



20 August 2008

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

*Via electronic lodgement*

Dear Sir,

**BRAMBLES DELIVERS SOLID FULL YEAR 2008 PERFORMANCE**

Attached is a media release from Brambles Limited on its preliminary final report for the year ended 30 June 2008.

Yours faithfully  
**Brambles Limited**

**Robert Gerrard**  
Company Secretary

## BRAMBLES DELIVERS A SOLID PERFORMANCE IN 2008 AND CONTINUES TO WIN NEW BUSINESS

Brambles today reported a solid performance for the year ending 30 June 2008, with sales revenue from continuing operations up 13% (+6% in constant currency) to US\$4,358.6 million, driven by volume growth across all regions of CHEP and Recall.

Comparable operating profit increased 12% (+6% in constant currency) to US\$1,046.9 million. Prior to the US\$20.6 million investment in quality initiatives in CHEP USA and US\$10.9 million in Walmart transition costs, Brambles comparable operating profit increased 16% (+9% in constant currency) to US\$1,078.4 million.

Brambles maintained its profit margin at 24%, a strong performance given the investments in new markets and quality and innovation, as well as the transition costs incurred due to changes to the management of pallet flows in the Walmart network.

The Chief Executive Officer of Brambles, Mike Ihlein, said: "This is a particularly pleasing result given the increasingly challenging economic environment in many markets and it confirms the strength of our business models.

"We continue to win significant new business, in both existing and new markets, and we have made excellent early progress in the implementation of our growth strategy. Our performance makes me optimistic about the medium to longer term growth outlook for Brambles."

### Business Overview

- **CHEP Americas sales revenue grew 10%** (+8% in constant currency), with comparable operating profit up 7% (+5% in constant currency)

CHEP USA grew sales revenue by 6%, although the second half of the year was impacted by slowing demand in a significantly weaker economy. Both CHEP Canada and CHEP Latin America delivered sales revenue and comparable operating profit growth in excess of 10% (constant currency) primarily driven by increased volume.

CHEP USA invested US\$25.1 million<sup>1</sup> on a range of activities focused on quality improvement and innovation as part of a previously announced US\$100 million, two year program.

- **CHEP Europe, Middle East & Africa (EMEA) sales revenue grew 13%** (+4% in constant currency), with comparable operating profit up 18% (+9% in constant currency). The primary drivers of growth were volume increases and European network efficiencies
- **CHEP Asia-Pacific sales revenue grew 20%** (+5% in constant currency). Comparable operating profit up 10% (-5% in constant currency), reflects the impact of start-up costs in China and India
- **Recall sales revenue grew 15%** (+7% in constant currency). Comparable operating profit up 8% (-2% in constant currency), reflects the impact of higher costs in North America.

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<sup>1</sup> US\$20.6 million operational cost and US\$4.5 million capital expenditure

Profit after tax, before special items, from continuing operations was unchanged year-on-year in constant currency terms. This was due to higher net finance costs in 2008 on increased average debt levels following the buy-back of 278 million shares at a cost of US\$2.9 billion<sup>2</sup> over the past two years. Earnings per share before special items increased 18% (+10% in constant currency) to 44.5 US cents.

Cash flow from operations remained strong at US\$810.0 million reflecting higher profits offset by increased capital expenditure to support growth. Brambles' balance sheet also remains strong with significant unutilised credit facilities and no major debt refinancing due before November 2010.

### **Dividend**

The Board declared a final dividend of 17.5 Australian cents per share, taking the full year dividend total to 34.5 Australian cents per share, an increase of 13%.

The final dividend is 10% franked and payable on 9 October 2008 based on a record date of 19 September 2008.

### **Investment for Growth**

Mr Ihlein said that Brambles has extensive organic growth prospects in all its key markets as well as a number of significant geographic expansion opportunities.

"We have made good progress in the strategic investment program we announced in February 2008, with capital expenditure in FY08 totalling approximately US\$35 million on the following new business activities:

- increased presence in the food service sector in the USA through a significant expansion of business with Tyson Foods, which will become one of CHEP USA's largest customers;
- new business in the USA non-carbonated beverages sector, with a major manufacturer converting from 'white wood' to CHEP;
- added a number of new customers in China including Pearl River Breweries, Nongfu Spring Mineral Water and ChangAn Ford Mazda;
- CHEP Asia-Pacific entered the rapidly growing Indian market in the latter part of the financial year; and
- CHEP EMEA winning business in Germany and adding several new customers in Poland.

"Successful execution of the strategic investment program will contribute to Brambles' objective to achieve 10% compound sustainable revenue growth in the medium to long term," Mr Ihlein said.

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<sup>2</sup> US\$2.9 billion comprised an on-market buy-back of 184 million shares and cancellation of 94 million shares under the Cash Alternative as part of Unification.

## Outlook

Brambles is well positioned to deliver another year of sales revenue and profit growth in FY09. Good progress is being made in a number of strategically important growth areas for CHEP, particularly food service and beverages in the USA, expansion in Germany and Poland and the emerging markets of China and India. The Company is confident of continuing to win significant new business in all markets and this will contribute to volume growth in FY09 and beyond.

All business units (CHEP Americas, EMEA and Asia-Pacific, and Recall) are expected to deliver increased sales revenue in FY09. Ongoing focus on cost efficiencies and network optimisation will also benefit profit growth in each business unit. However, CHEP Asia-Pacific profit growth will be impacted in the near term due to its strategic investments in the emerging markets of China and India. Brambles remains confident that an agreement will be reached with Walmart to deliver the lowest cost overall supply chain solution, although CHEP USA profit growth will be subdued in FY09 due to non-recurring Walmart transition costs.

Brambles has robust business models in both CHEP and Recall which have a continuing ability to gain significant new business. A considerable proportion of customers are involved in the fast moving consumer goods (FMCG) sector which, while not immune from downturns, generally proves less volatile in challenging economic conditions. However, Brambles recognises that the more difficult consumer environment in many markets has the potential to dampen organic growth in the short term.

Brambles has a high quality customer base, strong track record in winning new business and opportunities for growth in existing and emerging markets. While the current economic uncertainty in global markets has the potential to affect consumer sentiment, Brambles is well positioned to achieve its objective of 10% compound sustainable sales revenue growth in the medium to long term.

For further information please contact:

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**Brambles is globally headquartered in Australia**