

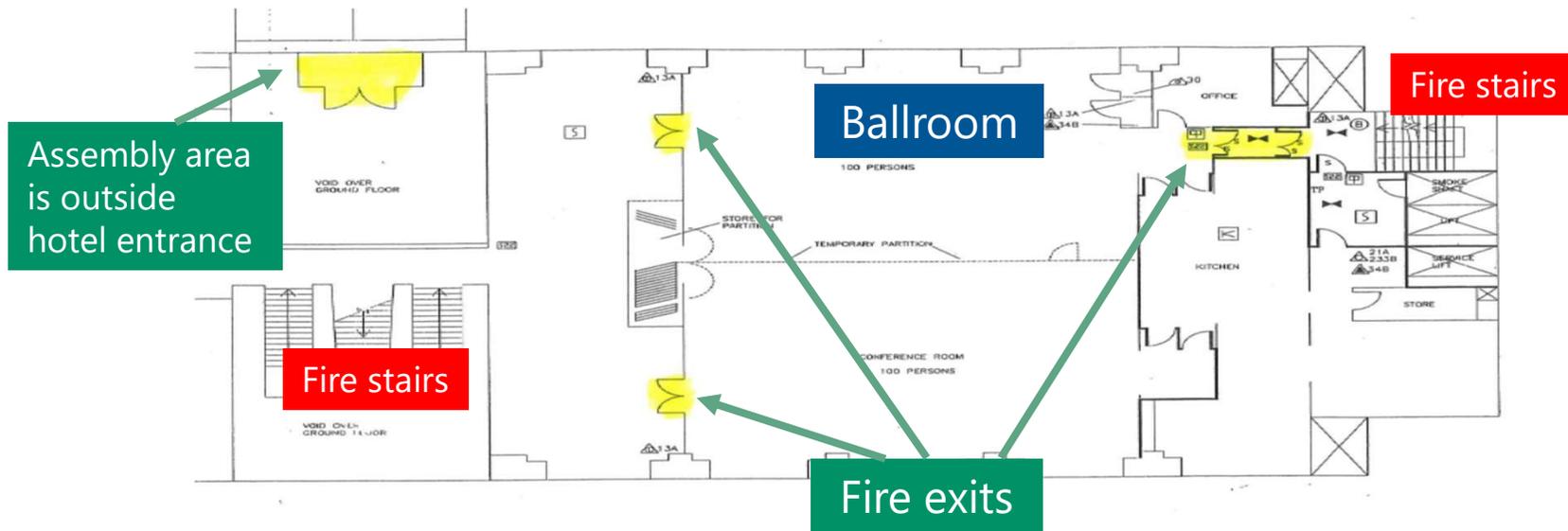
# Brambles

## 2018 Investor Day

14 March 2018



# Safety briefing



# Event agenda

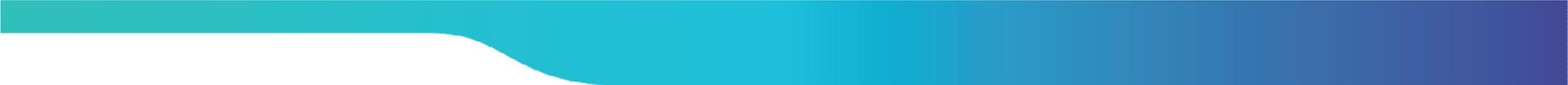
## 14 March

0830-0845	Welcome & Strategic Overview	Graham Chipchase, CEO	
0845-0915	Group financial overview + Q&A	Nessa O'Sullivan, CFO	
0915-1000	Global Supply Chain + Q&A	Carmelo Alonso	
1000-1030	BREAK		River Room, first floor
1030-1115	CHEP Europe presentation + Q&A	Mike Pooley, President, CHEP EMEA	
1115-1215	CHEP USA presentation + Q&A	Laura Nador, President, CHEP North America	
1215-1315	LUNCH		Quadrato Restaurant, ground floor
1315-1400	CHEP Asia-Pacific + Q&A	Phillip Austin, President, Asia-Pacific	
1400-1445	IFCO presentation + Q&A	Wolfgang Orgeldinger, Group President, IFCO	
1445-1515	BREAK		River Room, first floor
1515-1600	BXB Digital + Q&A	Prasad Srinivasamurthy President, BXB Digital	
1600-1700	Q&A	Graham Chipchase, CEO	
1830-2100	Dinner @ Tom's Kitchen		11 Westferry Circus, Canary Wharf

# Event agenda

## 15 March

0800	Site tour	Meet in hotel foyer
0815-0900	Outward coach transport to site tours	
0915-1115	Visit to CHEP service centre, South Ockendon	Hangman's Wood Industrial Park Stifford South Ockendon Essex RM15 6RL
1115-1245	Onward transport	
1245-1430	Holiday Inn Maidenhead	Manor Lane, Berkshire Maidenhead SL6 2RA
1300-1430	GSK	Norreys Drive Maidenhead SL6 4BL
1430-1500	Onward transport	
1500-1600	Tesco	Reading International Business Park, Reading, RG2 0PN
1600-1830	Site tour ends: drop-off Reading Train Station/Heathrow/Canary Riverside Plaza Hotel	



## Financial numbers and format

- Unless otherwise stated:
  - All currency amounts are in US dollars
  - All dollar amounts are at actual foreign exchange (FX) rates
  - Year-on-year percentage growth rates are in constant currency, as defined in the Glossary (see Appendix 1)
  - All forward looking statements are subject to the Disclaimer on the next slide

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# Brambles

## 2018 Investor Day

14 March 2018





# Strategic overview

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Graham Chipchase

Chief Executive Officer



## Our purpose

**Brambles' purpose  
is to connect people  
with life's essentials,  
every day**

Our assets form the invisible backbone of the global supply chain

The world's biggest brands trust us with the products that matter

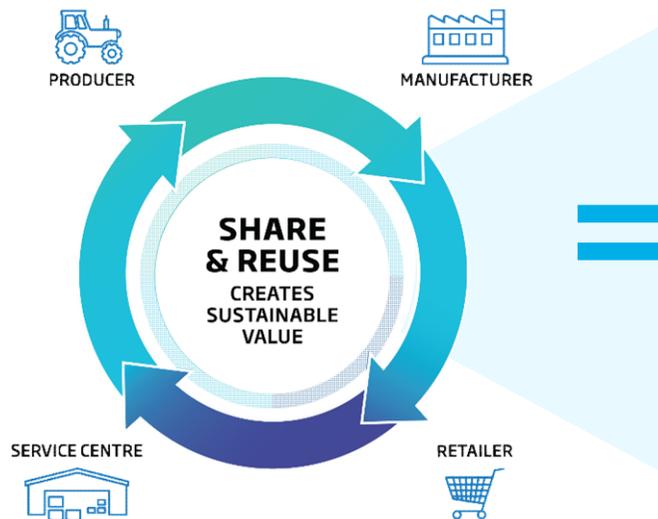
Digitising our physical network will shine a light on invisible areas of the supply chain

The scale and density of our network means we can be more agile and responsive to our customers' changing needs

**Our sustainable circular model defines what we do and who we are**

# Circular, sustainable business model

## Share and reuse model delivering value to our key stakeholders



### Customers

- Enhances operational efficiency
- Frees up cash and resources
- Supports sustainability objectives
- Lowers overall supply chain costs

### Shareholders

- Sustainable growth driven by expansion of core businesses
- Returns well in excess of our cost of capital
- Generating cash to fund growth, innovation and dividends
- Exposure to defensive consumer staples sector

### Employees

- ~14,000 employees in over 60 countries
- Developing our people with over 170,000 training hours in FY17
- Prioritising safety and employee engagement

### Communities and Environment

- Share and reuse reduces environmental impact
- Reducing empty transport miles and CO<sub>2</sub> emissions through customer collaboration
- 99.1% of wood sourced sustainably
- Strategic partnerships to reduce food waste and help serve those in need

# What is happening in the supply chain

## The way the world makes, moves and sells goods is changing

### Evolution of retail

- Small store formats
- Click & collect
- E-commerce
- Hard discounters



### Sustainability considerations

- Elimination of empty transport miles and food & packaging waste
- Efficient use of finite resource, e.g. timber, energy, water
- Influencing purchasing decisions



### Digitisation of physical supply chains

- Visibility of goods movement
- Condition of goods
- Supply chain efficiency



### Changing consumer behaviour

- Choice
- Customisation
- Immediacy



### Experimentation with technology

- Automation
- Big data
- Autonomous vehicles
- AI and machine learning



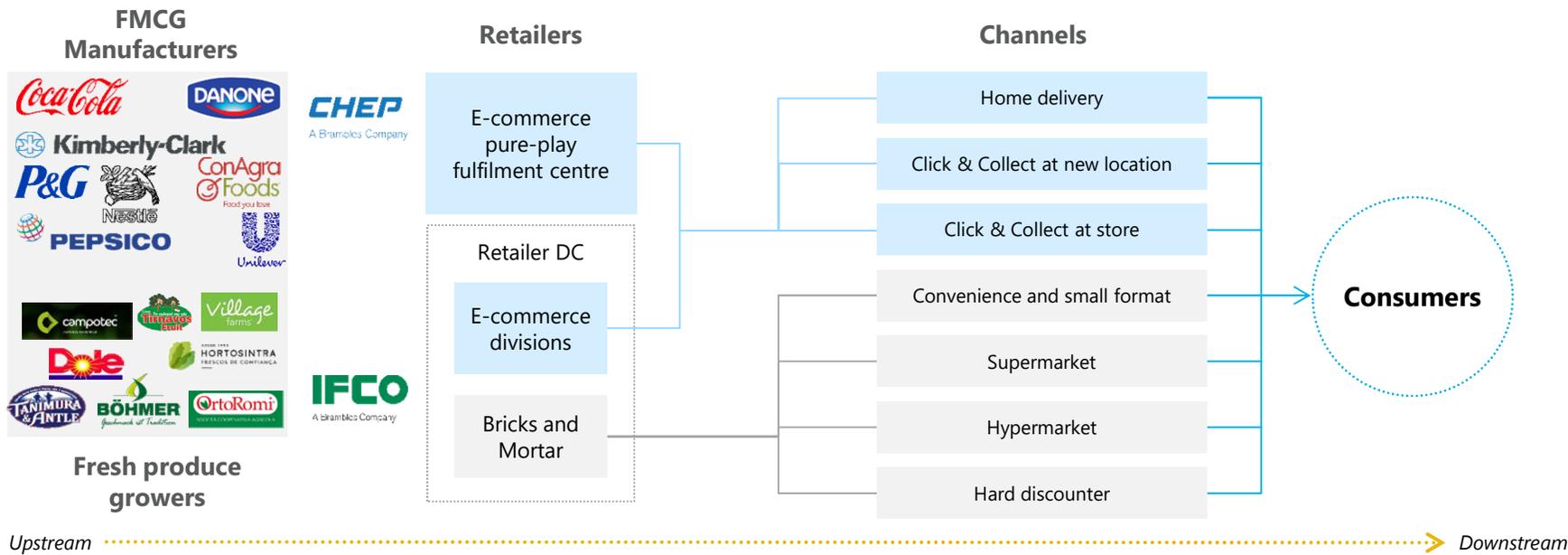
### Skill shortages

- Blue collar labour
- High tech skilled labour



# Retail supply chain

Moderate changes upstream, significant disruption downstream



# E-commerce market

## Working with market leaders as supply chain models evolve

**Servicing in-bound FMCG flows to all large e-commerce retailers globally**



**Proactively engaging with e-commerce retailers to help solve supply chain challenges through pooling**

### E-commerce supply chain:



### E-commerce supply chain challenges:

- Growth highlighting the high cost and inefficiency of owned vs pooled pallets
- Large capital outlay on pallets required for downstream distribution
- Non-standardised in-bound packaging and end-of supply chain waste

# Strategic priorities



## Grow and strengthen our network advantage

- Pursue significant growth opportunities in core businesses
- Invest in platform quality and a differentiated, value-enhancing service offerings



## Deliver operational and organisational efficiencies

- Leverage global scale and implement best practice in procurement, plant automation and transport optimisation



## Drive disciplined capital allocation and improved cash generation

- Strike the right balance between growing developed and developing businesses
- Improve asset efficiency, reduce equipment losses
- Address under-performing businesses



## Innovate to create new value

- Invest in new platform solutions to deliver, enhanced value and insights to customers
- Through BXB Digital, apply technology to track goods, optimise operations and improve supply chain efficiency for Brambles and its customers



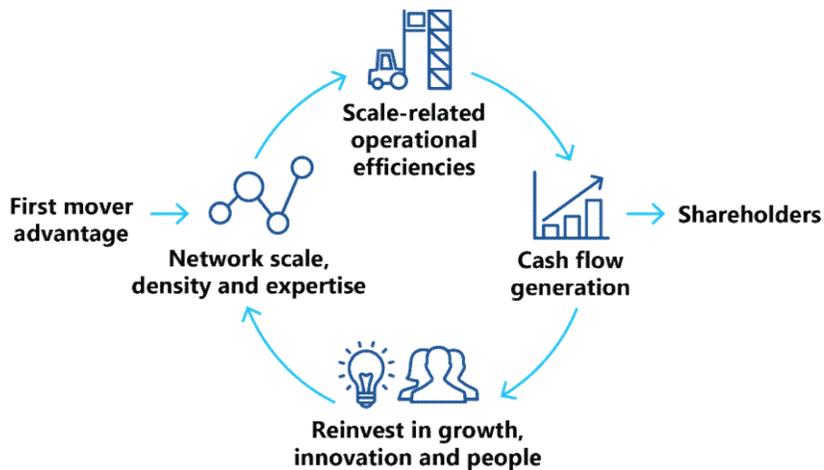
## Develop world-class talent

- Prioritise employee safety, engagement and capability.
- Foster a culture of agility and innovation through comprehensive, world-class development programs

# Investor value proposition

## Delivering long-term value and attractive shareholder returns

Brambles' value creation model delivers through the cycle:



- **Sustainable growth at returns well in excess of the cost of capital:**

- Mid-single digit revenue growth<sup>1</sup>;
- Underlying Profit leverage<sup>1</sup>; and
- Return on Capital Invested (ROCI) in the mid-teens

- **Sufficient cash generation to fund growth, innovation and shareholder returns:**

- Dividends to be funded from free cash flow

<sup>1</sup> At constant currency.

# 'Mid-single digit revenue growth'

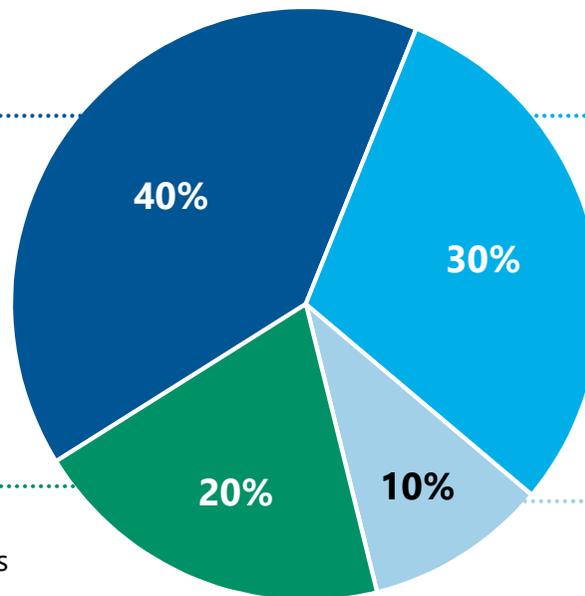
Growth to be driven by continuing conversion of customers to pooled solutions

## CHEP Americas

**Expected annual growth of 3-5%**  
Reflecting ongoing conversion of customers away from alternative platforms. Pricing is expected to be modest.

## IFCO

**Expected annual growth of 7-10%**  
Reflecting increasing adoption of RPCs in all regions.



## CHEP EMEA

**Expected annual growth of 4-7%**  
Reflecting significant addressable opportunities in both developed and developing markets. Pricing expected to be broadly flat.

## CHEP Asia-Pacific

**Expected annual growth of 2-3%**  
Reflecting modest growth in developed markets and disciplined expansion in developing markets.

# 'Underlying Profit leverage through the cycle'

## ...A multi-year process

### Address the fundamentals

- Define global best practice in procurement, automation and transport optimisation

### Invest for excellence

- Increase level of automation in all regions to global best practice standard
- Roll-out global procurement initiatives targeting key spend pools
- Develop technology solutions to improve supply chain efficiency and visibility

### Deliver

Improved operational efficiency:

- Leverage global scale to reduce direct costs
- Increased network capacity
- Improved platform quality, service reliability and customer satisfaction

## 'ROCI in the mid-teens'

### Delivering attractive and sustainable returns

#### Anticipated benefits of...

- Improved asset efficiencies across the Group
- Underlying Profit leverage through the cycle
- Actions to optimise the portfolio



#### ...to enable investment in network advantage

- Growth in core developed markets
- Expansion into developing markets and new avenues for growth e.g. First/Last Mile Solutions
- Innovation in technology, operations and customer service
- Investments to deliver operational and organisational efficiencies

**Flexibility to balance growth and returns**



## Summary

- Our sustainable model defines what we do and who we are
- Partnering with customers to navigate and capitalise on the evolving retail landscape
- Progress made against strategic priorities and clear plan to improve areas of underperformance
- Business well positioned to deliver long-term value and attractive shareholder returns

# Brambles

## 2018 Investor Day

14 March 2018





# Group financial overview

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Nessa O'Sullivan

Chief Financial Officer

## Progress to date

Increased cash flow, disciplined capital allocation and improved debt maturity profile

### Cash flow generation

- US\$89m improvement in free cash flow in 1H18
  - Asset efficiency/cycle time improvements in key markets
  - Improved working capital management
  - Disciplined capital allocation
  - Improved management of asset compensations

### Capital allocation

- Now refocused on core pooling businesses – away from adjacencies
- Identified high return automation opportunities in our core business
- Active management of under performing and non-core assets
  - Disposal of non-core CHEP Recycled business
  - Capital allocation aligned with profitability improvement plans

### Balance sheet

- Ongoing debt capital market issuance improving the Group's debt maturity profile and reducing funding costs
- No major market debt refinancing required until FY20
- Investment-grade credit ratings maintained
- 1H18 DPS maintained at AU14.5 cents, 30% franked

# Initiatives in place to deliver sustainable cash generation

## Objective to fully fund dividend payments and growth initiatives

Area	Opportunity vs. FY17	Initiatives	1H18 progress
<b>Capital efficiency and allocation</b>	~US\$50-100m	<ul style="list-style-type: none"> <li>Focus on asset efficiency to reduce pooling capital intensity</li> <li>Disciplined capital allocation strategy focusing on core pooling businesses</li> <li>Procurement initiatives leveraging global scale and expertise to reduce pallet costs</li> <li>Improved management of asset compensations</li> </ul>	<ul style="list-style-type: none"> <li>Improved asset efficiency in key markets</li> <li>Defined lumber strategy to reduce pallet costs and implementation commenced</li> <li>Increased collection of asset compensations</li> </ul>
<b>Working capital management</b>	~US\$10-20m	<ul style="list-style-type: none"> <li>Improved cash collection processes</li> <li>Renegotiation of payment terms</li> <li>Improved adherence to contractual terms and supply chain finance</li> </ul>	<ul style="list-style-type: none"> <li>Reduced working capital</li> </ul>
<b>Significant Items</b>	~US\$40-50m	<ul style="list-style-type: none"> <li>Review of Significant Item projects to eliminate/reduce spend</li> </ul>	<ul style="list-style-type: none"> <li>Minimal expense incurred to complete legacy projects</li> </ul>

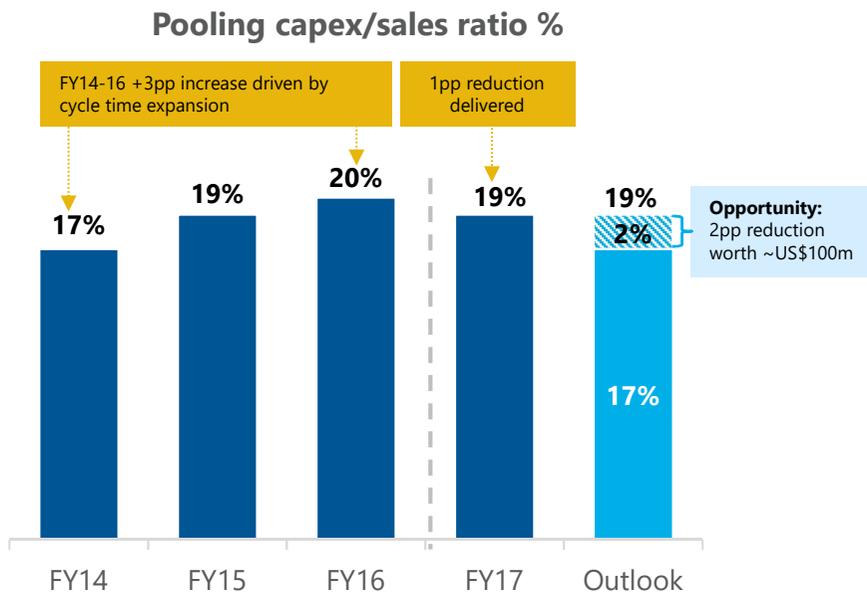
# Refocused capital allocation strategy

## Disciplined investment in core businesses



# Reducing pooling capital intensity

## Progress made with further opportunities identified



### Improved asset efficiency to be delivered through:

#### ■ Cycle times

- Customer collaboration initiatives including logistics and reuse conditions
- Contract fee/term negotiations with key customers including management of compensations
- Management incentives linked to asset efficiency

#### ■ Loss rates

- BXB Digital track and trace and improved asset management
- Customer collaboration/negotiations/incentives

#### ■ Damage rates:

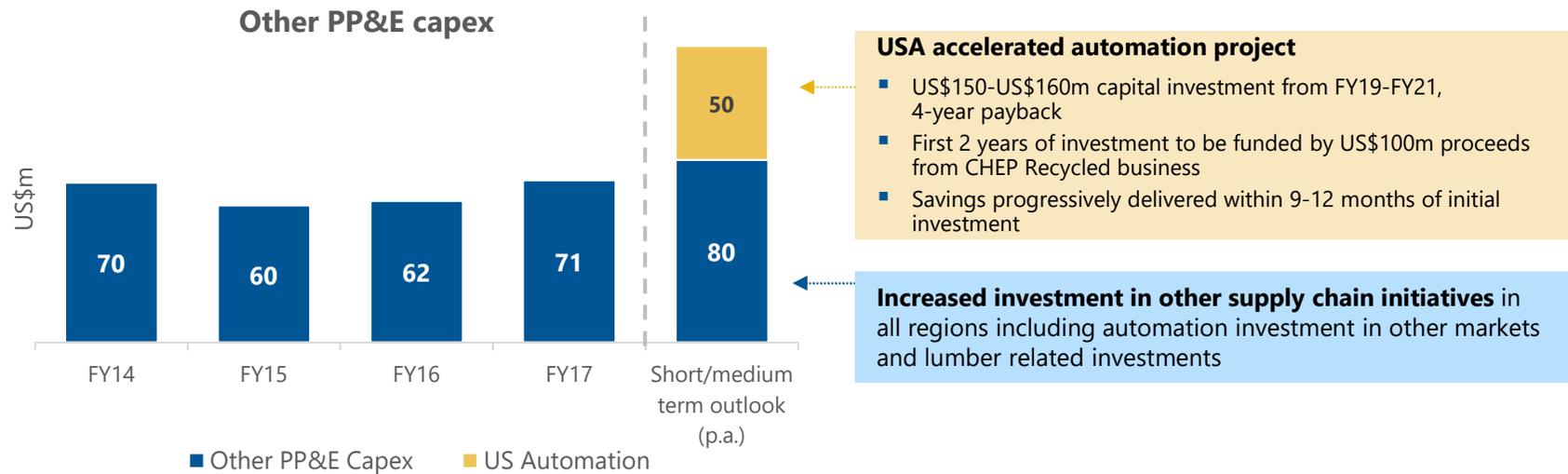
- Product innovation and material science to improve durability of platforms

#### ■ Pallet costs:

- Leverage global scale and industry expertise to reduce pallet costs

# Investing in non-pooling capex to deliver efficiencies

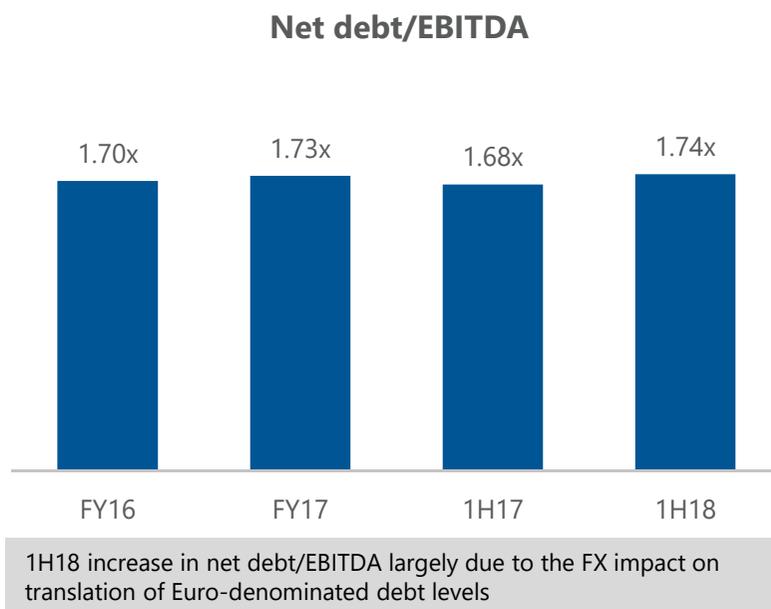
## USA accelerated automation project a material untapped opportunity



**Non-pooling capex investment to deliver long-term efficiencies and further strengthen our network**

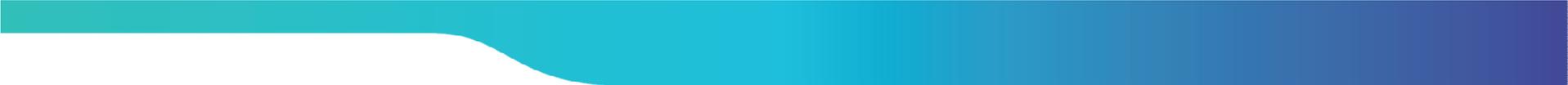
## Commitment to retaining strong balance sheet

### Conservative financial policies



#### As at end of 1H18:

- Undrawn committed credit facilities US\$1.8bn
- EBITDA/net finance cost cover strong at 14.7 times
- Refinanced €500m EMTN maturing in April 2018. New debt issued at significantly lower interest rate (1.5% vs. 4.625% on maturing debt)
- Average term to maturity of total committed credit facilities extended to 4.7 years
- Baa1 (stable outlook) from Moody's, BBB+ (stable outlook) from Standard & Poor's



## Dividends

### Striking the right balance between growth and shareholder returns

- Progressive Australian dollar dividend policy
- The policy has been delivering a payout ratio of between 55-60%<sup>1</sup>
- No anticipated impediments to continuing to payout within this range
- Franking expected to be 30% for the foreseeable future

<sup>1</sup> Payout ratio is calculated as the total dividend cost converted to USD at the exchange rate on the date the dividend is declared, divided by Underlying Profit after finance and tax costs.



## Summary

- Clear plan to improve cash flow generation, meaningful progress in 1H18
- Refocused capital allocation, asset efficiency plans already delivering results
- Opportunities identified to further strengthen operational performance including USA accelerated automation project
- Commitment to strong balance sheet supported by conservative financial policies

**Striking the right balance between growth and shareholder returns**

# Brambles

## 2018 Investor Day

14 March 2018





# Global Supply Chain

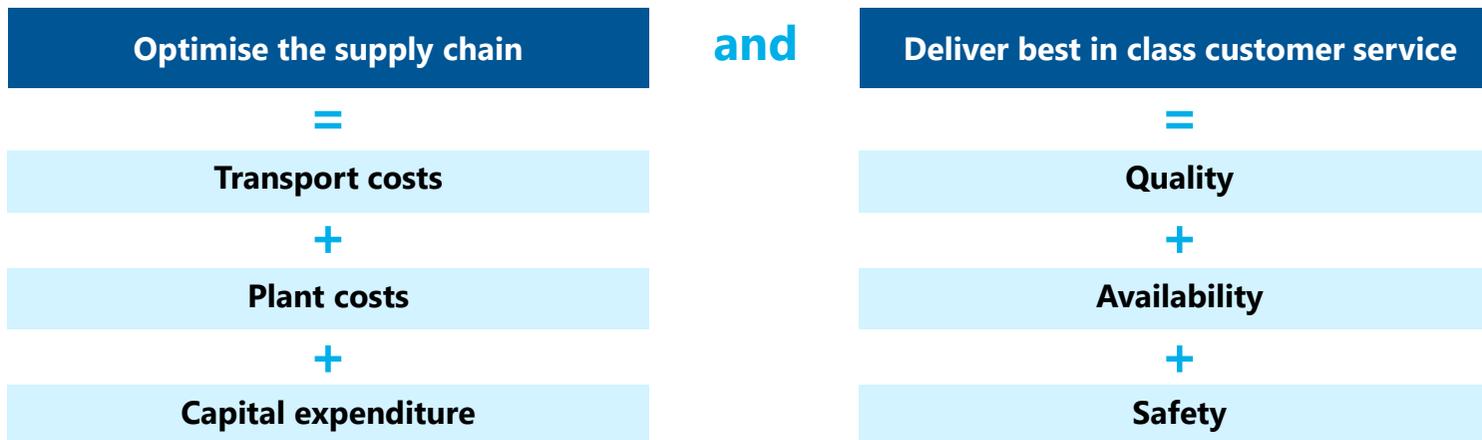
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Carmelo Alonso-Bernaola

Senior VP, Global Supply Chain

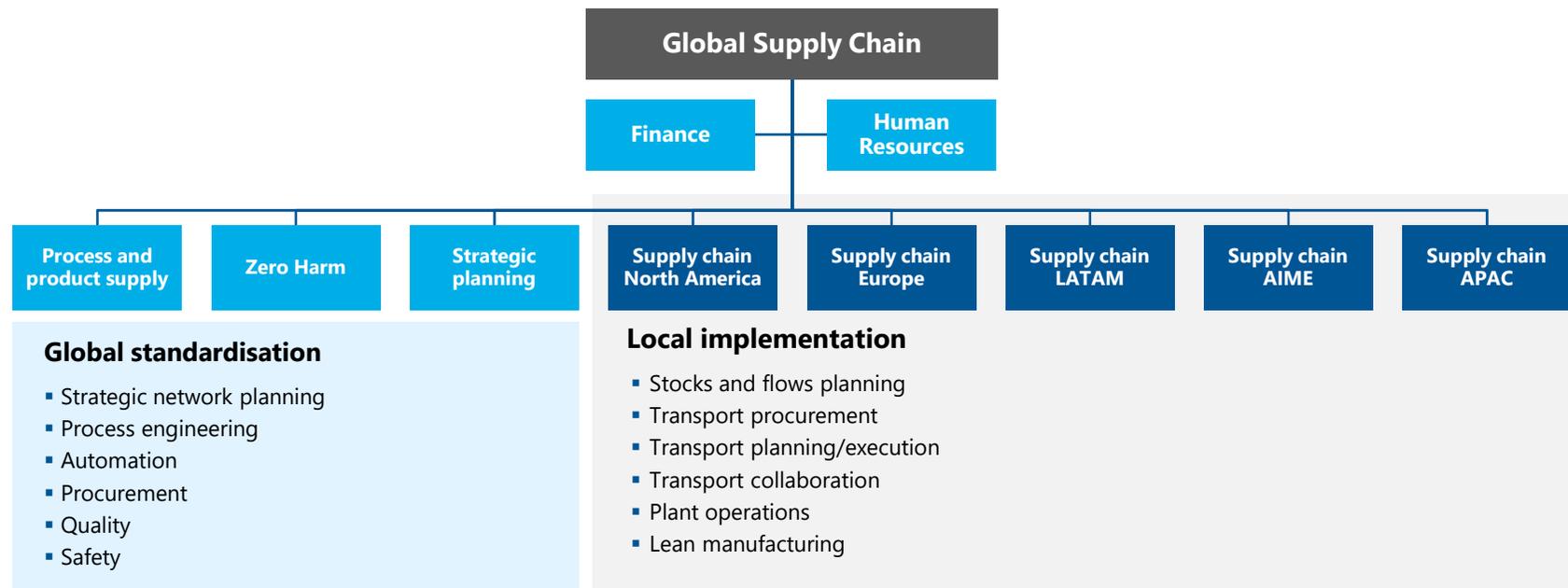
## Our mission

**“Standardise processes and enable best practice sharing to deliver improved safety, cost efficiencies and customer satisfaction”**



# Our approach

## Global standardisation to local implementation



## Lumber, labour and transport inflation

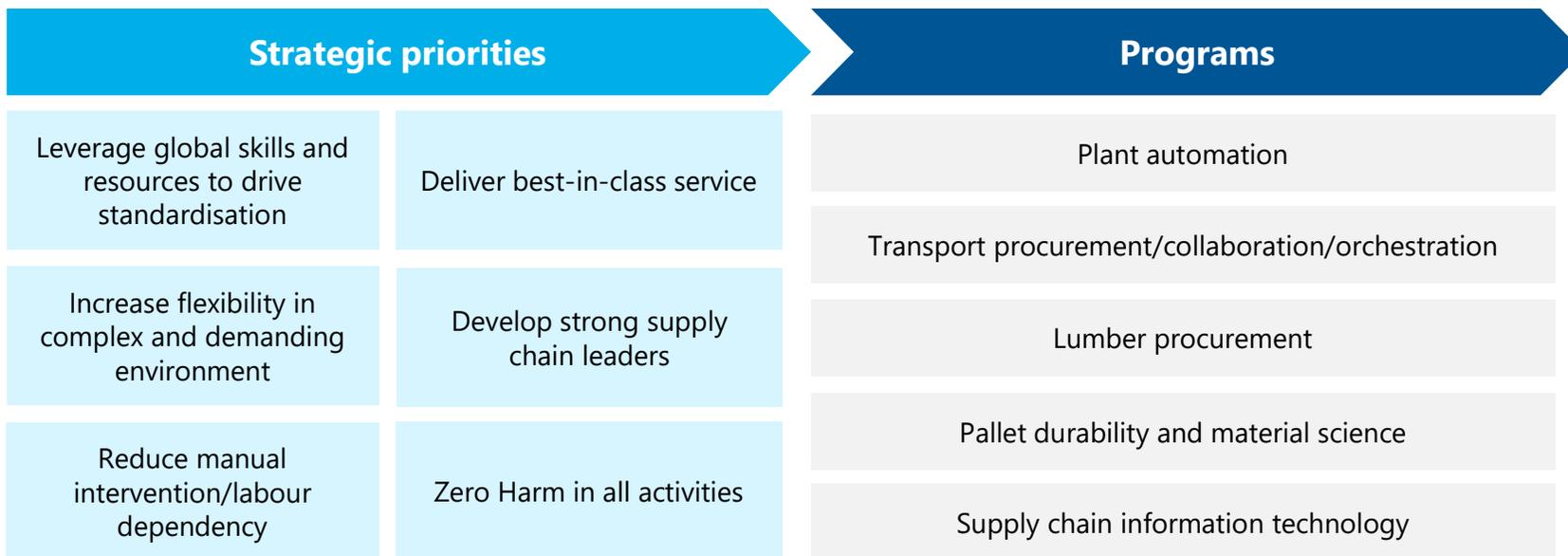
### Inflationary pressure increasing in most markets

	12-month increase					
	North America	Latin America	Europe	AIME	ANZ	Asia
Labour	+3.0%	+8.7%	+2.0%	+7.0%	+3.0%	+5.5%
Lumber	+9.0%	+4.2%	+7.1%	+8.0%	+2.7%	+1.5%
Transport	+6.2%	+6.2%	+7.0%	+5.5%	+3.5%	+2.2%
Oil (Crude)	+11.4%	+19.6%	+18.7%	+18.7%	+18.7%	+18.7%
Fuel (Diesel)	+14.7%	+6.2%	+7.7%	-	-	-

Note: Inflation data is based on regional indices and reflects exit rates as at 31 December 2017.

# Strategic priorities

Deliver supply chain efficiencies through technological innovation



# Plant automation strategy

## Automated solutions to address key operating challenges

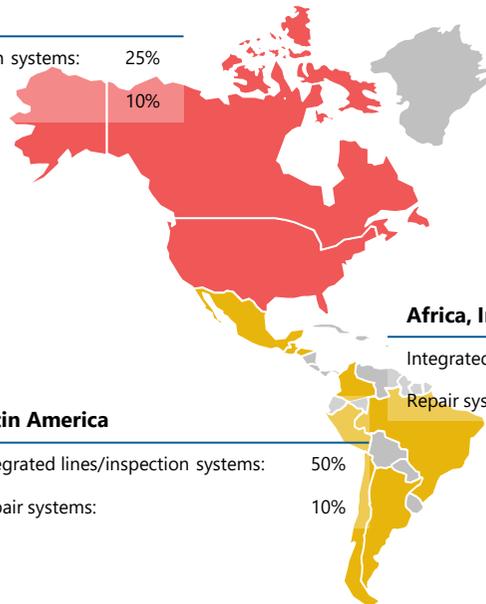


# Automation levels vary across regions

## Key areas of opportunity identified

### North America

Integrated lines/inspection systems: 25%  
 Repair systems: 10%



### Latin America

Integrated lines/inspection systems: 50%  
 Repair systems: 10%

### Europe

Integrated lines/inspection systems: 85%  
 Repair systems: 75%

### Africa, India & Middle East

Integrated lines/inspection systems: 25%  
 Repair systems: 5%

### Asia-Pacific

Integrated lines/inspection systems: 75%  
 Repair systems: 5%

### Note:

Inspection automation threshold: >1 million pallets per annum.  
 Repair automation threshold: >300k pallets per annum.

■ <25% integrated lines/inspection systems 
 ■ 25% - 80% integrated lines/inspection systems 
 ■ <80% integrated lines/inspection systems

# Automation investment to drive operational efficiency

USA 3-year accelerated automation project: US\$150-160m, 4-year payback

## USA

- US\$150-160m capital investment from FY19-FY21
- 4-year payback period
- 50+ plants to be automated
- 30% increase in network capacity
- Automation penetration to reach 85%

## Europe

- US\$33m capital investment
- Automation penetration to reach 100%

## Australia

- US\$22m capital investment

## Canada and Latin America

- US\$25m capital investment

Increased capacity, capability and productivity

# Overview of automation technologies

Proven technology already deployed across the European network



**G300/G350**

Automated infeed and outfeed with manual inspection and repair



**Automated digital inspection (ADI)**



**Penta Klippa & Klippa LC**

Robotic board removal B1208



**Aqua Klippa**

Robotic board removal B1210



**Combo Aqua Klippa**

Robotic board removal B1210 and B1208

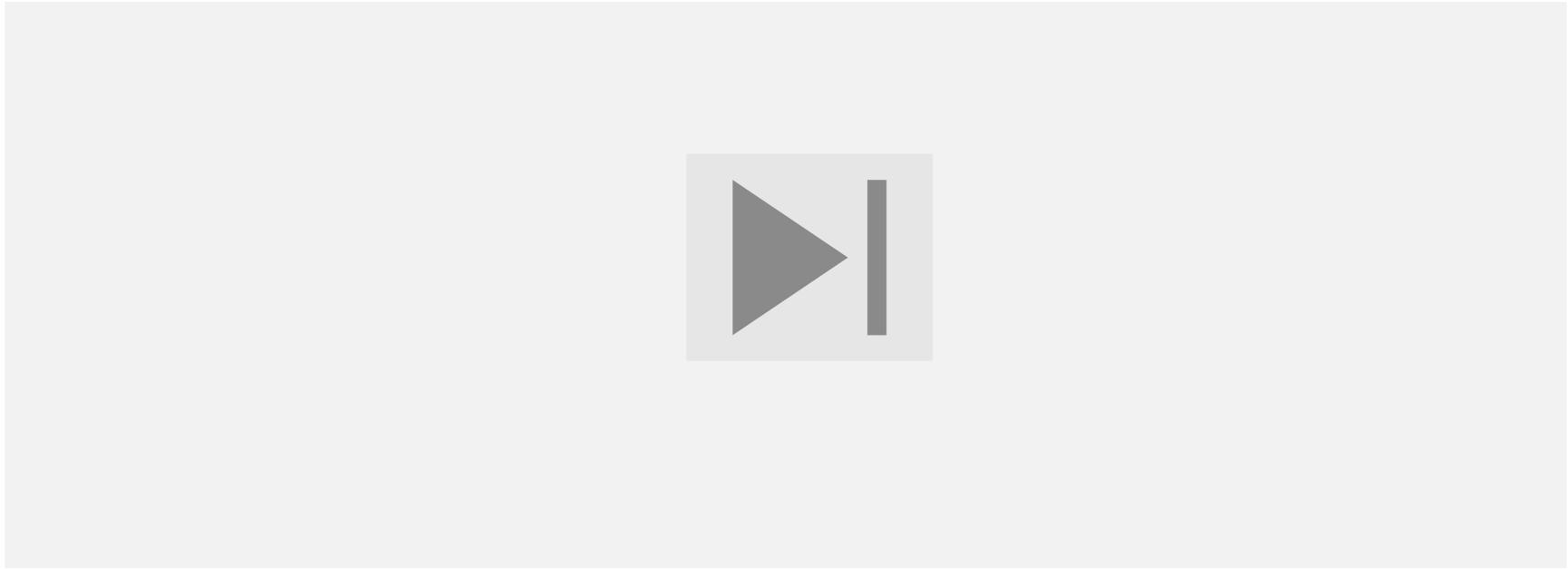


**Autonailing**

Robotic board replacement (under development)



## Plant automation technology journey



# Assisted sortation/integrated lines

## Cost reductions, Zero Harm and standard quality

- G600/G300 inspection equipment
  - Inspection equipment with automatic de-stacking of pallets and assisted pallet handling for ergonomic pallet inspection
- Benefits
  - Cost reductions through productivity improvements in inspection and handling
  - Ergonomic benefits and pedestrian segregation improving safety
  - Standard product quality



	EMEA	Americas	Asia-Pacific
Implementation – FY18 base	90	30	5

# Automated inspection

## Cost reductions, repair efficiencies and standard quality

- Automated digital inspection (ADI)
  - High speed and highly accurate vision-based digital inspection replacing human visual inspection
- Benefits
  - Reduced pallet inspection costs by high speed process
  - Repair efficiencies by enabling and enhancing performance of automatic board removal machines
  - Consistent inspection quality by eliminating manual process variation



	EMEA	Americas	Asia-Pacific
Implementation – FY18 base	25	22	2

# Robotic sort and stack system

## Lower capex, increased reliability and space efficiency

- Robotic sorting and stacking of pallets to replace traditional pallet stackers and de-stackers
- Benefits:
  - Lower capex by deploying one robot to replace multiple outfeeds/stackers
  - Higher reliability by avoiding jams/less maintenance required
  - Less equipment, smaller footprint



	EMEA	Americas	Asia-Pacific
Implementation – FY18 base	8	10	0

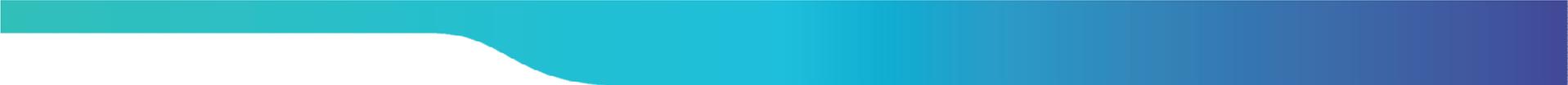
## Automated repair

### Cost efficiencies, Zero Harm

- Automatic board removal systems replacing manual processes
- Benefits:
  - Reduced reliance on manual labour
  - Increased repairs per hour
  - Ergonomic benefits and reduced employee exposure to vibration from handheld tools
  - For aqua units, elimination of fire risk, dust and noise



	EMEA	Americas	Asia-Pacific
Implementation – FY18 base	40	4	0



## Transport procurement strategy

### Reducing exposure to high inflation

- Leverage transport density, flows visibility and technology to find synergies in transportation routes
  - Transport collaboration – Brambles and customers
  - Transport orchestration – between customers enabled by Brambles
  - Transport procurement – Brambles for customers
- Expand utilisation of contracted/dedicated fleets and reduce exposure to line haul/spot market transportation
  - Reducing lines/planning variation
  - Plant automation to reduce production constraints
  - Plant network optimisation to reduce distances and optimise overall flows

# Transport optimisation

## Using our unique transport expertise to optimise customer supply chains

A range of logistics services to support customers build more sustainable and cost effective supply chains

### Transport collaboration

Ready

Combine our customers' transport flows with **CHEP flows** in order to avoid empty kms, cut costs and deliver environmental efficiencies



### Transport orchestration

Ready

Analyse, coordinate, enable and implement **collaboration among multiple customers** by using our matching technology



### Transport procurement

Ready

Organise tenders for our customers' transport **using our expertise, technology and extensive carrier base**



### Managed services

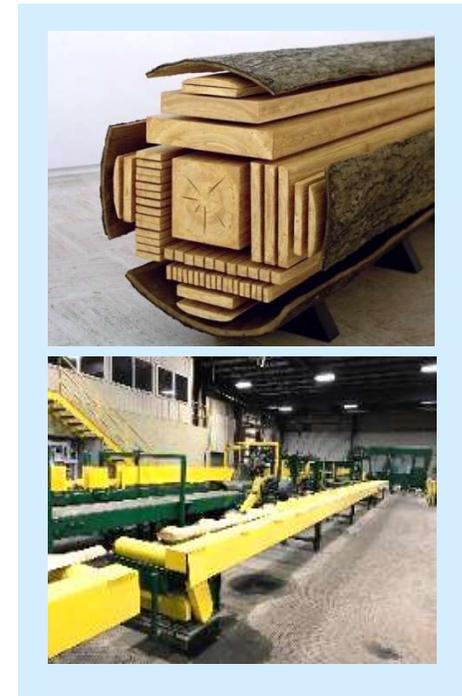
Ensure services above deliver expected results by managing customer orders as part of the above services or as a stand-alone offer

Under construction

## Lumber procurement strategy

### Leverage global expertise in lumber procurement and sawmilling technology

- Balancing local supply in the USA with imports from Latin America
- Increase automation in USA sawmills and benchmark with European automation to reduce re-work
- Expand to new geographies, e.g. Russia
- Diversify supplier base in Asia-Pacific



# Platform Durability

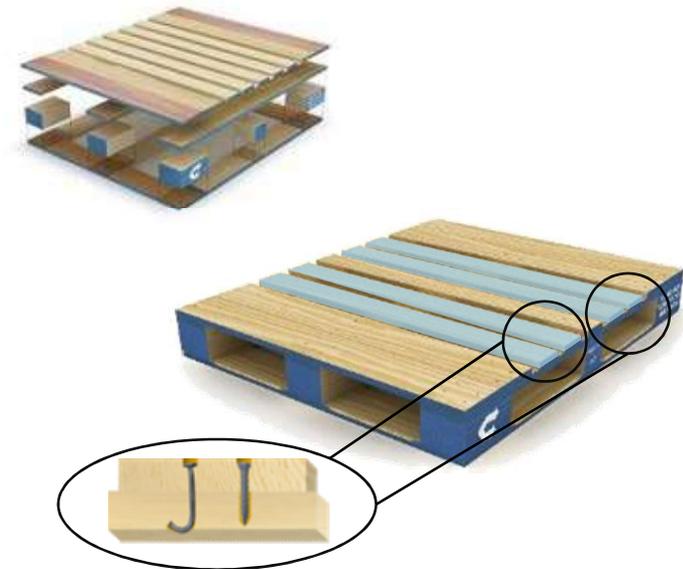
## Ongoing program leveraging global insights

### Initiatives in production:

- **USA:** nail plate and clinched nails
- **Europe:** use of hardwood on leading structural boards
- **Canada:** use different timber densities

### Initiatives under review:

- **Australia:** change fasteners pattern on new and pool pallets
- **Europe:** change top board layout
- **Latin America:** standardised platform across region



## Materials science

### Trials with different materials to reduce total pallet lifecycle costs

- Full-size plastic pallet design innovation
- Plastic/wood combination block replacement for wood (Global)
  - Hollow composite blocks
  - Block coatings and high density composite blocks
- Plastic/wood composite replacement for dimensioned lumber (North America)
  - Use of engineered bamboo for structural elements
- Post consumer recycle material for product launch (Europe)
- Explore hybrid composite and combination of materials

#### Component and product innovation



# Supply Chain Information Technology

## Technology solutions for all aspects of supply chain management

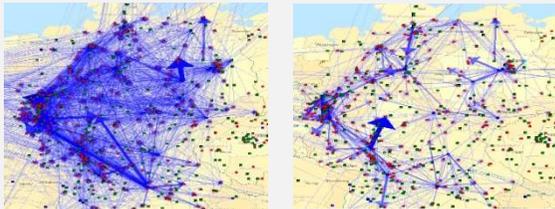
Planning	Supply chain planning	<ul style="list-style-type: none"> <li>■ Sales and operations planning – Active in Europe, North America, ANZ</li> <li>■ Demand planning – Active in Europe, USA, South Africa, ANZ, Latin America</li> <li>■ Production sourcing optimisation – Active in Europe and USA</li> <li>■ Inventory optimisation</li> </ul>
Transport	LogNet	<ul style="list-style-type: none"> <li>■ TMS – Active in North America, Europe, ANZ, South Africa and Mexico</li> <li>■ Transport collaboration – Active in Europe and USA</li> <li>■ Track and Trace – Active in USA</li> <li>■ Carrier mobile application – Active in Europe, AIME, ANZ and México</li> </ul>
Receive, Sort, Repair, Ship	YardNet	<ul style="list-style-type: none"> <li>■ Fork-lift driver enablement – Pilots in Europe, USA, South Africa, Australia</li> <li>■ Vehicle control hardware</li> </ul>
	OpNet	<ul style="list-style-type: none"> <li>■ Easy SAP portal – Active in North America and Latin America</li> <li>■ FMS/SAP integration – Active in all regions</li> </ul>

# Supply Chain Information Technology

## Examples

### Planning/Flow optimisation

- Problem: scheduling multiple, complex supply chains with ever-changing supply and demand requirements
- Solution: advanced forecasting and optimisation technology to deliver on customer service commitments while minimising collection, repair and fulfillment cost



### Collections

- Problem: co-ordination of uncertain collections with hauliers
- Solution: CHEP's Carrier Mobile Application allows carriers to view assigned loads and update load status and enables real-time communications with drivers/forklift operators



# Supply chain information technology

## Examples

### Service Centre Operations

- Problem: plant efficiencies are critical to reducing our costs, and achieving committed service levels
- Solution: CHEP's mobile Forklift Driver Enablement solution allows operators to view work assignments, enables communication with truck drivers and eliminates back office clerical costs



### Fulfilment

- Problem: pallet availability is critical to our customers' operations, requiring very high service reliability
- Solution: CHEP's Logistics Control Centre leverages real-time information from carriers and operations systems to constantly monitor service performance at plants and to customers





## Summary

### Supply chain agenda to deliver cost savings

- Established areas of operational excellence providing opportunities to leverage expertise across the portfolio
- Expansion of proven technology in all supply chain processes
  - Automation
  - Transport optimisation
  - Planning and logistics execution
  - Procurement
- Innovating in our platform designs and material science
  - Pallet durability
  - New material
- USA accelerated automation project investing US\$150-160m of capital from FY19-FY21 to improve capability, capacity, productivity and customer service

# Brambles

## 2018 Investor Day

14 March 2018





# CHEP Europe

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Mike Pooley

President, CHEP Pallets Europe, Middle East & Africa

# The largest pooling network in Europe

Moving more product to more places, more efficiently and sustainably

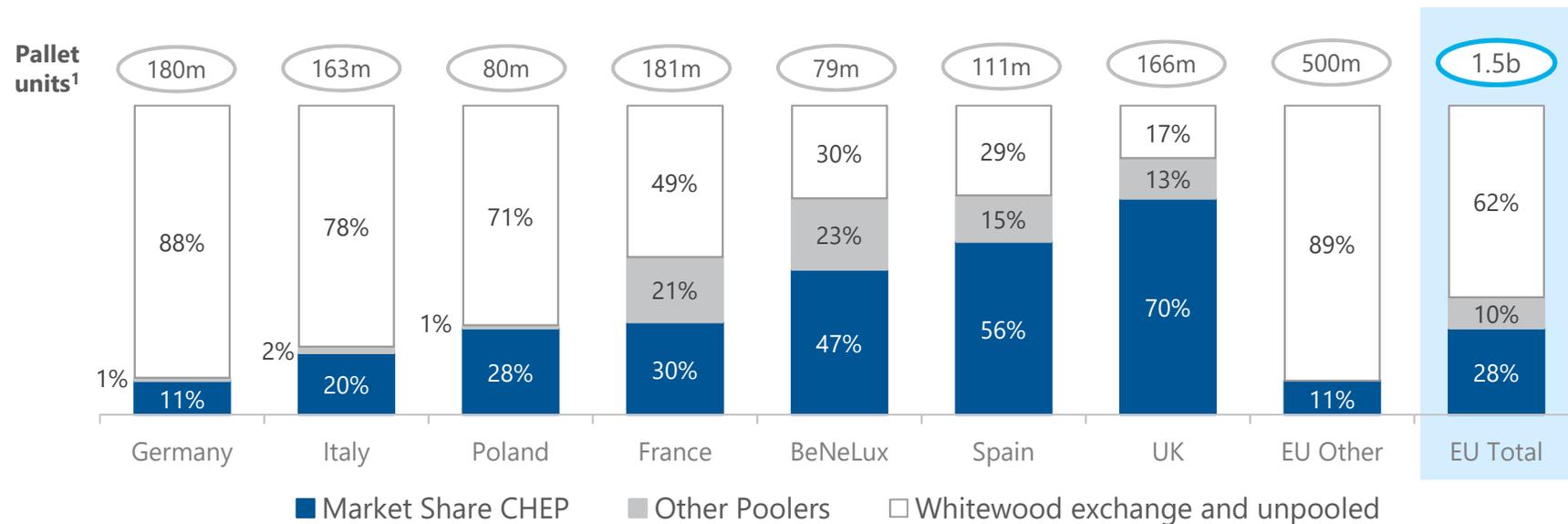
		CHEP Europe	Nearest competitor
Pallets in circulation		<b>115 million</b> pallets	18 million pallets
Delivery points		<b>315,000</b> delivery points	23,000 delivery points
Service centres		<b>260+</b> service centres in <b>32</b> countries	100+ service centres present in 15 countries
Employees		<b>2,600</b>	280



Note: Markers represent service centre locations

# CHEP is the market leader in Europe

## Significant growth opportunities within existing markets



<sup>1</sup>Market share data relates to full-size pallets only. Source: internal data, open market competitor data and population and economic consumption levels.

## Revenue growth expectations

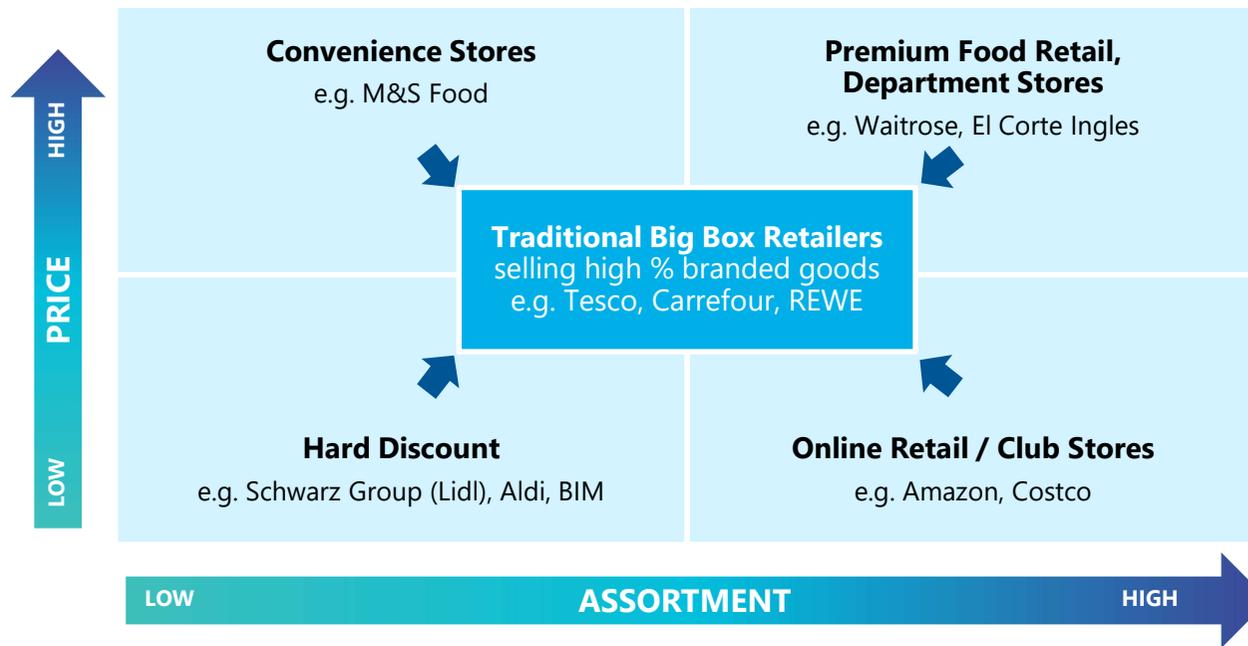
Expansion with new and existing customers to be key driver of growth

### CHEP Europe pallets: components of revenue growth

	5-year average	Expectation	Key drivers
Organic	1%	1% - 2%	<ul style="list-style-type: none"><li>▪ Net disposable income (largely reflecting impact of fuel prices and wage inflation)</li></ul>
Net new wins	3%	2% - 3%	<ul style="list-style-type: none"><li>▪ Ongoing conversion of customers from whitewood</li><li>▪ Winning share from pooling competitors</li></ul>
Pricing	0%	(1)% - 1%	<ul style="list-style-type: none"><li>▪ Contract indexation for transport, labour and lumber inflation</li><li>▪ Proactive initiatives to retain large customers and renew longer-term contracts</li></ul>
New products/ services	-	1% - 1.5%	<ul style="list-style-type: none"><li>▪ Growth in First/Last Mile Solutions and transport collaboration</li></ul>
<b>Total</b>	<b>4%</b>	<b>3% - 7.5%</b>	

# Retail dynamic

Traditional retailers facing increasing pressure, complexity and costs



# Key drivers of network advantage

Partnering to drive efficiency, sustainability, and increased visibility



# First Mile Solutions (FMS)

## Act as thought leader on inbound packaging flows

### Solutions and platforms...



- For all flows into manufacturers/producers
- Serving the packaging, ingredients, food and cosmetics sectors

### ...Successfully reducing

- Health and safety food risks
- Inbound complexity
- Labour costs
- Stops and blocks in automated lines
- Product damage

### Progress to date:

- +30% growth in full-size plastic pallets
- Major contract wins in Spain and Germany
- Pallecon IBC restructuring on track

**Full-size plastic pallets**



**Liquid and dry containers**



**6% market share**

# Last Mile Solutions (LMS)

## Helping customers sell more and spend less

### Solutions and platforms...



- End-to-end supply chain analysis of cost savings from LMS equipment
- Virtual reality used to evaluate options in store redesign and solution efficiencies

### ...Adding value to customers

- Increase consumer sales by up to 30%
- Lower replenishment time by up to 60%
- Decrease store labour by up to 75%
- Reduce risk of loss and damage
- Optimise on-shelf availability
- Improve shopability

### Progress to date:

- +10% YoY growth and accelerating
- Attractive margins and returns
- Key customer wins in France, Italy, Poland and Spain

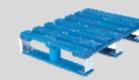
### LMS platforms



Wheeled dolly



Display pallet

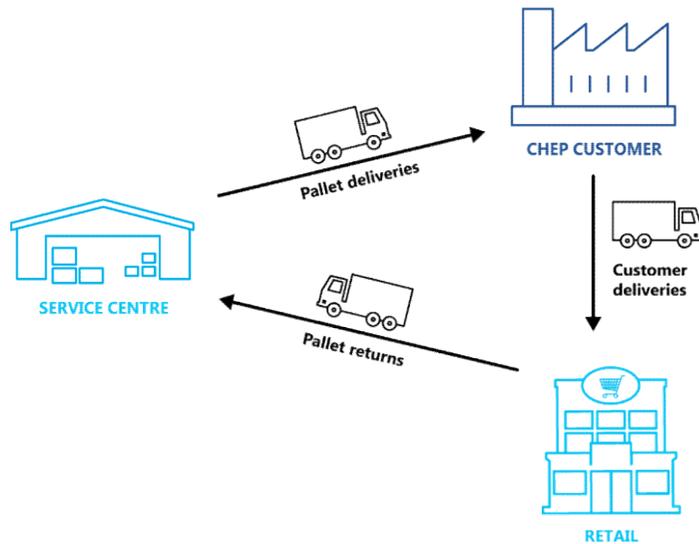


Wooden half pallet

# Transport collaboration

## Leveraging our network and expertise to create new solutions

### Between Brambles and customer



### Launched in Europe in 2010

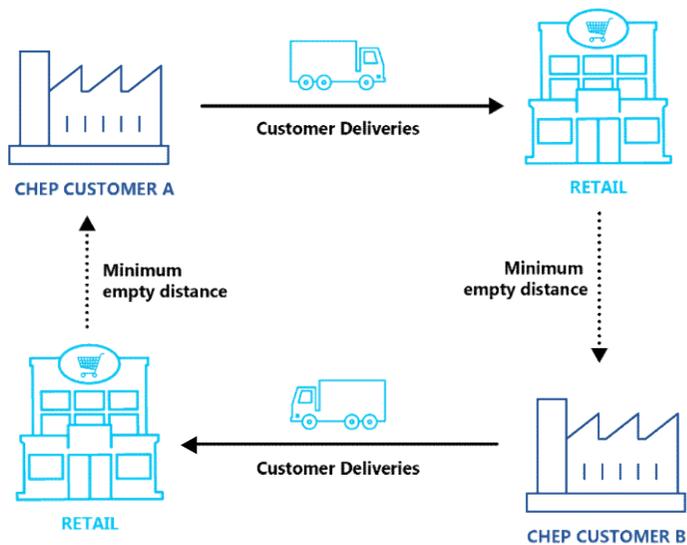
**135** collaborating CHEP customers  
**404** transport lanes  
**72,000** shipments per year

reduced empty truck journeys by  
**↓ 4.5 million km**  
reduced CO<sub>2</sub> emissions by  
**↓ 4,477 tonnes**  
shared savings for all participants  
**↑ €6.6 million**

# Transport orchestration

## Leveraging our network and expertise to create new solutions

Between customers, enabled by Brambles



2015: Launched in Spain

2017: Expansion into other European countries

21 collaborating CHEP customers **up 45% in FY17**

28 transport lanes **up 50% in FY17**

7,900 shipments per year **up 54% in FY17**

reduced empty truck journeys by

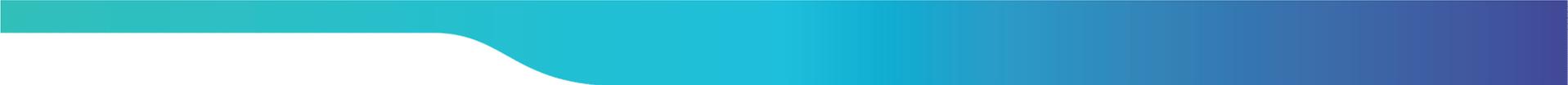
↓ **710,000 km**

reduced CO<sub>2</sub> emissions by

↓ **768 tonnes**

shared savings for all participants

↑ **€755k**



## Transport orchestration

Leveraging our network and expertise to create new solutions



# Customer integration

## Simplify customer experience and improve CHEP processes



### Pricing management

Develop flexible, customer-centric and simpler pricing options



### Interactive invoicing

Transform the invoice into a value-add tool with integrated, electronic, interactive invoicing



### Self service

Transform CHEP's online self-service portal to significantly improve simplicity, speed and mobility



### Seamless integration

Automate customer interactions to reduce effort, improve transparency and increase data accuracy

## Progress

**450+ customers**  
across 7 countries  
on new pricing

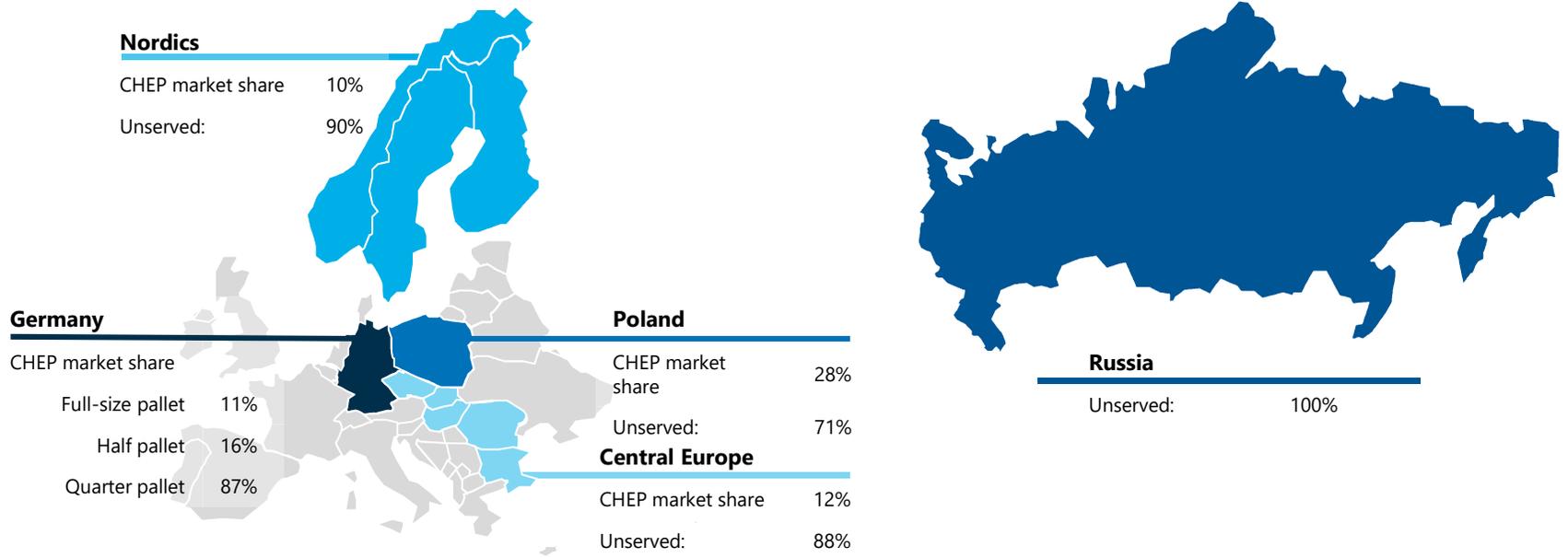
**14,400+ accounts**  
across 14 countries  
on the new invoice

**>85% of customers**  
converted to myCHEP  
**Launch of standardised  
express orders functionality**

**First 'Invoice by Delivery'  
solution with Coca Cola UK**

# Geographic expansion

## Unlocking further potential in existing CEE markets



# Step change in people capability

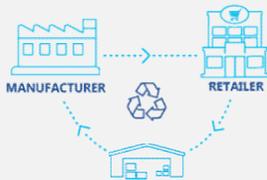
Investing in our people in order to better support future growth

Talent development	Commercial development	Leadership development	External partnership and awards
			
<ul style="list-style-type: none"> <li>■ Launch of Brambles' graduate programme in 2018</li> <li>■ Introduction of rotational role programmes and high potential development schemes</li> </ul>	<ul style="list-style-type: none"> <li>■ Immersive retail customer insights programmes in partnership with the IGD</li> <li>■ Commercial Academy offering training in key commercial skills such as account management, lead generation and negotiation skills</li> </ul>	<ul style="list-style-type: none"> <li>■ Suite of online and classroom-based leadership development programmes</li> <li>■ Introduction of Styles and Climate programmes to help strengthen our leadership culture</li> </ul>	<ul style="list-style-type: none"> <li>■ A dedicated focus on 'inclusion and diversity' through establishing partnerships with leading organisations such as LEAD and BITC</li> <li>■ CHEP Europe awarded Top Employer status for excellent employee conditions</li> </ul>

# Sustainability as a competitive advantage

## Providing tangible benefits to our customers

### 1 Intrinsically sustainable business model



- Share and reuse model minimises replacement and waste disposal costs
- Network density reduces transport distances, logistics cost and CO<sub>2</sub>
- Customers reduce raw materials use, waste and CO<sub>2</sub> emissions

### 2 Award-winning program to ensure we are the most sustainable choice

MEMBER OF  
**Dow Jones Sustainability Indices**  
 In Collaboration with RobecoSAM



- Helping customers avoid risk in their supply chain and comply with corporate targets and goals
- Helping customers achieve sustainable accreditations, enhancing their profile and brand

### 3 Helping customers meet their goals and become more sustainable

**FY17 savings:**

5.4 million km

5,654 tonnes CO<sub>2</sub>

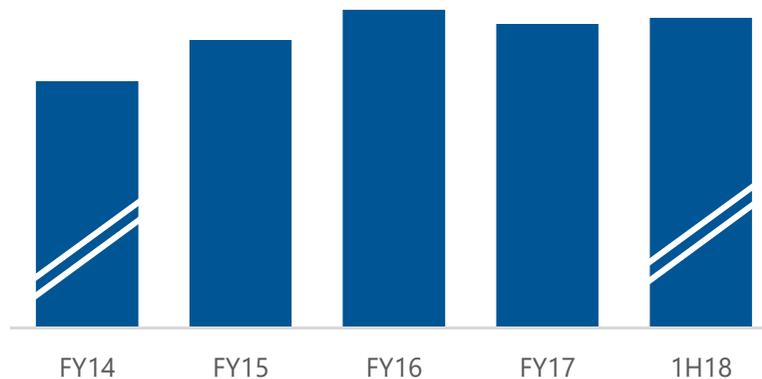
€ €7.9 million

- Providing real sustainability savings to customers through our solutions
- Transport collaboration and orchestration reduces transport cost, empty miles and CO<sub>2</sub> emissions

## Margin profile drivers

### Strong and sustainable margins

5-year margin performance  
CHEP Europe pallets



Note: Chart not to scale for indicative purposes only.

#### Structural drivers

- First-mover advantage
- Economies of scale
- Complexity and fragmentation of the manufacturing and retailing environment

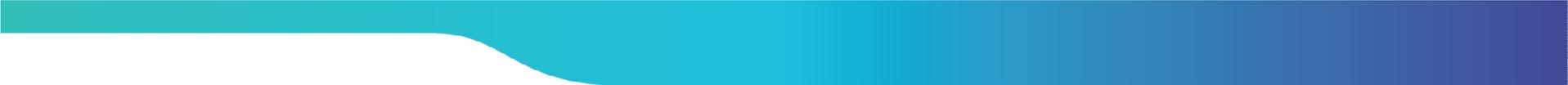
#### Economic/operating drivers

- Low-inflation environment
- Strong delivery of supply chain efficiencies
- Productivity initiatives e.g. automation

# Margin initiatives

## Continuous cost and asset productivity improvements to support margins

Plant automation and asset durability	Asset productivity	Transport efficiency	Overhead reduction	Indexation clauses in contracts
<ul style="list-style-type: none"> <li>▪ Ongoing investment in service centre automation to improve volume capacity and repair consistency</li> <li>▪ Next phase of automation (automated repair) to be rolled out during 2018</li> <li>▪ Continuous improvement in pallet design to reduce damage rate and improve the ease and cost of repair</li> </ul>	<ul style="list-style-type: none"> <li>▪ Cycle time is monitored monthly to ensure that it improves each year</li> <li>▪ Established charging system for retailer reuse</li> <li>▪ Asset management team working with retailers to reduce points of leakage</li> </ul>	<ul style="list-style-type: none"> <li>▪ Manage relationship with 1000+ carriers to ensure best rates for repeat lanes</li> <li>▪ Dedicated team managing spot market demand to keep prices under control</li> <li>▪ Collaboration team focused on generating savings by sharing transport with and between customers</li> </ul>	<ul style="list-style-type: none"> <li>▪ Efficiency projects and IT process automation investments</li> <li>▪ Overhead cost efficiencies in emerging markets to be delivered as businesses scale up</li> <li>▪ Centralisation of key business functions - logistics, customer service, finance and HR</li> </ul>	<ul style="list-style-type: none"> <li>▪ Indexation in most contracts allows cost inflation to be recovered retrospectively</li> <li>▪ Vertical integration of timber supply chain in AIME region to mitigate against future soft wood shortages</li> </ul>



## Summary

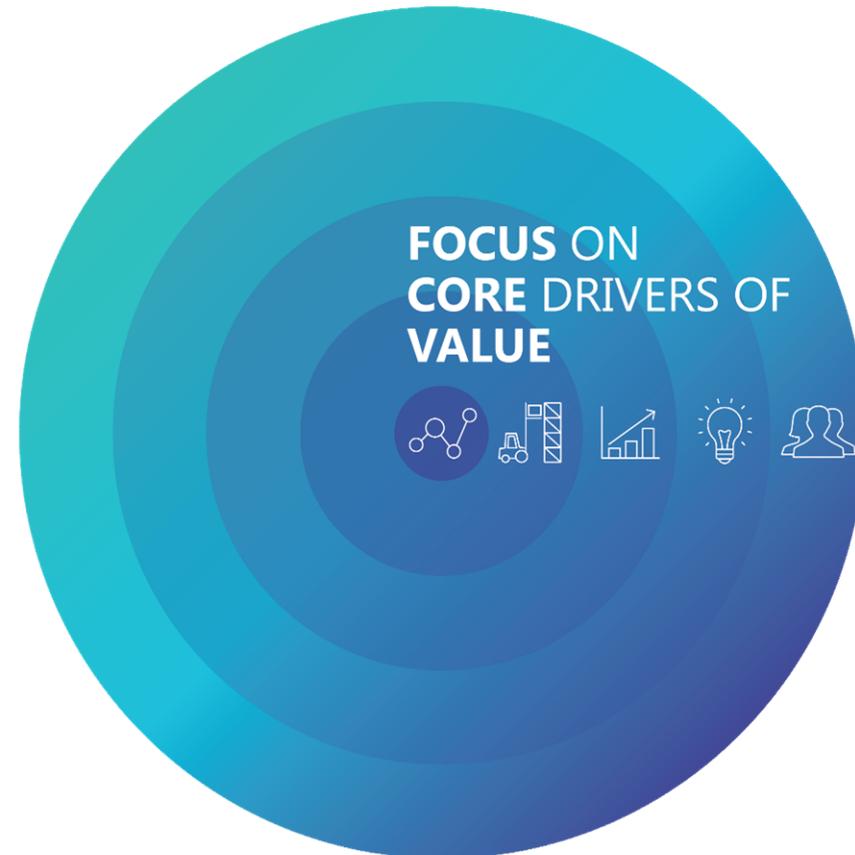
### **Strong momentum with further growth opportunities**

- Significant growth opportunities in both pallets and containers
- Superior network advantage in established markets combined with automation investments provides competitive cost advantage
- Progress in building network advantage in emerging markets
- Financial profile and competitive differentiation enhanced by innovation in transport collaboration and First/Last Mile Solutions
- Strong team of engaged people
- Focus on accelerating development of our people to ensure customers always come to CHEP to help solve their supply chain challenges

# Brambles

## 2018 Investor Day

14 March 2018





# CHEP USA

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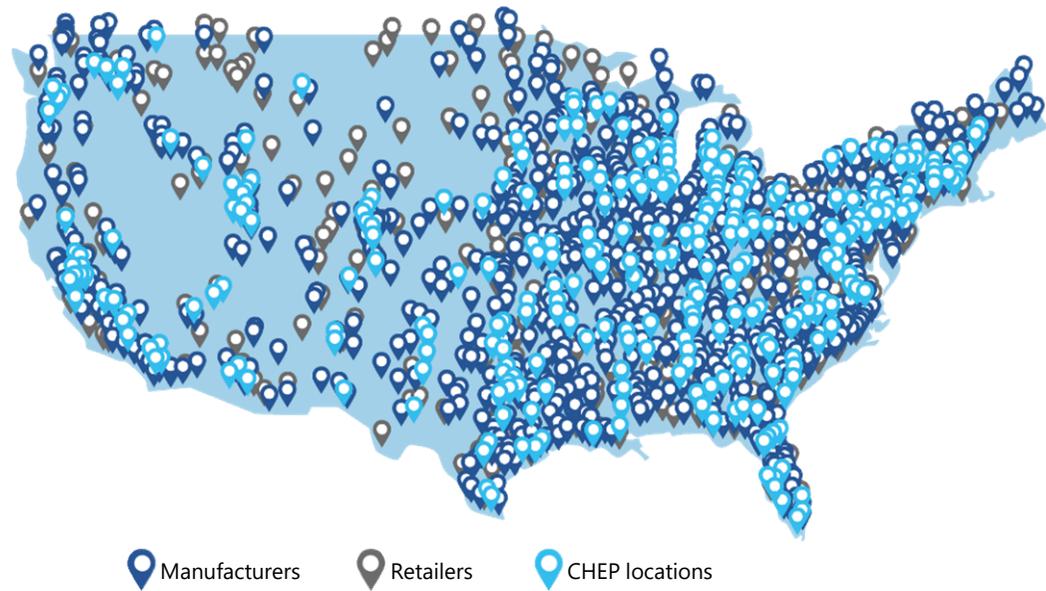
Laura Nador

President, CHEP North America

## Largest pooling network in USA

Providing superior scale and network efficiency advantages

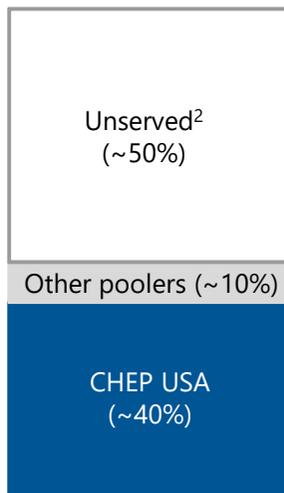
- ~100m pallets
- ~1m loads on 23,000 lanes
- ~300m pallet issues
- 45 of top 50 FMCG manufacturers served
- 45,000+ customer sites
- 19,000 retail locations, 200+ on-site facilities



# CHEP USA is the market leader

## Significant opportunity remains within a fragmented industry

Market size<sup>1</sup>: 770m pallet units



### 10+ regional/2,500+ local players:

- Small and medium account focused
- Pricing by regional supply/demand
- Ongoing collaboration



### National players:

- National account focused
- Asset control challenging



### Emerging competitors entering/exiting



<sup>1</sup> Represents total market of 48 x 40 pallet equivalent units. Source: Internal analysis utilising U.S. NAICS for relevant market segments.

<sup>2</sup> Primarily served by new and recycled whitewood but includes other potential opportunity.

## CHEP value proposition

### Superior offering versus whitewood recycled pallets and other poolers

	Advantage vs. whitewood recycled pallets	Advantage vs. other poolers
4-way entry transportation and handling efficiencies	✓	
Reduced product damage	✓	
Elimination of equipment purchases and repair costs	✓	
Consistent quality	✓	
Improved employee and customer safety	✓	
Environmental sustainability	✓	✓
Supply chain value-adding solutions	✓	✓
Widespread availability and assurance of supply	✓	✓

# Sustainability underpins our value proposition

Creating real value through our 'share & reuse' model and expertise

Eliminating  
**880,000 empty miles**  
and reducing  
**3m pounds of CO<sub>2</sub>**



**Transportation  
collaboration**

**Walmart**   
Canada

Reducing **>2,000 tonnes of waste**  
helping meet their  
**Zero Waste** goal

**Reverse  
logistics**

Unlocking  
**Sustainability**  
through product  
damage reduction



**PEPSICO**

**Unit load  
optimisation**

## Key benefits:

- Elimination of empty miles and CO<sub>2</sub> footprint reduction through transportation collaboration
- Zero Waste results through reverse logistics retail solutions
- Reducing food waste and product damage through unit load optimisation

Helping customers drive savings and improve the sustainability of their supply chains

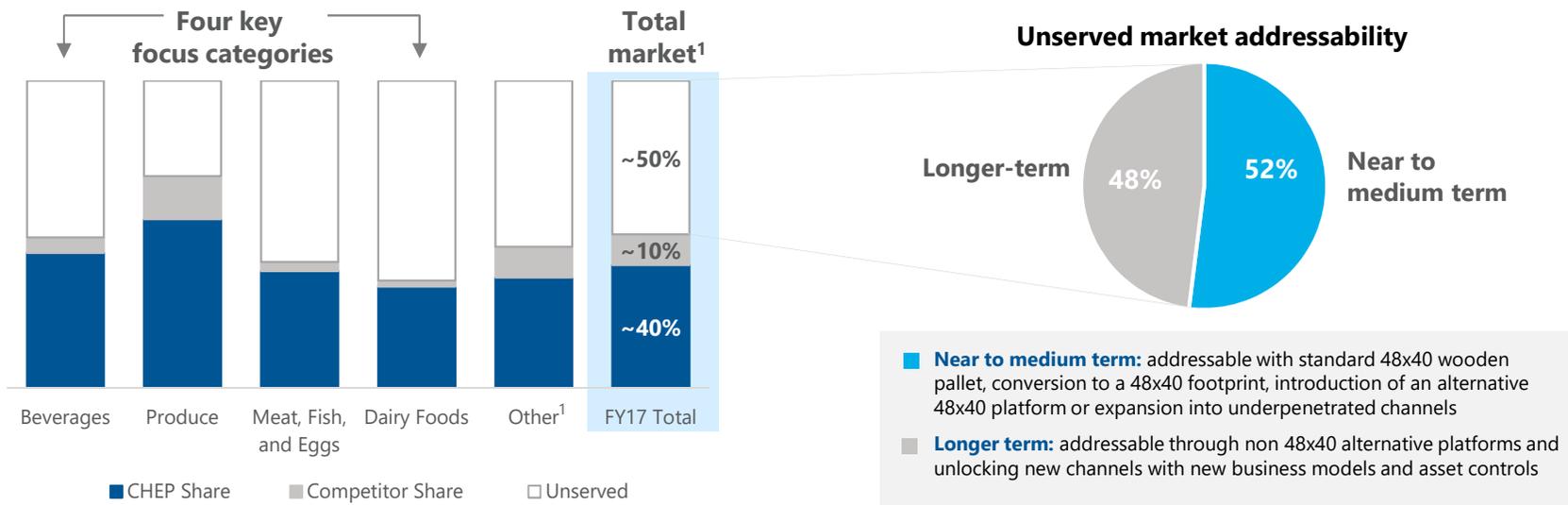
# Revenue growth expectations

Expansion with new and existing customers key driver of growth

CHEP USA pallets: growth components			
	5-year average	Medium-term expectations	Initiatives
Organic	1%	~1%	<ul style="list-style-type: none"><li>Deepen customer engagements</li><li>Capture new lanes</li></ul>
Net new wins	3%	1% - 3%	<ul style="list-style-type: none"><li>Target growth categories</li><li>Aligned go-to-market strategy with customer segments</li><li>Disciplined funnel management</li></ul>
Pricing/Mix	1%	(1)% - 1%	<ul style="list-style-type: none"><li>Market-based pricing</li><li>Protect strategic accounts</li><li>Mitigate inflation, cost pressures</li></ul>
<b>Total</b>	<b>5%</b>	<b>2% - 5%</b>	

# USA market size of ~770m pallet units

## Four focus categories to grow and protect



<sup>1</sup>Market sizing based on US Census Bureau NAICS code data. Total size is based on 48 x 40 pallet equivalent units with the 'Total Opportunity' inclusive of pooling competitors and unserved volume (new/recycled whitewood, non 48x40 platforms, slip sheets, floor loaded).

# Go-to-market strategy

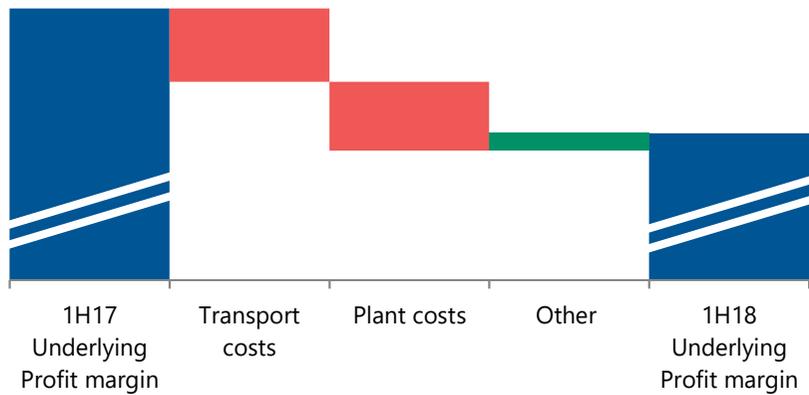
## Aligned to financial expectations

Segment definition	Share of sales	Segment characteristics, requirements	Growth potential	CHEP's competitive position
<b>Strategic</b>		<ul style="list-style-type: none"> <li>▪ Lane expansion opportunity</li> <li>▪ Enables scale</li> <li>▪ Primary competitor: other poolers</li> </ul>		<ul style="list-style-type: none"> <li>▪ Retain existing business</li> <li>▪ Grow by converting new lanes</li> <li>▪ Forge strategic relationships to protect margin</li> </ul>
<b>Protect</b>		<ul style="list-style-type: none"> <li>▪ Highly penetrated</li> <li>▪ Enables scale</li> <li>▪ Primary competitor: other poolers</li> </ul>		<ul style="list-style-type: none"> <li>▪ Retain existing business through relationships and joint business plans/solutions</li> <li>▪ Optimise price for retention and profitability</li> </ul>
<b>Emerging</b>		<ul style="list-style-type: none"> <li>▪ Under penetrated</li> <li>▪ Primary competitor: whitewood recycled and other poolers</li> </ul>		<ul style="list-style-type: none"> <li>▪ Strategically target large win-backs</li> <li>▪ Target large whitewood conversions</li> <li>▪ Focus on traditional "hunting"</li> </ul>
<b>SME</b>		<ul style="list-style-type: none"> <li>▪ Under penetrated</li> <li>▪ Market price headroom</li> <li>▪ Primary competitor: whitewood recycled</li> </ul>		<ul style="list-style-type: none"> <li>▪ Expand team to accelerate growth</li> <li>▪ Convert new customers and lane expansions</li> <li>▪ Annual price adjustments</li> </ul>

# Direct cost pressures impacting margins

## Customer, competitive and market cost pressures

Year-on-year Underlying Profit margin decline



### Key drivers of 2.9pp margin decline:

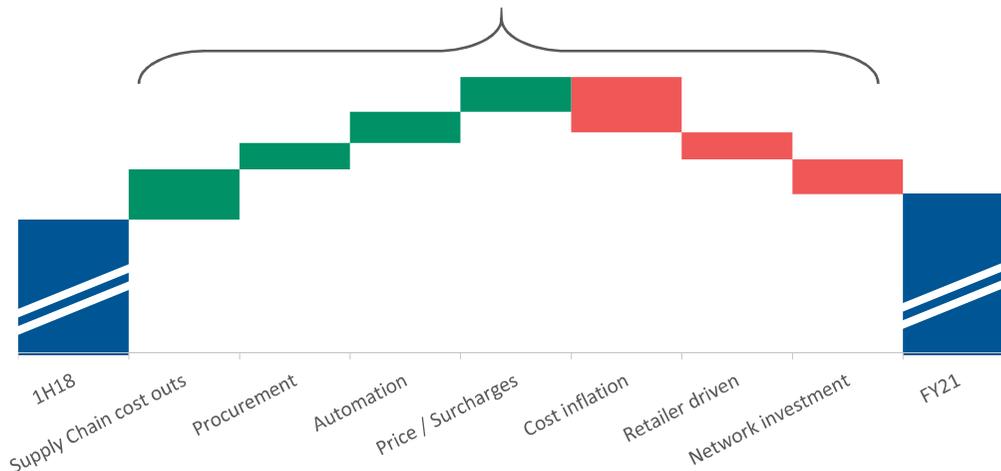
- Increased transport moves, pallet repairs and handling costs due to capacity constraints and changing retailer and customer behaviour
- Transport freight-rate inflation
- Price investments to protect network advantage/density
- Overhead/indirect cost control

Note: Chart not to scale, for indicative purposes only.

# Mid-term Underlying Profit margin improvements

## Initiatives to mitigate cost pressures and fund strategic investments

~2-3pp improvement in Underlying Profit margin through FY21



Note: Chart not to scale, for indicative purposes only.

### Mitigating actions:

- Supply chain cost-out initiatives include
  - Transport optimisation
  - Network optimisation
- Procurement including lumber sourcing
- Automation
- Pricing/inflation surcharges

# Retailer driven network costs increasing

## Solutions are helping to both mitigate cost and create value

### Pressures

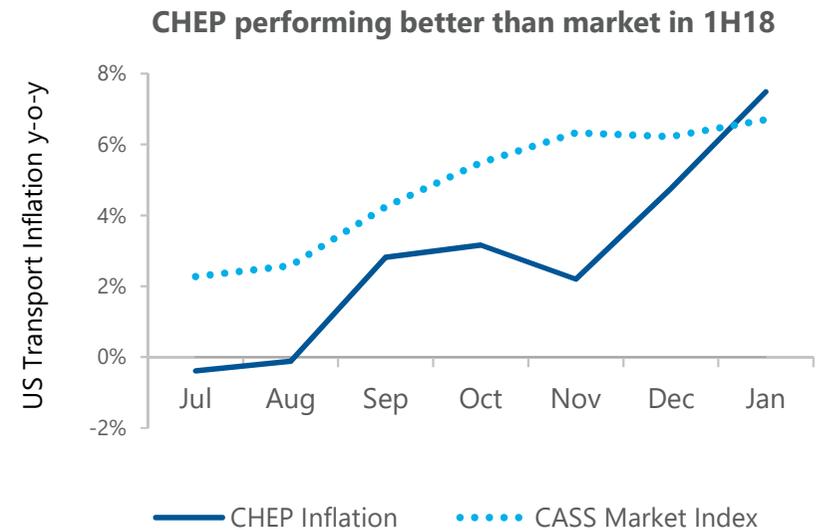
- Retailer needs
- Recycler tactics
- Competitor models

Solutions	Network/asset efficiencies	Revenue
Onsite service offerings	✓	
DC or store direct returns	✓	
Freight collaboration	✓	
Enhanced reuse programs	✓	✓
Growth programs		✓
Pricing		✓

# Transport inflation accelerating

## Delivering efficiencies and enforcing appropriate charges to offset impact

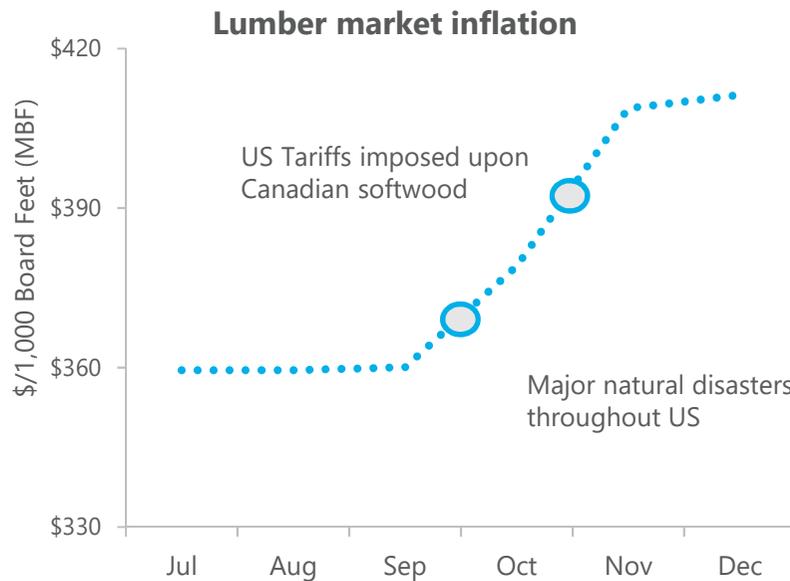
- Supply Chain optimisation
  - Network design to lower length of haul and improve on-time performance
  - Inventory optimisation
- Fleet management
  - Expansion of contract carriers
  - Mode optimisation
  - Supplier base expansion
- Inflationary cost mitigation through charges



Source: US Cass US Truckload Linehaul Index, CHEP internal data.

# Lumber inflation

## Sourcing strategies help to reduce cost pressures



Source: Random Lengths Index, internal analysis using applicable components.

### Mitigating strategies

- Optimising Mix
  - Import/Domestic
  - Regional suppliers
- Leveraging our global scale and experience with sawmilling technology
- Contractual pricing including surcharges

# Automation: US\$150-160m investment over 3-years

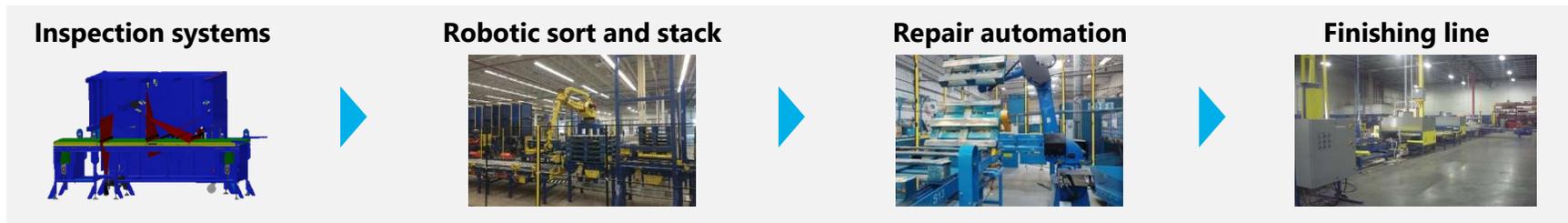
## US\$40-45m annual operational expense savings by 2021

**Project to automate ~85% of the service center network by 2021**

	2019	2020	2021	Total - 3 yrs
Installations	15	20	18	50+
Penetration <sup>1</sup>	40%	60%	85%	85%
Capex	US\$42-45m	US\$53-55m	US\$55-60m	US\$150-160m

### 4-year payback and significant benefits:

- 30% increase in capacity, driving significant productivity gains
- Reduced reliance on manual labour
- Increased consistency of platform quality



<sup>1</sup> Integrated lines

# Pricing and surcharges

## Disciplined approach to mitigate constraints

### Constraints to pricing growth

- Margin compression from manufacturers and retailers
- CHEP issue volume mix
- Competitive environment
- Investments in 'Protect' strategy



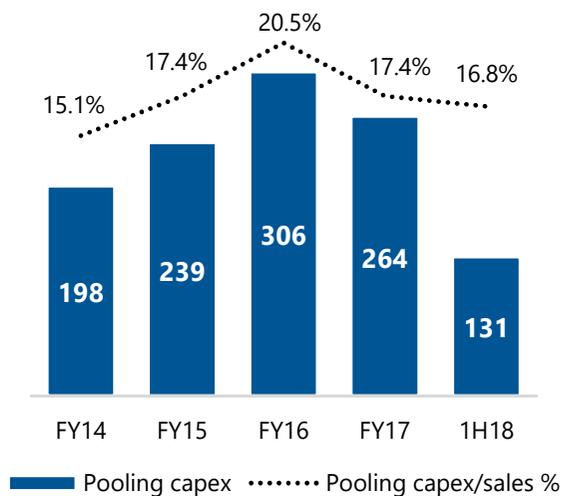
### Pricing initiatives

- 1 Market-based pricing
- 2 Inflationary cost mitigation (surcharges)
- 3 Contractual contingencies
- 4 Re-use compensation

# Capital efficiency and cycle time improvements

## Key driver of increased cash flow generation

US pooling capital expenditure (US\$m)



### Cycle times improving

FY14-FY16 cycle times:

↑ 7.2% increase

vs.

1H17 – 1H18 cycle times:

↓ 1.2% decrease

### Initiatives to improve efficiency

#### ■ Near to mid-term actions

- Enhanced retail reuse programs
- Idle manufacturer stock management
- Plant inventory optimisation
- Asset recovery footprint expansion

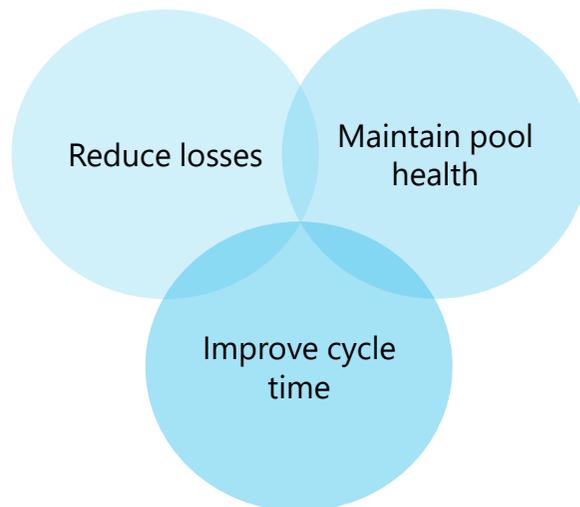
#### ■ Mid to long-term strategies

- BXB Digital to enable faster collection
- Monetise extended cycle time
- Optimise pallet purchase requirements

# Asset efficiency improving

## Balanced approach to asset efficiency and pool health

### Disciplined capital allocation approach



#### ■ Reduce losses and improve cycle time:

- Grow the recycler network
- Strengthen our retail value proposition
- Deploy tracking technology (BXB Digital)

#### ■ Maintain pool health:

- Invest in pallet quality and durability
- New pallets (with nail plates)

# Innovating for customer value

Industry looking for solutions to address inefficiencies and cost

Increasing automation



Platform requirements

On-shelf availability and labour efficiencies



Replenishment solutions

# Innovating for automation

## Customers investing in automation to address labour constraints

### Pallet quality needs are changing

- Consistent unit loads are required to minimise system disruptions
- Platform, packaging, unit-load stability critical
- Proactively engaging with customers to enhance offering and meet specific needs

**US Premium  
specification  
investment**



**Plastic pallet:  
Club store /  
CPG Exploration**



**CHEP's Automated Systems  
Optimisation team deployment**

Partner with customers when they're making large automation investments to minimise issues

# Innovating for replenishment

Reflecting customer focus on on-shelf availability and labour efficiencies

Replenishment solution: Half pallet



“Solving for less touches”

## Major pilots underway

- Scope
  - >100 retail stores
  - 10 SKUs across USA and Canada
  - Expanding in 2018
- Positive results
  - Improved sales
  - Increased on-shelf availability
  - Improved labour and supply chain efficiencies

# Innovating beyond the pallet

**BXB Digital provides new opportunities to unlock value**

**The BXB Digital platform  
can enhance our efforts to:**

- Enable profitable growth
- Drive capital efficiency



Areas of opportunity	
1	Track and Trace
2	Simplify the business
3	Business model transformation
4	Enhanced customer value

# Leadership and talent development are key

## Our global network advantage supports our market needs

### Talent development



- Cross-pollinating of people across markets
- Formal collaboration networks
- Recruiting new capabilities
  - Commercial/pricing experts
  - Innovation/product managers
  - Automation/skilled technical employees

### Commercial development



- Talent Development Centers at all levels
- Center of Excellence 'Functional Academies'

### Leadership development



- NA20 Leaders Developing Leaders
- Strategic Workforce Planning



## Summary

- Momentum back in the business, with ongoing opportunities
- Leveraging scale to deliver productivity improvements and cost efficiencies
- Investing in automation to increase efficiency and plant capacity
- Plans in place to address external market and customer cost pressures
- Improving cash generation through asset efficiency while ensuring a healthy pool
- Innovating to address the emerging and diverging needs of customers

# Brambles

## 2018 Investor Day

14 March 2018





# CHEP Asia-Pacific

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Phillip Austin

President, CHEP Asia-Pacific

## Overview

### Diverse business covering developed and developing markets

#### ANZ 89% of Asia-Pacific revenue

##### Australia - Commenced 1958

Maintaining a strong market presence, leveraging ongoing business with attractive incremental growth opportunities

##### New Zealand - Entered 1974

Deeply penetrated and attractive market with strong market positions, successfully held in a period of increased competition



#### Asia 11% of Asia-Pacific revenue

##### China - Entered 2006

Established framework and model that is well-positioned to evolve with the physical supply chain

##### South-East Asia - Entered 1995

Smaller but regionally relevant markets targeting steady growth and improving return profiles

## Developed markets

### Australia and New Zealand – 89% of Asia-Pacific revenue

#### Australia

- Depth and breadth of physical and customer network
- Full portfolio of Brambles products and services delivered from a single business unit offering multiple value points to customers
- Ongoing accretive organic and new business growth opportunities in the oldest and most penetrated market



#### New Zealand

- Depth and breadth of physical and customer network
- Leading portfolio of Brambles products and services
- Direct access to global product and engineering initiatives to drive growth
- Successfully delivering growth in strong competitive dynamics

#### Products



Full-size wooden pallet



Plastic display pallets



RPCs



Intermediate Bulk Containers (IBCs)

## Australia – Pallets

### Established and resilient business

- Consistent low to mid-single digit revenue growth, leveraged to the bottom line
- Stable and rational competitor
- Dynamic and evolving customer supply chains

#### Ongoing investment in:

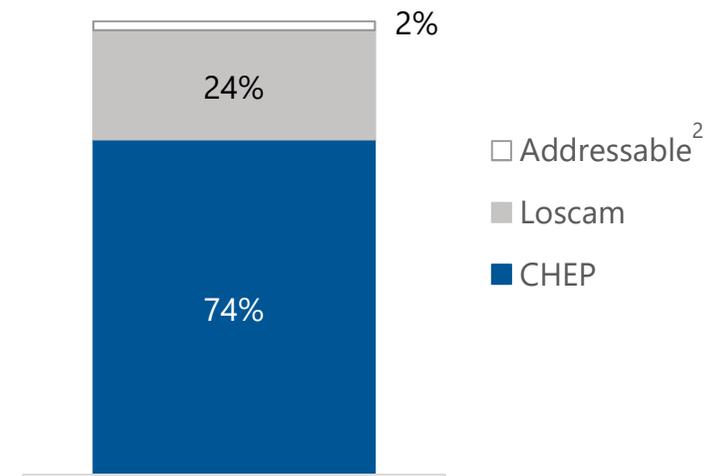
- Product quality: assured pallet offering, increasing automation
- Productivity: continuous improvement in engineering and processes
- Product innovation: fractional pallets, beverage trays

<sup>1</sup>CHEP estimates, market ASIC filings.

<sup>2</sup> addressable includes standard-sized pallets in construction and owned pools, but excludes export.

#### Pallet pooling segment

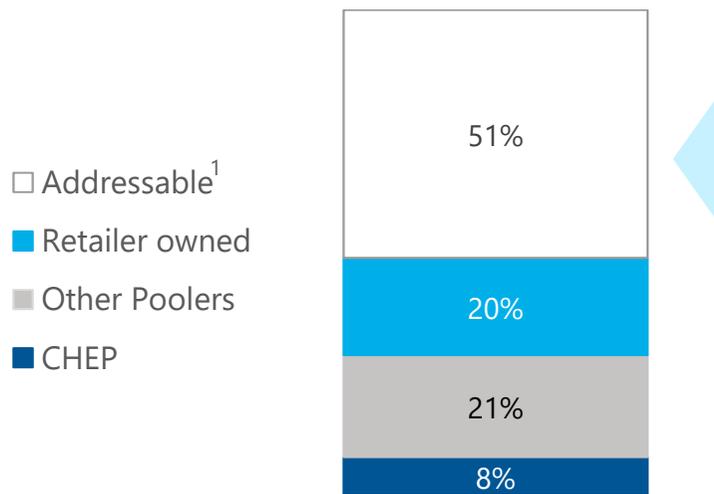
Market share by unit volume<sup>1</sup>



# Australia - RPCs

## Significant growth opportunities despite loss of large contract

Australia RPC pooling segment  
Market share by units %



**Markets: ~25% of addressable opportunity**

- Leveraging current scale
- Clear first-mover advantage
- Innovative offer
- Signed national framework agreement with first revenue billed

**Other: ~25% of addressable opportunity**

- Bananas, protein, deli and other cardboard

<sup>1</sup>Addressable includes Protein and Deli/Ambient, but excludes export.

## Creating new value

### Innovative products for evolving supply chains

- Significant opportunities being created by new retail dynamics
- Well-positioned through engagement with customer network as the supply chain evolves



**Smaller fractional pallets**



**Totes for online delivery**



**Special purpose RPCs**



**Digital value creation**

# Developing markets

## China and South-East Asia – 11% of Asia-Pacific revenue

### China

- Market evolving in line with supply chain modernisation
- Portfolio of local and multi-national customers in targeted Tier 1 geographies
- Strong state-owned competitor leveraging existing 3PL operations
- Focused opportunity in automotive containers



### South-East Asia

- Primary focus in Malaysia and Thailand where supply chain maturity and potential are appropriate for pooling
- Exploration of other countries does not support capital deployment
- Ongoing exploration of Intermediate Bulk Container (IBC) market potential

### Products



Full-size wooden pallet



Display pallets



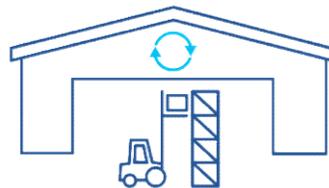
Auto IcoQube

# China

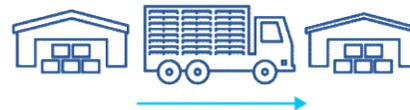
## Evolution of pallet usage and supply chain modernisation

Market is currently here...

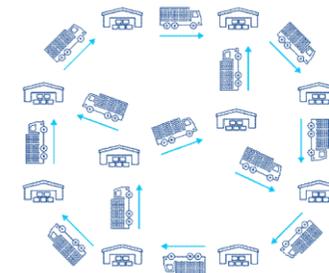
Use



Move



Share

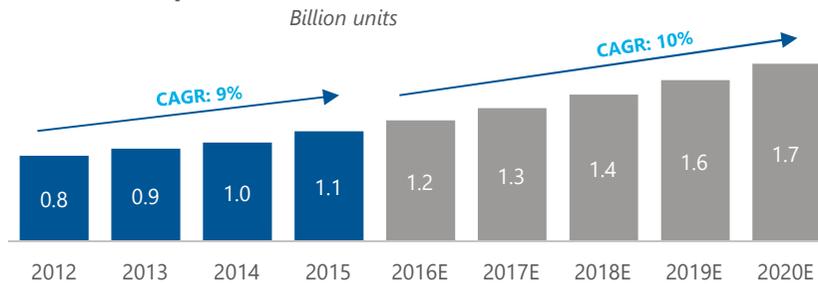


<b>Scope:</b>	In the warehouse	Between sites	Ecosystem
<b>Current alternative:</b>	No pallets	Hand loading	Pallet ownership
<b>Regulation:</b>	Pallet size standards	Logistics standards	Supply chain TCO efficiency
<b>Pooling terminology:</b>	Own/rent (static hire)	Pallet flow	Pooling (dynamic flows)

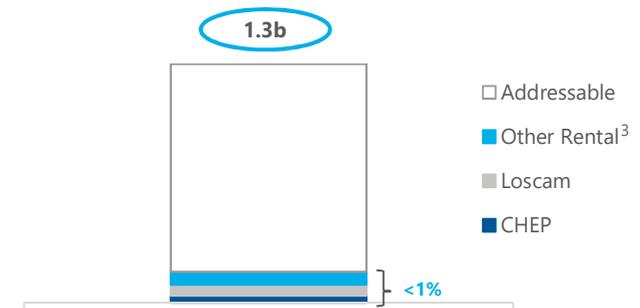
# China

## Strategic activities of a “patient market maker”

China pallet market volume 2012-2020<sup>1</sup>



Estimated market share by unit volume<sup>2</sup>



### Economic

- Business model focused on asset control
- Pricing architecture from pallet movements generates fair value for CHEP and customers

### Physical

- Focus activities in key geographies
- Driving palletised flows in retail and e-commerce

### Regulatory

- Strategic partnership with CAITEC achieving standardisation
- Promotion of pallet pooling in China's 13th Five Year Plan

<sup>1</sup> From Brambles study with a leading consulting firm in 2016.

<sup>2</sup> Other includes multiple companies providing general rental and pooling of pallets. Addressable is estimated based on a study with a leading consulting firm.

<sup>3</sup> Market share not to scale.



## Revenue Growth Expectations

### Continuation of current trends

#### Developed markets:

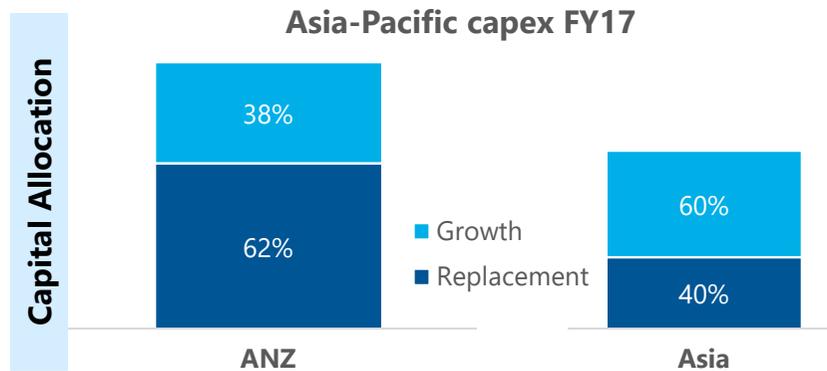
- **Pallets:** low single-digit price and volume growth
- **RPC:** targeting double-digit volume growth from lower base
- **Containers:**
  - Low growth in Pallecon reflecting maturity of business
  - Strong growth prospects in smaller and new product pools

#### Developing markets:

- **Pallets:** ongoing double-digit growth in volumes, price growth remaining low
- **Containers:**
  - Exploring volume growth in Pallecon IBC
  - Focused volume growth in Automotive

# Disciplined capital allocation

## Protect and grow responsibly



### Australia and New Zealand

- Focus on steady and disciplined replacement capex
- Ongoing investment in growth products and services at appropriate margins

### Asia

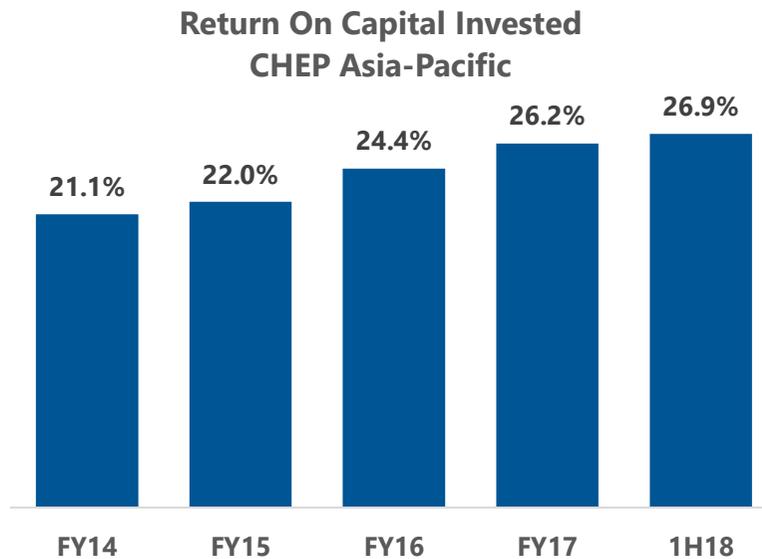
- Majority growth capex, but deployed responsibly
- Investment matched to demand at appropriate timing and returns

**Cash flow**

- Maintenance of highly effective cash collection in established markets and improvements in Asia
- Improving asset utilisation by lowering hire stock capex
- Benefits of global procurement terms and initiatives
- Continuation of low price realisation supports cash flow in developed markets

## Strong financial position

### Portfolio returns remain strong



#### Returns reflect balance between:

- Increasing yield from developed markets and core products:
  - Organic volume and price growth;
  - Improved asset efficiency; and
  - Operational and organisational efficiencies
- Decline of historical sectors or periodic contract loss
- Disciplined allocation of growth capital to developing markets
- Incremental returns from new products and sectors

# Operational and organisational efficiencies

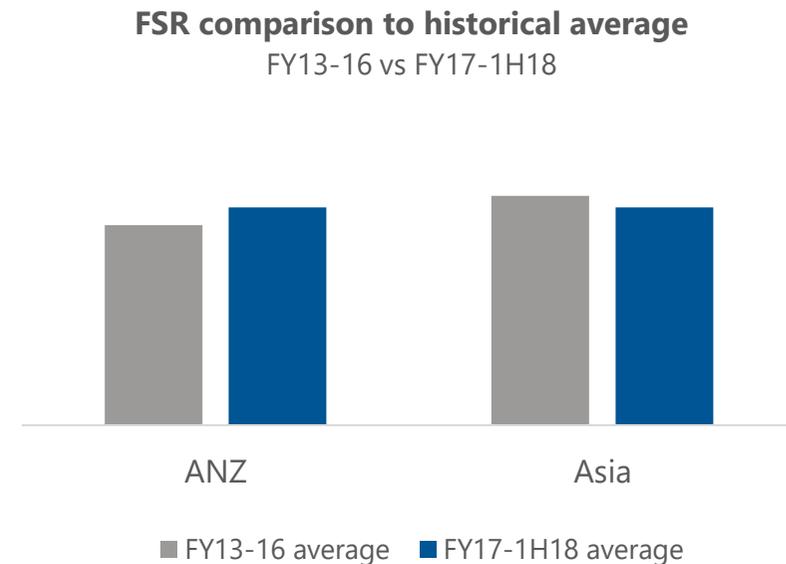
## Focus areas in Australia

Network and overheads	Input costs
<ul style="list-style-type: none"><li>■ <b>Network efficiencies</b><ul style="list-style-type: none"><li>□ Rationalise Australian sites while ensuring scale capacity is maintained</li><li>□ Implement global best practice automation in cornerstone plants over next four years</li></ul></li><li>■ <b>Overhead reductions</b><ul style="list-style-type: none"><li>□ 6% reduction in Australian salaried workforce completed in CY17</li><li>□ Assess ongoing reductions</li></ul></li><li>■ <b>Synergies</b><ul style="list-style-type: none"><li>□ Integration benefits of Containers</li><li>□ Increase scale efficiencies as new product/segment growth occurs through existing infrastructure</li></ul></li></ul>	<ul style="list-style-type: none"><li>■ <b>Labour</b><ul style="list-style-type: none"><li>□ Below benchmark increases for past 4 years, forward forecasts similar</li><li>□ Mitigation achieved through increasing productivity whilst improving safety</li></ul></li><li>■ <b>Transport</b><ul style="list-style-type: none"><li>□ Average increase below 3% for past 3 years</li><li>□ Mitigation achieved through business model and contract terms</li></ul></li><li>■ <b>Timber</b><ul style="list-style-type: none"><li>□ Below industry average increases over past 3 years, forward projections remain low</li><li>□ Mitigation achieved through material optimisation and reclaim programs</li></ul></li></ul>

# Operational and organisational efficiencies

## Optimising asset efficiency

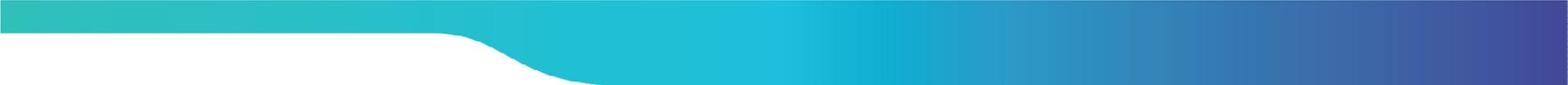
- In the APAC business model, the Field Stock Ratio (FSR) is the key asset efficiency metric
- **FSR:** number of assets on hire/total asset pool
- **Developed markets:** Improved planning and optimisation has lifted FSR and returns
- **Developing markets:** FSR remains high, trend reflects balancing capital and service requirements as market moves away from prior levels of “static” hire



Note: FSR relates to core pallet products only. Chart not to scale, for indicative purposes only.

# People

Safety	Engagement	Talent	External awards
			
<ul style="list-style-type: none"> <li>■ Significant and sustained improvements in employee safety. Well above the average for safety metrics vs. relevant industry peers</li> </ul>	<ul style="list-style-type: none"> <li>■ Significant and sustained improvements in employee engagement. Top quartile employer across the region</li> </ul>	<ul style="list-style-type: none"> <li>■ Active program of moving people across the region and the world to the benefit of employees, company and customers</li> <li>■ Substantial investment in value selling skills for customer facing employees across the region</li> <li>■ Targeting new hires from increasingly important sectors (retail, 3PL, data analytics)</li> <li>■ Depth of CHEP and industry experience across senior management teams</li> </ul>	<ul style="list-style-type: none"> <li>■ Korn Ferry Outstanding Employers Award</li> <li>■ The Australian Business Award (ABA) for Human Resources</li> <li>■ The Australian HR Award for Best Reward and Recognition Program</li> </ul>



## Summary

- A diverse business covering developed and developing markets across the Brambles portfolio of products and services
- **Australia:**
  - Established and resilient business with consistent low to mid single digit revenue growth, leveraged to the bottom line
  - Dynamic and evolving customer supply chains provide opportunities for incremental growth at appropriate margins
- **China:**
  - Current investment is appropriate for the maturity of the market
  - CHEP is servicing modern supply chain participants, and promoting the foundations of more efficient supply chains, through a range of physical, economic and regulatory initiatives
- CHEP Asia-Pacific remains well-positioned to deliver strong returns with ongoing disciplined capital investment and cash management

# Brambles

## 2018 Investor Day

14 March 2018





**IFCO**

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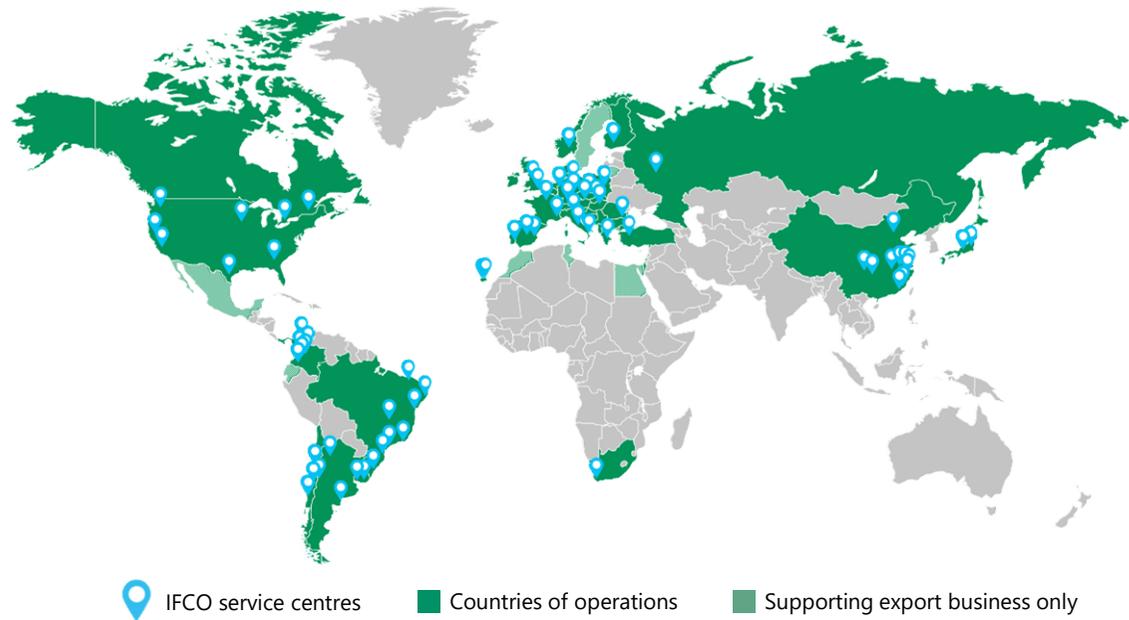
**Wolfgang Orgeldinger**

Group President, RPCs

# World-leading provider of RPC solutions

## Unmatched network and capabilities

- Serving **330+** retailers and **13,500+** producers
- **35+** countries
- **75+** service centres
- **1.5 billion** trips per annum
- **280 million+** RPCs
- **1,200** employees



# Largest suite of products

Trusted by the world's largest retailers and producers



## Key customer trends

### Challenging retail environment

- Consolidation and margin pressure in the retail industry
- Hard discounters taking share from traditional retailers
- Continuation of omni channel penetration
- Vertical integration of fresh produce procurement
- Increasing automation of warehouses
- Retailers looking for ways to differentiate their merchandising
- Greater focus on quality and the shelf life of fresh produce



# IFCO's value proposition

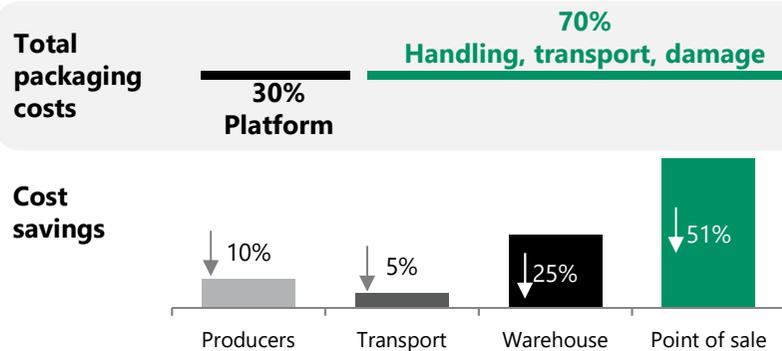
## How we bring value to our customers

Retailers	Growers
 <ul style="list-style-type: none"> <li>Supply chain cost reduction</li> <li>Packaging standardisation</li> <li>Less product damage</li> <li>Effective merchandising</li> </ul>	 <ul style="list-style-type: none"> <li>Track record of rapid, customer-centric expansion</li> <li>Unique supply-chain view used to anticipate trends and solve problems</li> </ul>
 <ul style="list-style-type: none"> <li>Better temperature management</li> <li>Lower mechanical damage and longer shelf life</li> <li>Support of domestic, out-of-region and Southern Hemisphere sourcing</li> </ul>	 <ul style="list-style-type: none"> <li>Industry, grower and retail expertise; unmatched customer support</li> <li>Best product/service portfolio</li> </ul>
 <ul style="list-style-type: none"> <li>Lower energy, waste and natural resource consumption</li> <li>Lower pollution</li> </ul>	 <ul style="list-style-type: none"> <li>Market leadership in countries of operation</li> <li>Capable of large-scale capital investment on industry critical issues</li> </ul>

# Tangible cost and sustainability benefits

## Significant benefits relative to one-way packaging

Total packaging cost savings of up to 23<sup>1</sup>-27%<sup>2</sup>



**Reduced product damage** primarily from DC to store

**Better handling efficiency** at grower, DC, point of sale

**Better truck cubing** from DC to store

<sup>1</sup>IFCO study with Fraunhofer Institute.

<sup>2</sup>IFCO study with California Polytechnic State University.

Significantly reduced environmental footprint

### Compared to cardboard boxes:

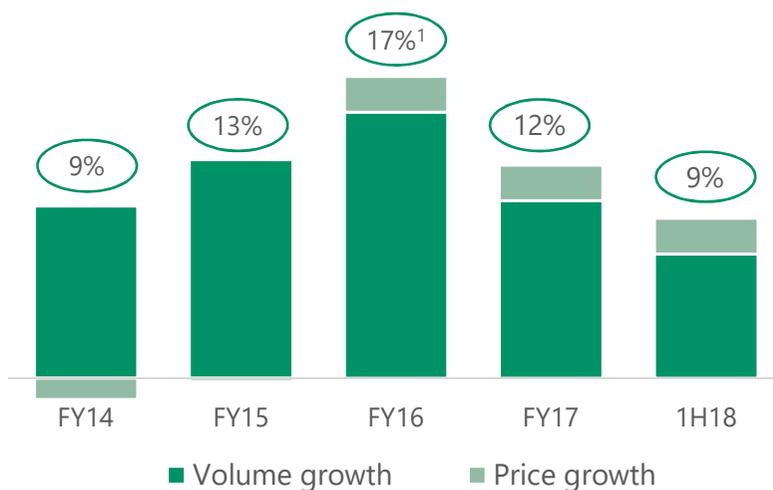
- Up to 60% less CO<sub>2</sub> 
- 64% less energy 
- 80% less water 
- 86% less solid waste 
- 93% fewer cases damaged 

Source: IFCO - LCA updated 2017 Franklin Associates, A Division of Eastern Research Group (ERG) and LCA updated 2018 on behalf of Stiftung Initiative Mehrweg (SIM).

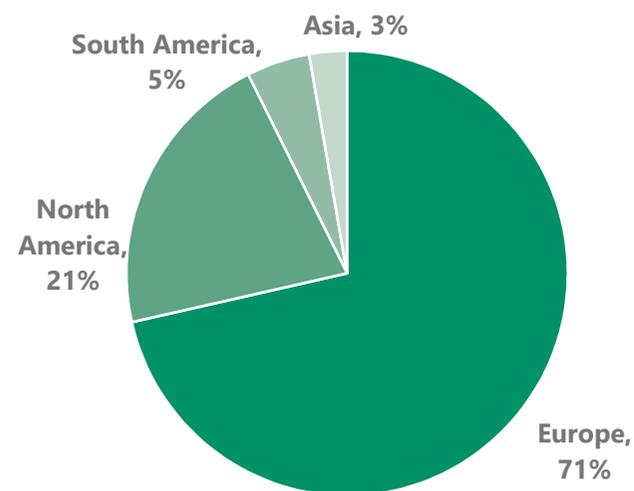
# Strong revenue growth

## Driven by expansion with new and existing customers

Sales revenue growth – constant currency



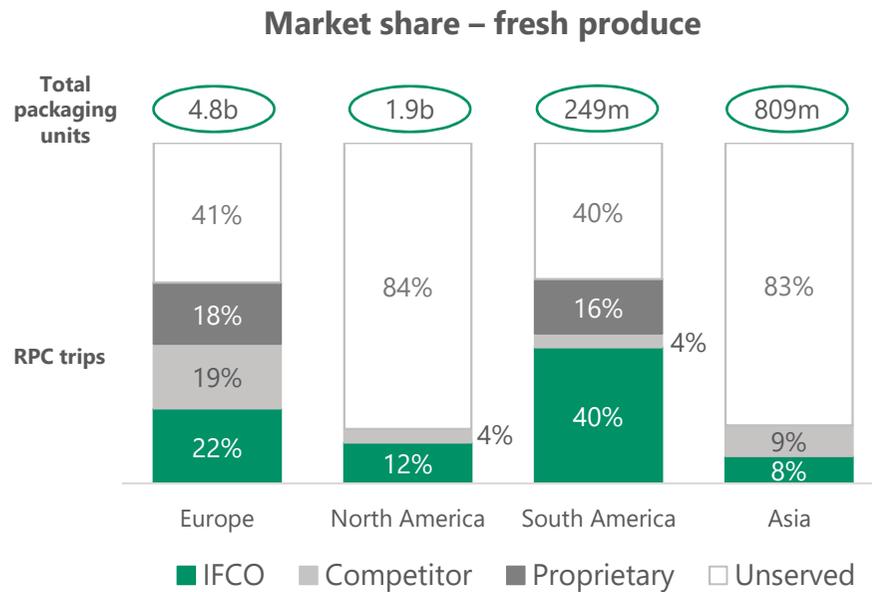
Regional contributions to sales revenue



<sup>1</sup> Acquisitions contributed 5.0 percentage points to FY16 growth.

# Significant growth potential

## Large addressable opportunities in all markets



### 'White space' opportunity:

- Ongoing conversion of commodities at existing retailers
- Winning and expanding with new retail customers
- Take over proprietary RPC pools and integrate into broader regional pool

### Additional opportunities:

- Enter into new produce categories and non-cyclical new verticals e.g. meat, bread and deli

## Revenue growth expectations

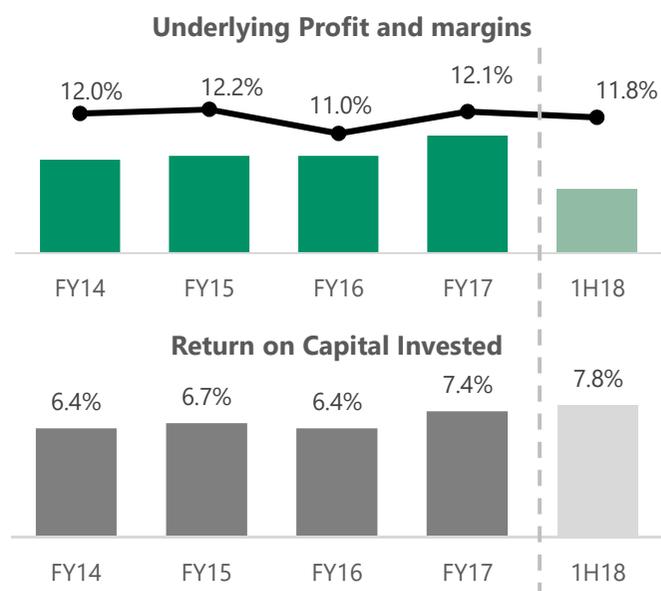
Expansion with new and existing customers key driver of growth

### IFCO: components of revenue growth

	5-year average	Medium-term expectations	Key drivers
Volume	12%	6-8%	<ul style="list-style-type: none"><li>Volume growth supported by significant addressable opportunities in all markets</li></ul>
Pricing	0%	1-2%	<ul style="list-style-type: none"><li>Pricing reflects strategic initiatives in North America and general cover of inflation in other regions</li></ul>
<b>Total</b>	<b>12%</b>	<b>7-10%</b>	

# Profitability Development

## Portfolio of businesses at various stages of maturity



<sup>1</sup> Impact on 1H18 ROCI, at actual FX rates.

- **Europe**
  - Continued growth as retailers increase RPC usage
  - Continued focus on cost reduction and maintaining asset efficiency
- **North America**
  - Strong focus on price for value created
  - Initiatives in place to reduce costs and improve asset efficiency
- **Rest of world**
  - RPC adoption driving growth in emerging markets
  - Geographic expansion through organic growth and acquisitions
  - Disciplined cost management

**ROCI includes a ~6pp<sup>1</sup> adverse impact of Goodwill**

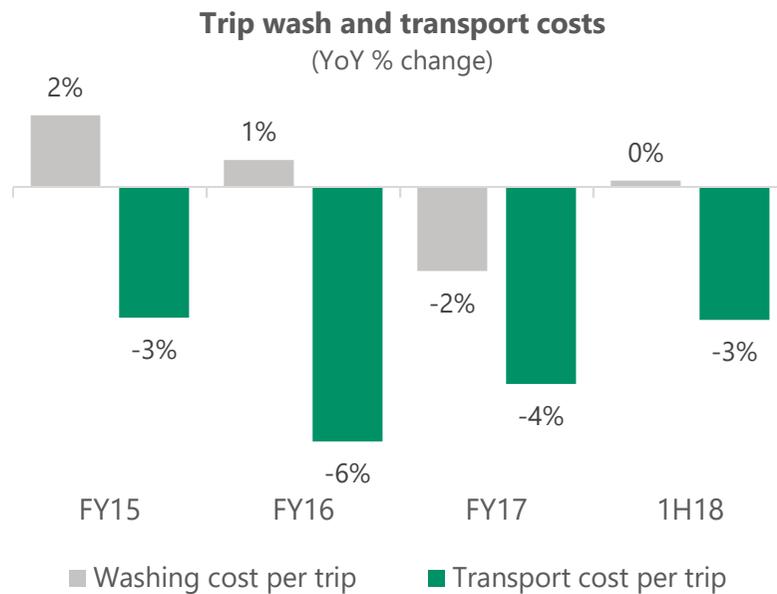
# Operating efficiencies

## Ongoing focus on improving operational efficiency

Optimisation	<ul style="list-style-type: none"><li>▪ Network optimisation to save wash and transportation costs</li><li>▪ Process optimisation and best practice sharing</li><li>▪ RPC flow optimisation project in North America</li></ul>
Automation	<ul style="list-style-type: none"><li>▪ Continuing automation of wash processes in countries with high labour costs (all regions)</li><li>▪ Key automation initiatives include: automatic crate counting system, de-palletisers, erectors, infeed, closer, sorter, stacker, spin dryer, palletiser</li></ul>
Outsourcing	<ul style="list-style-type: none"><li>▪ Strategy to outsource wash operations in all regions where beneficial</li><li>▪ Significant outsourcing potential in North America</li></ul>
Platform efficiency	<ul style="list-style-type: none"><li>▪ Implementation of RPCs with higher transportation efficiency and lower breakage rates (Europe and North America)</li></ul>

# Input cost inflation

## Transport and wash cost improvement over the past 3 years



### Wash cost reductions reflect:

- Volume-related efficiencies and cost reductions
- Wash network optimisation
- Long-term supplier contracts with fixed rates

### Transport cost reductions reflect:

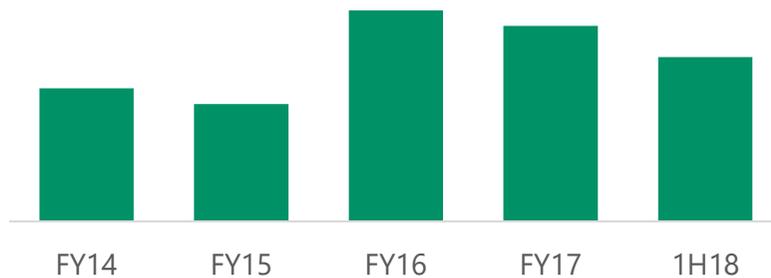
- Country mix
- Share of local vs. export business
- Efficiency and procurement initiatives to lower transport miles and rates

**Operational and overhead cost savings largely compensate for the increase in logistic reimbursement**

# Asset efficiency

## Key to improving cash flow and profitability

IFCO turn rates



### Key drivers of asset efficiency

- Seasonal vs. year-round business
- Domestic vs. cross boarder business
- Number of RPC pools and crate sizes/variants
- Cycle/dwell times
- Asset efficiency is reflected in the pricing

### Initiatives to improve asset efficiency

- Streamlining of pool variants
- Tighter asset control
- Implementation of counter seasonal applications and entry into new verticals
- Disciplined capital allocation and tightly managed capex spending

## IFCO Europe

### Market characteristics

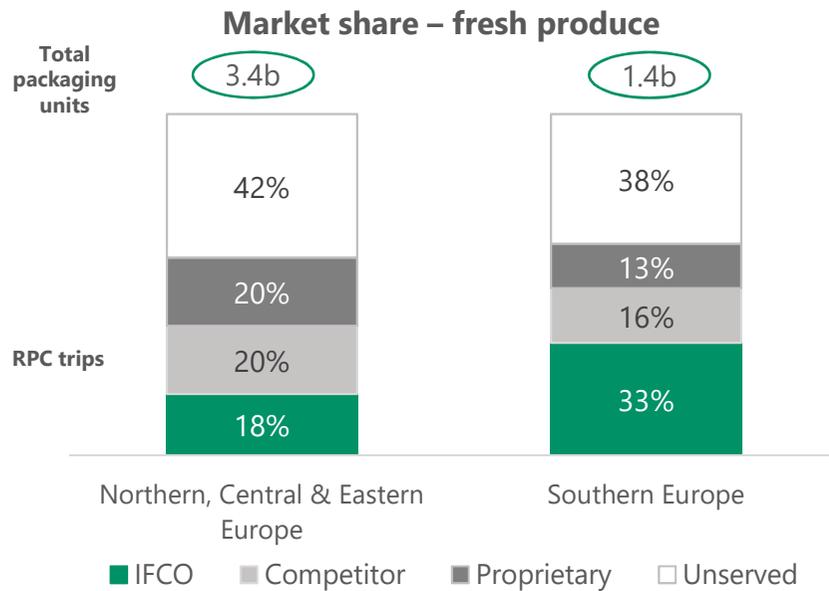
Produce sourcing	<ul style="list-style-type: none"><li>▪ Diversified growing regions</li><li>▪ Low impact of concentrated crop issues</li></ul>
Retailer Dynamics	<ul style="list-style-type: none"><li>▪ Fragmented retail market</li><li>▪ Retailers have exclusive relationships with poolers</li><li>▪ IFCO reimburse retailers for logistics services and shares volume-related efficiencies of scale</li></ul>
Producer dynamics	<ul style="list-style-type: none"><li>▪ Small/mid-size growers, modest collective organisation</li><li>▪ Growers tend to use retailer's preferred packaging type</li><li>▪ Retailers choose which pooler growers use</li></ul>
Pricing structure	<ul style="list-style-type: none"><li>▪ Standard price list for all growers</li></ul>



**RPCs widely accepted as preferred platform for transporting fresh produce**

# IFCO Europe

## Developed market with strong growth potential



### Strategy to strengthen network advantage

- Ongoing commodity conversions away from cardboard
- Entry into new verticals e.g. meat, fish, eggs
- New retailer wins from pooling competitors, cardboard and take over of proprietary pools
- Extend RPC pooling into Eastern Europe and Turkey

# IFCO North America

## Market characteristics

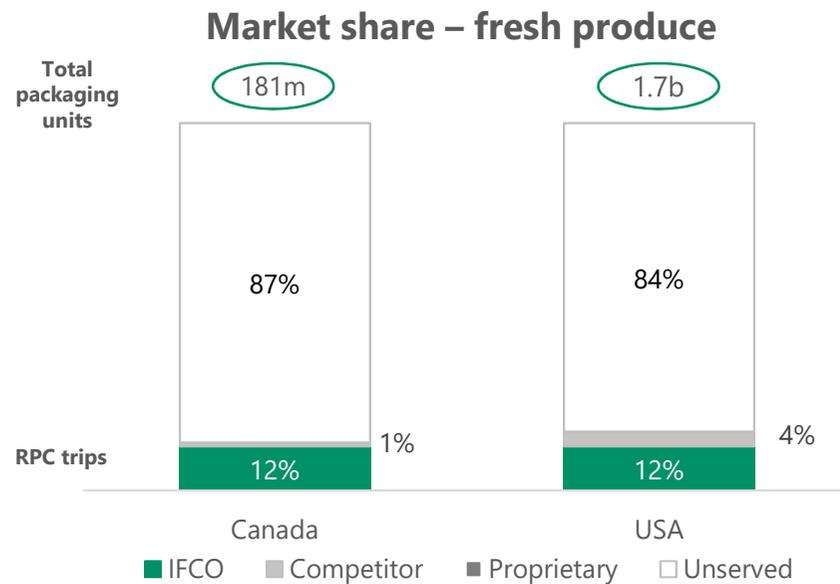
Produce sourcing	<ul style="list-style-type: none"><li>Concentrated growing regions</li><li>High potential impact from crop failures</li></ul>
Retailer dynamics	<ul style="list-style-type: none"><li>High share of national retailers</li><li>Retailers do not work exclusively with one pooler</li></ul>
Producer dynamics	<ul style="list-style-type: none"><li>Large growers with significant negotiating power</li><li>Growers may push back on retailers' preferred packaging</li><li>Growers have choice which pooler to use</li></ul>
Pricing structure	<ul style="list-style-type: none"><li>Standard base price list</li><li>Grower specific pricing based on cost to serve and volumes</li></ul>



**Increasing acceptance of RPCs as the preferred platform for transporting fresh produce**

# North America

## Market remains significantly under-penetrated



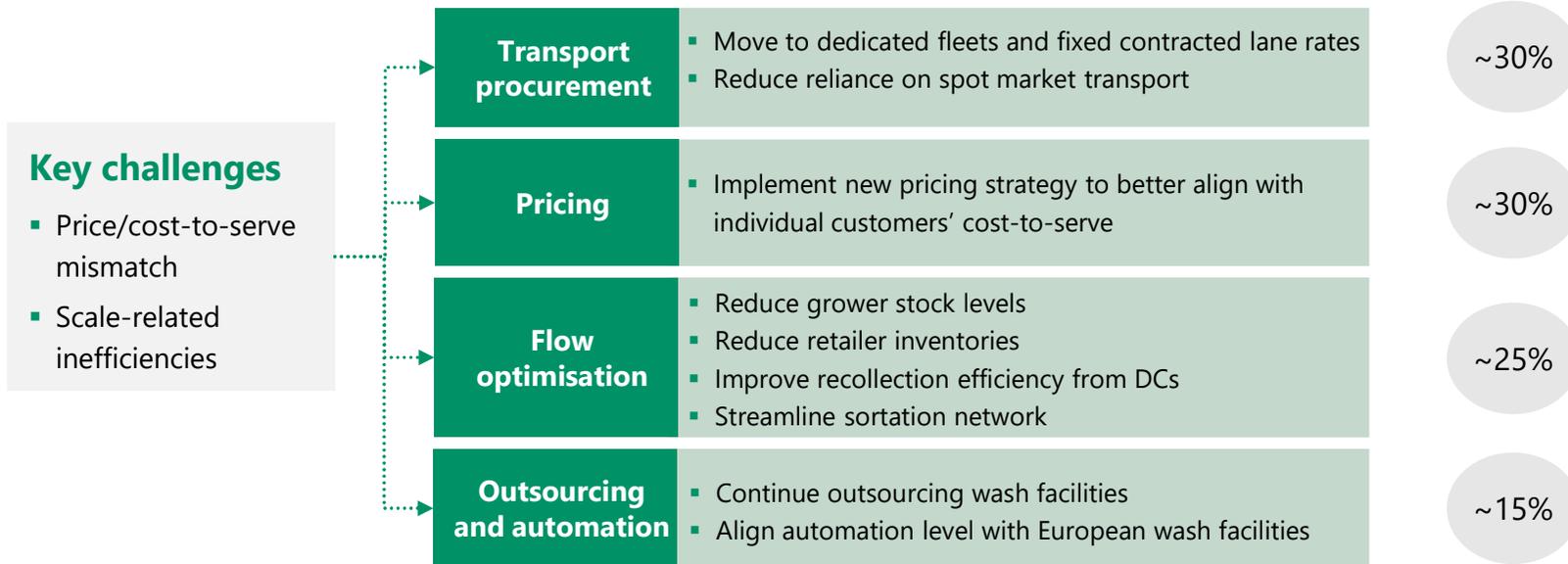
### Focus on:

- Strengthening and growing the core fresh produce business
  - Continue category conversions with current retailers
  - Win new retail customers with a focus on West Coast regional retailers
- Diversifying into less-cyclical categories e.g. meats and deli

# North America challenges

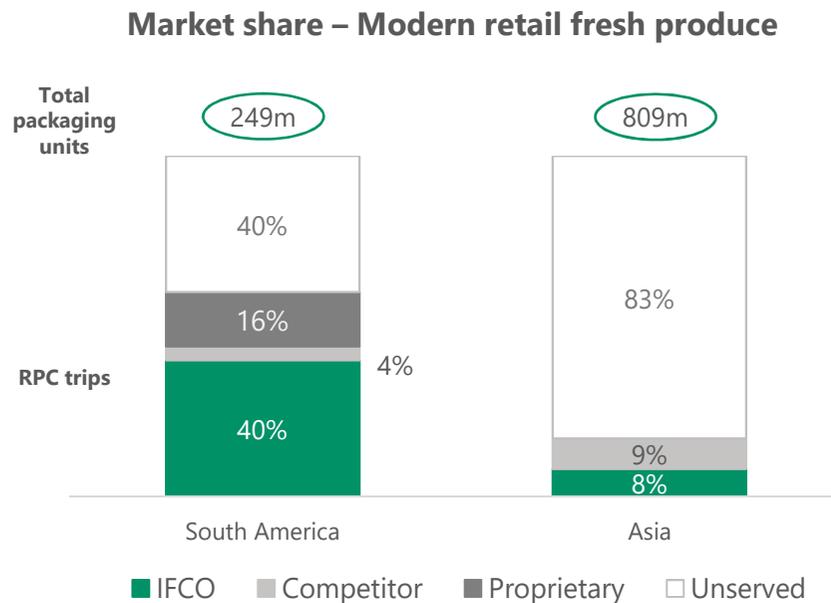
## Strategy to improve profitability and asset efficiency

Contribution to ROCI improvement over next 2 years



## South America

### IFCO is the clear market leader



#### South America – market leader

- Implementation of new verticals (e.g. meat, bread, eggs)
- New retail wins (primarily in Brazil and Colombia)
- Organic growth linked to modernisation of retail
- Opportunity for further geographic expansion (Mexico, Peru)

#### Japan – early stages of development

- Increasing consolidation of retail and grower industries support RPC penetration
- Develop new applications

#### China – significant future potential

- Market in early stages of development
- Government and retailers seeking to improve supply chain efficiency, decrease food waste and the environmental impact
- Growing consumer demand for higher produce quality
- 2 retail partners with solid pipeline

# Innovate to create new value

## Product development

- Phase out old generation pools to provide more ergonomic products for customers, reduce complexity and gain efficiency for IFCO
- Limit the trend to retail-specific new pools for fresh produce by offering alternative customising solutions for standard IFCO RPCs
- Continue to develop alternative RPC designs for other applications



# Innovate to create new value

## Technology and digital innovation



- Supports all RPC-related transactions and customer information requests
- New online ordering and management system
- Next enhancements planned:
  - MyIFCO mobile application
  - Seamless integration into customers' ERP systems/applications
  - Enhanced planning and collaboration tools



### BXB Digital collaboration

- Pilot with leading IFCO retail customer to digitise the supply chain for fresh produce via smart assets and BXB technology
- Key objective is to improve the freshness and quality of fresh produce and extend shelf life for consumers

# Innovate to create new value

## Proactively responding to e-commerce and omni channel trends

Developing solutions to extend the usage of RPCs towards end consumers and to provide additional value added services for retailers



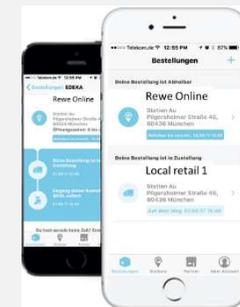
### Case study: Qool Collect



Offering consumers a shared collection point for orders from multiple online stores

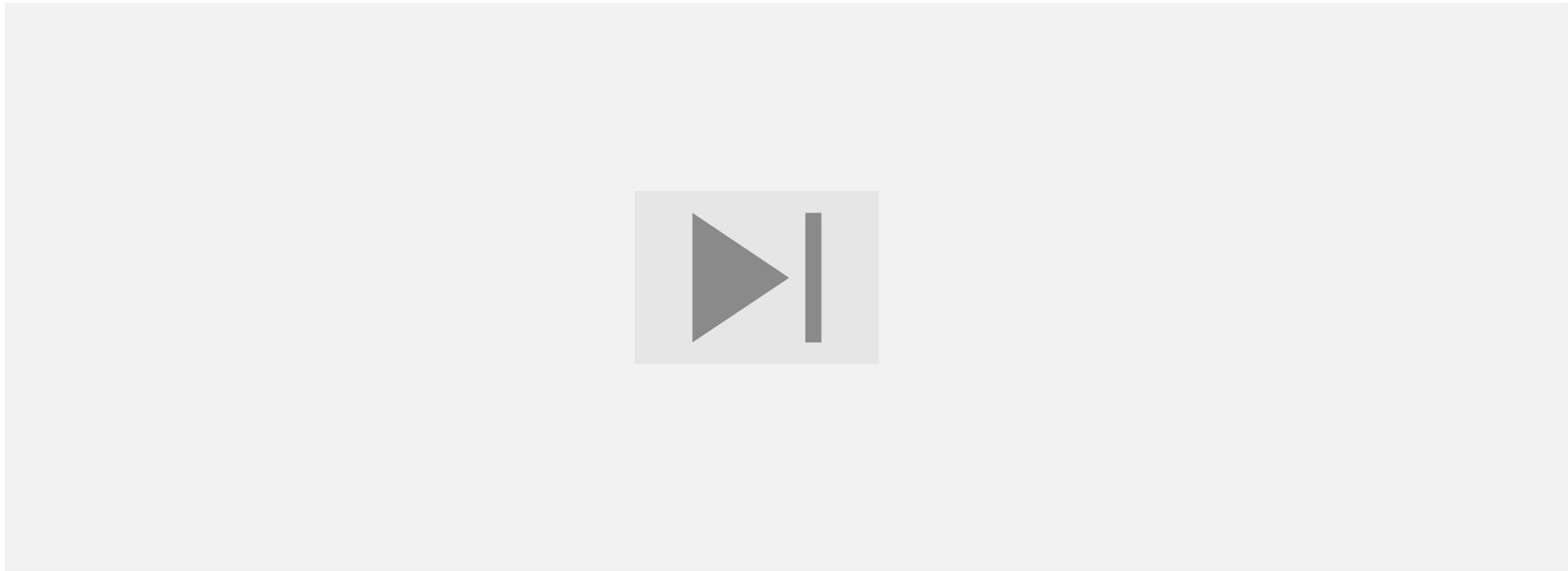
**IFCO's role:** provide RPC packaging, organise transport and storage of online orders until they are collected by the consumer

Collaborating with new e-commerce players





## Qool Collect video



# Succession and talent management

## Strengthen and develop new talent

### Talent development



- Recruit new talent: leverage capabilities from the Brambles Group and the market

### Commercial development

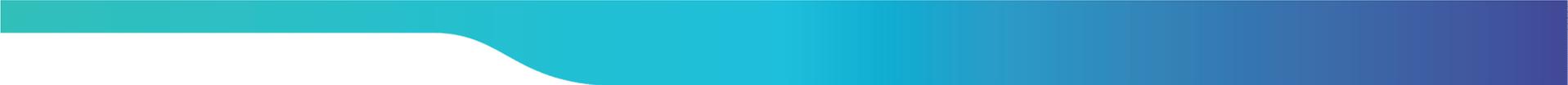


- Strengthen sales capabilities
  - Negotiation training
  - Solution sales skills training
  - Finance training for sales team

### Leadership development



- Develop new talent: active participation in Brambles development programmes
  - Emerging Leaders Programme
  - Graduate Development Programme
  - Senior Executive Development Programme



## Summary

- IFCO is the clear global market leader with significant growth potential in all markets
- Excellent growth rates and solid profit margins delivered in a very challenging and competitive environment
- Strong performance of Europe and South America with promising development in Asia
- Clear plan to improve performance in North America and outstanding growth opportunities in all markets
- IFCO is very well-positioned to deliver profitable growth in the future

# Brambles

## 2018 Investor Day

14 March 2018





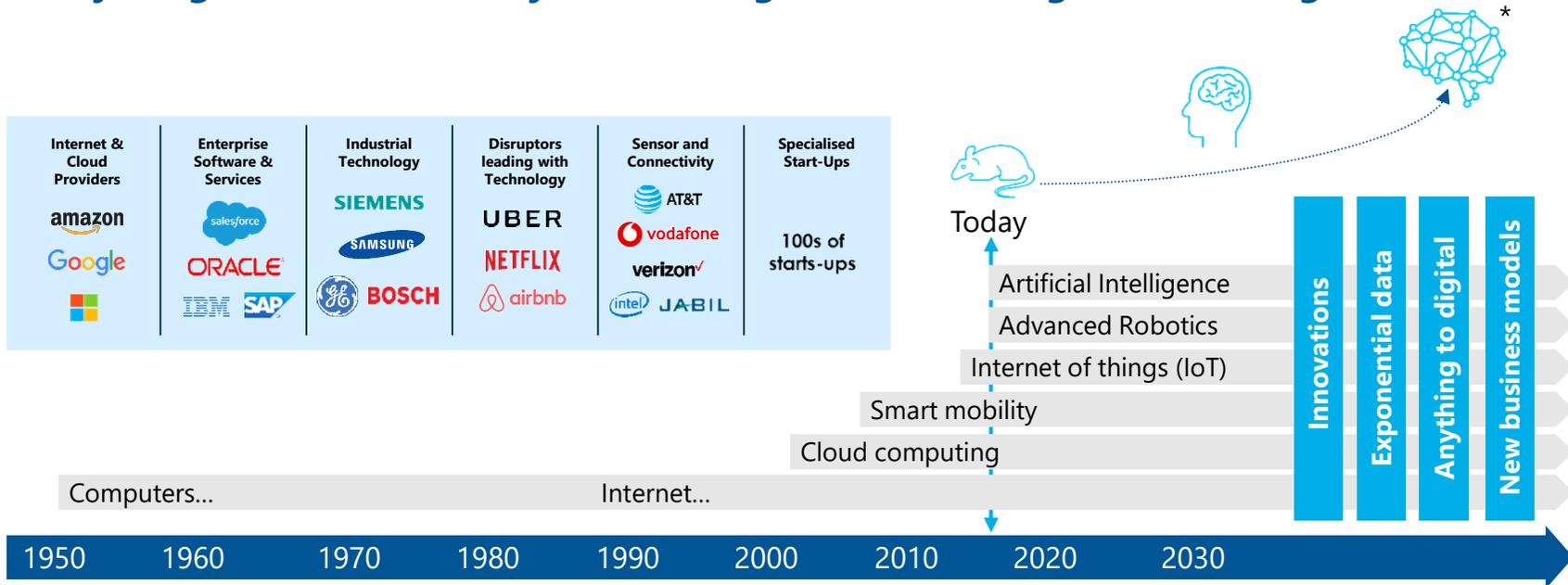
# Path to digital leadership

Prasad Srinivasamurthy

President, BXB Digital

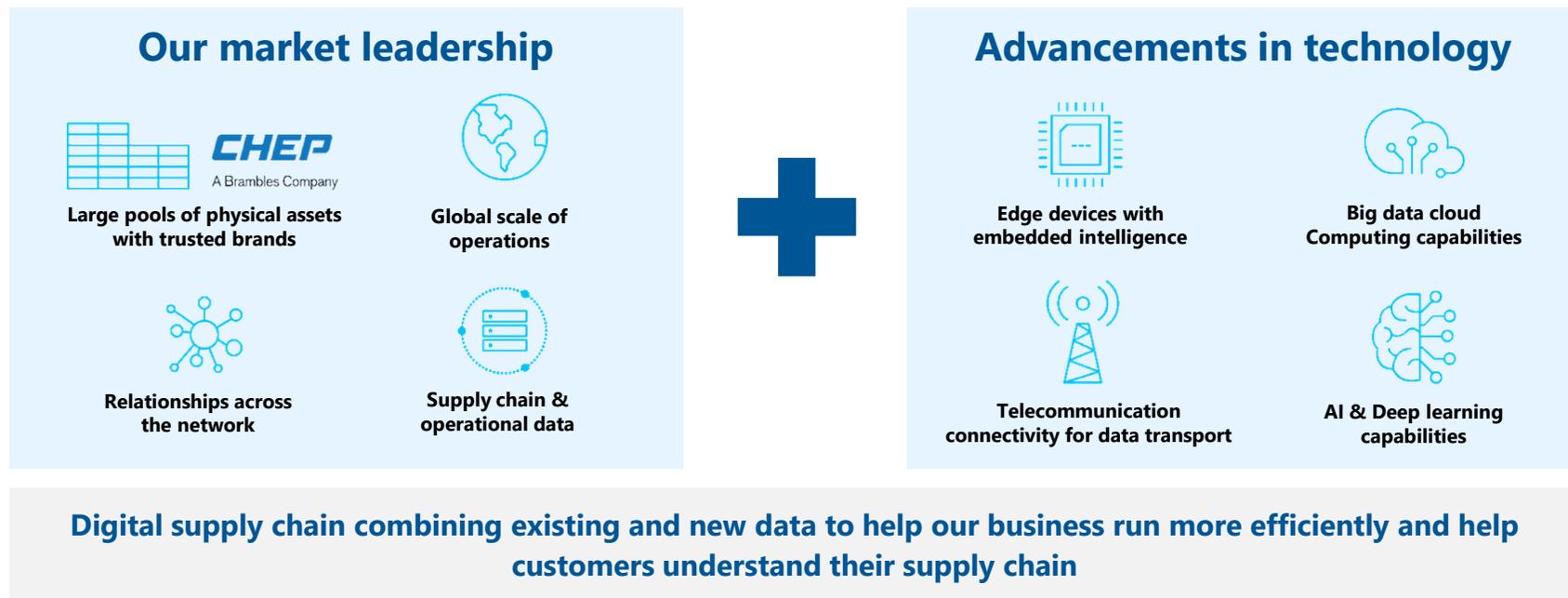
# The pace of technology is increasing, and impacting business exponentially

Everything that can remotely become digital is becoming or will be digital!

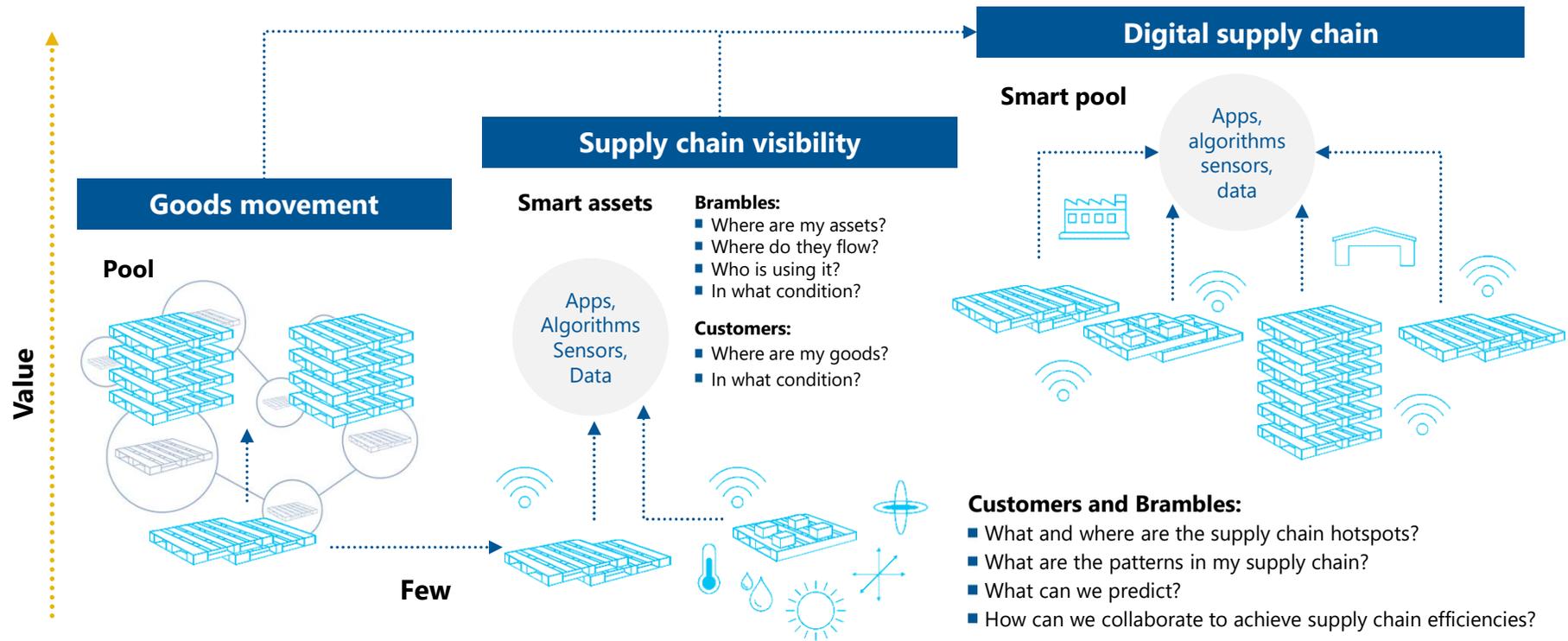


\* Source: The Technological Singularity: MIT Press.

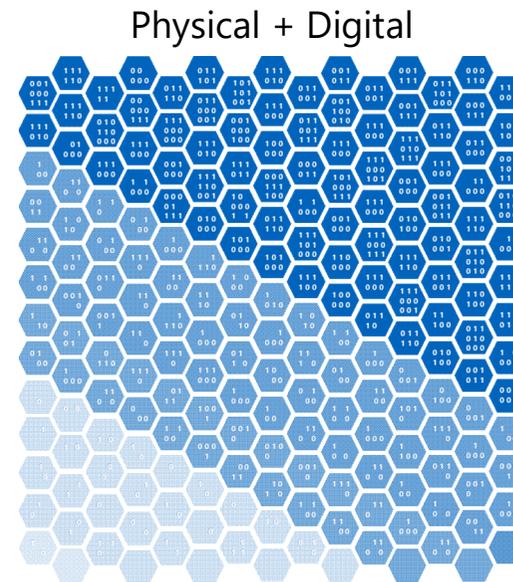
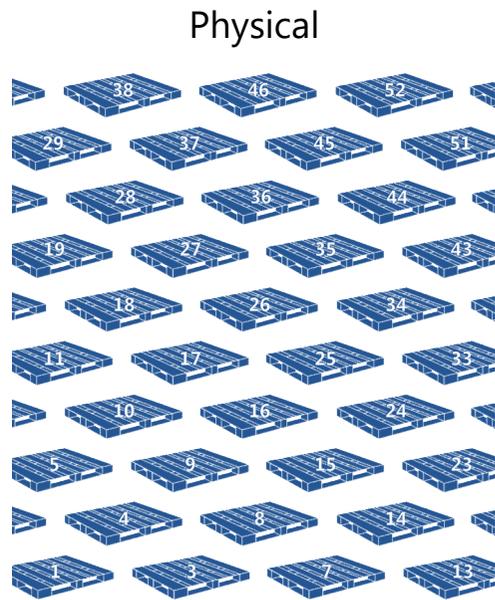
# Our opportunity to innovate with BXB Digital



# Questions only we can answer



# Questions only we can answer



# Powering digital supply chains

## Illuminate



Enhance asset efficiency  
in our core business

## Reimagine



Remake existing  
markets

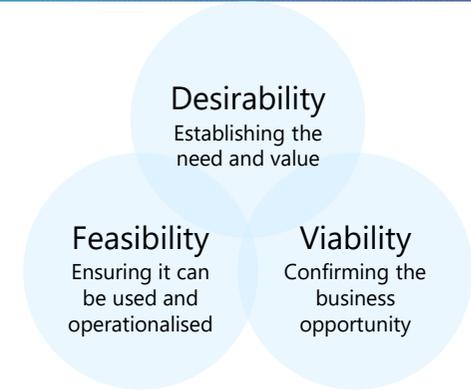
## Transform



Create new  
markets

# Our approach

## Current focus



**Step 1: Build**  
Research and development

- Team, opportunities, use cases
- Edge devices
- Software engine

**Step 2: Validate**  
Business units/customer validation

- Customer engagement and pilots
- Device operations
- Software applications

**Step 3: Scale**  
New solutions

- Software applications
- Integrated physical and digital operations
- Repeatable digital implementations



## Step 1: Build an A-team



- Technology and domain experience in supply chain, data science, IoT, CRM, aerospace, telecom, mobile and gaming industries
- Recruited from Silicon Valley and other tech hot spots, solving problems for some of the largest companies in the world, across multiple verticals



Business units and customers

**Business units**



Operations for digital

**Supply chain**



Enterprise systems

**IT**



Talent, Legal, Finance

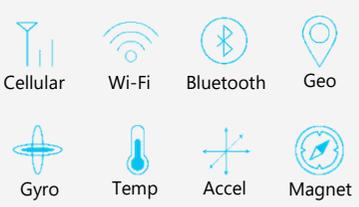
**Cross functions**

**Collaborating deeply with the executive leadership team**

# Step 1: Build core technology

## Brambles Intelligence Exchange (BRIX)

### Intelligent edge in devices



- Connectivity services
- IoT related embedded software
- Sensors and semiconductors
- Cutting edge sensor and network technologies

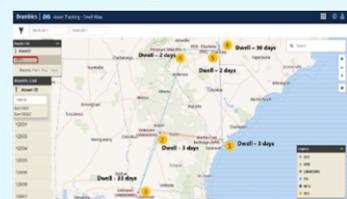
### Software engine and algorithms



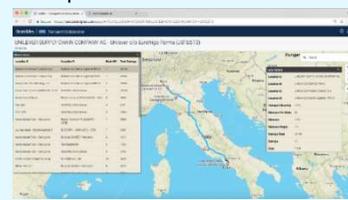
- Intelligent models and algorithms
- Predictive and machine learning analytics
- Artificial intelligence and deep neural network algorithms
- Common structures and APIs for extensibility
- Storage and contextualisation of sensor data

### Supply chain applications

**Asset tracking**



**Transport orchestration**

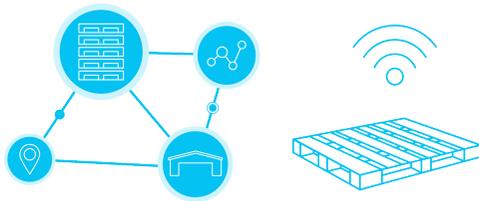


**Goods visibility and quality**



# Differentiate: Only Brambles can offer

## Seamless physical and digital



- 1 Cutting edge IoT devices with multiple sensors designed to fit and work within our platforms
- 2 Optimised for performance and data capture including over the air configurations
- 3 Operationally seamless for customers to receive and use

## Repeatable across our global network



- 1 Repeatable blueprint across our platforms and network
- 2 Standardised solutions across global locations with consistent user experience – across supply chain participants
- 3 Flexibility to customise based on regional needs

## At scale



- 1 Purpose built scalable and extensible software engine
- 2 Enterprise scale business network powered by patented algorithms and advanced data science
- 3 One engine powering multiple use cases and applications

## Step 2: Validate

Value through pilots

**Laura Nador**

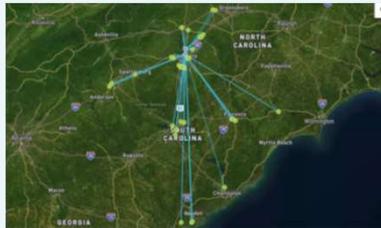
**Illuminate** asset efficiency and velocity

**Reimagine** customer value



# Pilots – North America

**Illuminate**  
the network



### The challenge

- Create visibility of pallet flows within channels that are less efficient or represent potential for growth

### The approach

- Measure flows of tagged pallets injected at targeted nodes within the supply chain

### The findings

- Unanticipated flows and behaviours

### The opportunity

- Enhanced collection and cost mitigating strategies, new business models

**Reimagine**  
customer  
value



- Prove capability to provide customer real-time visibility to the condition and movement of goods within their supply chain

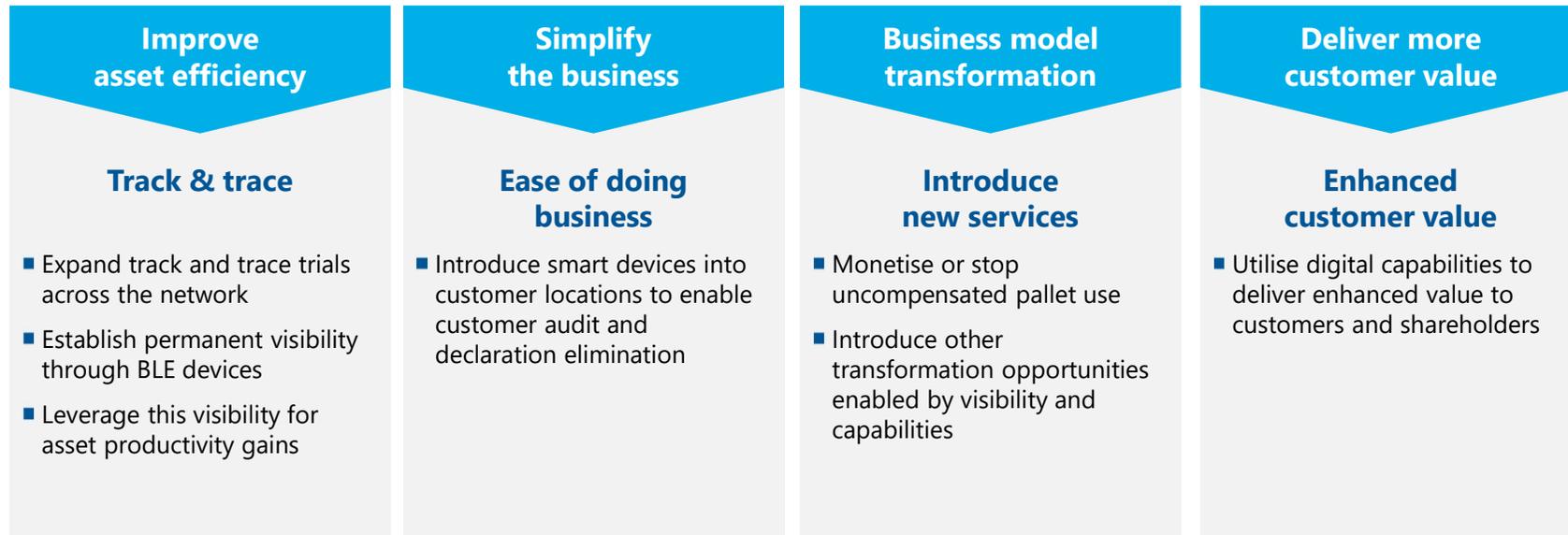
- Collaborate with FMCG customer, injecting unit loads into the supply chain

- BXB technical capabilities confirmed and additional enhancements
- Further customer collaboration needed

- Commercialise solutions that enable customer response to real-time, product specific needs

# Strategic Benefits

Greater asset efficiency, ease of doing business and customer value creation



## Step 2: Validate

Value through pilots

**Mike Pooley**

**Illuminate** asset efficiency and velocity  
**Transform** value to customers



# Pilots - Europe

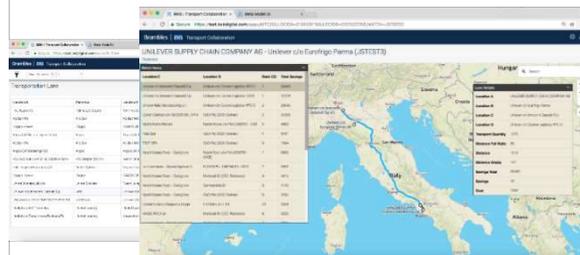
**Illuminate**  
the network



## Spain Track and Trace Pilot

- Downstream transfers to Non-Cooperating Distributors (NCD) in the Beverage sector are a source of loss to CHEP in Spain
- Pilot injected pallets with tracking devices at NCDs via specific manufacturers in the beverage sector
- Pilot confirmed some hypotheses and provided new information to illuminate the channel behavior
- Insights can ultimately help us work with customers to address root causes of loss and better manage pricing

**Transform**  
customer  
value



## Transport Orchestration

- CHEP Europe has created a solution and proven the benefits through application with multiple customers. In order to scale the solution, a less manual approach was needed
- Automated lane matching tool created to:
  - Combine transportation lanes (full and half truck loads) of different shippers;
  - Long-term/strategic matching for transport capacity procurements; and
  - Including cost and empty miles optimisation

# Strategic benefits

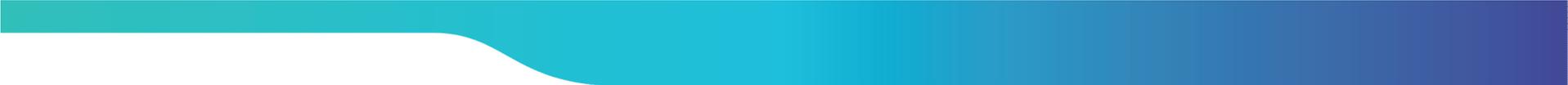
Greater asset efficiency, ease of doing business and customer value creation





## Our journey so far





## Challenges and pitfalls

### Digital is not just technology

Successful adoption needs a new digital value lens **across the organisation**

### Acknowledge unknowns

Cutting edge technology is still maturing; **not everything will work or succeed**

### Iterate and pivot

Validate business value and **adjust based on learnings**

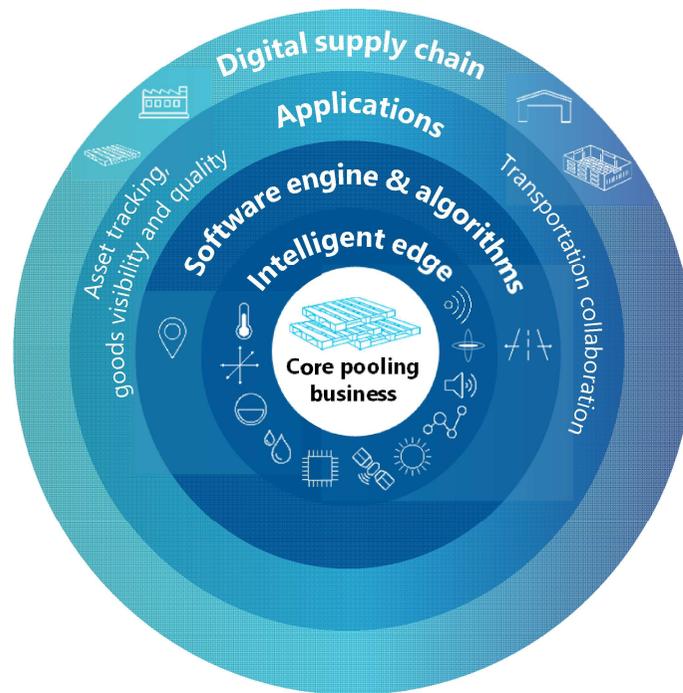
### Longer-term horizon

**Focus on the strategic long-term value**, not only the cost of the technology

### Garbage in, garbage out

**Volume ≠ quality**, even the greatest algorithms are only as good as the data

# Pathway to digital leadership



## Intelligent edge

A digital fabric over a physical network

## Software engine and algorithms

Transform existing and sensor data to insights

## Applications

Applications to leverage insights into action

## Digital supply chain

Collaboration and information exchange across supply chains

# Brambles

## 2018 Investor Day

14 March 2018





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# Appendix

# 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 currency/FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
Average Capital Invested (ACI)	For a half year: Average Capital Invested (ACI) is a six-month average of capital invested. Full a full year: ACI is a 12-month average of capital invested.  Capital invested is calculated as net assets before tax balances, cash and borrowings but after adjustment for actuarial gains and losses and net equity adjustments for equity-settled share-based payments.
Brambles Injury Frequency Rate (BIFR)	Safety performance indicator that measures the combined number of fatalities, lost time injuries, modified duties and medical treatments per million hours worked.
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. <ul style="list-style-type: none"> <li>- Replacement capex = DIN</li> <li>- Growth Capex is total pooling capex less DIN.</li> </ul>
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

# 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:

Constant currency/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: <ul style="list-style-type: none"> <li>– Depreciation expense;</li> <li>– Irrecoverable Pooling Equipment Provision expense; and</li> <li>– Net book value of compensated assets and scraps (disposals).</li> </ul> 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 1

## 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	Profit before finance costs and tax, as shown in the statutory financial statements, 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)	For a half year: Underlying Profit multiplied by two to calculate an annualised amount, divided by Average Capital Invested. For a full year: Underlying Profit 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: <ul style="list-style-type: none"> <li>- 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</li> <li>- Part of the ordinary activities of the business but unusual due to their size and nature.</li> </ul>
Underlying Profit	Profit from continuing operations before finance costs, tax and Significant Items.