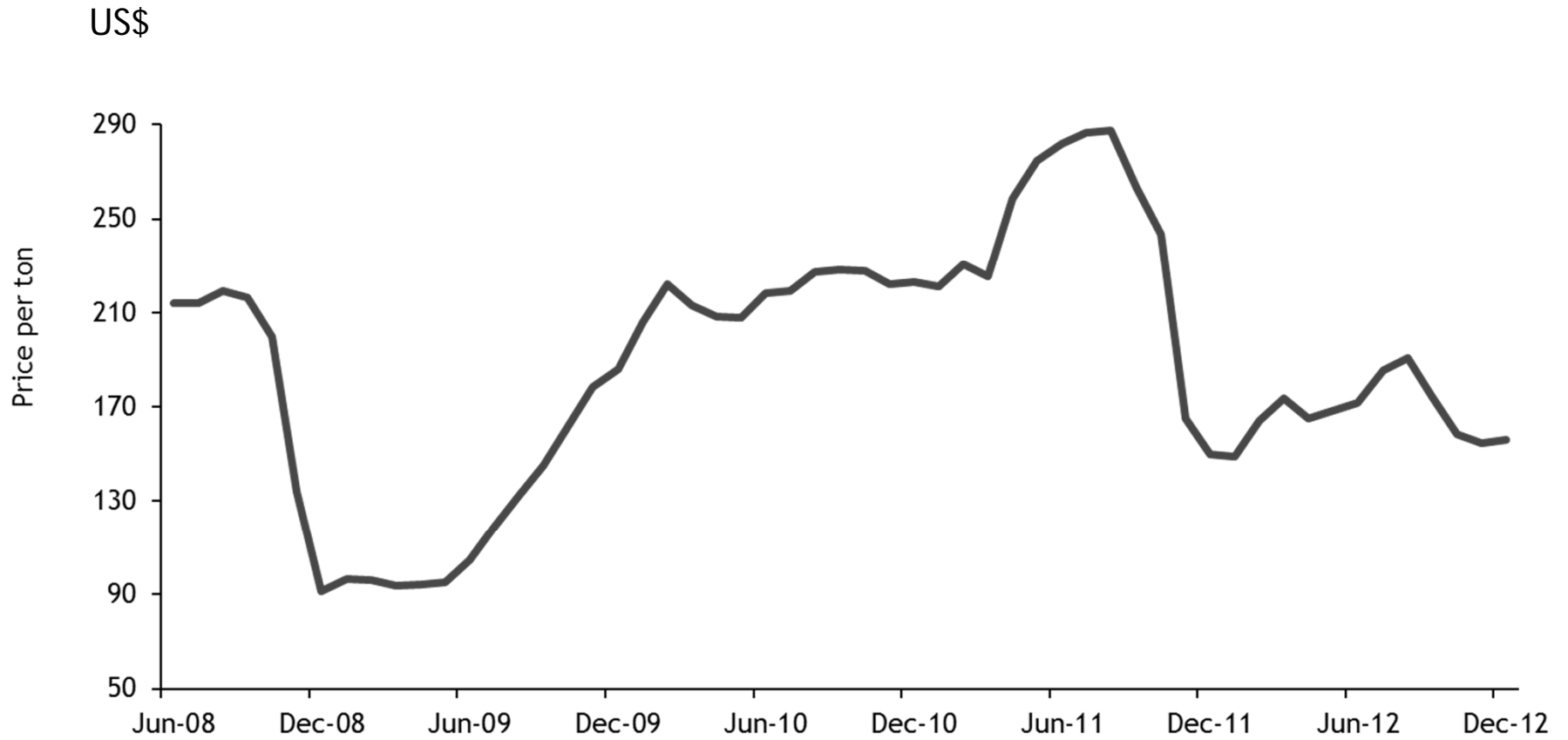
Constant FX growth vs. 1H12	
Automotive	(2)%
Aerospace	45%
IBCs	17%
CCC	(10)%

Appendix 16: Recall 1H13 sales revenue by sector (US\$M)



Constant FX growth vs. 1H12	
Document Management Solutions	2%
Secure Destruction Services	(14)%
Data Protections Services	3%

Appendix 17: Paper prices - North America



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