Brambles

Half-Year 2019 Results

18 February 2019

Results highlights

Graham Chipchase

Key messages

- **Sales revenue growth of 7%[1]** reflecting strong volume momentum across all segments and improved price realisation in both developed and emerging markets
- **Underlying Profit up 1%[1]** as strong global sales revenue and pricing actions offset:
  - Global inflationary input-cost pressures
  - Continued cost challenges in the CHEP Americas segment related to higher transport costs, network capacity constraints, the conversion to block pallets in Canada and the higher cost-to-serve in Latin America
- **US accelerated automation, productivity and pricing initiatives remain** on track to deliver progressive margin benefits
- **ROCI of 18% remains strong and well above the cost of capital**
- **Free cash after dividends below prior year.** Excluding the investment in US supply-chain efficiency programmes, Free Cash Flow was US$33m lower than prior year largely due to the reversal of 2H18 working capital timing benefits
- **1H19 interim dividend AU 14.5 cents.** Franking for this dividend is 65% reflecting a one-time increase due to timing of higher Australian tax payments

[1] At constant currency.

1H19 progress

Americas	**USA:** ■ Successful implementation of surcharges and contractual price increases to align pricing with the cost-to-serve. Effective price increased 5%[1] ■ Sales revenue growth of 5% at the higher end of the historical range ■ Accelerated automation programme on schedule with 10 installations completed ■ Lumber procurement project on track **Canada and Latin America:** ■ Sales revenue up 5% in Canada and 14% in Latin America
EMEA	■ Net new business wins up 6% driven by strong sales in Southern, Central and Eastern Europe pallets businesses and a new Automotive contract ■ Price realisation of 2%, reflecting contractual price indexation ■ Like-for-like volume growth of 1% reflecting a slowdown in underlying economic conditions in the region
Asia-Pacific	■ Sales revenue up 3%, reflecting like-for-like volume growth and modest pricing gains

Note: Sales revenue quoted at constant currency. 1. Includes contributions from transport and lumber surcharges recognised as an offset to direct costs.

Brexit

Preparation processes well advanced

- Brexit taskforce created
- Specific Brexit outcomes remain unknown
- Extensive scenario planning undertaken and mitigating strategies devised for key potential risks

Key potential risks:

- Access to pallet and timber supply;
- Change in customer demand patterns;
- Labour shortages; and
- Increased/altered trade & custom regulations (e.g. mandatory heat treatment of pallets)

1H19 considerations/implications:

- ~10% of European volumes relate to EU/UK cross-border flows
- US$11m of capex on additional pallets to service increased inventory levels and extended cycle times as customers prepare for Brexit

We are well positioned to support customers through transition period

IFCO separation update

Dual-track process on track for completion in CY2019

- IFCO separation pursued via dual-track demerger and sale process
- Process not yet sufficiently advanced to determine the method of separation
- Brambles' capital structure will be evaluated as part of the IFCO separation process to ensure it is optimal for supporting future growth and shareholder returns while maintaining a strong balance sheet and credit profile
- Outcomes of this capital structure evaluation and a post-IFCO separation strategy update will form part of our FY19 result announcement

Financial overview

Nessa O'Sullivan

1H19 results

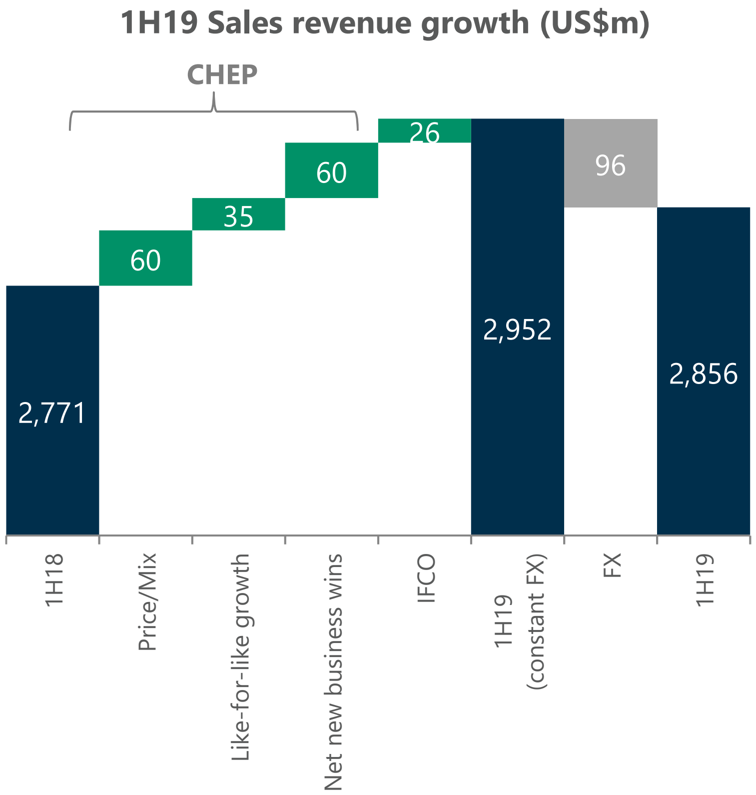
Overview

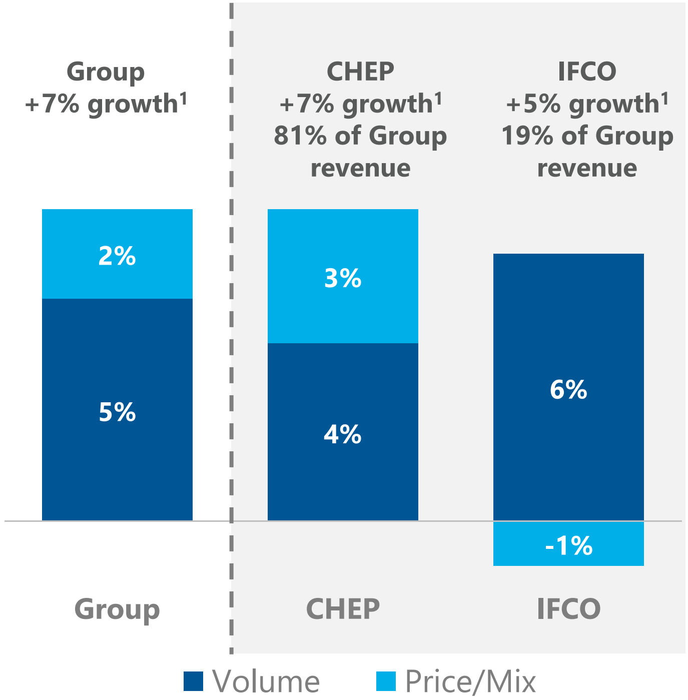
US$m (actual FX rates)	1H19	Change vs. 1H18	
Continuing operations		Actual FX	Constant FX
Sales revenue	**2,856.4**	**3%**	**7%**
Underlying Profit	**504.4**	**(3)%**	**1%**
Significant Items	**(5.5)**		
Operating profit	**498.9**	**(3)%**	**1%**
Net finance expenses	**(44.4)**	16%	10%
Tax expense	**(133.1)**	-	-
Profit after tax - continuing	**321.4**	**(27)%**	**(25)%**
Loss from discontinued ops	**(1.6)**		
Profit after tax	**319.8**	**(27)%**	**(25)%**
Effective tax rate - Underlying (%)	**29.0%**	1.9pp	
Statutory EPS	**US20.2¢**	**(27)%**	**(25)%**
Underlying EPS	**US20.5¢**	**(4)%**	**(1)%**

- **Sales growth** across all operating segments
- **Underlying Profit +1%** as strong sales contribution to profit offset elevated levels of global input-cost inflation and ongoing cost challenges in CHEP Americas
- **Significant Items expense** of US$5.5m relating to the IFCO dual-track separation process
- **Net finance expenses decreased** despite repayment of HFG interest-bearing loan in 2H18. Decrease due to a lower coupon rate on debt issued in 1H18, lower debt balances following FY18 portfolio asset actions and higher interest costs in 1H18 due to pre-funding of maturing debt
- **Tax expense increase** reflects the cycling of the US$103.2m one-off income tax benefit in 1H18
- **Effective tax rate increased to 29%** due to the US tax reform relating to foreign payments, effective 1 July 2018
- **Profit after tax decline** driven by the cycling of the one-off tax benefit in prior year
- **Underlying EPS decline** largely due to the increase in the effective tax rate

1H19 sales growth

Strong revenue momentum across CHEP & IFCO



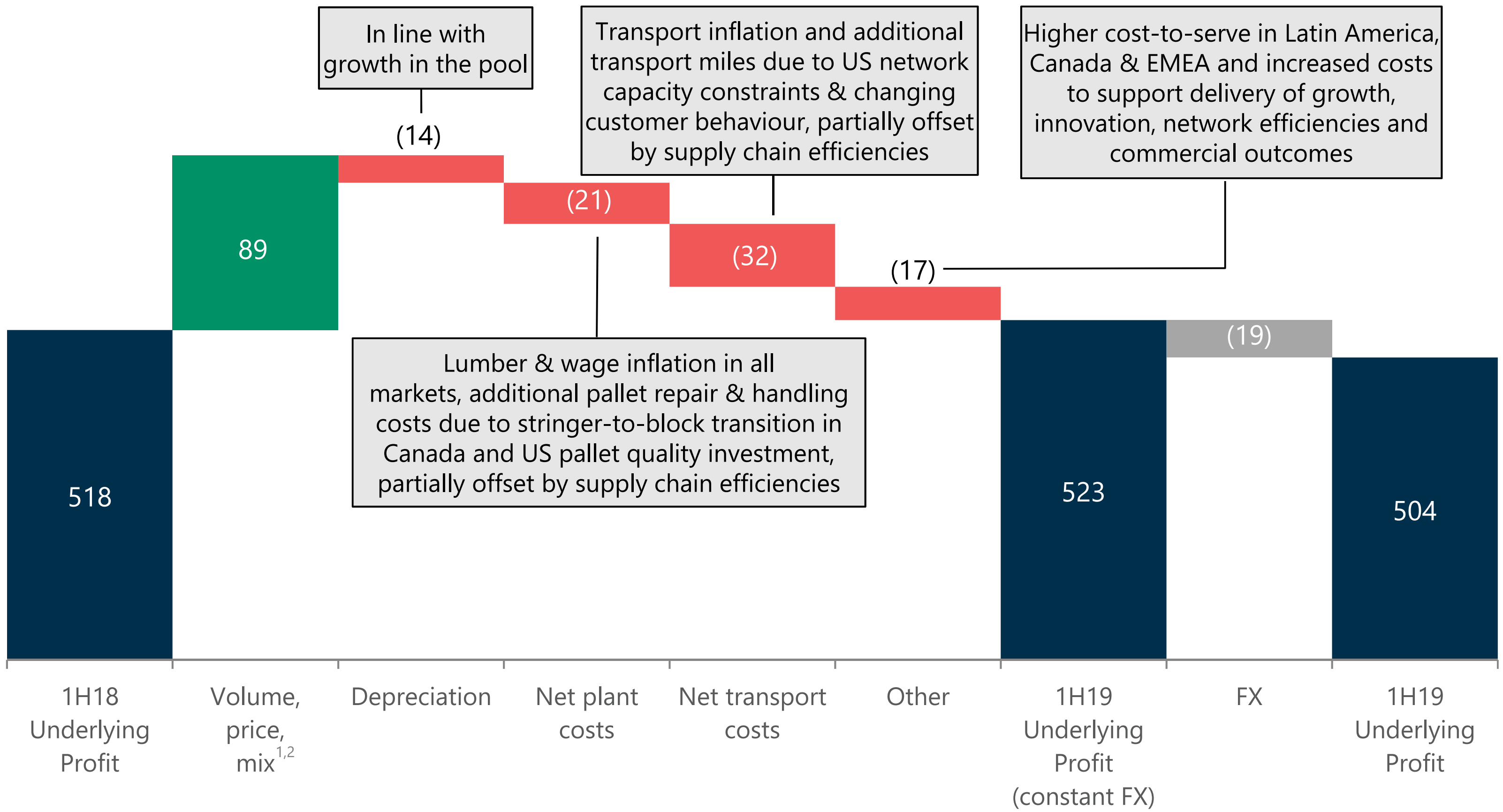


[1] Sales growth is at constant currency. Note: Chart does not include contribution from transport and lumber surcharges which are offset against costs.

Brambles

Group profit analysis (US$m)

Strong sales contribution offset by ongoing cost pressures



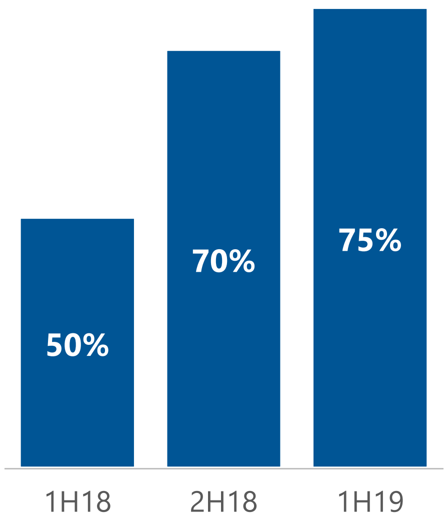
[1] Sales growth net of volume-related costs (excluding depreciation).
[2] Includes pricing and indexation and excludes surcharges which are reported as part of the net plant and net transport costs.

Brambles

Transport & lumber inflation

~75% of inflation recovered through indexation & surcharges

Progressive cost inflation recovery through indexation & surcharges[1]



1H19 market inflation

Transport

USA: +9%

Europe: +5%

Lumber

USA: +5%

Europe: +17%

2H19 considerations[2]

Transport

- Costs expected to increase in US and Europe, although rate of increase appears to be moderating

Lumber

- Modest decrease expected in the US
- Continue to expect double-digit inflation in Europe

1H19 impact of lumber inflation on capex: US$11m

[1] Cost inflation recovery through indexation and surcharges in US & European pallet businesses
[2] Transport inflation primarily impacts the P&L, lumber inflation primarily impacts capital expenditure.

CHEP Americas

Inflation & other cost challenges partially offset by price realisation

US$m	1H19	Change vs. 1H18	
		Actual FX	Constant FX
US	831.7	5%	5%
Canada	135.2	1%	5%
Latin America	145.4	1%	14%
Pallets	1,112.3	4%	6%
Containers	28.5	20%	21%
Sales revenue	**1,140.8**	**4%**	**6%**
Underlying Profit	**168.2**	**(11)%**	**(9)%**
Margin	***14.7%***	***(2.6)pp***	***(2.5)pp***
ROCI	***17.7%***	***(2.5)pp***	***(2.5)pp***

1H19 performance

- Strong price realisation & volume growth in US pallets
  - Effective price (including transport and fuel surcharges recognised as an offset to direct costs) +5% in 1H19
  - Volume growth +2% driven by expansion with new & existing customers in the grocery, beverage & SME sectors
- Price growth and expansion in Latin America
- Pricing, supply chain & asset efficiency initiatives remain on track to progressively deliver margin benefits from FY20-FY22
- Margin & ROCI decline driven by input-cost inflation and cost challenges in the US, Canada & Latin America – Refer to slide 13

Brambles

CHEP Americas

Components of Underlying Profit margin decline of (2.6)pts

	CHEP USA	CHEP Canada	CHEP Latin America	Total
Contribution to margin decline	**(1.7)pts**	**(0.5)pts**	**(0.4)pts**	**(2.6)pts**
Drivers	Elevated levels of input-cost inflation			
	■ Network capacity constraints ■ Changing customer behaviour ■ US pallet quality investments	■ Transition from stringer to block pallets	■ Higher cost-to-serve due to developing nature of the local network & supply chains ■ Longer cycle times ■ Higher IPEP & capex	

Actions to drive improved business outcomes

- Progressive increases in surcharges & pricing to better reflect the cost-to-serve and to offset increased inflation, noting average contract length of 3 years
- Investing in supply chain and other cost-out initiatives (e.g. service centre automation) to improve operational efficiency and platform quality
- Leveraging global scale & expertise to drive supply chain procurement programmes
- Investing in resources to support network efficiencies and improved commercial outcomes

US pallets margins

Despite ongoing inflationary pressures, initiatives are in place to progressively deliver 2-3% margin uplift from 1H18 levels

Pressures

- Cost inflation
- Retailer driven cost increases
- Network capacity and supply chain efficiency

Mitigating actions	Progress in 1H19	Phasing of margin improvement FY19	FY20	FY21	FY22	On track
Supply chain cost out	■ Transport and network optimisation exercise delivering year-on-year benefits	●	●	●	●	✓
Pricing/ surcharges	■ Lumber and transport surcharges levied in FY18 and 1H19 ■ Continue to renegotiate contract pricing and terms as contracts come up for renewal ■ Effective price increase of 5%	●	●	●	●	✓
Procurement initiatives	■ Commenced implementation of lumber strategy which will provide benefits to pallet repair & capex	●	●	●	●	✓
Automation programme	■ 10 sites completed through 1H19 ■ On track to deliver FY19 automation objectives	●	●	●	●	✓

Brambles

CHEP EMEA

Strong margins & ROCI despite cost inflation & investment for growth

US$m	1H19	Change vs. 1H18	
		Actual FX	Constant FX
Europe	687.3	3%	6%
AIME[1]	100.3	3%	12%
Pallets	787.6	3%	7%
RPCs + Containers	143.8	18%	24%
Sales revenue	**931.4**	**5%**	**9%**
Underlying Profit	**227.3**	**2%**	**5%**
Margin	**24.4%**	**(0.7)pp**	**(0.8)pp**
ROCI	**26.2%**	**(1.1)pp**	**(1.4)pp**

1H19 performance

- Europe: Volume growth +5% driven by market share gains & modest like-for-like volume growth. Price growth of +1% driven by contractual indexation
- RPCs & Containers: Strong volume growth driven by a large European Automotive contract & Kegstar expansion
- Strong sales contribution to profit & supply chain efficiencies offset the following cost pressures:
  - Inflation (transport & lumber) across Europe;
  - Increased depreciation & higher cost-to-serve; and
  - Additional resources to support growth & strategic objectives
- ROCI remains strong despite increased investment to support growth in new markets and the European Automotive business

[1] Africa, India and Middle East.

Brambles

CHEP Asia-Pacific

Revenue and Underlying Profit growth

US$m	1H19	Change vs. 1H18	
		Actual FX	Constant FX
Pallets	172.7	(3)%	3%
RPCs + Containers	56.2	(6)%	1%
Sales revenue	**228.9**	**(4)%**	**3%**
Underlying Profit	**57.2**	**(3)%**	**5%**
Margin	**25.0%**	**0.3%**	**0.5%**
ROCI	**27.0%**	**0.1pp**	**0.6pp**

1H19 performance:

- Volume growth and modest price gains in Australian pallets
- Successful RPC contract renewal in New Zealand & volume growth in South-East Asian Automotive business
- Underlying Profit leverage & margin expansion driven by:
  - Sales contribution to profit;
  - One-off government infrastructure grant in Asia; and
  - Favourable asset recovery outcomes

IFCO

Growth & efficiencies in Europe; price realisation in North America

US$m	1H19	Change vs. 1H18	
		Actual FX	Constant FX
Europe	402.0	4%	7%
North America	113.6	(5)%	(5)%
Rest of world[1]	39.7	0%	13%
Sales revenue	**555.3**	**1%**	**5%**
Underlying Profit	**72.6**	**5%**	**9%**
Margin	***13.1%***	***0.4pp***	***0.5pp***
ROCI	***9.4%***	***0.6pp***	***0.7pp***

1H19 performance:

- Europe: revenue growth +7% with strong volume growth partially offset by contract wins with lower revenue/lower cost-to-serve customers which contributed to margin improvement in the region
- North America: Price increases offset by lower volumes
- Profit leverage & margin expansion reflecting:
  - Sales contribution to profit;
  - Transport efficiencies in Europe;
  - Cost inflation and network inefficiencies in North America due to lower volumes; and
  - US$2m net benefit due to movement in provisions
- ROCI +0.7pp driven by capital efficiencies and margin improvement in Europe

[1] Rest of world comprises Asia and South America.

Corporate

Innovation, compliance & advisory fees drove higher corporate costs

US$m (actual FX)	1H19	1H18
Corporate costs	(14.3)	(10.7)
BXB Digital	(6.6)	(4.2)
HFG joint venture results	-	(8.0)
Corporate segment	**(20.9)**	**(22.9)**

1H19 performance:

- Increases in Corporate costs relate to innovation, compliance including advisory fees in relation to US tax reform and other costs
- BXB Digital cost increase in resources supporting field trials in the current year:
  - Resourcing in the prior year was weighted towards the development of a software logistics system (BRIX) which was capitalised
  - Cash spend on BXB Digital broadly flat year-on-year
- Prior year includes HFG joint venture losses – HFG exited in 2H18

Cash flow

Decline in prior period due to previously advised items

US$m (actual FX)	1H19	1H18	Change
Underlying EBITDA	**795.9**	**801.2**	**(5.3)**
Capital expenditure (cash basis)	(615.9)	(569.2)	(46.7)
Proceeds from sale of PP&E	55.3	69.7	(14.4)
Working capital movement	(49.9)	(22.2)	(27.7)
IPEP expense	53.8	46.2	7.6
Other[1]	(1.8)	(14.5)	12.7
Cash Flow from Operations	**237.4**	**311.2**	**(73.8)**
Significant Items and discontinued operations	(5.3)	(12.9)	7.6
Financing costs and tax	(159.0)	(149.7)	(9.3)
Free Cash Flow	**73.1**	**148.6**	**(75.5)**
Dividends paid	(166.4)	(178.0)	11.6
Free Cash Flow after dividends	**(93.3)**	**(29.4)**	**(63.9)**

1H19 performance:

- Cash Flow from Operations decline of US$73.8m includes:
  - US$31m investment in US supply chain efficiency programmes (largely US service centre automation) which is funded by proceeds from FY18 asset actions banked in 2H18
  - US$30m reversal of 2H18 working capital benefits, advised to the market at the FY18 results
  - Lower asset compensations in CHEP Asia-Pacific and IFCO Europe
  - US$11m of Brexit-related capital expenditure
- Cash capital expenditure increased US$46.7m reflecting investment in pooling and non-pooling capex to support growth & supply chain initiatives – refer to slide 20 for details
- Free cash outflow includes the benefit of lower cash dividend payments due to a weaker AUD

[1] Other includes movements in provisions, disposals and impairments of fixed assets and purchases of intangible assets.

Capital expenditure

Ongoing investment in growth & US supply chain programmes

	Constant FX growth	
1H19 Pooling Capex **Pooling capex/sales: 20.2% (*1H18: 20.0%*)**	**+US$51m**	**+9%**
Volume growth	+US$35m	+6%
New market development	+US$29m	+5%
Lumber inflation	+US$11m	+2%
Brexit	+US$11m	+2%
Efficiencies/Other	US$(35)m	(6)%
1H19 Non-Pooling Capex	**+US$22m**	**+3%**
Total PP&E Capex	**+US$73m**	**+12%**

1H19 Pooling Capex up 9%

- New market development comprises the investment in the EMEA Automotive business
- Lumber inflation impacts on unit pallet costs of US$(11)m fully offset by crate mix benefits on unit RPC costs of US$11m
- Additional capital expenditure to support higher Brexit-related retailer stocking levels
- Efficiencies/Other includes an US$11m mix benefit and US$25m in capital efficiencies

1H19 Other PP&E Capex up 3%

- US$31m investment in US supply chain programmes (including accelerated automation) funded by proceeds received from FY18 asset actions

Brambles

Balance sheet

Conservative balance sheet position maintained

	1H19	1H18
EBITDA/net finance costs[1]	17.9x	15.2x
Net debt/EBITDA	1.51x	1.69x

	December 18	June 18
Net debt	US$2,407m	US$2,308m
Average term of committed facilities	4.3 years	4.5 years
Undrawn committed facilities	US$1.3bn	US$1.6bn

- Strong balance sheet with investment grade ratings maintained (BBB+/Baa1)
- Net debt/EBITDA of 1.51x well within policy of <1.75x. Reduction in net debt/EBITDA due to receipt of funds from the repayment of the HFG JV shareholder loan and proceeds from the sale of CHEP Recycled in 2H18
- Net interest cover increased to 17.9x reflecting lower net finance costs in the period
- Net debt increase of US$99m reflects Free Cash Flow after dividends performance
- Significant headroom in undrawn committed facilities

[1] 1H18 includes US$8.8m of interest revenue from the HFG joint venture. Excluding the HFG interest revenue, the 1H18 ratio is 13.0x.

New accounting standards: FY19 & FY20

AASB 15: Revenue from Contract with Customers and AASB 16: Leases

FY19 - AASB 15: Revenue from Contracts with Customers

- Issue fees are now recognised over the estimated cycle time between the asset being issued and returned to Brambles
- Restatement of 1H18 and FY18 comparatives:
  - Balance Sheet: Opening balance sheet was adjusted to reflect opening deferred revenue balance at 1 July 2018 of US$489m
  - Income statement: Sales and Underlying Profit impacted by the new standard – comparatives updated per table below
  - Cash flow: No impact on cash flow

Pre-tax impact of AASB15 restatement on Sales and Underlying Profit

(US$m, actual FX)	FY18	FY19	Year on year impact	Comments
First half impact	+24	+34	+10	Positive revenue deferral in the first half is due to high seasonal fourth quarter sales of FY17 & FY18 being deferred into the first half of FY18 & FY19, respectively
Second half impact (estimated)	(53)	(63)	(10)	The negative impact of increased revenue deferral in the second half is due to high seasonal fourth quarter sales of FY18 & FY19 being deferred into the first half of FY19 & FY20, respectively
Full year (estimated)	(29)	(29)	-	

FY20 - AASB 16: Leases - Recognition of leases as an asset & lease liability

- Good progress to develop systems, capabilities and processes to implement the lease standard on 1 July 2019
- Estimated impact on FY20: ROCI reduction of over 1pt due to the capitalisation of leases
- Full details to be provided in August 2019

Summary

1H19 results

- Strong sales revenue performance across all segments
- Improved price realisation in both EMEA and US pallets businesses
- IFCO demerger and sale process on schedule to complete in CY19
- Interim dividend of AU 14.5 cents with one-off increased franking of 65%

Outlook

- Cash generation expected to improve in 2H19 notwithstanding funding investment in growth and business improvement projects
- FY19 constant-currency Underlying Profit growth is expected to show modest improvement over the prior year, with increased price realisation and the delivery of cost efficiencies largely offset by ongoing global input-cost inflation
- Our global automation, productivity and supply chain cost-out programmes remain on track to progressively deliver margin benefits and improved business outcomes over the medium term

Brambles

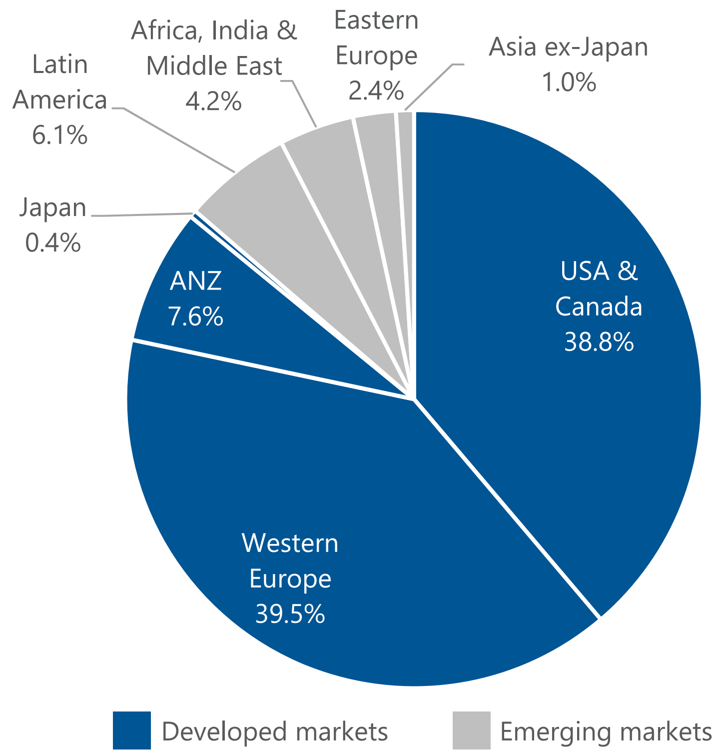
Half-Year 2019 Results

Appendices

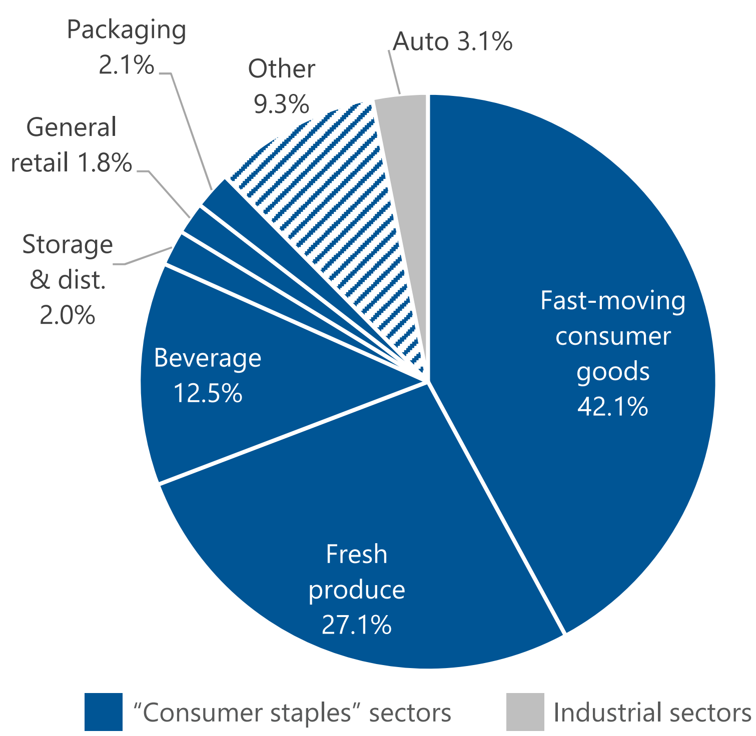
Appendix 1a

Brambles: Sales revenue by region and sector

1H19 sales revenue by region



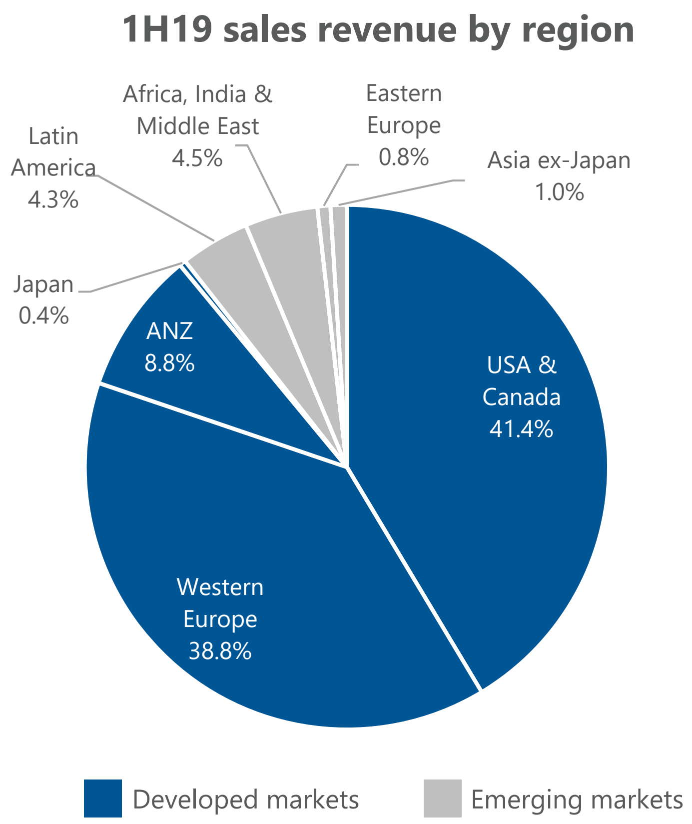
1H19 sales revenue by sector

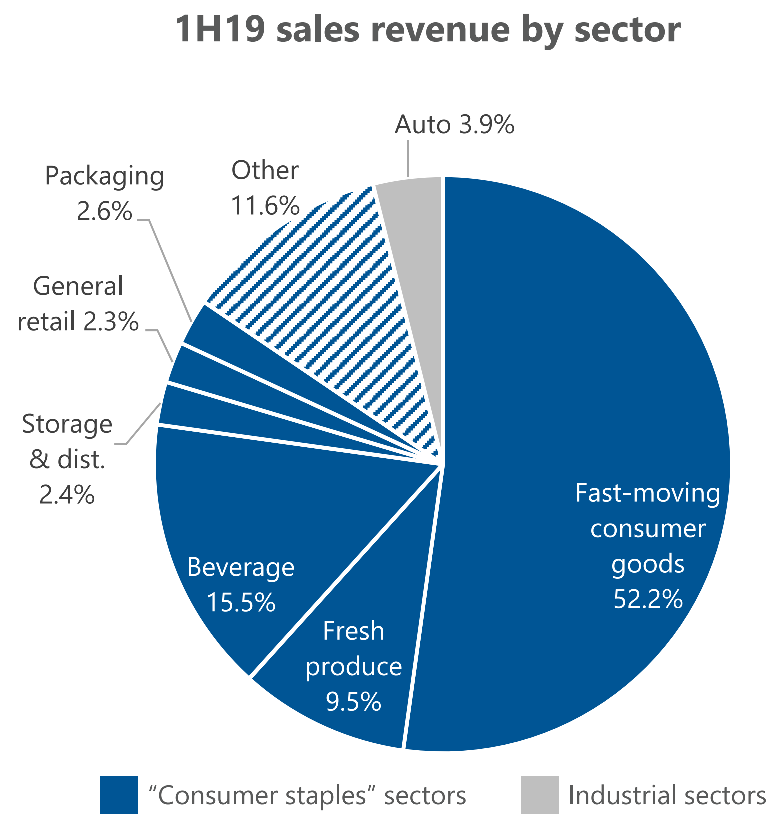


Brambles

Appendix 1b

Brambles Ex-IFCO: Sales revenue by region and sector





Brambles

Appendix 2

Detailed reconciliation of Underlying Profit to statutory earnings

US$m (actual FX)	Operating profit		Tax		Profit after tax		Earnings Per Share	
Continuing operations	**1H19**	**1H18**	**1H19**	**1H18**	**1H19**	**1H18**	**1H19**	**1H18**
Underlying Profit	**504.4**	**518.1**	**(133.3)**	**(125.9)**	**326.7**	**339.5**	**20.5**	**21.3**
– IFCO transaction costs	(5.5)	-	0.2	-	(5.3)	-	(0.3)	-
– USA tax reform	-	-	-	103.2	-	103.2	-	6.5
– Restructuring and integration costs	-	(4.7)	-	1.8	-	(2.9)	-	(0.2)
Total Significant Items	**(5.5)**	**(4.7)**	**0.2**	**105.0**	**(5.3)**	**100.3**	**(0.3)**	**6.3**
Statutory Earnings - Continuing	**498.9**	**513.4**	**(133.1)**	**(20.9)**	**321.4**	**439.8**	**20.2**	**27.6**
Loss from discontinued operations	(1.5)	(4.4)	(0.1)	1.8	(1.6)	(2.7)	(0.1)	(0.1)
Statutory Earnings	**497.4**	**509.0**	**(133.2)**	**(19.1)**	**319.8**	**437.1**	**20.1**	**27.5**

Appendix 3

Major currency exchange rates[1]

USD exchange rate:		USD	EUR	GBP	AUD	CAD	ZAR	MXN	CHF	BRL	PLN
Average	1H19	1.0000	1.1520	1.2929	0.7231	0.7593	0.0708	0.0515	1.0129	0.2574	0.2683
	1H18	1.0000	1.1844	1.3254	0.7802	0.7922	0.0752	0.0540	1.0239	0.3111	0.2796
As at	31 Dec 18	1.0000	1.1440	1.2690	0.7044	0.7336	0.0693	0.0509	1.0159	0.2577	0.2660
	30 Jun 18	1.0000	1.1564	1.3076	0.7348	0.7545	0.0726	0.0506	1.0025	0.2589	0.2651

[1] Includes all currencies that exceed 1% of 1H19 Group sales revenue, at actual FX rates.

Appendix 4
1H19 currency mix

(US$m)	Total	USD	EUR	GBP	AUD	CAD	ZAR	MXN	BRL	PLN	CHF	Other[1]
Sales revenue	**2,856**	959	838	232	181	152	90	90	36	43	35	200
1H19 share	**100%**	34%	29%	8%	6%	5%	3%	3%	1%	2%	1%	8%
1H18 share	**100%**	33%	29%	8%	7%	6%	3%	3%	2%	1%	1%	7%
Net debt[2]	**2,407**	1,287	1,507	50	(739)	14	91	136	5	(13)	(13)	82

[1] No individual currency within 'Other' exceeds 1% of 1H19 Group sales revenue at actual FX rates.
[2] Net debt shown after adjustments for impact of financial derivatives.

Brambles

Appendix 5

Credit facilities and debt profile

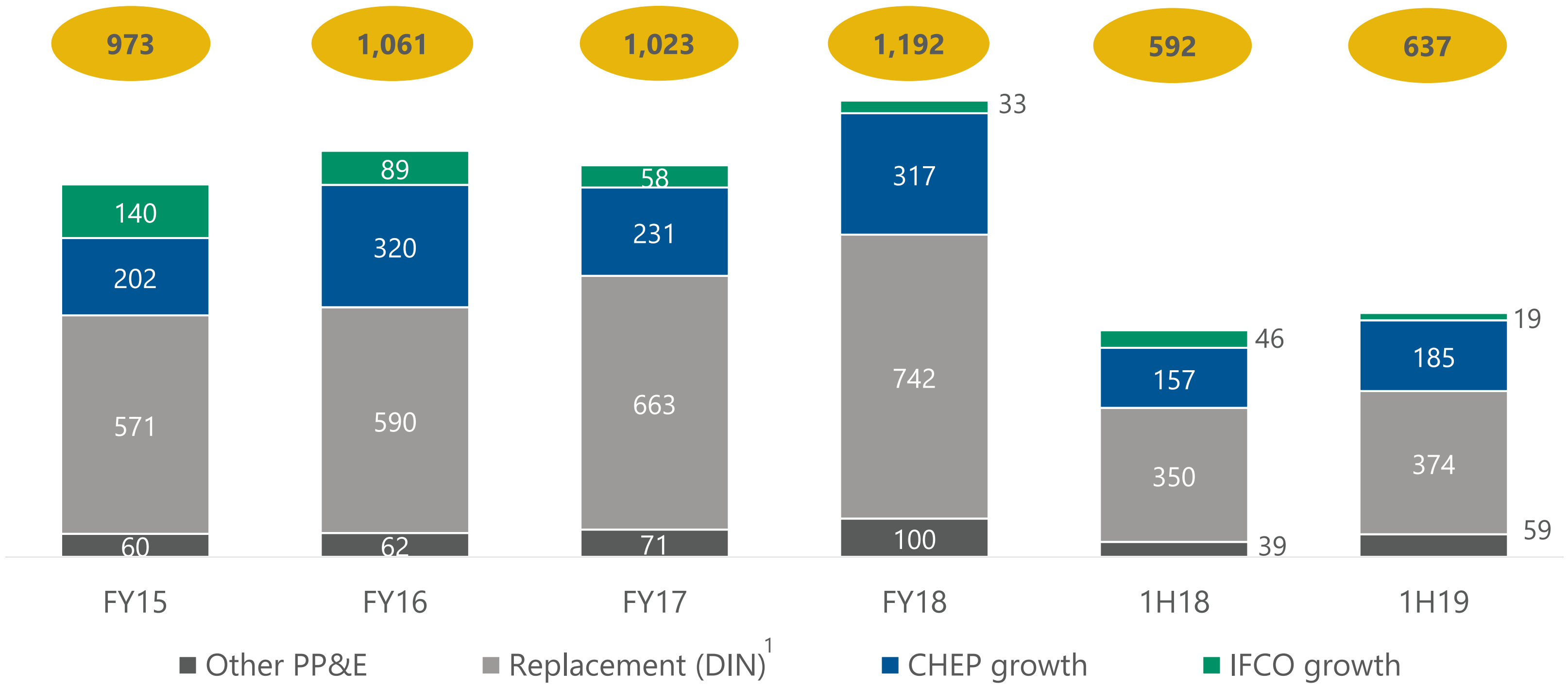
Maturity	Type	Committed facilities	Uncommitted facilities	Debt drawn	Headroom
		(US$b at 31 December 2018)			
<12 months	Bank/USPP[1]/Other	0.2	0.3	0.1	0.4
1 to 2 years	Bank/144A[2]/Other	1.0	-	0.7	0.3
2 to 3 years	Bank/Other	0.7	-	0.2	0.5
3 to 4 years	Bank/Other	0.1	-	-	0.1
4 to 5 years	Bank/Other	0.3	-	-	0.3
>5 years	EMTN[3]/144A[2]/Other	1.6	-	1.6	-
Total		**3.9**	**0.3**	**2.6**	**1.6**

[1] US Private Placement notes.
[2] US 144A bonds.
[3] European Medium Term Notes.

Brambles

Appendix 6

Capital expenditure on Property, Plant and Equipment (Accruals basis, US$m)



[1] Replacement capex is the sum in a period of Depreciation expense, IPEP and the Net book value of compensated assets and scraps (disposals).

Brambles

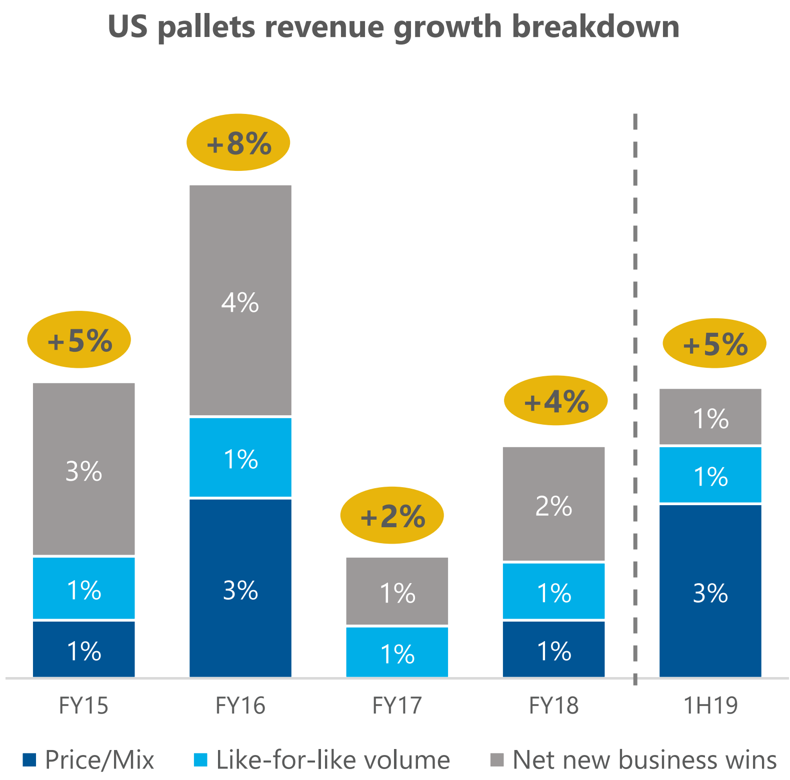
Appendix 7

Net plant and transport costs/sales revenue

	Net plant cost/sales revenue		Net transport cost/sales revenue	
	1H19	**1H18**	**1H19**	**1H18**
CHEP Americas	37.8%	38.2%	24.1%	23.0%
CHEP EMEA	23.0%	23.1%	20.4%	20.5%
CHEP Asia-Pacific	35.3%	34.9%	12.9%	12.3%
IFCO	20.9%	20.6%	19.8%	20.4%
Group	**29.5%**	**29.6%**	**21.2%**	**20.8%**

Appendix 8

Strong price realisation and solid volume growth in US pallets



1H19 revenue growth components:

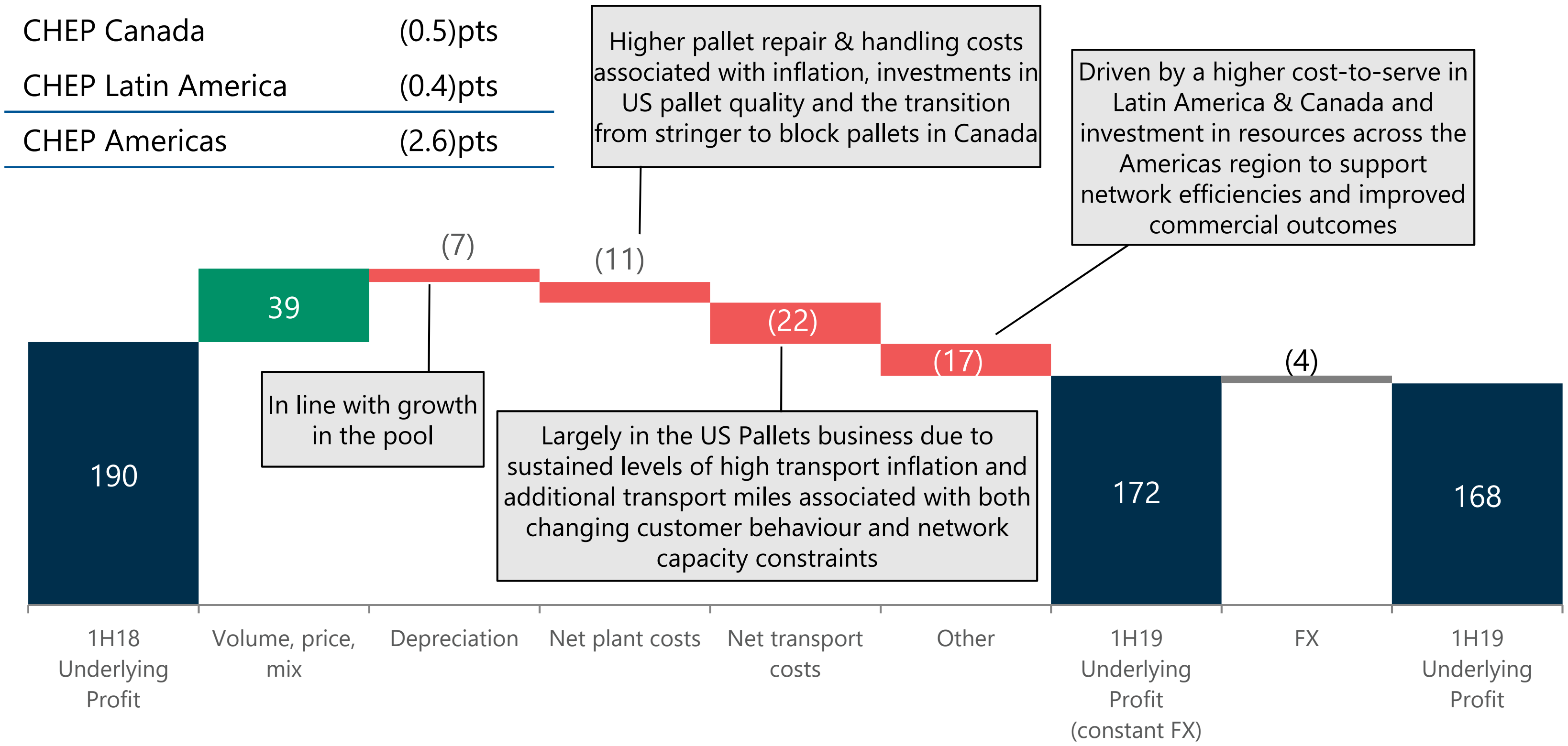
- **Price/mix growth of 3%:** Effective price, which includes transport and lumber surcharges recognised as an offset to direct costs, increased 5% in 1H19
- **Like-for-like volume growth of 1%:** Growth with existing customers, primarily in the beverage and grocery sectors
- **Net new business growth of 1%:** Current period and prior-year contract wins in the SME, grocery and beverage sectors

Note: Growth rates for FY15 to FY18 are as reported and have not been adjusted for AASB 15.

Appendix 9a

CHEP Americas: Underlying Profit analysis (US$m)

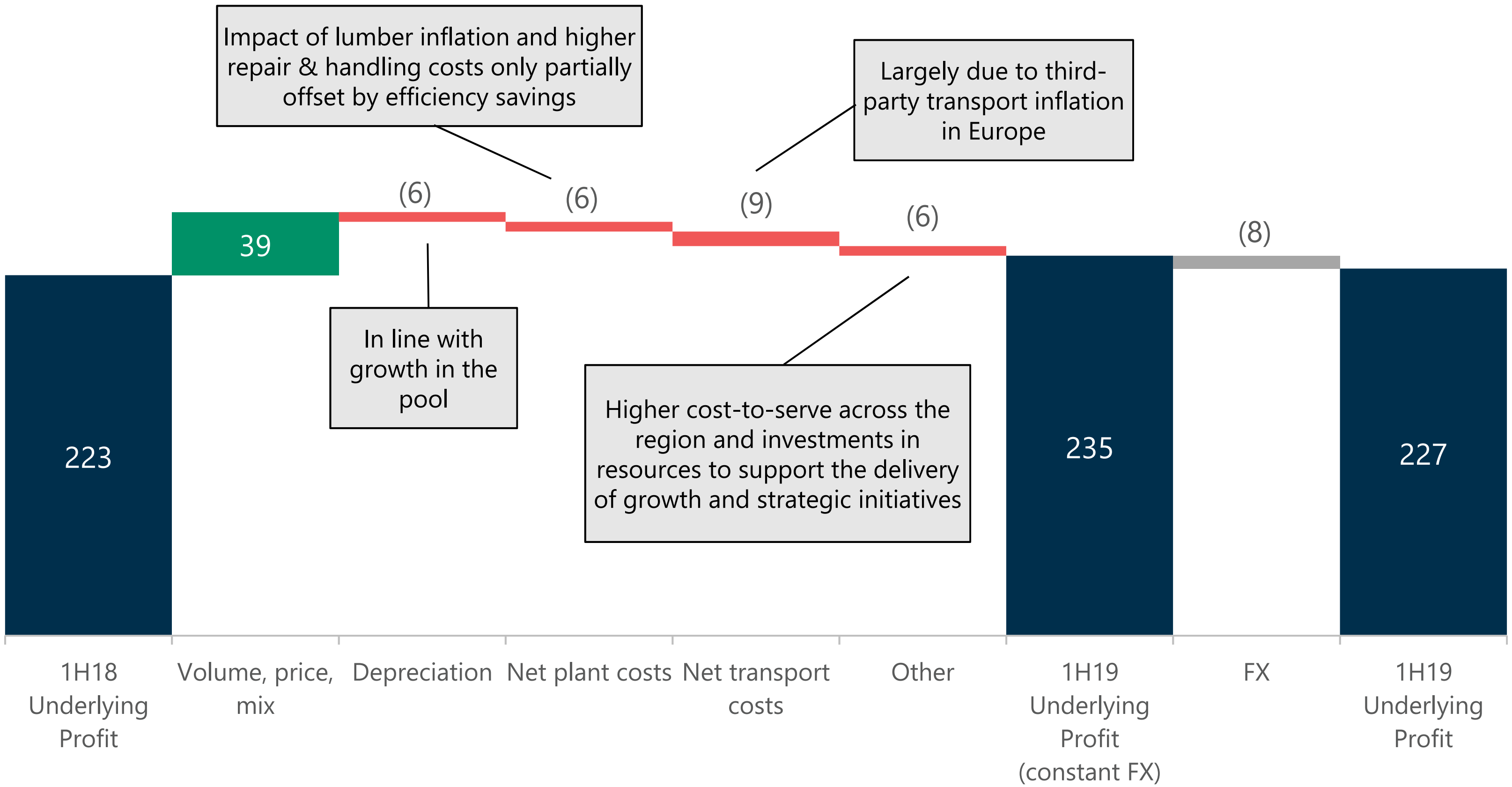
Components of margin decline:	
CHEP USA	(1.7)pts
CHEP Canada	(0.5)pts
CHEP Latin America	(0.4)pts
CHEP Americas	(2.6)pts



Brambles

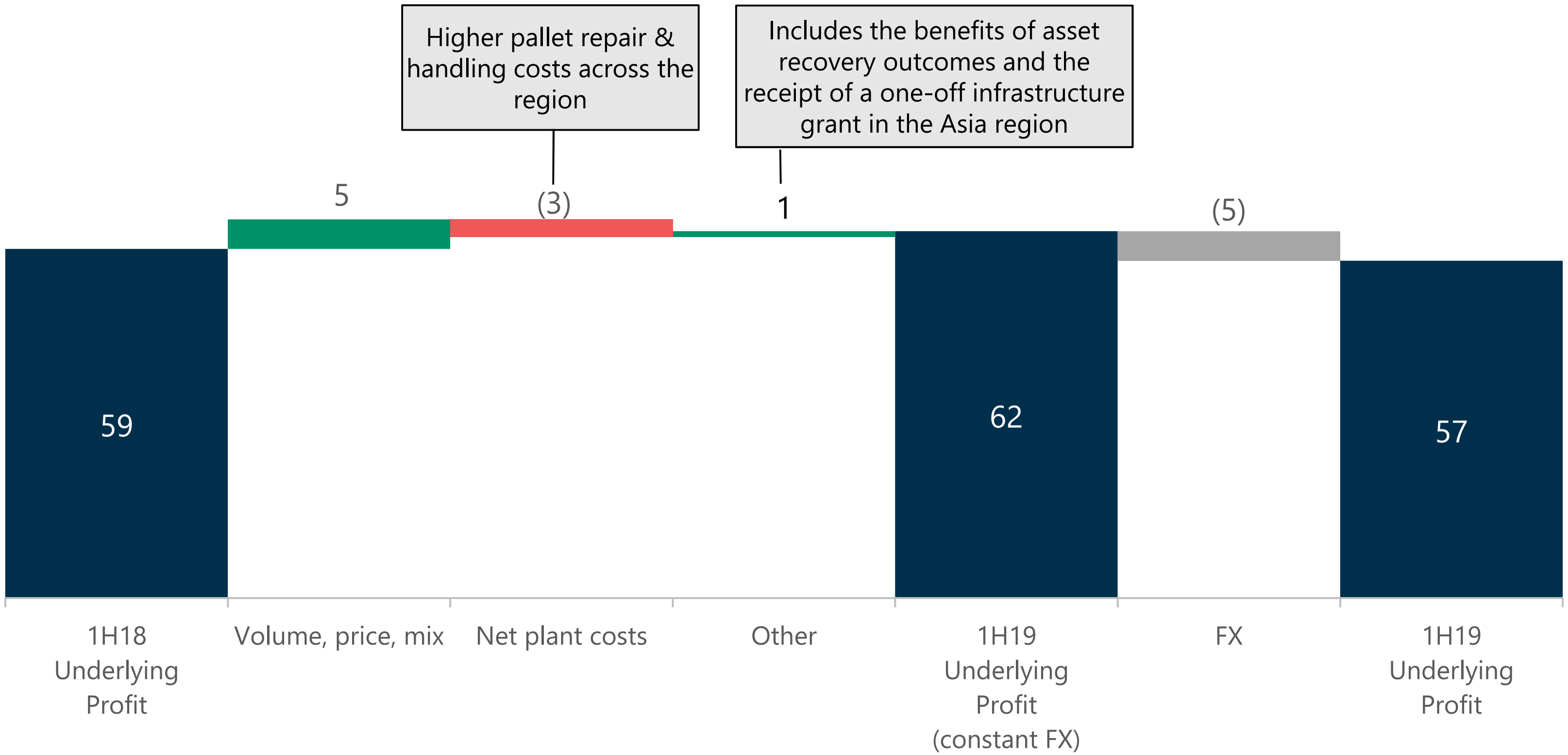
Appendix 9b

CHEP EMEA: Underlying Profit analysis (US$m)



Appendix 9c

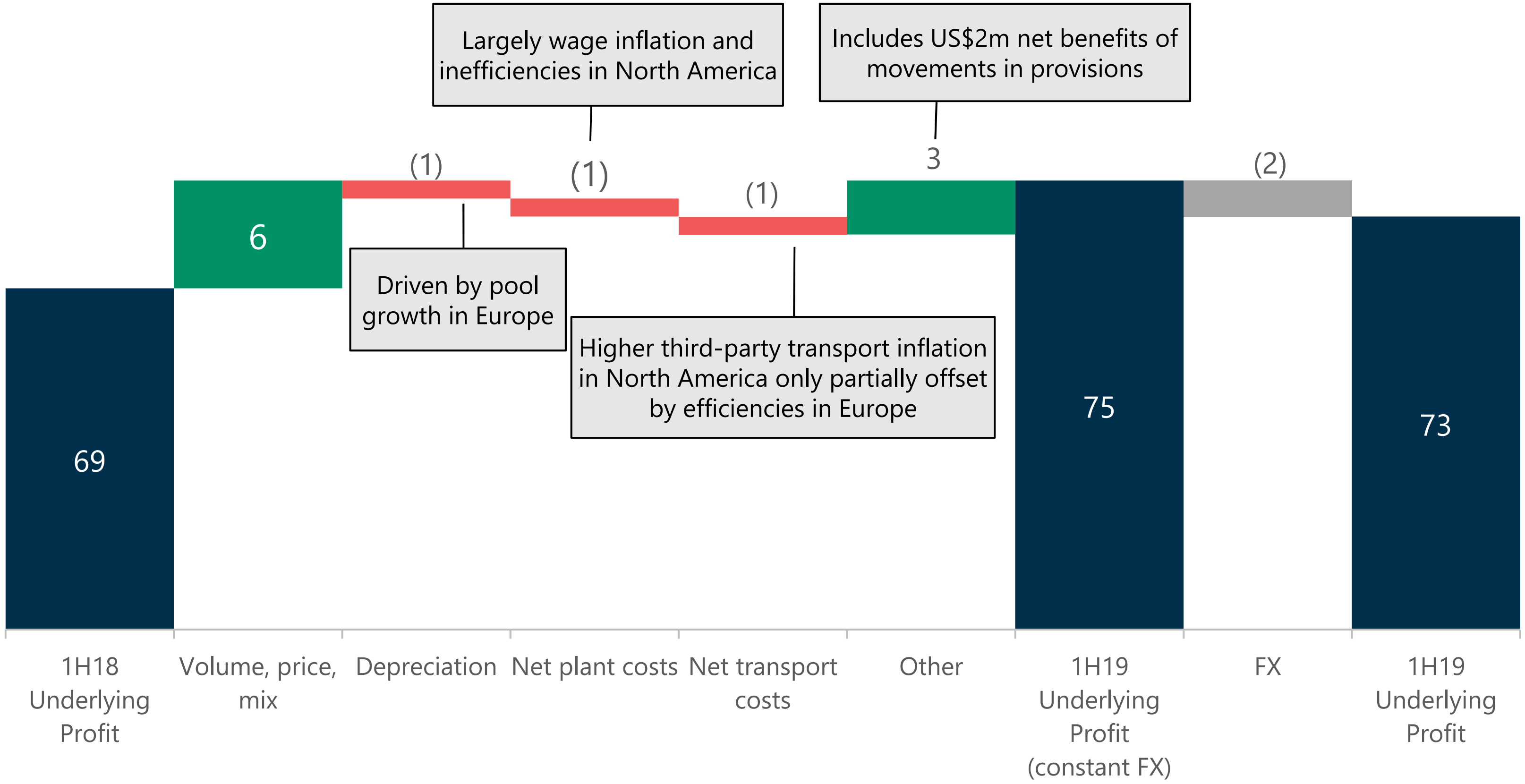
CHEP Asia-Pacific: Underlying Profit analysis (US$m)



Brambles

Appendix 9d

IFCO: Underlying Profit analysis (US$m)



Brambles

Appendix 10
Glossary of terms and measures

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

Actual currency/FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
Average Capital Invested (ACI)	Average Capital Invested (ACI) is a six-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments.
Compound Annual Growth Rate (CAGR)	The annualised percentage at which a measure (e.g. sales revenue) would have grown over a period if it grew at a steady state.
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. Growth capex includes the impact of changes in cycle times as well as investments for availability of pooling equipment for existing and new product lines. – Replacement capex = DIN – Growth Capex is total pooling capex less DIN.
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

Appendix 10

Glossary of terms and measures (continued)

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

Constant currency/ Constant FX	Current period results translated 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.
DIN	The sum in a period of: – Depreciation expense; – Irrecoverable Pooling Equipment Provision expense; and – Net book value of compensated assets and scraps (disposals). Used as a proxy for the cost of leakage and scraps in the income statement and estimating replacement capital expenditure.
Earnings per share (EPS)	Profit after finance costs, tax, minority interests and Significant Items, divided by weighted average number of shares on issue during the period.
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Operating profit from continuing operations after adding back depreciation and amortisation and Significant Items outside the ordinary course of business.
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.
Irrecoverable Pooling Equipment Provision (IPEP)	Provision held by Brambles to account for pooling equipment that cannot be economically recovered and for which there is no reasonable expectation of receiving compensation.

Appendix 10

Glossary of terms and measures (continued)

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

Net new business	The sales revenue impact in the reporting period from business won or lost in that period and over the previous financial year, included across reporting periods for 12 months from the date of the win or loss, at constant currency.
Operating profit	Statutory definition of profit before finance costs and tax; sometimes called EBIT (Earnings before interest and tax).
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.
Return on Capital Invested (ROCI)	Underlying Profit multiplied by two to calculate an annualised amount, divided by Average Capital Invested.
RPC	Reusable plastic/produce crates or containers, used to transport fresh produce; also the name of one of Brambles' operating segments.
Sales revenue	Excludes revenues of associates and non-trading revenue.
Significant Items	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 (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.
SME	Small and medium-sized enterprise
Underlying Profit	Profit from continuing operations before finance costs, tax and Significant Items.

Disclaimer

The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.

This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law.

Persons needing advice should consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor. Certain statements made in this presentation are forward-looking statements.

The views expressed in this presentation contain information that has been derived from publically available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information.

These forward-looking statements are not historical facts but rather are based on Brambles' current expectations, estimates and projections about the industry in which Brambles operates, and beliefs and assumptions. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "will", "should", and similar expressions are intended to identify forward-looking statements.

These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which 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 view of Brambles only as of the date of this presentation.

The forward-looking statements made in this presentation 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 unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority.

Past performance cannot be relied on as a guide to future performance.

To the extent permitted by law, Brambles and its related bodies corporate, and each of its and their officers, employees and agents will not be liable in any way for any loss, damage, cost or expense (whether direct or indirect) incurred by you in connection with the contents of, or any errors, omissions or misrepresentations in, this presentation.

Investor Relations contacts

Sean O'Sullivan
Vice President, Investor Relations & Corporate Affairs
sean.osullivan@brambles.com
+61 2 9256 5262
+61 412 139 711

Raluca Chiriacescu
Director, Investor Relations
raluca.chiriacescu@brambles.com
+44 20 3880 9412
+44 7810 658044