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19 February 2018

The Manager - Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir / Madam

Brambles reports results for the half-year ended 31 December 2017

Attached is a release to the Exchange from Brambles Limited on its financial report for the half-year ended 31 December 2017.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

19 February 2018
ASX & Media Release

Brambles

Brambles' 1H18 result: Strong sales revenue momentum, a return to profit growth and increased cash flow generation

- **Strong sales revenue performance in line with guidance for 'mid-single digit growth'.** Constant-currency[1] growth of 5% primarily driven by strong volume growth in North America, Europe and Latin America pallets and ongoing expansion in IFCO RPC businesses.
- **Underlying Profit[2] growth of 1% at constant currency was impacted by previously announced items** relating to the HFG joint venture and the loss of a large RPC contract and cessation of a number of automotive contracts in CHEP Australia which reduced growth by 3 percentage points. These items and cost pressures in North America pallets were more than offset by the sales contribution to profit, increased collection of asset compensations and lower Corporate costs.
- **Material increase in Cash Flow from Operations**, up US$98.1m, reflecting both increased profitability and improved cash flow management.
- **Return on Capital Invested[3] of 16.2%,** down 0.9pts at constant currency, with the full six-month inclusion of the HFG joint venture and cessation of contracts in CHEP Australia contributing 0.7pts to the decline.
- **Interim dividend of AU14.5 cents per share with franking of 30%,** in line with the 2017 final dividend.
- **Sale of CHEP Recycled completed** on 14 February 2018. Proceeds were broadly in line with carrying value and the related cash inflow will be reflected in 2H18.

Results Highlights

	1H18 result	Growth vs. 1H17	
	(Actual FX)	(Actual FX)	(Constant FX)
Statutory basis			
Sales revenue (continuing)	US$2,746.1m	9%	5%
Operating profit (continuing)	US$489.0m	47%	42%
Profit after tax	US$447.2m	206%	198%
Basic earnings per share	US28.1¢	205%	198%
Interim dividend per share	AU14.5¢		
Non-statutory basis			
Underlying Profit	US$493.7m	5%	1%
Cash Flow from Operations	US$311.2m	US$98.1m	
Free Cash Flow after dividends	US$(29.4)m	US$89.3m	
Underlying Profit after finance costs and tax	US$322.7m	9%	5%
Underlying earnings per share	US20.3¢	9%	5%
Return on Capital Invested (ROCI)	16.2%	(0.8)pts	(0.9)pts

Operating profit from continuing operations of US$489.0 million increased 42% at constant currency, reflecting Underlying Profit growth and a US$133.8 million reduction in Significant Items which includes the US$120 million non-cash impairment of the Group's investment in the HFG joint venture recognised in 1H17.

Profit after tax of US$447.2 million increased 198% at constant currency, driven by the increase in operating profit after Significant Items and the recognition of a one-off, non-cash benefit to income tax expense of US$130.1 million resulting from a reduction in the Group's net deferred tax liabilities following the decrease in the USA federal income tax rate from 35% to 21%. The Company is evaluating the impact of the US tax reform package, including measures which may have an adverse impact. Brambles maintains its view outlined in the 2 January 2018 ASX announcement that any change to the Group's effective tax rate having regard to the total tax reform package is unlikely to be significant.

[1] Constant currency is calculated by translating reported period results into US dollars at the actual monthly FX rates applicable in the prior corresponding period.
[2] A non-statutory measure that represents profit from continuing operations before finance costs, tax and Significant Items.
[3] Underlying Profit multiplied by two divided by the 6-month average of capital invested; capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustments for actuarial gains or losses and net equity adjustments for equity-settled share-based payments.

Sales revenue of US$2,746.1 million increased 5% at constant currency. Growth was largely driven by improved sales momentum in US pallets and strong organic and net new business growth across Europe and Latin America pallets and IFCO RPCs. Revenues in CHEP Asia-Pacific declined 5% at constant currency primarily due to the Australian business which was impacted by the previously disclosed loss of a large RPC contract and the wind-down of the Australian automotive industry.

Underlying Profit of US$493.7million increased 1% at constant currency. Underlying Profit growth was driven by a solid sales contribution to profit, lower Corporate costs and increased collection of asset compensations. These benefits were partly offset by higher plant and transport costs in US pallets and a US$15 million year-on-year adverse impact of the full six-month recognition of HFG joint venture losses and cessation of contracts in CHEP Australia.

Return on Capital Invested of 16.2% declined 0.9 percentage points at constant currency and includes the 0.7 percentage point impact of the aforementioned items relating to the HFG joint venture and CHEP Australia. The impact of lower Underlying Profit in North America pallets was largely offset by increased contributions to profit from higher returning businesses and a small ROCI increase in IFCO RPCs.

Cash Flow from Operations of US$311.2 million increased US$98.1 million over the prior year as improved EBITDA, disciplined working capital management and increased collection of asset compensations more than offset a slight increase in capital expenditure. Despite improvements in capital efficiency, capital expenditure increased due to the strengthening of the Euro relative to the US dollar and investments to support volume growth across the business.

Free Cash Flow after dividends increased US$89.3 million over the prior year due to the increase in Cash Flow from Operations. The net cash outflow after payment of the final FY17 dividend of US$178.0 million was US$29.4 million.

Dividend

The Board has declared an interim dividend of 14.5 Australian cents per share, franked at 30%. The unfranked component of the interim dividend is conduit foreign income. Consequently, non-resident shareholders will not pay Australian dividend withholding tax on this dividend. The 2018 interim dividend is payable on 12 April 2018 to shareholders on Brambles' register at 5.00pm on 8 March 2018. The ex-dividend date is 7 March 2018.

The non-underwritten Dividend Reinvestment Plan (DRP) will remain in place for this dividend and will attract a zero discount. Brambles will continue to neutralise any dilutive impact on earnings per share of the DRP through the transfer of existing shares to participating shareholders, via on-market purchases.

CEO Commentary

Brambles' CEO, Graham Chipchase said: "We delivered a return to positive Underlying Profit growth and strong revenue growth in the first half. We saw improved volume growth in North America and continued momentum in our European operations, in line with good economic growth in these regions. Our Cash Flow from Operations continued to improve, showing the benefits of our disciplined focus on working capital and better asset efficiency. This will help meet our goal of funding dividends from Free Cash Flow.

"I was pleased to see a strengthening of the top line in North America with volume growth returning to historic levels. We saw an expansion with both new and existing customers, notably in the beverage and grocery sectors. We however, continue to face structural cost challenges partly due to changes in commercial arrangements which are increasing transport and handling costs. The impact of these changes was especially evident in the first half due to accelerating transport and other cost inflation. Our teams are implementing a number of mitigating actions including increased plant automation and other commercial initiatives.

"As the invisible backbone of the supply chain, Brambles has a unique insight into the way the world now makes, moves and sells goods. We know that our customers are under cost pressure, so we are seeking to collaborate with them – drawing on the depth of our global operations to offer insights into how they can take costs out of their operations.

"Our share and reuse model gives us a great opportunity to meet the needs of our customers in the most sustainable way. As we continue to build our network, adding new customers and entering new markets, our aim is to use our assets even more efficiently. This will be better for our customers, consumers and the environment – and help us deliver sustainable growth and returns well in excess of the cost of capital."

Outlook

Brambles expects to deliver sustainable growth and returns well in excess of the Company's cost of capital.

Sales revenue growth is expected to be in the mid-single digits, primarily driven by growth with existing customers, the ongoing conversion of new customers to pooled solutions and expansion across geographies. Through the progressive delivery of operational, organisational and capital efficiencies, Brambles expects to deliver Underlying Profit growth in excess of sales revenue growth through the cycle, a Return On Capital Invested in the mid-teens and sufficient cash generation to fund growth, innovation and shareholder returns.

As previously communicated at the FY17 results announcement in August 2017, FY18 Underlying Profit growth will be impacted by the following items:

- US$23 million of FY17 Underlying Profit which will not recur in FY18 due to the loss of a large Australian RPC contract and the impact of automotive plant closures on a number of Australian automotive contracts;
- US$5-7 million increase in BXB Digital investment, expected to be approximately US$15-17 million in FY18; and
- The full 12-month inclusion of losses incurred in the HFG joint venture.

Further Information

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Brambles Limited (ASX:BXB) is a supply-chain logistics company operating primarily through the CHEP and IFCO brands. Brambles enhances performance for customers by helping them transport goods through their supply chains more efficiently, sustainably and safely. The Group's primary activity is the provision of reusable unit-load equipment such as pallets, crates and containers for shared use by multiple participants throughout the supply chain, under a model known as "pooling". Brambles primarily serves the fast-moving consumer goods (e.g. dry food, grocery, and health and personal care), fresh produce, beverage, retail and general manufacturing industries, counting many of the world's best-known brands among its customers. The Group also operates a specialist container logistics business serving the automotive sector. Brambles has its headquarters in Sydney, Australia, but operates in more than 60 countries, with its largest operations in North America and Western Europe. Brambles employs approximately 14,000 people and owns approximately 600 million pallets, crates and containers through a network of more than 850 service centres www.brambles.com.

Forward-Looking Statements: Certain statements made in this release are "forward-looking statements" – that is, statements related to future, not past, events. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts, but rather are based on Brambles' current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, uncertainties and other factors that are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views of Brambles only as of the date of this release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made – Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or events occurring after the date of this release, except as may be required by law or by any appropriate regulatory authority.

Brambles

Summary of Key Metrics

US$m			Change	
(Continuing operations)	**1H18**	**1H17**	**Actual FX**	**Constant FX[1]**
Sales revenue	**2,746.1**	**2,523.4**	**9%**	**5%**
Underlying Profit[2]	**493.7**	**470.6**	**5%**	**1%**
Significant Items[3]	(4.7)	(138.5)		
Operating profit	**489.0**	**332.1**	**47%**	**42%**
Net finance costs	(52.7)	(50.1)	(5)%	(2)%
Tax benefit/ (expense)	13.6	(117.9)		
Profit after tax from continued operations	**449.9**	**164.1**	**174%**	**167%**
Loss from discontinued operations	(2.7)	(17.9)		
Profit after tax	**447.2**	**146.2**	**206%**	**198%**
Average Capital Invested[4]	6,112.3	5,531.6	10%	7%
Return on Capital Invested[5]	16.2%	17.0%	(0.8)pts	(0.9)pts
Weighted average number of shares (m)	1,590.6	1,587.5		
Basic earnings per share (US cents)	**28.1**	**9.2**	**205%**	**198%**

Note: The variance between actual and constant-currency performance largely reflects the depreciation of the US dollar relative to other operating currencies, particularly the Euro.

Sales revenue from continuing operations was US$2,746.1 million, up 5% at constant currency reflecting strong volume growth in the North America, Europe and Latin America pallets businesses and continued growth with new and existing customers in the IFCO RPC businesses. Overall price was broadly flat as increases realised in emerging market pallets businesses and IFCO North America were offset by customer mix and strategic pricing actions in mature pallet businesses.

Underlying Profit which excludes Significant Items, was US$493.7 million, up 1% at constant currency and driven by the solid sales contribution to profit, increased collection of asset compensations and a reduction in Corporate costs. The reduction in overhead costs was due to cost savings and lower share-based payments expense.

As previously communicated at the FY17 result, Underlying Profit growth was impacted by the inclusion of HFG equity accounted losses for a full six months in 1H18 (compared to three months in 1H17) and the loss of income from RPC and automotive contracts in CHEP Australia. Collectively, these items equated to a three percentage point reduction in the Group's Underlying Profit growth for 1H18.

In addition, direct cost pressures, particularly an acceleration of transport inflation, were not fully offset by pricing and productivity gains in the half. The impact of these pressures was particularly evident in the US pallets business where capacity constraints and structural changes in customer and retailer behaviour increased handling and transport costs.

Productivity improvements and other cost recoveries, which lag cost inflation, are expected to partly offset these increases through the cycle.

Operating profit of US$489.0 million was up 42% at constant currency reflecting Underlying Profit growth and a US$133.8 million reduction in Significant Items. The improvement includes the US$120.0 million non-cash impairment of the Group's investment in the HFG joint venture recognised in 1H17. The balance of the reduction is driven by a decision to limit Significant Item projects and reduce overall project costs.

Current period Significant Items expense of US$4.7 million relates to the completion of legacy One Better programme initiatives and prior year restructuring initiatives. This is in line with the previously announced expectation for FY18 Significant Items expense of US$10-15 million to complete these projects.

Profit after tax from continuing operations of US$449.9 million increased 167% at constant currency reflecting the higher operating profit and a one-off, non-cash benefit to income tax expense of US$130.1 million resulting from a reduction in the Group's net deferred tax liabilities following the decrease in the USA federal income tax rate from 35% to 21%, effective 1 January 2018.

The effective tax rate for 1H18 on Underlying Profit was 26.8% compared to 29.3% for 1H17. The reduction was largely due to the anticipated impact of the lower US tax rate in 2H18 and a change in the geographic mix of profits.

Net finance costs of US$52.7 million increased by US$2.6 million reflecting higher interest rates in North America and emerging markets as well as costs associated with pre-funding of the Euro Medium-Term Note (EMTN) maturing in April 2018. These increases were partly offset by income from both the HFG shareholder loan and the deferred consideration relating to the establishment of the HFG joint venture in FY17.

Basic earnings per share was US28.1 cents, up 198% at constant currency reflecting the same factors as profit after tax.

Average Capital Invested (ACI) was US$6,112.3 million, up 7% at constant currency primarily driven by the inclusion of the ACI relating to the HFG joint venture for a full six months in 1H18 and the overall increase in the size of the asset pool to support growth.

Return on Capital Invested was 16.2%, down 0.9 percentage points at constant currency. The full six-month impact of the HFG joint venture on both Underlying Profit and ACI and the previously announced items associated with RPC and automotive contracts in CHEP Australia accounted for 0.7 percentage points of the year-on-year decline. The impact of lower Underlying Profit margins in North America was largely offset by increased contributions to profit from higher returning businesses and a small increase in IFCO returns.

1 Calculated by translating reported period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.
2 A non-statutory measure that represents profit from continuing operations before finance costs and tax and excludes Significant Items.
3 Items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: outside the ordinary course of business; or part of the ordinary activities of the business but unusual because of their size and nature.
4 A six-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustments for actuarial gains or losses and net equity adjustments for equity-settled share-based payments.
5 Underlying Profit multiplied by two, and divided by Average Capital Invested.

Cash Flow Reconciliation

US$m	1H18	1H17	Change
Underlying Profit	493.7	470.6	23.1
Depreciation and amortisation	283.1	262.2	20.9
Underlying EBITDA[6]	**776.8**	**732.8**	**44.0**
Capital expenditure (cash basis)	(569.2)	(556.0)	(13.2)
Proceeds from sale of PP&E	69.7	49.7	20.0
Working capital movement	2.2	(26.6)	28.8
IPEP expense	46.2	44.8	1.4
Other	(14.5)	(31.6)	17.1
Cash Flow from Operations	**311.2**	**213.1**	**98.1**
Significant Items	(14.4)	(18.8)	4.4
Discontinued operations	1.5	2.8	(1.3)
Financing costs	(29.0)	(32.1)	3.1
Tax expense	(120.7)	(107.1)	(13.6)
Free Cash Flow[7]	**148.6**	**57.9**	**90.7**
Dividends paid	(178.0)	(176.6)	(1.4)
Free Cash Flow after dividends	**(29.4)**	**(118.7)**	**89.3**

Cash Flow from Operations of US$311.2 million, increased US$98.1 million reflecting both increased profitability and improved cash flow management. Disciplined working capital management and increased collection of asset compensations offset a 2% increase in capital expenditure outflows:

- Capital expenditure (cash basis) increased US$13.2 million. On an accruals basis, capital expenditure increased US$65.4 million largely due to adverse FX impacts on Euro pallet purchases, an increase in the unit cost of pallets due to lumber inflation, investment to support volume growth and a US$13.6 million increase in non-pooling capex;
- Proceeds from the sale of PP&E increased US$20.0 million reflecting increased collection of asset compensations in the CHEP Asia-Pacific and IFCO RPC businesses;
- Improved debtor collection and working capital management across the Group resulted in a US$28.8 million increase in cash flow; and
- Other cash flow movements resulted in an increase of US$17.1 million, mainly reflecting lower employee-related payments in the half and an acquisition related earn-out in the prior year.

Free Cash Flow after dividends reflects an US$89.3 million improvement over the prior year due to the increase in Cash Flow from Operations. The net cash outflow after payment of the final FY17 dividend of US$178.0 million was US$29.4 million.

Net Debt & Key Ratios

US$m	Dec 2017	Jun 2017	Change
Current debt	703.5	673.4	30.1
Non-current debt	2,277.2	2,059.0	218.2
Gross debt	**2,980.7**	**2,732.4**	**248.3**
Less cash	(273.3)	(159.7)	(113.6)
Net debt	**2,707.4**	**2,572.7**	**134.7**
Key ratios	**1H18**	**1H17**	
Net debt to EBITDA	1.74x	1.68x	
EBITDA interest cover	14.7x	14.6x	

Net debt was US$2,707.4 million at 31 December 2017, up US$134.7 million from 30 June 2017. The increase is largely due to the adverse impact of a weaker US dollar on non-US dollar debt balances and includes the impact of the net cash outflow of US$29.4 million after payment of the final FY17 dividend.

The ratio of net debt to EBITDA increased from 1.68 times to 1.74 times with the increase largely due to the FX impact on Euro-denominated debt.

Net interest cover increased from 14.6 times to 14.7 times despite a US$2.6 million increase in net interest expense.

The debt profile of the business was further strengthened during the period with the issue of a 10-year €500 million EMTN at a coupon rate of 1.5% per annum. This issue pre-funded a €500 million EMTN with a coupon rate of 4.625% maturing in April 2018.

As a result of the pre-funding, undrawn committed facilities increased from US$1.5 billion at 30 June 2017 to US$1.8 billion at 31 December 2017. Cash balances increased from 30 June 2017 by US$113.6 million to US$273.3 million.

[6] Earnings before interest, tax, depreciation and amortisation: calculated as Underlying Profit after adding back depreciation and amortisation.
[7] Cash Flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.

Segment Analysis

CHEP Americas

US$m			Change	
	1H18	1H17	Actual FX	Constant FX
Sales revenue	**1,082.3**	**1,022.4**	**6%**	**5%**
Underlying Profit	**174.9**	**189.2**	**(8)%**	**(9)%**
Average Capital Invested	2,095.1	1,915.3	9%	8%
Return on Capital Invested	**16.7%**	**19.8%**	**(3.1)pp**	**(3.2)pp**

Sales revenue
Pallets sales revenue was US$1,056.6 million, up 5% at constant currency driven by strong volume growth across the region.

US pallets revenue was US$779.7 million, up 4% reflecting improved top line momentum and a return to growth levels consistent with historic trends despite ongoing competitive intensity.

Constant-currency growth was driven by expansion with new and existing customers and comprised:

- like-for-like volume growth of 2% primarily reflecting strong growth with customers in the beverage and grocery sectors and also reflected comparatively weak like-for-like volumes in the second quarter of the prior year;
- net new business growth of 2% was driven by current period contract wins and contributions from contracts won in the second half of the prior year; and
- price was broadly flat with rate increases largely offset by changes in customer mix and ongoing competitive pressures.

Canada pallets sales revenue was US$132.9 million, up 3% at constant currency reflecting strong like-for-like volume growth and modest price/mix benefits.

Latin America pallets sales revenue of US$144.0 million up 10% at constant currency reflecting strong growth with new and existing customers, particularly in Mexico, and price growth in line with the inflationary environment in the region.

Containers sales revenue was US$25.7 million, up 14% at constant currency primarily driven by automotive contracts won in the prior year.

Profit
Underlying Profit was US$174.9 million, down 9% at constant currency due to a lower contribution from the US pallets business reflecting increased direct cost pressures.

In constant-currency terms, volume, price and mix contributions to profit of US$23 million were more than offset by:

- Net transport cost increases of US$18 million due to third-party transport inflation and additional relocations driven by a combination of capacity constraints and changing customer and retailer behaviour in US pallets;
- Net plant cost increases of US$15 million due to increased handling costs and other plant inefficiencies primarily in the US pallets business; and
- Depreciation cost increases of US$6 million driven by pallet pool growth in Latin America and Canada.

Return on Capital
Return on Capital Invested was 16.7%, down 3.2 percentage points at constant currency. The decline reflected lower profitability in the US pallets business and a higher Average Capital Invested balance to support growth in the region.

CHEP EMEA

US$m			Change	
	1H18	1H17	Actual FX	Constant FX
Sales revenue	**882.9**	**779.3**	**13%**	**7%**
Underlying Profit	**218.5**	**192.5**	**14%**	**7%**
Average Capital Invested	1,791.1	1,543.0	16%	9%
Return on Capital Invested	**24.4%**	**25.0%**	**(0.6)pp**	**(0.5)pp**

Sales revenue
Pallets sales revenue of US$759.2 million, an increase of 6% at constant currency reflecting strong volume growth across the region and price increases in the Africa, India & Middle East pallets business.

Europe pallets sales revenue of US$671.6 million increased 6% at constant currency and comprised:

- Like-for-like volume growth of 2% reflecting solid growth throughout the region with a particularly strong contribution from Central & Eastern Europe;
- Net new business growth of 5% largely driven by the rollover impact of contracts won during the prior year; and
- Price declines of 1% reflecting strategic pricing initiatives.

Within Europe:

- Southern Europe pallets (comprising Iberia, Italy, Turkey and Greece) sales revenue was US$197.7 million, up 6% in constant currency;
- Central & Eastern Europe pallets (including Germany, Poland and the Nordics) sales revenue was US$165.1 million, up 10% in constant currency.
- Northern Europe pallets (comprising UK and Ireland) sales revenue was US$164.8 million, an increase of 3% at constant currency; and
- Western Europe pallets (comprising France and Benelux) sales revenue was US$144.0 million, up 6% in constant currency.

Africa, India & Middle East pallets sales revenue was US$87.6 million, up 7% at constant currency reflecting strong price and volume growth in the region.

RPC and Containers contributed US$123.7 million to sales revenue, up 12% at constant currency largely due to strong volume growth and pricing increases.

Profit
Underlying Profit was US$218.5 million, up 7% at constant currency and in line with sales revenue growth despite transport inflation and the impact of strategic pricing initiatives.
In constant-currency terms, volume, price and mix contributions to profit of US$26 million were partly offset by:

- Depreciation cost increases of US$6 million due to investments in the pool to support the strong volume growth;
- Net transport cost increases of US$4 million as higher fuel prices and supply constraints in the European third-party freight market drove cost inflation; and
- Net plant cost increases of US$2 million mainly reflecting cost inflation in CHEP Africa, India and Middle East, partly offset by supply chain initiatives within the European pallets business.

Return on Capital
Return on Capital Invested was 24.4%, down 0.5 percentage points at constant currency reflecting strong growth and increased pallet costs which drove higher Average Capital Invested.

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CHEP Asia-Pacific

US$m			Change	
	1H18	1H17	Actual FX	Constant FX
Sales revenue	**238.1**	**243.6**	**(2)%**	**(5)%**
Underlying Profit	**58.9**	**55.5**	**6%**	**3%**
Average Capital Invested	438.6	430.5	2%	(1)%
Return on Capital Invested	**26.9%**	**25.8%**	**1.1pp**	**0.9pp**

Sales revenue
Sales revenue in CHEP Asia-Pacific was US$238.1 million, down 5% at constant currency. The decrease was largely due to the loss of a large RPC contract and the impact of the wind-down of the automotive industry in Australia. Excluding the impact of these two items, sales growth in constant currency was 2% reflecting modest price and volume growth.

Pallets sales revenue was US$178.5 million, up 4% at constant currency driven by modest pricing gains and like-for-like volume growth in Australia and New Zealand. This was largely offset by a reduction in sales within Asia relating to the ongoing decline in plastic pallet revenues in China.

RPC and Containers contributed US$59.6 million to sales revenue, down 25% at constant currency reflecting the loss of a large Australian RPC contract and the wind-down of the automotive industry in Australia.

Profit
Underlying Profit was US$58.9 million, an increase of 3% at constant currency reflecting overhead cost reductions and increased collection of asset compensations in Australia and China. These benefits were partly offset by the US$10.4 million adverse impact of the RPC and automotive contract losses in Australia.

Return on Capital
Return on Capital Invested was 26.9%, up 0.9 percentage points at constant currency, reflecting the expansion in the Underlying Profit margin driven by higher asset compensations in the half.

IFCO

US$m			Change	
	1H18	1H17	Actual FX	Constant FX
Sales revenue	**542.8**	**478.1**	**14%**	**9%**
Underlying Profit	**64.3**	**57.8**	**11%**	**6%**
Average Capital Invested	1,650.6	1,565.5	5%	2%
Return on Capital Invested	**7.8%**	**7.4%**	**0.4pp**	**0.3pp**

Sales revenue
Sales revenue in IFCO RPCs was US$542.8 million, up 9% at constant currency. The increase reflected continued strong growth with new and existing customers in all regions, and pricing and product mix benefits in North America. Regional contributions were as follows:

- Europe sales revenue was US$387.8 million, up 9% at constant currency driven by strong volume growth with most retailers;
- North America sales revenue was US$114.6 million, up 6% at constant currency, primarily due to pricing and product mix benefits. Volume growth was 1% as price increases slowed the rate of growth; and
- Other regions (comprising South America and Asia) sales revenue was US$40.4 million, up 10% at constant currency reflecting volume growth in South America.

Profit
Underlying Profit of US$64.3 million increased 6% at constant currency reflecting the sales contribution to profit and increased depreciation costs in Europe and North America. Plant costs were broadly flat while increases in transportation costs due to inflation in the third-party freight rates were largely offset by efficiency gains.

Return on Capital
Return on Capital Invested was 7.8%, up 0.3 percentage points at constant currency, driven by capital efficiency improvements particularly in Europe.

Background Information

(US$m)	1H18	1H17	2H17	FY17
Sales revenue				
CHEP Americas	1,082.3	1,022.4	1,051.1	2,073.5
CHEP EMEA	882.9	779.3	795.9	1,575.2
CHEP Asia-Pacific	238.1	243.6	241.2	484.8
IFCO	542.8	478.1	492.7	970.8
Continuing operations	2,746.1	2,523.4	2,580.9	5,104.3
Underlying EBITDA				
CHEP Americas	295.8	304.6	323.6	628.2
CHEP EMEA	299.8	263.5	268.7	532.2
CHEP Asia-Pacific	84.9	81.9	82.5	164.4
IFCO	118.8	106.8	106.4	213.2
Corporate	(22.5)	(24.0)	(29.8)	(53.8)
Continuing operations	776.8	732.8	751.4	1,484.2
Depreciation of property, plant and equipment				
CHEP Americas	115.7	110.1	113.3	223.4
CHEP EMEA	80.0	70.1	72.9	143.0
CHEP Asia-Pacific	25.6	26.0	25.5	51.5
IFCO	47.3	42.2	39.6	81.8
Corporate	0.4	0.1	0.2	0.3
Continuing operations	269.0	248.5	251.5	500.0
Amortisation of intangibles				
CHEP Americas	5.2	5.3	4.4	9.7
CHEP EMEA	1.3	0.9	1.2	2.1
CHEP Asia-Pacific	0.4	0.4	0.4	0.8
IFCO	7.2	6.8	7.0	13.8
Corporate	-	0.3	-	0.3
Continuing operations	14.1	13.7	13.0	26.7
Underlying Profit				
CHEP Americas	174.9	189.2	205.9	395.1
CHEP EMEA	218.5	192.5	194.6	387.1
CHEP Asia-Pacific	58.9	55.5	56.6	112.1
IFCO	64.3	57.8	59.8	117.6
Corporate	(22.9)	(24.4)	(30.0)	(54.4)
Continuing operations	493.7	470.6	486.9	957.5
Operating profit				
CHEP Americas	173.0	184.3	193.0	377.3
CHEP EMEA	217.2	191.6	183.5	375.1
CHEP Asia-Pacific	58.8	55.5	55.4	110.9
IFCO	64.3	57.3	59.4	116.7
Corporate	(24.3)	(156.6)	(52.0)	(208.6)
Continuing operations	489.0	332.1	439.3	771.4

Brambles

(US$m)	1H18	1H17	2H17	FY17
Capital expenditure on property plant and equipment (accruals basis)				
CHEP Americas	237.6	215.2	219.4	434.6
CHEP EMEA	204.2	162.2	159.4	321.6
CHEP Asia-Pacific	33.3	29.5	35.2	64.7
IFCO	116.8	120.1	80.4	200.5
Corporate	0.5	-	2.1	2.1
Continuing operations	592.4	527.0	496.5	1,023.5
Cash Flow from Operations				
CHEP Americas	91.9	82.7	136.2	218.9
CHEP EMEA	114.7	99.9	162.4	262.3
CHEP Asia-Pacific	45.5	41.0	70.6	111.6
IFCO	77.4	22.3	32.7	55.0
Corporate	(18.3)	(32.8)	(23.5)	(56.3)
Continuing operations	311.2	213.1	378.4	591.5
Average Capital Invested (excluding cumulative Significant Items)				
CHEP Americas	2,095.1	1,915.3	2,002.1	1,958.7
CHEP EMEA	1,791.1	1,543.0	1,593.8	1,568.4
CHEP Asia-Pacific	438.6	430.5	425.1	427.8
IFCO	1,650.6	1,565.5	1,599.1	1,582.3
Corporate	136.9	77.3	141.1	109.2
Continuing operations	6,112.3	5,531.6	5,761.2	5,646.4
Return on Capital Invested				
CHEP Americas	16.7%	19.8%	20.6%	20.2%
CHEP EMEA	24.4%	25.0%	24.4%	24.7%
CHEP Asia-Pacific	26.9%	25.8%	26.6%	26.2%
IFCO	7.8%	7.4%	7.5%	7.4%
Continuing operations	16.2%	17.0%	16.9%	17.0%
Number of pallets, RPCs and containers – net, after Irrecoverable Pooling Equipment Provision (millions of units)				
CHEP - Americas				
- Pallets	142	134		137
- Other	1	1		1
Total CHEP Americas	143	135		138
CHEP - EMEA				
- Pallets	125	119		119
- Other	18	17		17
Total CHEP EMEA	143	136		136
CHEP Asia-Pacific				
- Pallets	23	22		23
- Other	6	7		8
Total CHEP Asia-Pacific	29	29		31
IFCO - RPCs	294	275		282
Total	609	575		587
Number of pooling equipment purchases (millions of units)				
CHEP - Americas				
- Pallets	11	11	9	20
- Other	-	-	-	-
Total CHEP Americas	11	11	9	20
CHEP - EMEA				
- Pallets	14	13	12	25
- Other	1	1	1	2
Total CHEP EMEA	15	14	13	27
CHEP Asia-Pacific				
- Pallets	1	1	1	2
- Other	-	1	-	1
Total CHEP Asia-Pacific	1	2	1	3
IFCO - RPCs	25	24	18	42
Total	52	51	41	92