

# Brambles

## Operations Review

29 October 2007

Accelerating Growth:  
Customers, Markets,  
People





## ► 2007 Operations Review

Elton Potts

President and Chief Operating Officer

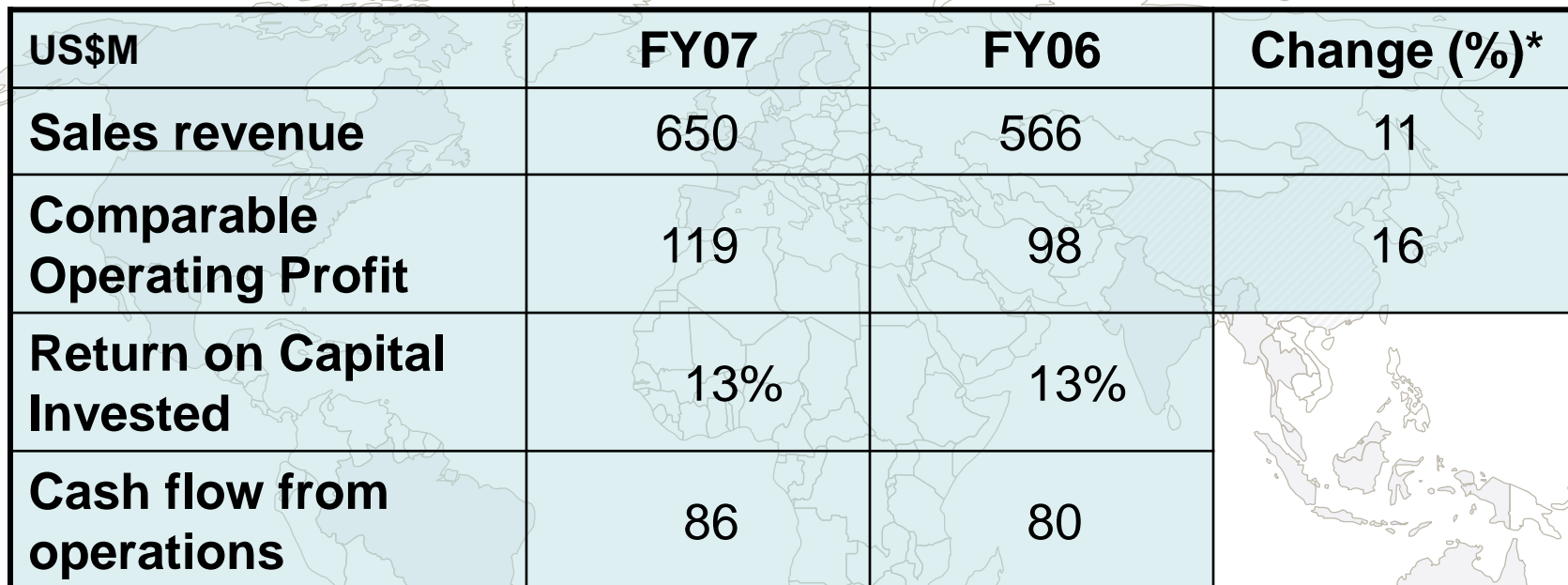
29 October 2007

## ▶ AGENDA



- Strong Foundations
- Europe
  - Overview
  - Superior Value Proposition
  - Accelerating Growth
- Q&A

## ► STRONG FOUNDATIONS

A faint world map is visible in the background of the table, showing the outlines of continents and major landmasses.

US\$M	FY07	FY06	Change (%)*
<b>Sales revenue</b>	650	566	11
<b>Comparable Operating Profit</b>	119	98	16
<b>Return on Capital Invested</b>	13%	13%	
<b>Cash flow from operations</b>	86	80	

\* Growth % calculated on US\$ constant currency basis

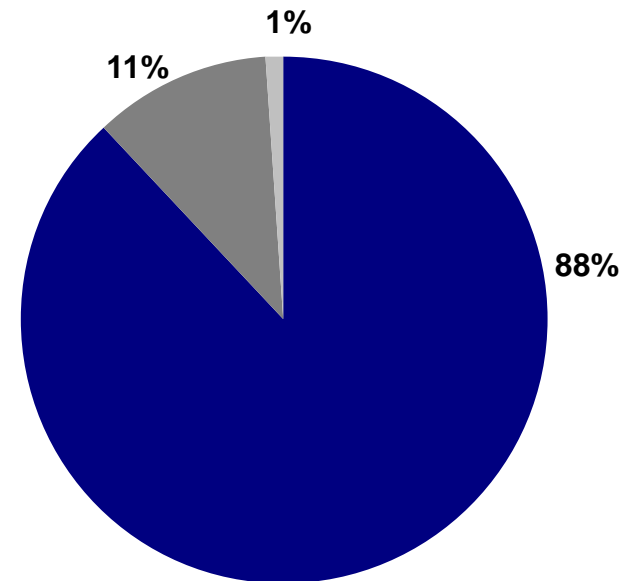
- **Building on strong foundations**
- **Leveraging customer relationships**
- **Implementing best practices**
- **Focused on profitability and growth**

# ▶ STRONG FOUNDATIONS Europe



- 9 Countries
- ~43 Dedicated Operation Centers
- ~1,000 Employees
- ~21,000 Customers

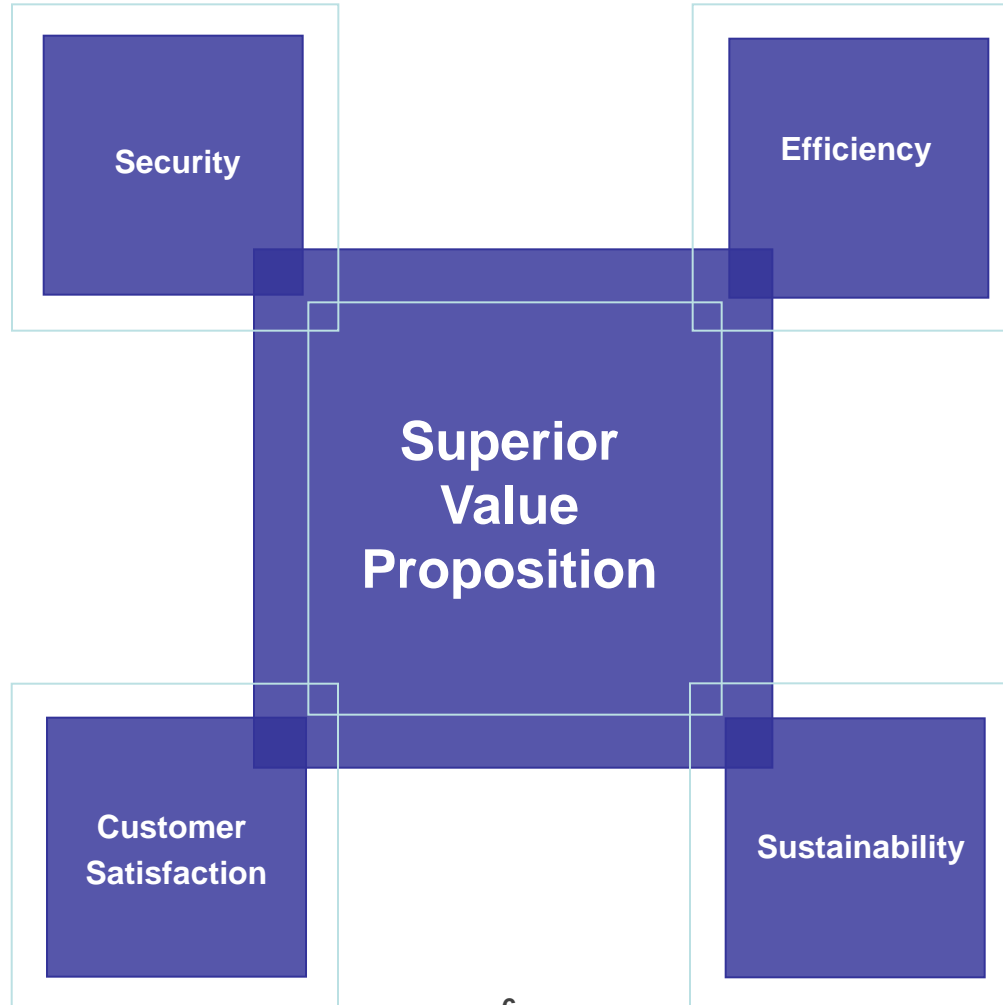
## Service Lines - Sales



- Document Management Solutions
- Secure Destruction Services
- Data Protection Services

# ► BUSINESS STRATEGY

Fire Prevention  
Risk Management  
Standard Operating  
Procedures



CARTONS Model  
Benchmarking and  
Best Practices  
RFID Technology  
Six Sigma/Lean

Perfect Order  
Global Operating  
Platform  
Third Party Validation  
Global Footprint

Environment  
Financial Strength  
and Stability  
Continuous  
Improvement

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# DATA PROTECTION SERVICES

## Eisenhower Center

**recall**<sup>TM</sup>



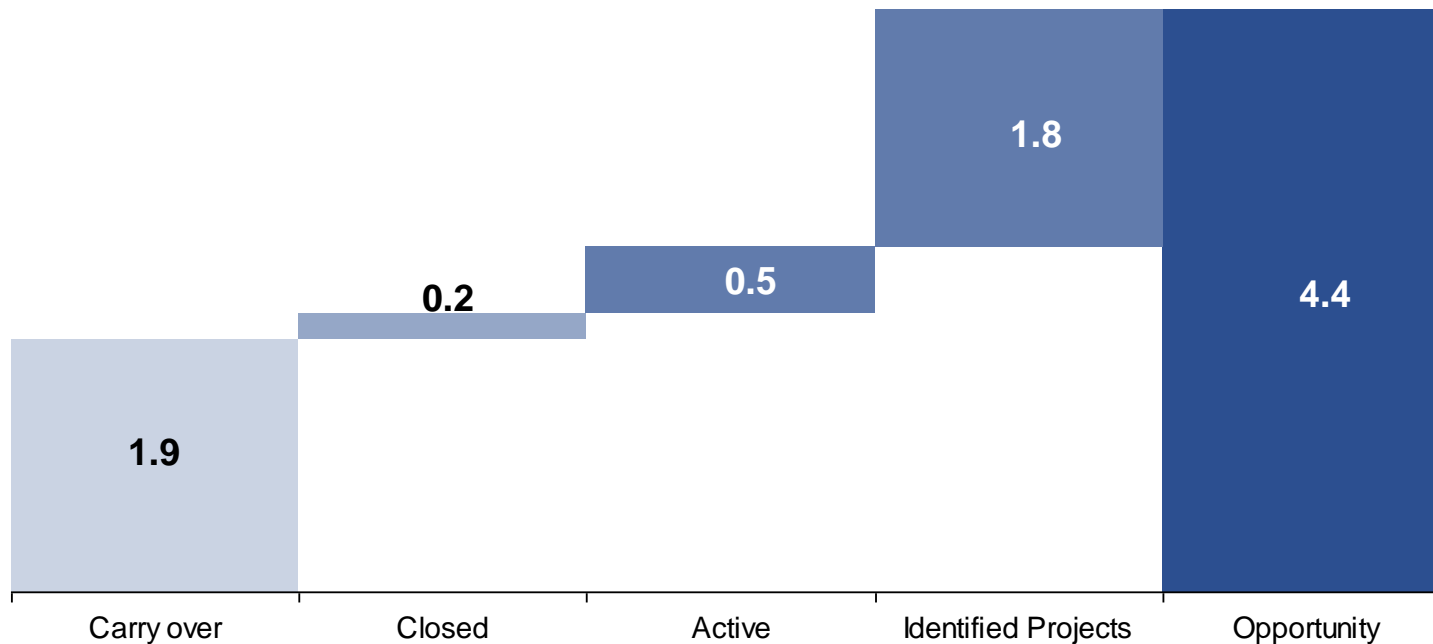
- Operating at 100 feet below ground
- Climate controlled environment
- FM200 protected
- CCTV
- Dedicated, secure non-branded trucks
- Locked trucks and transport boxes



# EFFICIENCY IMPACT - Europe



## Operating Plan (US\$M)



### Examples

- Sales Effectiveness Improvement - France
- Customer Issue Resolution - UK
- Transport and Courier Optimization - Germany



# ▶ CUSTOMER SATISFACTION

## Third Party Validation



### GLOBAL

- Strengths
  - Standard operating procedures – recognized and working globally
  - Professionalism and trustworthiness
  - Ease of doing business
- Opportunities
  - Partnership extension
  - Communication

### EUROPE

- Strengths
  - Trustworthiness and security
  - Timeliness of collection and delivery
  - Ease of doing business
  - Efficient and effective inquiry process
- Opportunities
  - Communication

# ▶ ENVIRONMENTAL SUSTAINABILITY

## Canly, France

**recall**<sup>TM</sup>



- Solar panels
- Recycling practices enforced
- Landscape preservation
- Rain water collected on site
- Sanitary water heated by solar energy
- Increased use of natural lighting

## ▶ ACCELERATING GROWTH Regulatory Compliance - Europe



- Regional standardization affecting retention requirements
- Non-region based regulations affecting European business
  - Sarbanes Oxley
- Finance and Banking segment mandate for strict, high level security and professional conduct
- Digital storage approved only for process efficiency
  - Physical storage required for critical documents

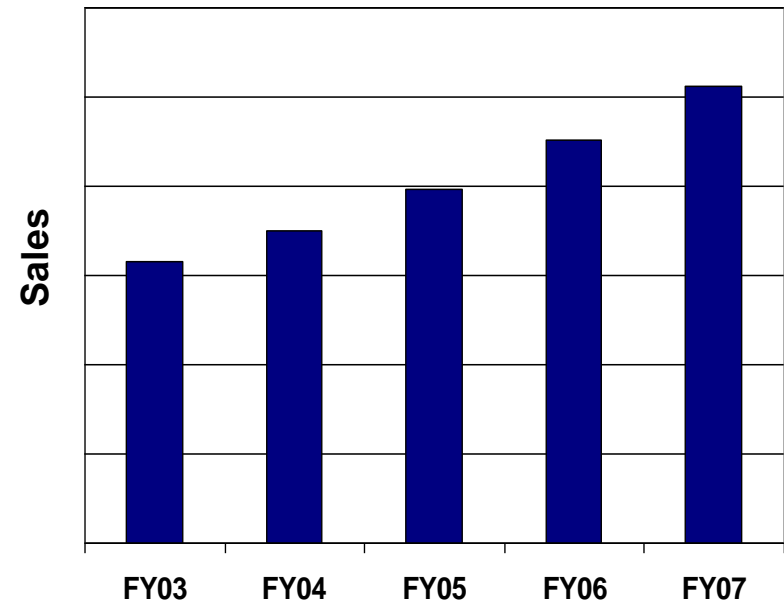
# ▶ ACCELERATING GROWTH Europe



## Diverse Customer Base

- Global Automotive Finance provider – France
- National Social Security Administration – Nordics
- Global Leasing Corporation – France
- Global Retail Corporation – Norway

## Document Management Solutions – Digital



# ▶ ACCELERATING GROWTH Sales Express



COUNTRY	# SALES REP (AT THE END OF THE MONTH)	TOTAL WORKED DAYS	% EFFECTIVE WORKED DAYS	AVERAGE VISIT PER DAY	VISIT TYPE						WORKING PLATFORM					BRICK WALLING	% Brick walling	PROPOSAL	SUSPECTS ACTIVITIES		
					# VISITS	% NEW CUSTOMER	% EXISTING CUSTOMER	% GOLD	% SILVER	% BRONZE	PROSPECT	QUALIFICATION	PROPOSAL	NEGOTIATION	CONCLUSION			VALUE ONE OFF + PASV	CALLS & T-DAY	MAILINGS	CONVASSING
DEINMARK																					
FINLAND																					
FRANCE																					
GERMANY																					
NORWAY																					
SPAIN																					
SWEDEN																					

- Global centralization and standardization
- Accountability based metrics
- Performance measurement based on key performance indicators
- Activity based training



## ► SUMMARY



- Focused on profitability and growth
- Positioned to deliver superior value proposition
- Growth through multiple channels and areas of focus
- Implementation of metrics and efficiency-focused initiatives to drive profitability



Q & A

# CHEP EUROPE

**MIGUEL D'COTTA**  
**PRESIDENT, CHP EUROPE**  
**29 OCTOBER 2007**



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# CHEP EUROPE AGENDA

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**™

- ***Continuous Improvement***

*Miguel D'Cotta – President, CHEP Europe*

- ***Managed Recovery***

*James Dinsdale – Vice President, Customer Service, UK & Ireland*

- ***Customer Satisfaction and New Business Development***

*Peter Mackie – Senior Vice President, Customer Service, Europe*

- ***Morning Tea – 10.30am***

- ***Asset Management***

*Pranil Vadgama – Vice President, Asset Management, Europe*

- ***Plant Network***

*Carmelo Alonso – Senior Vice President, Plant Operations & Logistics*

- ***Factory Management System Virtual Tour Swindon***

*Fernando Rodriguez – Director, Plant Operations, UK & Ireland*



- ***US\$ 15M BVA Delivered in FY07***
  - ***Median Defect Reduction of 52% Across All Projects Closed***
  - ***Over 50% Reduction in Dispute Debt***
  - ***29% Reduction in Cycle Time To Sign New Contracts***
  - ***82 projects completed in FY07***
- 
- ***Focus of Projects Closed :***
    - *Customer Satisfaction*
    - *Asset Control*
    - *Cost Reduction*
  - ***1420 (98% of Staff) is A Trip Trained***
  - ***310 Staff are Green Belt trained***
  - ***65 Staff are Black Belt trained***
  - ***67 Staff are trained in Lean***
  - ***47% FTE staff working on Business Improvement***

**ENABLING BETTER EXECUTION, EVERYDAY.**



# MANAGED RECOVERY

***JAMES DINSDALE  
VICE PRESIDENT, CUSTOMER SERVICE, UK & IRELAND  
29 OCTOBER 2007***



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# AGENDA

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

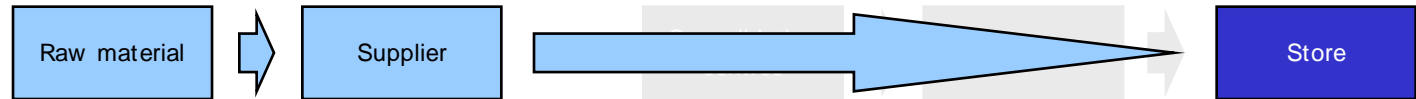
- *Background*
- *How it works*
- *Benefits*
- *Progress*
- *Customer Feedback*

# BACKGROUND:

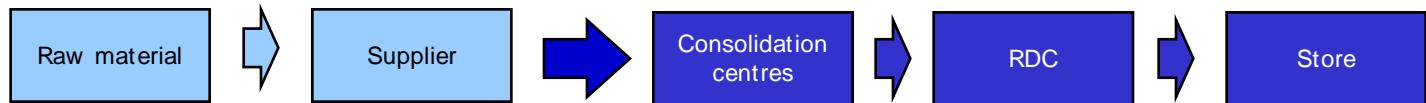
## UK Supply chain trends

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MOST IMPORTANT PRODUCTS.  
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1970s



*Factory Gate  
Pricing &  
Consolidation*



*Traditional Exchange model very difficult to apply in these circuits*

 = Flow / transport controlled by supplier       = Flow / transport controlled by retailer

### **Impact:**

- ✗ Service offer challenges – minimal return leg of pallets**
- ✗ Control issues within the supply chain**

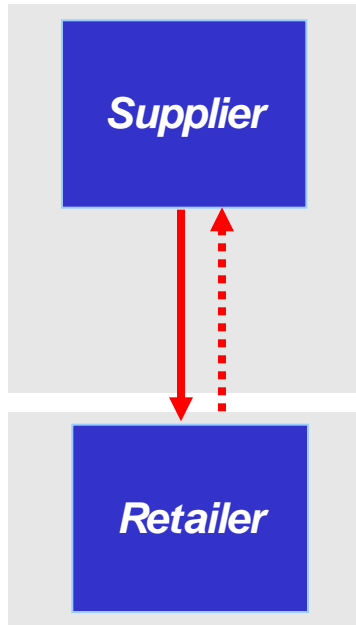
***Exchange Customer dissatisfaction through escalating costs***

# MANAGED RECOVERY (MR):

## Response to changes in supply chain

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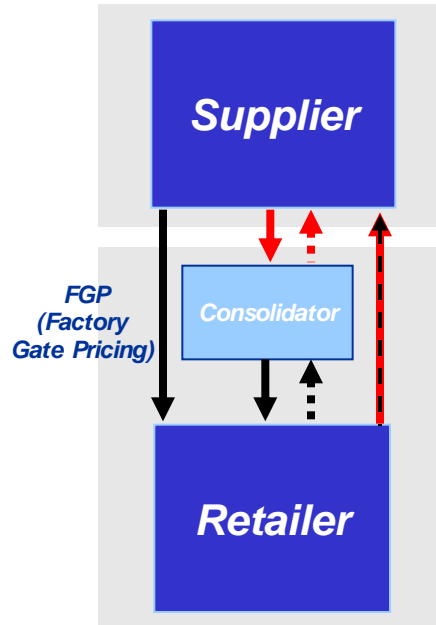
### Exchange (Simple SC\*)



- Emitter controlled transport direct to RDCs
- Exchange at time of delivery and economic return leg for pallets

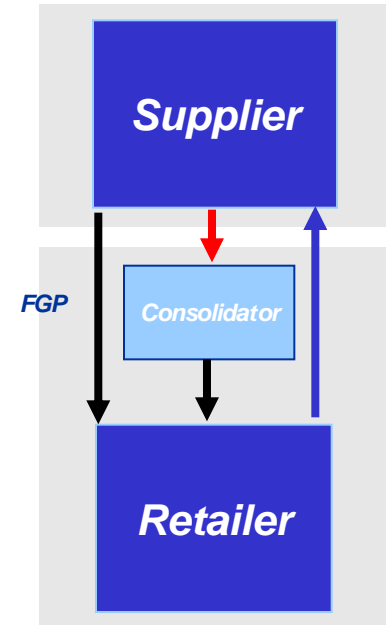
Note: \*Supply Chain

### Exchange (Complex SC\*)



- Retailer controlled transport
- Exchange no longer at time of delivery and reliant on non E controlled transport or additional E transport
- Issues over timeliness and accuracy of returned pallets

### Managed Recovery (Complex SC\*)



- CHEP returns all owed exchanges and optimises pool balancing
- Pallets do not go via our service centres
- In simple SCs Es continue to extract value from exchange



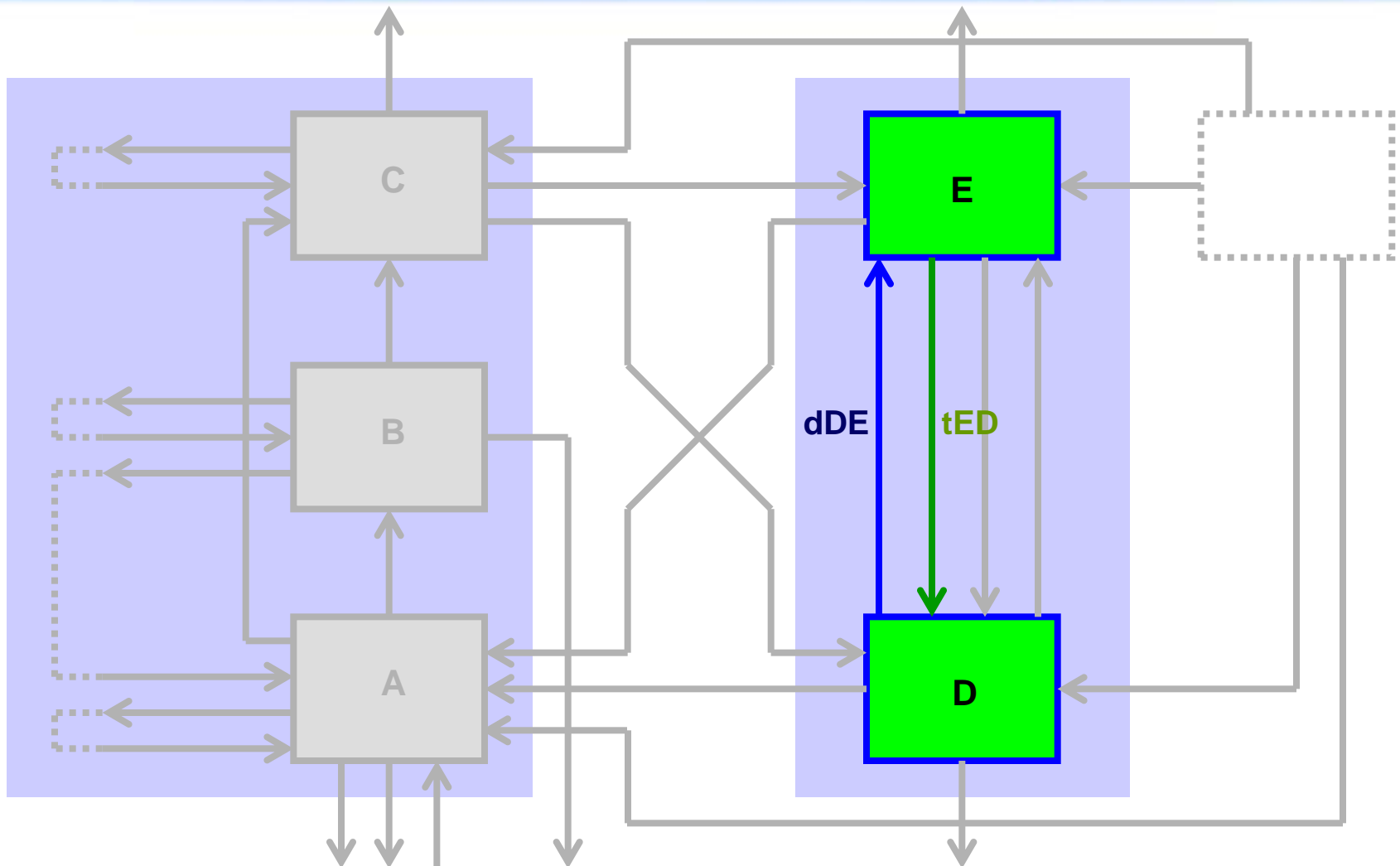
**Allows SC players to focus on optimising their SCs and CHEP to improve its pallet control**

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# MANAGED RECOVERY (MR):

## Overview of operation

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MOST IMPORTANT PRODUCTS.  
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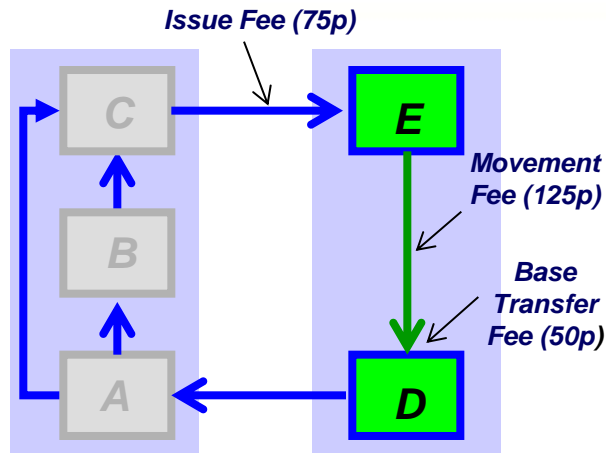
*Very simple to operate*

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# MANAGED RECOVERY (MR): Headline Fees per Service Offer

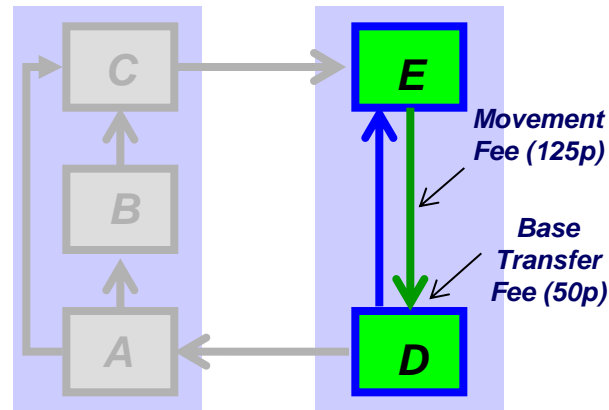
HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**



## One Way Trip

<b>Issue Fee</b>	<b>75p</b>
<b>Base Transfer Fee</b>	<b>50p</b>
<b><u>Movement Fee</u></b>	<b><u>125p</u></b>
<b>Sub total</b>	<b>250p</b>

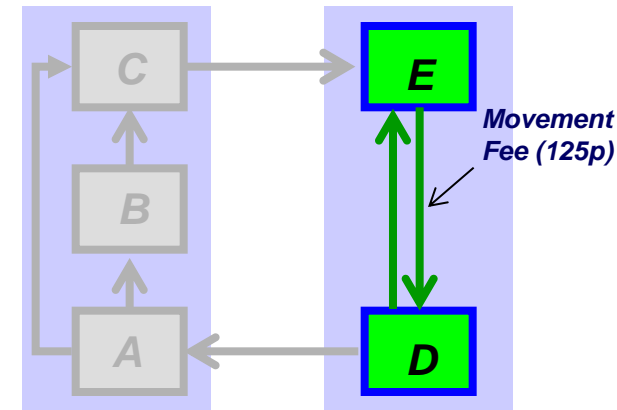
**Daily Hire Fee**      **0.55p / day**



## Managed Recovery

<b>Issue Fee</b>	<b>n/a</b>
<b>Base Transfer Fee</b>	<b>50p</b>
<b><u>Movement Fee</u></b>	<b><u>125p</u></b>
<b>Sub total</b>	<b>175p</b>

**Daily Hire Fee**      **0.55p / day**



## Exchange

<b>Issue Fee</b>	<b>n/a</b>
<b>Base Transfer Fee</b>	<b>n/a</b>
<b><u>Movement Fee</u></b>	<b><u>125p</u></b>
<b>Sub total</b>	<b>125p</b>

**Daily Hire Fee**      **0.55p / day**

**NOTE: Activity shown is notional for simple comparison purposes**  
**All headline fees are subject to volume related discount**

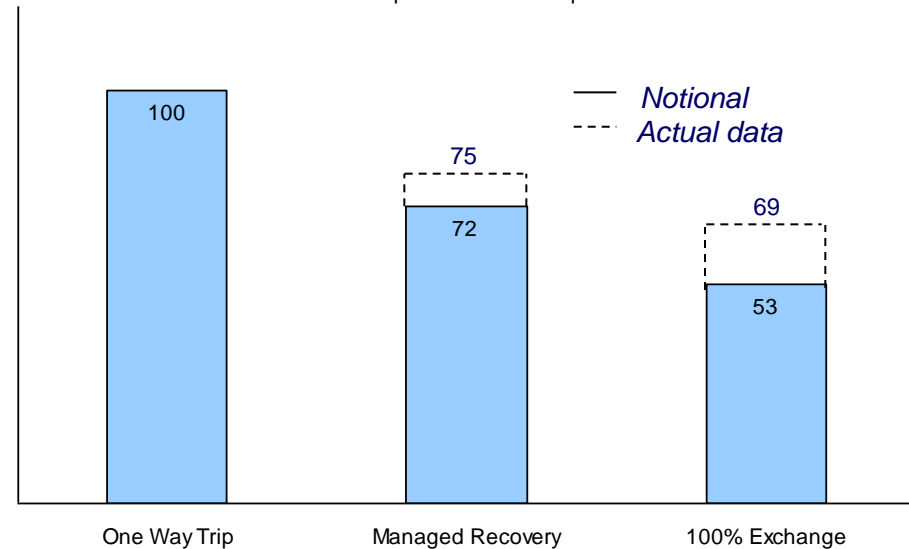


# WHY CUSTOMERS CHOOSE Managed Recovery

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Supply Chain Need	Service Offer
Trade quality pallet requirement and access to low cost return transport	Exchange
Trade quality pallet requirement and limited / no access low cost return transport	Managed Recovery
Quality assured pallet requirement	One Way Trip

Pallet Trip Cost Index Comparison



**Actual includes:**

- Reverse transport costs (exchange)
- Some issue fees (exchange & MR)
- Differences in cycle time

**Choice and flexibility to optimise cost**

# MANAGED RECOVERY:

Enhanced service offering

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- *Accommodates changes in the supply chain*
- *Complements all of CHEP's service offers*
- *Provides flexibility*
- *Provides certainty of supply for Emitters*
- *Increases control for all participants*
- *Simplifies pallet administration for Distributors*
- *Supports lowest supply chain cost*



***Everybody benefits***



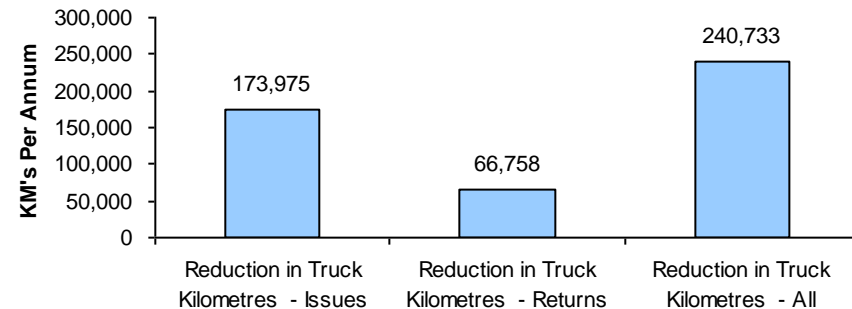
# ...AND BENEFITS THE ENVIRONMENT

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MOST IMPORTANT PRODUCTS.  
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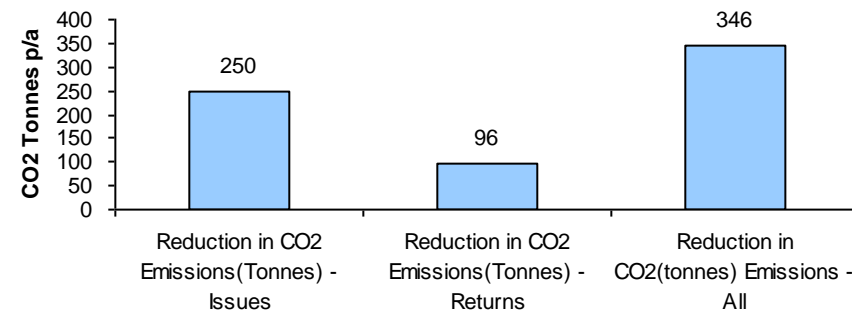
- **Reduction in total empty pallet vehicle movements as CHEP will manage the return of empty pallets in full truck loads on demand**
- **Optimise the CHEP network to source empty pallets nearer to demand further reducing vehicle miles**
- **Supplier vehicles will now be free to collect full loads supporting collaborative distribution in the supply chain to further increase vehicle fill & reduce total miles**
- **Overall reduction in CO<sub>2</sub> emissions and the social cost of food miles**

## Actual customer data

Reduction in Total KM's



CO<sub>2</sub> Reduction by Flow Type



**Environmentally responsible and efficient**

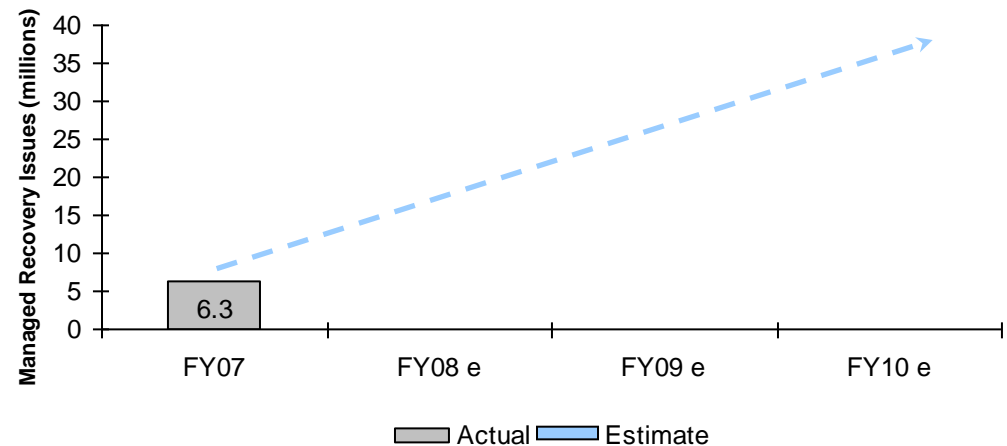
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# ROLLOUT PLAN

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MOST IMPORTANT PRODUCTS.  
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Programme	Task	FY07	FY08	FY09	FY10
Retail	Top 9 Retailer go live Ambient				
	Temperature Controlled Phase 1				
	Balance Roll Out				
Consolidator	Temperature Controlled				
	Other Consolidators				
Manufacturers, Growers & Producers	Phase 1 FMCG Ambient				
	Phase 2 Temperature Consolidation				
	Phase 3 FMCG Balance				









***Planned to enable speed for maximum benefit to Supply Chain players***



## TODAY

- 9 Retail Groups
- 3 Consolidators
- 99 Suppliers

Retailers	Consolidators	Suppliers
    <b>J Sainsbury plc</b>     	 	  

***Customer demand is ahead of our expectations***

# CUSTOMER FEEDBACK

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

"The introduction of Managed Recovery means that we are reducing fuel consumption and CO2 emissions as well as allowing Tesco and its suppliers to improve vehicle utilization. We estimate that by implementing this new service, our suppliers will eliminate the CO2 emissions equivalent to supplying over 2,300 homes with electricity for one year."

**Alex Laffey, Transport Director, Tesco**

"..we are delighted CHEP has introduced this service as a workable solution for the recovery of empty pallets. Fresh produce suppliers will now be able to focus once again on supplying quality produce, rather than on pallet availability. Many suppliers will also benefit from cost savings as a result of increased efficiencies in supply chain flows, not to mention the associated environmental benefits, due to a decrease in the number of vehicle movements."

**Nigel Jenney, Chief Executive, FPC**

"Managed Recovery has simplified the management and control of pallets as we now only have to work with CHEP. This has significantly reduced our management and administration costs. From an operational perspective, we no longer have to manage multiple hauliers and multiple returns of empty pallets; we simply order full truck loads from CHEP when and where we need them. Overall we have seen a cost reduction with an improved service"

**Irvin Fineburg, G's Marketing**

***Improved customer satisfaction***



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- *Customer Focused*
- *Simple*
- *Hassle Free*
- *Cost Effective*

# Q&A



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# **CUSTOMER SATISFACTION AND NEW BUSINESS DEVELOPMENT**

***PETER MACKIE***

***SVP, CUSTOMER SERVICE, EUROPE***

***29 OCTOBER 2007***



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- *Main Drivers of Emitter Satisfaction*
- *Continuous Improvement Initiatives*
- *New Business Development*

# CUSTOMER SATISFACTION

## Emitter Survey Results

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- *Independent survey*
- *Improved in all countries*
- *Significant improvement UK and Ireland*
- *Perfect Trip projects enabling improvements*

***Continuing improvements remain a key priority***



# CUSTOMER SATISFACTION

## 4 Key Drivers - Disputes

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- *No invoice discrepancies*
- *Accurate stock balances*
- *CHEP Contact frequency/relationship*
- *Use of electronic systems*

***36 Perfect Trip projects targeted at these drivers***

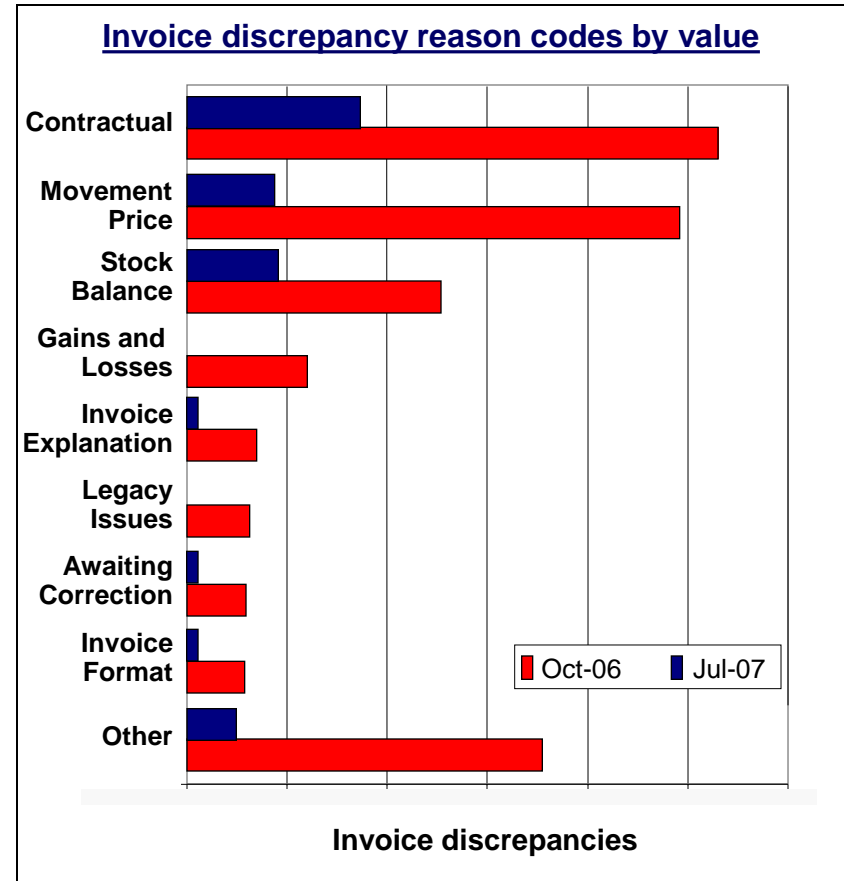


# CUSTOMER SATISFACTION

## Driver 1: No Invoice Discrepancies

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- ***Dedicated Impact Team formed***
- ***Redesigned measurement system***
  - *Reason codes established*
  - *Accuracy tested*
- ***Redefined roles and responsibilities***
- ***Identified Root causes***
- ***Implemented 36 process improvements***



**>50% reduction in invoices disputes**

# CUSTOMER SATISFACTION

## Driver 2: Accurate Stock Balances

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### Measures & Benefits

Problem identification  
tool built from multiple  
KPIs

### Assessment

Gap analysis to best  
practice Customer  
questionnaire

### Process Map

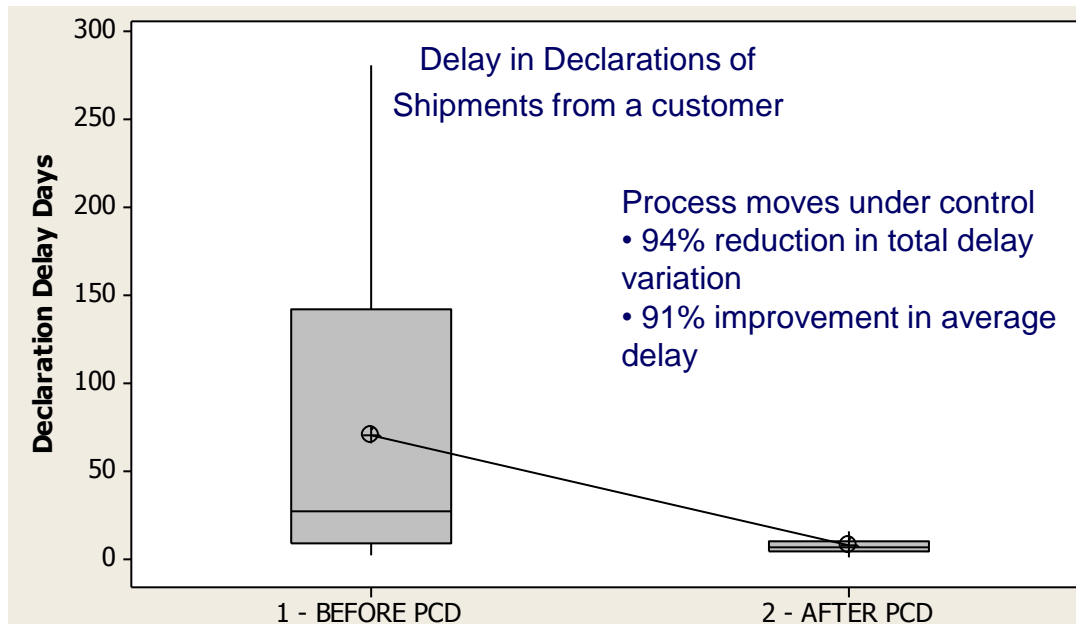
Joint process  
Walk identifying  
gaps to best  
practice

### Root Causes

Findings matched in  
CHEP Knowledge  
Database\* and root  
causes discussed

### Action & Control Plan

Automated control  
plan targeting best  
practice in gap  
areas



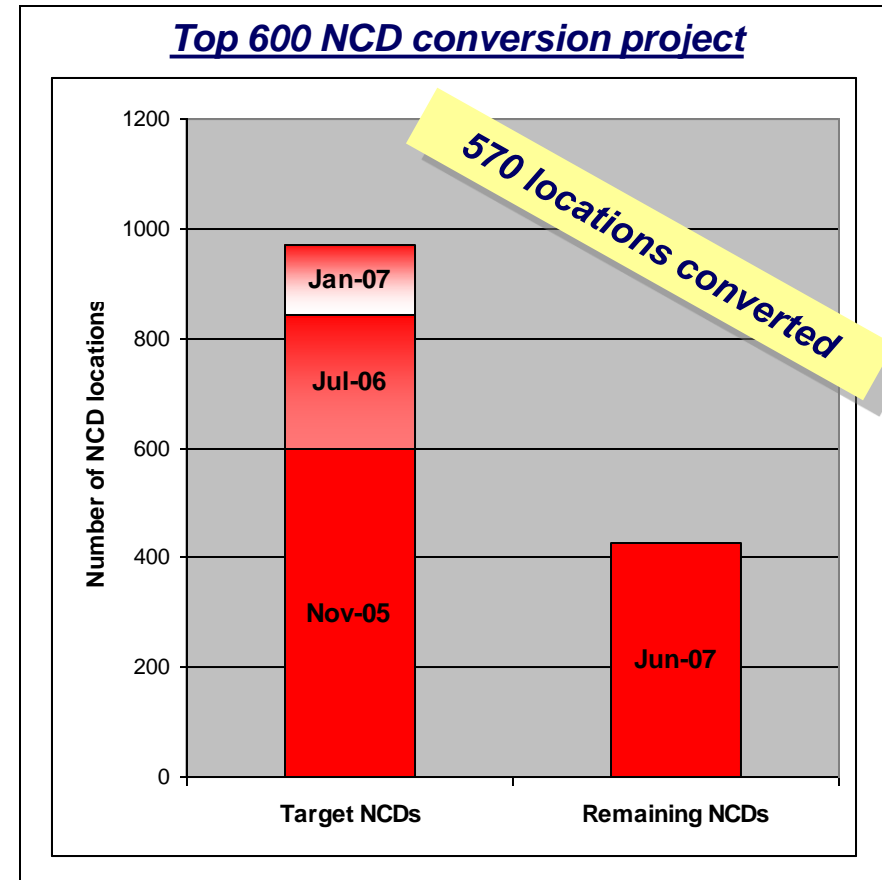
***Engaging with  
Customers to make a  
step change in stock  
accuracy***

# CUSTOMER SATISFACTION

## Driver 3: Contact/Relationship

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MOST IMPORTANT PRODUCTS.  
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- **Increasing Customer visits**
  - Removing Account Mgt admin
  - Visits metrics tracking
- **Engaging key industry groups**
  - Joint improvement projects
- **Bringing innovation**
  - Logistics synergies
  - Blue Guardian
  - Simplified invoicing
  - Reconciliation tool



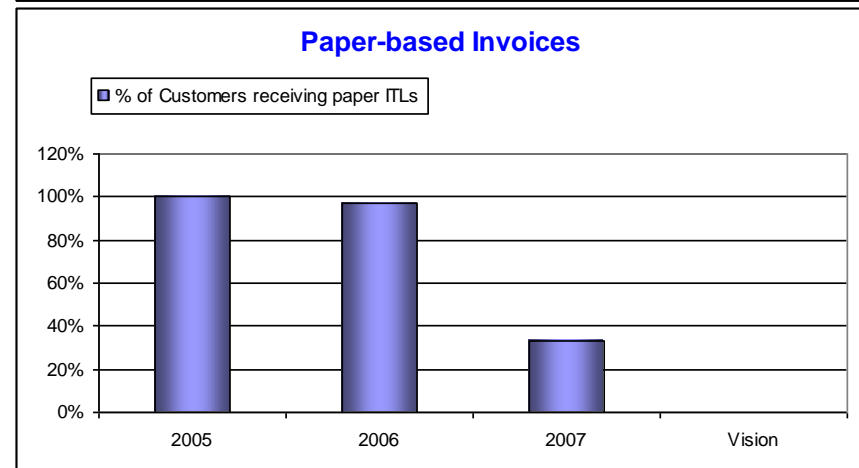
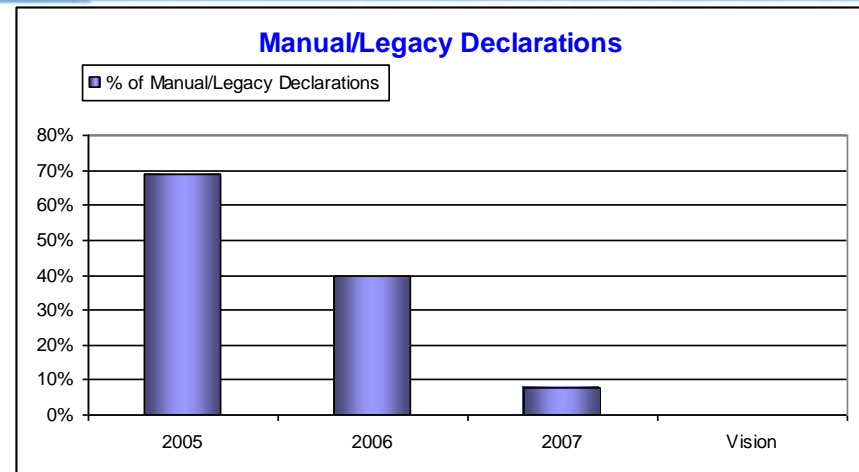
**Engaging with customers, producing concrete results**

# CUSTOMER SATISFACTION

## Driver 4: Use of Electronic Systems

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MOST IMPORTANT PRODUCTS.  
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- **Electronic Declarations**
  - Manual Transaction Declarations to Zero
  - Converted to standard EDI
- **Electronic Invoicing**
  - Spreadsheet invoice usage up (437 accounts => 5,227)
  - Customers receiving no paper up (472 accounts => 7,042)
- **Portal Development**
  - Step change in functionality



**Substantial progress on conversion to e-business**

- *Main Drivers of Emitter Satisfaction*
- *Continuous Improvement Initiatives*
- ***New Business Development***



- ***White Exchange costs escalating***
  - *Wood and Transport costs*
  - *Availability*
  - *Hidden in total service provider costs*
- ***Use of Automation increasing***
  - *Demands for more consistent quality*
  - *Impacting cost and availability*
- ***Environmental responsibility***

***Current market trends favour CHEP solution***



# NEW BUSINESS DEVELOPMENT

## Market Situation

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MOST IMPORTANT PRODUCTS.  
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- **Confectionery manufacturer**
  - Current Customer
  - German B1208A flows on white
  - Outsourced management to LSP
  - Value Team work with LSP shows significant cost savings
- **Canned goods manufacturer**
  - New Business
  - Poland production and warehouse
  - Heavy load per pallet
  - Poor quality pallet returns
  - High costs in purchases & sortation
- **Tissue manufacturer**
  - Current Customer
  - German B1208A flows on white
  - TPM on CHEP offers savings
  - Environmental impact savings
- **Drugstore Retailer**
  - Automated DC
  - Problems on white pallet quality
  - Penalty charges to Emitters

**Current negotiations confirm positive market trends**

# NEW BUSINESS DEVELOPMENT

## Key Growth Responsibilities

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MOST IMPORTANT PRODUCTS.  
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- ***Service Excellence.....Account Mgt***
- ***Lead qualification.....Marketing/Telesales***
- ***Customer value analysis.....Value Team***
- ***Retailer advocacy.....D Sales***
- ***Specialist support.....Product Mgt/TEM Team***
- ***Performance analysis.....Perfect Trip***

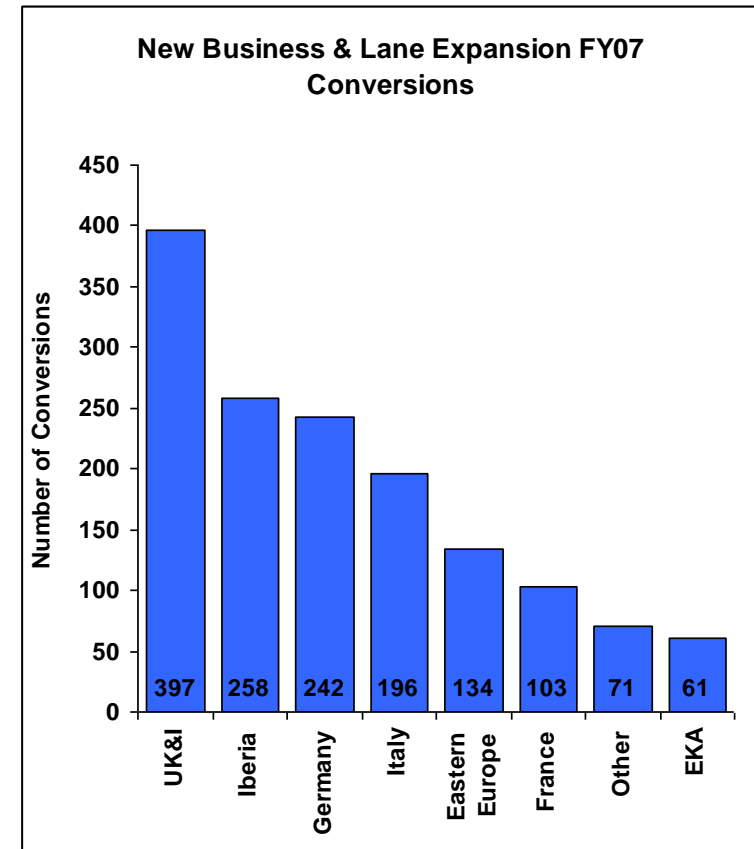
***Maximising Customer time and win probability for E Sales***

# NEW BUSINESS DEVELOPMENT

## Progress So Far

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
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- **Resumption of volume growth**
  - FY06 flat to 3% growth in FY07
  - 1462 contracts signed
- **European Key Accounts**
  - 4% contracts
  - 25% of volume
- **UK/Spanish markets**
  - New Sectors
  - Organic
- **White exchange markets**
  - Momentum building



***We are now growing in all the regions of Europe***

- *Main Drivers of Customer Satisfaction*
- *Continuous Improvement Initiatives*
- *New Business Development*

# Q&A



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# CHEP EUROPE ASSET MANAGEMENT

*PRANIL VADGAMA*

*VP, ASSET MANAGEMENT, EUROPE*

*29 October 2007*



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- *Objective*
- *Asset Management metrics*
- *What is Control Ratio and our performance*
- *Initiatives and Continuous Improvement*
- *Summary*



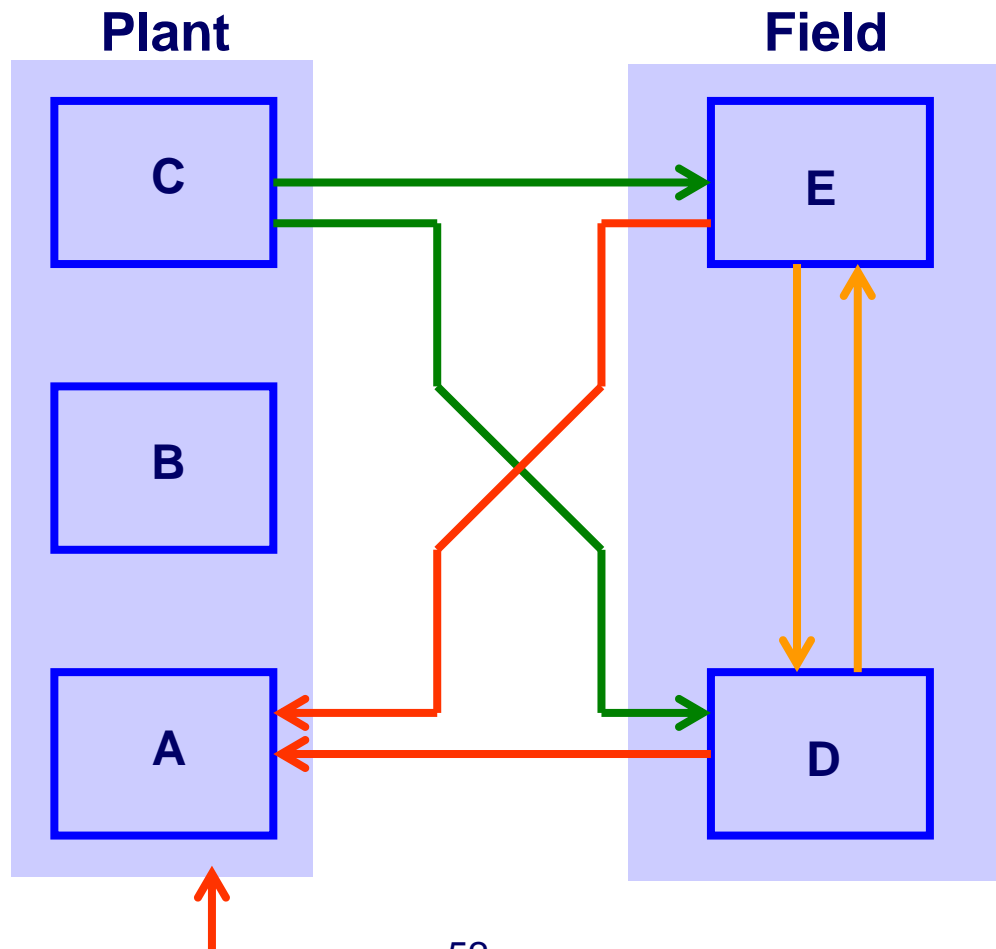
- ***To maximize Asset Productivity and deliver the value of pooling to our customers on a cost-effective basis by:***
  - *Establishing control systems with Emitters and Distributors to track all assets and minimise losses*
  - *Implementing and managing collections effectively and efficiently*
  - *Enhancing D participation status through improving cooperation*
  - *Recovering strays and non-revenue earning assets*
  - *Communicating and enforcing ownership rights and legal title*

- Distributor customer metrics (annual):***

<i>Classification</i>	<i>Inbound Pallets (M)</i>	<i>Total Flows (%)</i>	<i>Locations (000)</i>	<i>Locations (%)</i>
<i>Minor Ds</i>	9	4	140	70
<i>Major Ds</i>	198	96	60	30

- Number of collection calls made annually: 1.6M***
- Volume of equipment collected per day: 1.5M***
- Number of countries: 23***

**Control Ratio % = *Collections & Strays* / *Field Issues***

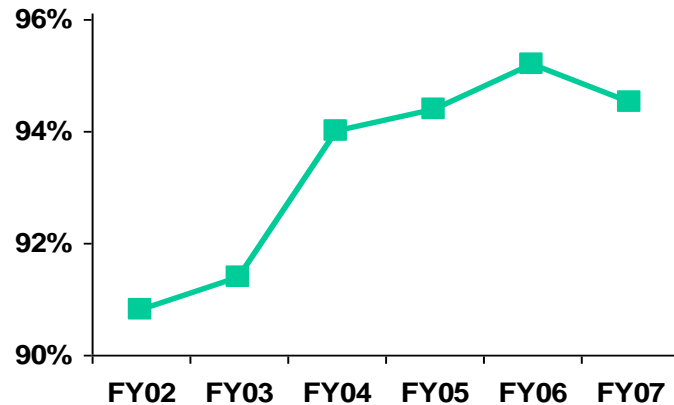


# ASSET MANAGEMENT

## Performance on Key Metrics

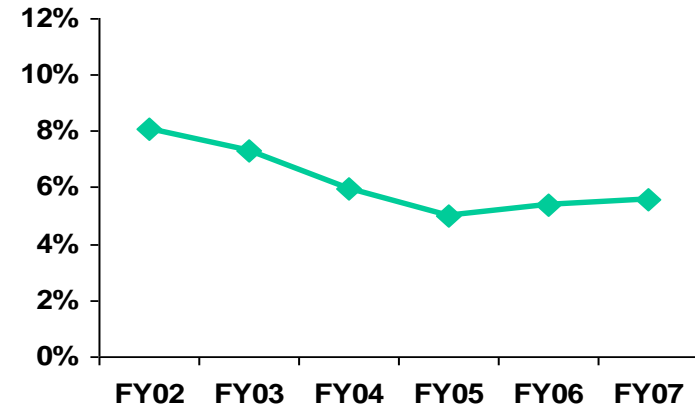
HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

### Control Ratio



- **Increased asset controls and collection**
- **Reduction in FY07 attributable to growth**

### New Equipment Issue Ratio



- **Improved asset utilisation**
- **Centralised planning and purchasing**

Metrics Reflect B1208A & B1210A Pallets only



# ASSET MANAGEMENT

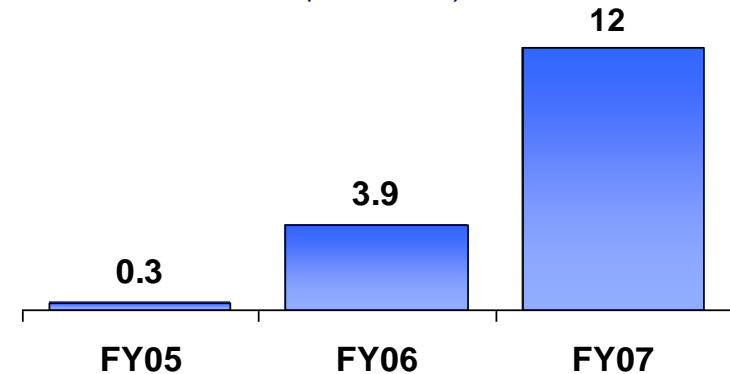
## 1. Electronic Tools Helping Customers

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

### CAT – Customer Agreed Transaction System

- *A Web-based system which creates a handshake between the E and D on equipment movements*
  - Ensures transactions are agreed by both parties
  - Highlights importance of declaration accuracy
- **12M flows under CAT control in FY07:**
- **20 receiving customers**
- **37 receiving customers in the pipeline for FY08**

CAT Equipment Flows  
(in Millions)



**CHEP** PORTFOLIO

Customer Support: 0207 365 8901 | Help | Exit

Enter Movements | Review Movements | Preferences | Dashboard

CHEP Code Reporting Movement

6716358 - 0100142044MACEN GRUPO ELABOLICAC ACCOUNTH-Valladolid, Valladolid

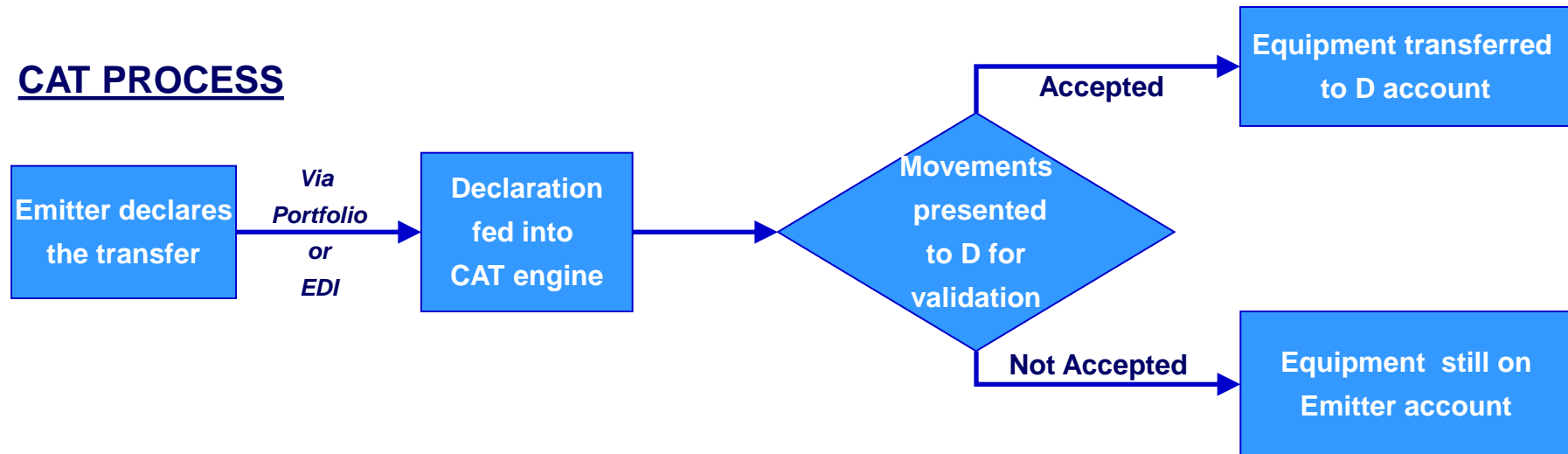
[ Bulk Accept... | Back... ]

Sender	Due	Reference	Other Reference	Transporter	Equipment	Quantity	Action Required
CRUZ VERDE LEGRAN (Santos-La Roca)	30/05/2007	2060225711			B1208A - EURO PALLET (800 x 1200)	5	OMT - No Exchange <input checked="" type="checkbox"/>
CRUZ VERDE LEGRAN (Santos-La Roca)	04/06/2007	2060226018			B1208A - EURO PALLET (800 x 1200)	1	OMT - No Exchange <input checked="" type="checkbox"/>
CRUZ VERDE LEGRAN (Santos-La Roca)	04/06/2007	2060226238			B1208A - EURO PALLET (800 x 1200)	1	OMT - No Exchange <input checked="" type="checkbox"/>
CRUZ VERDE LEGRAN (Santos-La Roca)	25/06/2007	2060226918			B1208A - EURO PALLET (800 x 1200)	1	OMT - No Exchange <input checked="" type="checkbox"/>
Conservas Pisos, S.A.	26/06/2007	3243	3119340609		B1208A - EURO PALLET (800 x 1200)	2	OMT - No Exchange <input checked="" type="checkbox"/>
Dulces y Conservas Helios, S.A.	27/06/2007	557634	3119353889		B1208A - EURO PALLET (800 x 1200)	2	Exchange Requested <input checked="" type="checkbox"/>
Dulces y Conservas Helios, S.A.	27/06/2007	557632	3119353889		B1208A - EURO PALLET (800 x 1200)	8	Exchange Requested <input checked="" type="checkbox"/>
Dulces y Conservas Helios, S.A.	26/06/2007	557629	3119353874		B1208A - EURO PALLET (800 x 1200)	4	Exchange Requested <input checked="" type="checkbox"/>
Fanavia, S.L.	01/06/2007	003465	003465		B1208A - EURO PALLET (800 x 1200)	2	OMT - No Exchange <input checked="" type="checkbox"/>
Fanavia, S.L.	01/06/2007	003510	003510		B1208A - EURO PALLET (800 x 1200)	5	OMT - No Exchange <input checked="" type="checkbox"/>
Fanavia, S.L.	01/06/2007	003511	003511		B1208A - EURO PALLET (800 x 1200)	13	OMT - No Exchange <input checked="" type="checkbox"/>
Fanavia, S.L.	01/06/2007	003513	003513		B1208A - EURO PALLET (800 x 1200)	7	OMT - No Exchange <input checked="" type="checkbox"/>



- *Distributors take control of their account through control over transactions in*
- *Distributor & Emitters work together on solving differences with CHEP support*

### CAT PROCESS





# ASSET MANAGEMENT

## 2. Protecting Our Assets

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

- *CHEP Europe has been successful in all legal title court cases*
- *Rolled out extensive marketing campaigns in periodicals across Europe with 400k readership*
- *Communicated to 200k Distributor locations on the proper use and protection of CHEP assets*
- *Trained all employees on asset protection principles*
- *Increased Audit coverage to identify misuse and poor practices*

*Currently implementing  
Top Board Branding on our pallets*



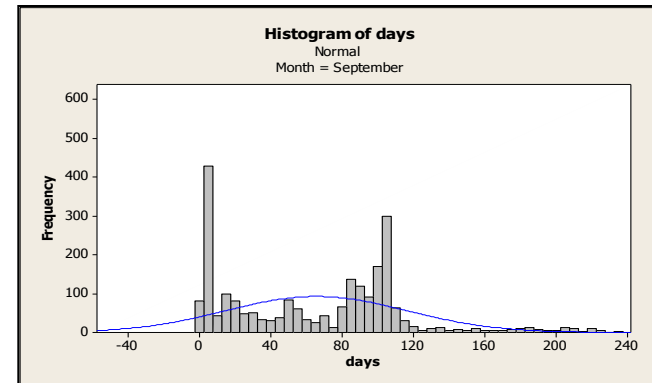
# ASSET MANAGEMENT

## 3. Increasing our Collections

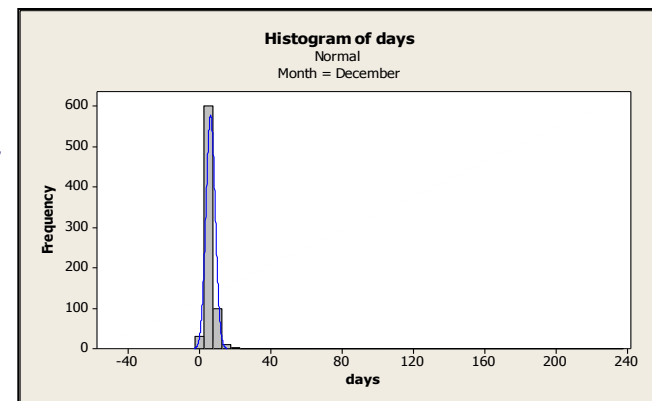
HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

- *Implemented a call & visit triggering system to manage collections*
- *Focused on reduction of misuse & empties at larger retailers*
- *Developed audit intelligence and launched Six Sigma initiatives to improve collection performance*
- *Increased stray recoveries from FY06 to FY07*
  - *Implemented collections in all major fresh produce markets*
  - *Vehicle based servicing having a positive impact*
  - *Employee incentive recovery programme (BlueCode) yielded 100K in recoveries in FY07*
  - *Installed collection agents in out-of-pool regions*

**Median= 72 days**



**Median= 6 days**



- *5,000 Dealers & Recyclers across Europe potentially encounter CHEP equipment*
- *Moving towards a collaborative relationship to ensure recovery:*
  - *Rolling out the Asset Recovery Agreement (ARA)*
    - *The Dealer / Recycler recognises CHEP's legal title*
    - *Already seeing positive results from recoveries*
  - *Piloting focused collection arrangements at Non-Cooperative D and stray locations*
  - *Strengthening relationships through pallet associations*
  - *Working together on market intelligence*

- *Logistics Service Providers (LSPs) serve a number of supply chain functions between the Emitters and Distributors, including co-packing, consolidation, warehousing & transportation.*
- *Additional effort is needed to ensure continuous control through these intermediaries:*
  - *Understanding the dynamics of the LSP circuits across Europe*
  - *Seeking joint collaboration with LSPs for asset control*
  - *Investigating a service offer which installs control*
- *CHEP is initially focusing on France, Spain & UK*

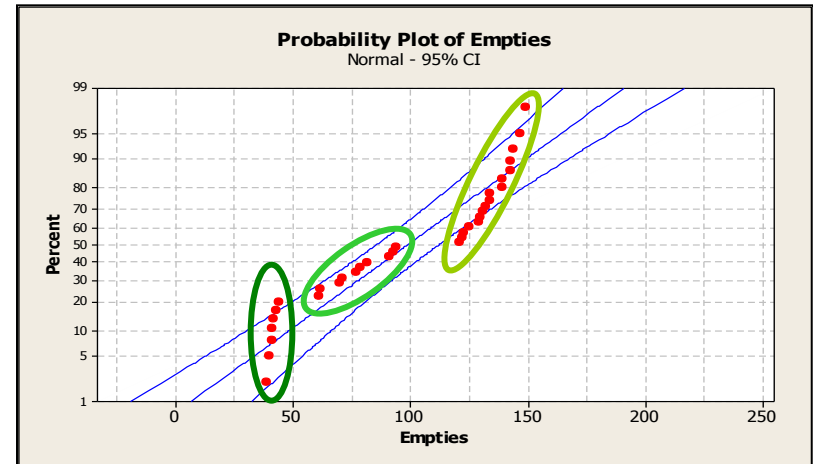


# ASSET MANAGEMENT

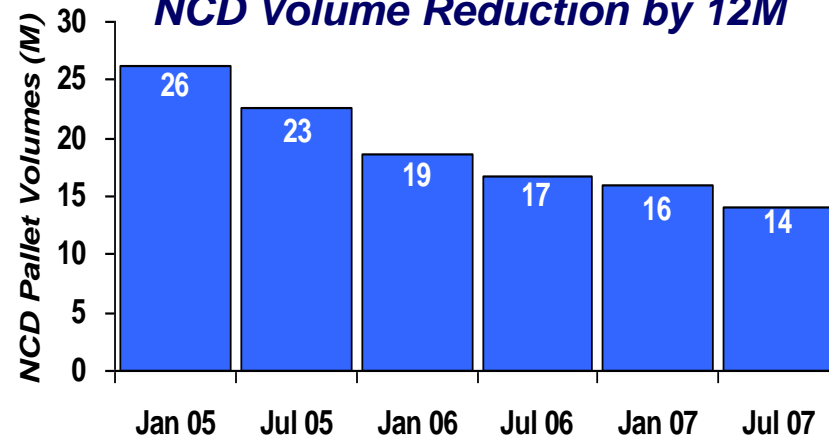
## 6. Improving Customer Control

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

### Empty Reduction by 72%



### NCD Volume Reduction by 12M



- ***Responsibility Transfer (RT) introduced in FY05 for Pallets & Containers as an incentive scheme for our D Customers:***
  - *Distributor agrees to take responsibility for equipment in exchange for control driven incentives, assistance with control procedures, and lower cost to their suppliers*
- ***RT gives the D and CHEP the opportunity to demonstrate joint commitment to improvement***
- ***CAT system supports RT by giving Ds confidence in their stock balances, facilitating reconciliation and audit***
- ***23 million movements now covered by RT agreements***



- *Continued rollout of Responsibility Transfer and CAT at major retailers to improve asset control*
- *Driving an efficient stray collection engine across Europe using market intelligence*
- *Implementation of equipment management control training with our E & D customers*
- *Applying Six Sigma methodology to improve collection processes*
- *Developing relationships to establish control plans with Logistics Service Providers*

# Q&A



Brambles

# CHEP EUROPE PLANT NETWORK

**CARMELO ALONSO**

***SVP, PLANT OPERATIONS & LOGISTICS, EUROPE***

***29 October 2007***



**Brambles**

- *Plant Network evolution in Europe*
- *Total Equipment Management (TEM)*
- *New Technology / Generation 2 Perfect Plants*
- *Application of technology to improve transportation productivity and service*

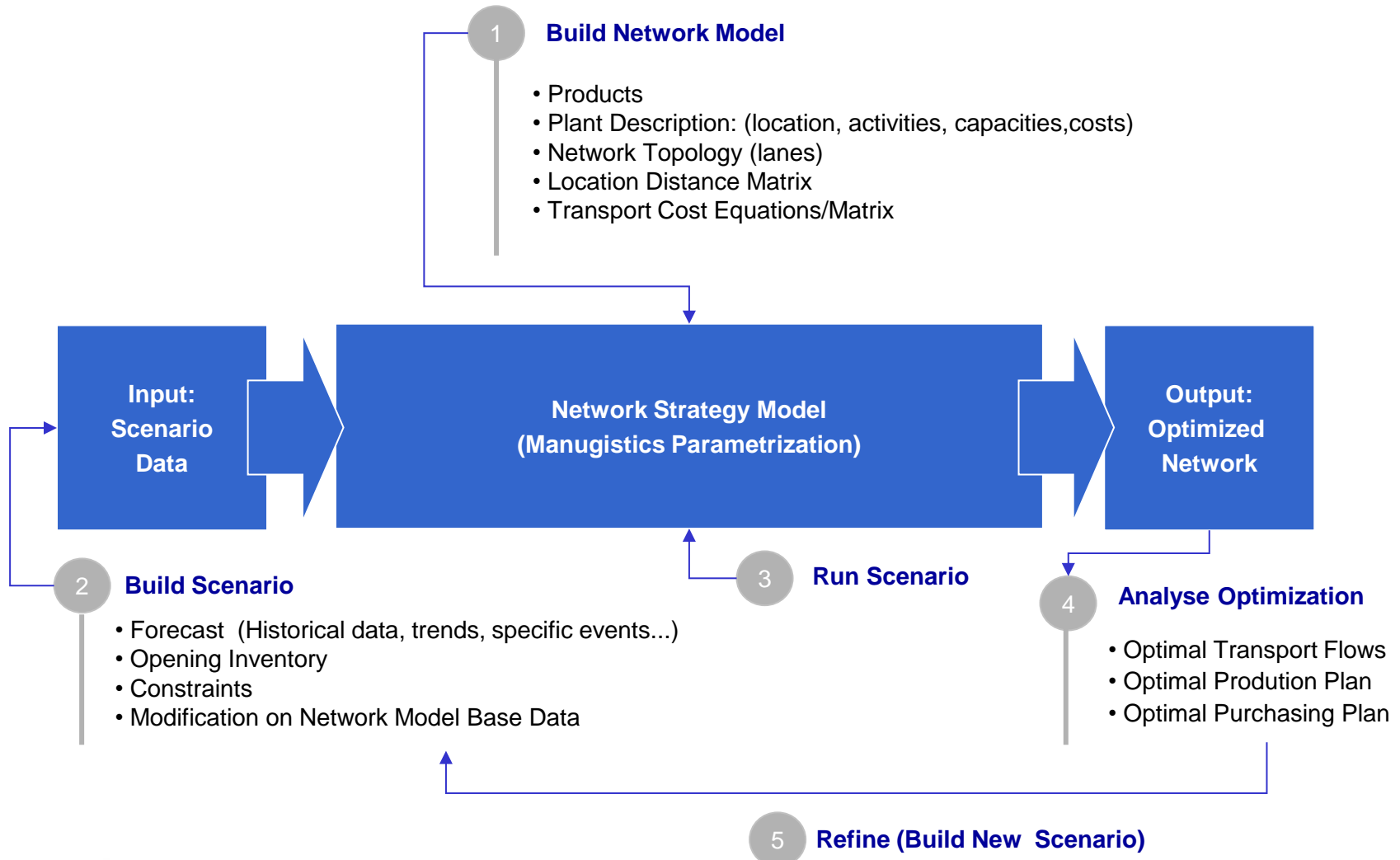
## OUR MISSION

- ***Optimize the equation***  
 $[f(x) = \$ \text{Transportation} + \$ \text{Plant} + \text{Capex}]$ 
  - *while maximizing customer service*
- ***Base strategic decisions on Logistics concepts using advanced optimization tools***
- ***Plant Network Optimization process is the key link between Plant Operations & Logistics***
- ***A Perfect Plant at the right location with the right capacities will drive the Perfect Logistics***
- ***Plant Network Optimization model is base on Manugistics Network Strategy***



# NETWORK OPTIMIZATION MODEL

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**





# EUROPEAN PLANT NETWORK

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
**everyday.**

- *Flows rebalanced following changing patterns for B1210A & B1208A*
- *High B1210A UK surpluses driving capacity needs*
- *Result – 13 Generation I Perfect Plants UK (5), Spain (4), France (2), Belgium (1), Italy (1)*
- *Improved performance*
  - Total “c gen” capacity up 10%
  - Plant cost per return improved 3%
  - Relocation ratio improved by 4 p.p.



# EUROPEAN PLANT NETWORK

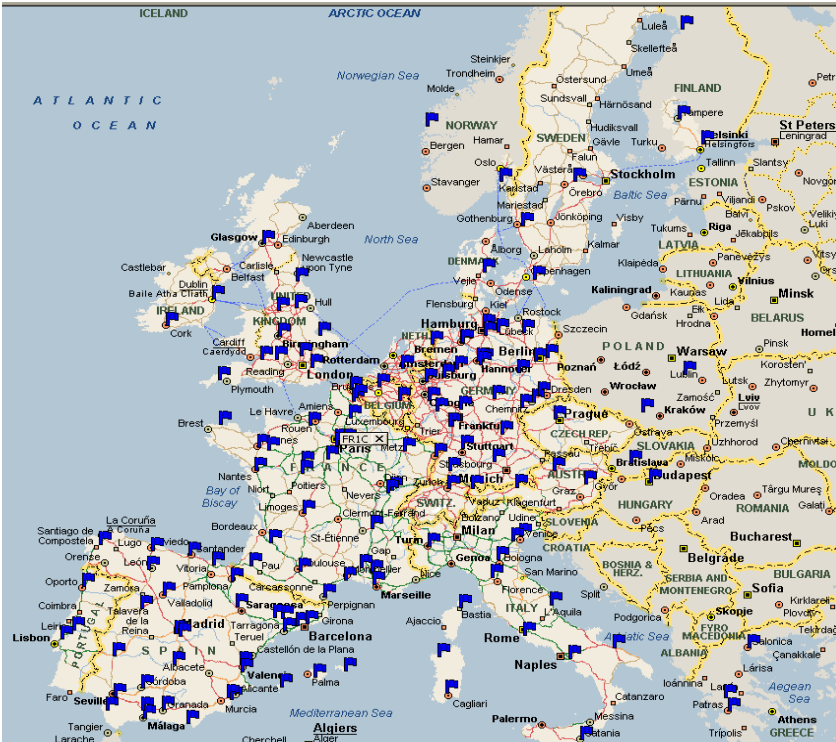
## Network Evolution

HANDLING THE WORLD'S  
MOST IMPORTANT PRODUCTS.  
*everyday.*

- **European Network – 170 Service Centers**
  - 18 Own managed,
  - 124 Subcontractors
  - 28 TPMs

FY05	50%	50%
FY07	20%	80%

- 4 new Perfect Plants planned for FY08
- TEM delivering Network benefits



***To be the lowest cost provider with the best quality***

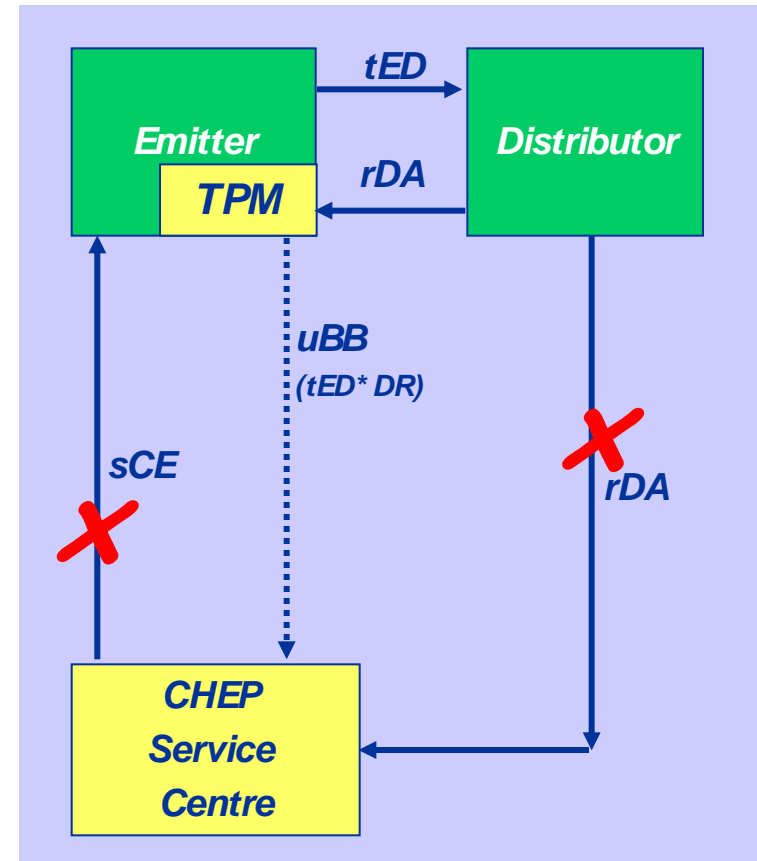
- ***Reduction of direct costs***
  - *Logistics cost reduction*
  - *Network optimization*
  - *Plant operations efficiencies (extra capacity with low investment and less fixed cost)*
- ***Support growth***
  - *Through competitive cost*
  - *With a customized supply chain solution*
- ***Decrease cycle times in the supply chain***

# TOTAL EQUIPMENT MANAGEMENT

## Identification Process

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**everyday.**

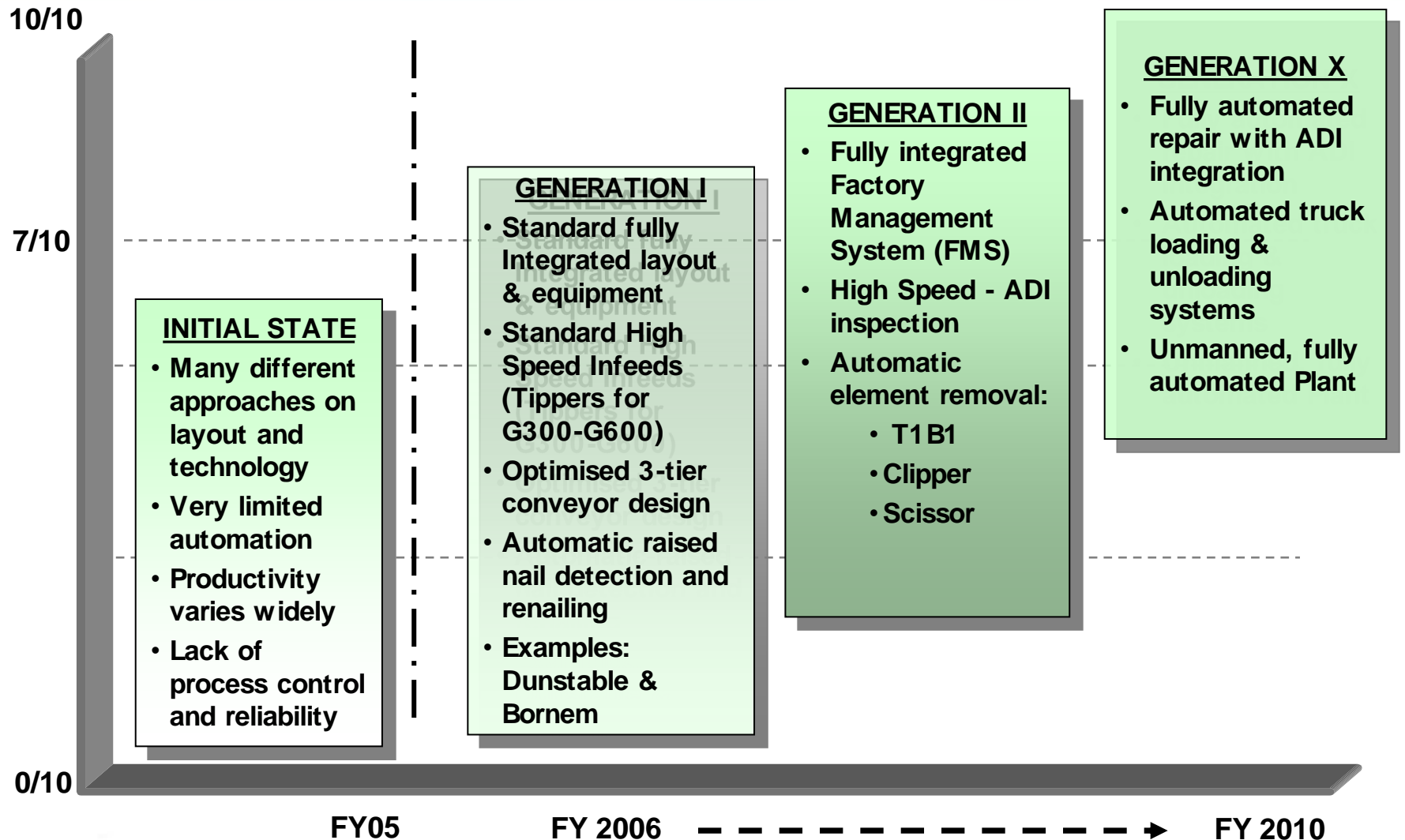
- **Key requirements for initial consideration:**
  - Significant volume: above 200K issues or 300K movements p.a.
  - Enough distance (above 50Km) from CHEP S/C
  - Sufficient collections (500K) within a 50Km radius
  - Current growth potential
- **28 TEM sites operational**
- **86 TEM locations in the pipeline**



# NEW TECHNOLOGY

## Perfect Plants Roadmap

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MOST IMPORTANT PRODUCTS.  
**everyday.**





# ADI – BRIEF HISTORY

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MOST IMPORTANT PRODUCTS.  
**everyday.**

<i>ADI Generation</i>	<i>Commenced</i>	<i>Locations</i>	<i>Features</i>
<i>Gen I</i>	1998	<i>Fuenlabrada, Seville, Lille, Lisbon, Lyon</i>	<i>Grayscale images, stopped acquisition, big booth</i>
<i>Gen II</i>	2006	<i>Dunstable, Manchester</i>	<i>Grayscale &amp; laser images, acquisition on the move, two booths</i>
<i>Gen III</i>	2007	<i>Erskine Park, prototype in US</i>	<i>Laser images, movement acquisition, one small booth</i>
<i>Next Gen</i>	-	<i>Under development</i>	<i>One common booth design for all regions and pallet types</i>

## DUNSTABLE ADI GENII



## MANCHESTER ADI GEN II

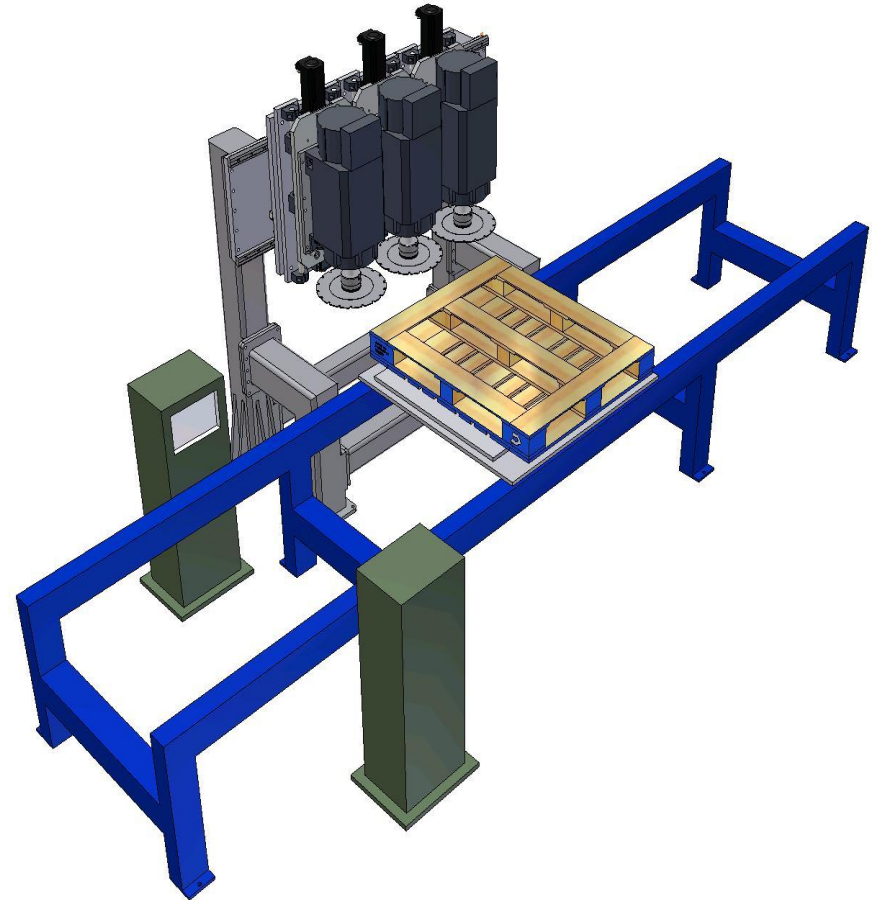




# T1B1 MACHINE

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MOST IMPORTANT PRODUCTS.  
**everyday.**

- *Machine build completed 100%*
- *PLC program: cycle optimization ongoing (currently 150 pph for B1210A)*
- *Base on circular sawing: “eats” the wood*
- *Interface with scanner module in process.*
- *Test with B1210A pallets ongoing*



- *First B1210A prototype installed at Lille, France plant*
- *Base on circular blades*
- *Initial testing successful*
- *Simple system to facilitate wood disposal being prepared*

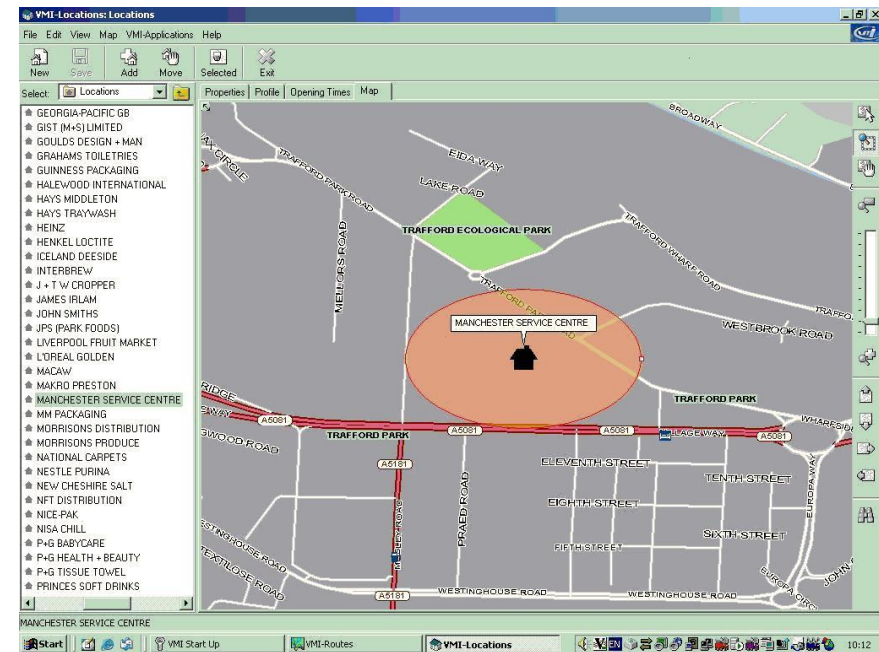


# PRODUCTIVITY AND SERVICE IMPROVEMENTS THROUGH THE USE OF TECHNOLOGY

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MOST IMPORTANT PRODUCTS.  
**everyday.**

- *UK fleet vehicles performance monitored with GPRS Solution*
- *We have examined dwell times at Emitters and Distributors as well as the Service Centres.*
- *We can track Milk Runs live with arrival times and duration*
- *With the target to improve:*
  - *On Time Delivery Performance*
  - *Vehicle Productivity in number of jobs/vehicle*

## VEHICLE TRACKING



- ***Plant Network Optimization is the key process to drive the Perfect Network***
- ***Technology is instrumental in improving processes***
  - *Advance Planning Tools (Manugistics)*
  - *Perfect Plants*
    - *ADI*
    - *Automatic Repair*
  - *GPRS*



# Q&A



Brambles

# **FACTORY MANAGEMENT SYSTEM VIRTUAL TOUR - SWINDON**

***FERNANDO RODRIGUEZ***

***DIRECTOR, PLANT OPERATIONS, UK & IRELAND***

***29 October 2007***



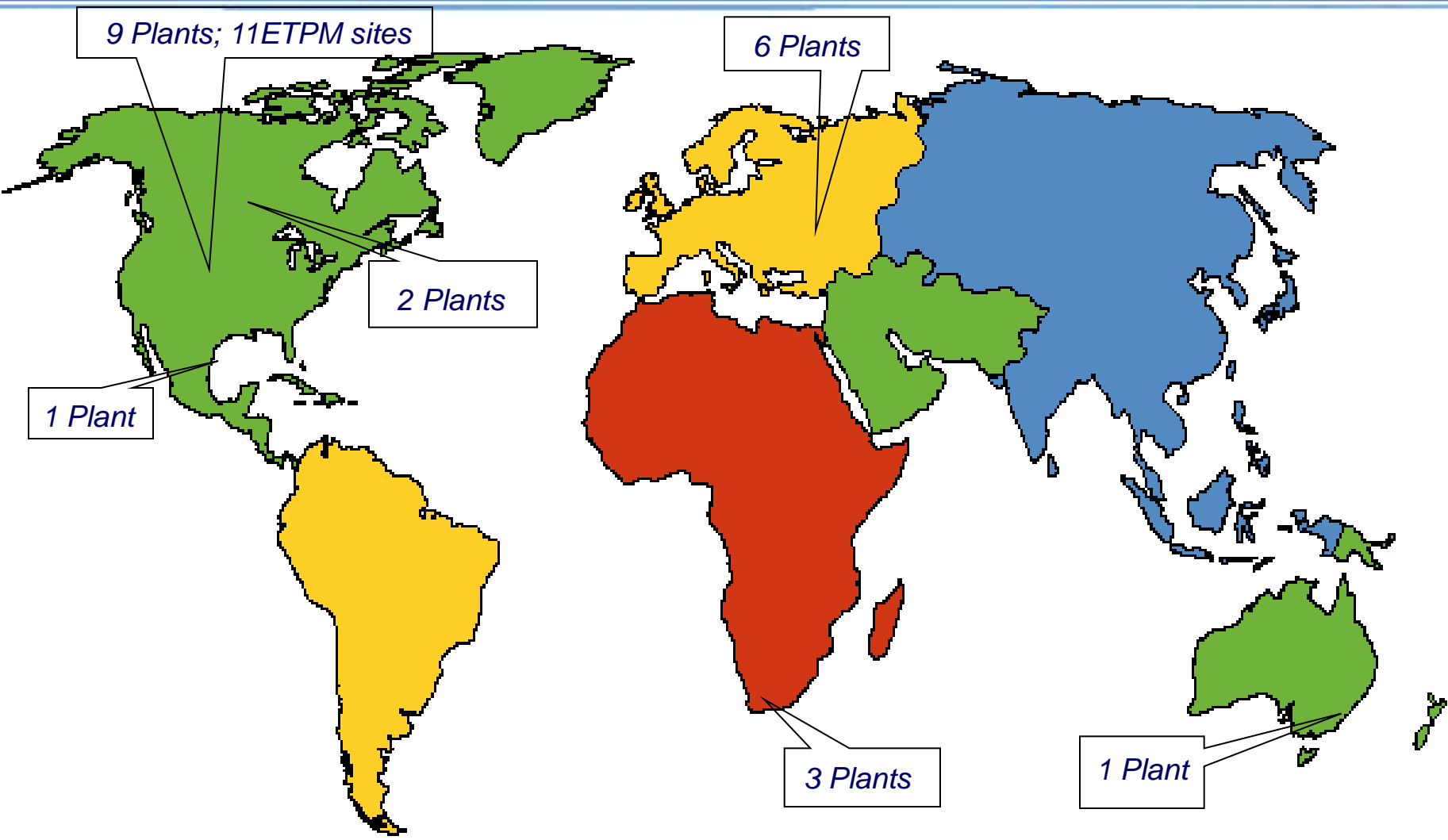
**Brambles**



- **Factory Management System (FMS)**
  - *Program Overview*
  - *In Perfect Plants and ETPM*
  - *Upcoming FMS FY08 Activities*
- **Service Centre network configuration UK & Ireland**
  - *CHEP Swindon Perfect Plant*
- **Virtual tour**
- **Q&A**

- ***System that provides real time production data***
  - *Designed to capture inputs, outputs in real time*
  - *Aggregation of data across multiple sites*
  - *Based on Wonderware technology*
- ***Enabler for Perfect Plants achieving production goals***
  - *Real time data capture*
  - *Visual equipment control*
  - *Reduction of equipment downtime*
  - *Reduced startup and commissioning time*

- ***Started in Australia with design of Erskine Park robotic plant***
  - *Collection of vital statistics on production and robot status*
- ***Adopted as the platform for CHEP Perfect Plants globally***
  - *Institutionalized with our equipment supplier base*
- ***Adopted within the USA On-Site management program***
  - *Revised the architecture to provide the necessary data within our customers' operation and a smaller lay-out.*
  - *System was designed to deliver customer-friendly reports and allow us to move towards an inventory management program*
- ***Now a part of the design of the majority of all new equipment***



# FMS

## Planned Enhancements

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MOST IMPORTANT PRODUCTS.  
**everyday.**

- *Double the existing global FMS implementations*
- *Integration of FMS with ADI*
- *Enhancement of central reporting system*
- *Equipment Reliability Tracking*
- *Continued Innovation*
  - *Automation of additional data capture solutions in the plant, for example lumber consumption, quality audits and distributor damage*

- *Provides real-time performance metrics at plant and global network level.*
- *Reduces mean time on detection (MTD) and mean time on recovery from failure (MTR).*
- *Standardisation of plant management that supports start-up and new Subcontractor plants hand-over.*



# SERVICE CENTRE CONFIGURATION UKI

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MOST IMPORTANT PRODUCTS.  
**everyday.**



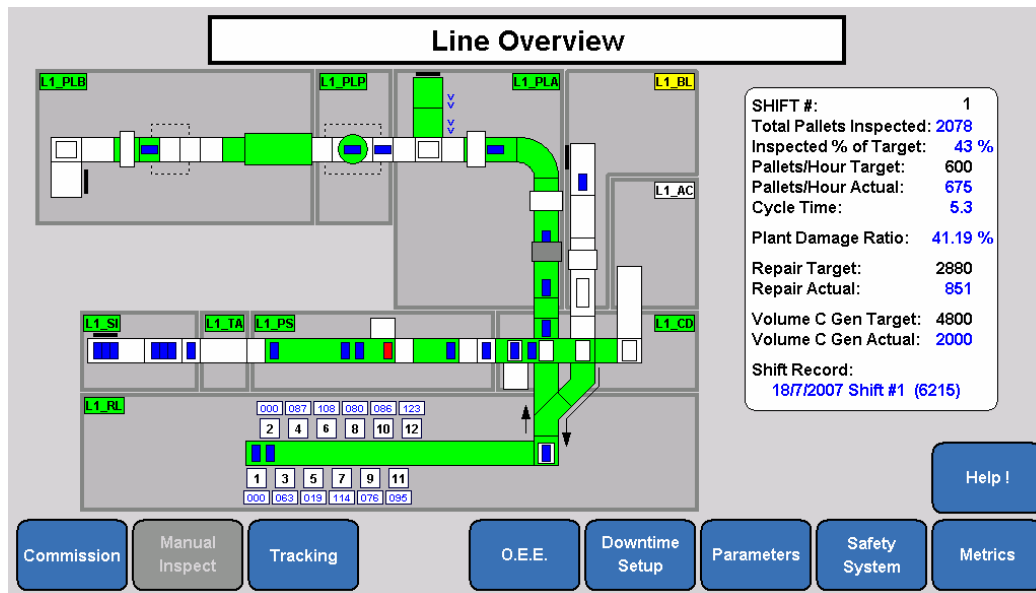
<i><b>Description</b></i>	<i><b>Maximum Capacity</b></i>
<i><b>Infeed and Inspection Line. G600</b></i>	<i><b>750 pph</b></i>
<i><b>Repair Line. 3-Tier conveyer + B overflow</b></i>	<i><b>600 pph</b></i>
<i><b>Repair Benches (12)</b></i>	<i><b>360 pph</b></i>
<i><b>Hogger and wood waste conveyors</b></i>	<i><b>1.2 t/h</b></i>
<i><b>Automatic re-nailer</b></i>	<i><b>800 pph</b></i>
<i><b>Finishing line: Paint Booth + Oven</b></i>	<i><b>1200 pph</b></i>
<i><b>Automatic Stenciller</b></i>	<i><b>1400 pph</b></i>

- ***Shift Pattern: 3x5 (Sat. when necessary):***
- ***Staffing level***
  - *Plant Manager: 1*
  - *Technician: 3*
  - *Inspection operators: 6*
  - *Repair operators: 27*
  - *Fork Lift Truck drivers: 9*
  - *Administration: 3*
- ***Services 65 trucks in & out per day on average***
- ***Inspects 3.8 million pallets per year***
- ***Repairs 1.5 million pallets per year***
- ***Storage Capacity 70,000 pallets***

# Swindon G600

## Virtual tour

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MOST IMPORTANT PRODUCTS.  
**everyday.**



### Safety System

<p>L1_SI (Zone 1)</p> <ul style="list-style-type: none"> <li>ES01 Emergency Stop Button (Outside)</li> <li>ZS01 Zone 1 &amp; 2 Stop (Outside)</li> </ul> <p>L1_TA (Zone 2)</p> <ul style="list-style-type: none"> <li>ZS01 Zone 1 &amp; 2 Stop (RH Side Tipper)</li> <li>ZS02 Zone 1 &amp; 2 Stop (LH Side Tipper)</li> <li>GG01 Guard Gate</li> </ul> <p>L1_PS (Zone 3)</p> <ul style="list-style-type: none"> <li>ES01 Emergency Stop on Panel</li> <li>ES03 Emergency Stop Operator 1 (RH Side)</li> <li>ES04 Emergency Stop Operator 1 (LH Side)</li> <li>ES05 Emergency Stop (Inspection)</li> <li>ZS01 Zone 3 Stop (RH Side)</li> <li>ZS02 Zone 3 Stop (LH Side)</li> <li>ZS03 Zone 3 Stop (Inspection)</li> </ul> <p>L1_CD (Zone 5)</p> <ul style="list-style-type: none"> <li>ES01 Emergency Stop on Panel B</li> <li>ES02 Emergency Stop PRC Bends (LH Side)</li> <li>ES03 Emergency Stop PRC Bends (RH Side)</li> <li>ZS01 Zone Stop Near to Panel</li> <li>ZS02 Zone Stop on PRC Bends (RH Side)</li> <li>ZS03 Zone Stop on PRC Bends (LH Side)</li> <li>GG01 Guard Gate Near Control Panel</li> </ul>	<p>L1_AC (Zone 4)</p> <ul style="list-style-type: none"> <li>ES01 Emergency Stop</li> <li>ZS01 Zone Stop</li> <li>GG01 Guard Gate</li> </ul> <p>L1_BL (Zone 7)</p> <ul style="list-style-type: none"> <li>ES01 Emergency Stop on Panel</li> <li>ES02 Emergency Stop at End of Conveyors</li> <li>ES03 Emergency Stop at Stacker (Nailer Side)</li> <li>ES04 Emergency Stop at Stacker (Panel Side)</li> <li>ZS01 Zone Stop at Stacker</li> <li>GG01 Guard Gate at Stacker</li> </ul> <p>L1_RL (Zone 8)</p> <ul style="list-style-type: none"> <li>ES02 Emergency Stop at End of Repair Bench Conveyor</li> <li>ZS01 Zone Stop Pull Wire (End of Bench RH)</li> <li>ZS02 Zone Stop Pull Wire (End of Bench LH)</li> <li>ZS03 Zone Stop Pull Wire (Start of Bench LH)</li> <li>ZS04 Zone Stop Pull Wire (Start of Bench RH)</li> <li>ZS05 Zone Stop (Waste Wood Conveyors)</li> </ul>	<p>L1_PLA (Zone 10)</p> <ul style="list-style-type: none"> <li>ES01 E-Stop On Panel</li> <li>ES01A E-Stop On 10A by Stacker (LH Side)</li> <li>ES02A E-Stop On 10A by Stacker (RH Side)</li> <li>ZS01 Zone Stop On 10 A by Stacker</li> <li>GG01 Key Release (2key) On Panel Zone 10a</li> </ul> <p>L1_PLP</p> <ul style="list-style-type: none"> <li>ES01 E-Stop On Panel</li> <li>E-Stop On Booth Terminal Box</li> <li>ZS01 Zone Stop (Paint Booth Door RH Side)</li> <li>ZS02 Zone Stop (Paint Booth Door LH Side)</li> </ul> <p>L1_PLB (Zone 10)</p> <ul style="list-style-type: none"> <li>ES01 E-Stop On 10B by 20 Stack (LH Side)</li> <li>ES02 E-Stop On 10B by 20 Stack (RH Side)</li> <li>ES03 E-Stop Outfeed Area (Outside)</li> <li>GG01 Key Release (2 Key) on Panel (Zone 10B)</li> <li>ZS01 Zone Stop on 10B at Stencil (LH Side)</li> <li>ZS02 Zone Stop on 10B at Stencil (RH Side)</li> <li>ZS03 Zone Stop on 10B (Outside)</li> <li>SM01B Safety Mat on 10B</li> </ul>
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\* Stops Oven Conveyor and L1\_PL\_SC1 Only



# Brambles

## Operations Review

29 October 2007

Accelerating Growth:  
Customers, Markets,  
People



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