Brambles

Full-Year 2018 Results

24 August 2018

Results highlights

Graham Chipchase

Key messages

Strong revenue growth, dividends fully funded by Free Cash Flow

- **Sales revenue growth of 6%[1]:** Volume momentum in key markets with price realisation in US pallets, emerging markets and IFCO North America
- **Underlying Profit in line with FY17[1]:** Profit growth in CHEP EMEA and IFCO offset by:
  - Accelerating inflationary cost pressures in major markets, particularly the US and Europe;
  - Further cost challenges in CHEP Americas due to capacity constraints in US pallets, the transition from stringer to block pallets in Canada and increased costs in the high-growth Latin America pallets business; and
  - 2pt decline in ULP growth due to CHEP Australia RPC & automotive contract losses advised to the market in 2016
- **ROCI of 16.1% remains strong:** Reduction of 0.9pts largely due to the impact of CHEP Australia contract losses (0.4pts) and lower margins in CHEP Americas
- **Significant improvement in cash flow generation:** Capex and dividends fully funded through EBITDA growth, disciplined working capital management and increased asset compensations
- **Successfully completed portfolio actions to address non-core assets:** Proceeds to fund high return automation project in pallets businesses
- **Continued focus on optimising shareholder value:** Announced intention to separate IFCO through demerger or sale during CY19
- **FY18 final dividend AU14.5¢, franking of 30%:** FY18 total dividend AU29.0¢, in line with FY17

[1] At constant currency.

FY18 progress

Setting foundations for long-term sustainable growth & returns

Addressing US pallets performance	▪ Price increases, lumber & transport surcharges in response to inflationary pressures ▪ Highest quality investment in pallet pool in 5 years ▪ 3-year automation programme on track and on budget
Leveraging global scale and expertise	▪ Global procurement initiatives leveraging scale and best-practice expertise to deliver cost savings, efficiencies and improved capabilities across the Group ▪ Global automation and lumber initiatives
Improving cash generation	▪ Leveraging global scale to drive improvements in working capital ▪ Improved asset accountability drove higher compensations ▪ Cycle-time efficiencies in major markets with opportunities for further improvement
Portfolio actions and capital recycling	▪ Divestment of non-core CHEP Recycled business and HFG JV ▪ Proceeds from divestments to fund growth and operational investment in high-returning core businesses e.g. US automation programme ▪ Intention to separate IFCO to unlock significant value in both businesses
New market development	▪ New pallet market development: Russia, India ▪ New lanes and customer opportunities: FMS/LMS, Automotive, Australian RPCs ▪ Kegstar expansion into the US market and further development in existing markets

Financial overview

Nessa O'Sullivan

FY18 result

Summary

US$m	FY18	Change vs. FY17	
Continuing operations		Actual FX	Constant FX
Sales Revenue	**5,596.6**	**10%**	**6%**
Underlying Profit	**996.7**	**4%**	**-**
Significant Items	(10.7)		
Operating Profit	**986.0**	**28%**	**22%**
Net finance expenses	(104.8)	(6)%	(4)%
Tax expense	(107.7)	53%	58%
Profit after tax - Continuing	**773.5**	**74%**	**67%**
Loss from discontinued ops[1]	(26.4)		
Profit after tax	**747.1**	**308%**	**293%**
Effective tax rate - Underlying (%)	26.5%	2.3pp	
Statutory EPS	**47.0**	**309%**	**292%**
Underlying EPS	**41.2**	**7%**	**3%**

- **Sales growth** in key CHEP & IFCO businesses
- **Underlying Profit** reflects strong performances in CHEP EMEA and IFCO offset by high levels of global inflation, lower margins in CHEP Americas and contract losses in CHEP Asia-Pacific announced in 2016
- **Operating Profit** up US$215m reflects material reduction in Significant Items and cycling of the US$120m non-cash impairment of HFG JV investment in FY17
- **Tax expense & effective tax rate** reflects a US$127.9m one-off, non-cash benefit to income tax expense due to US tax reform reported in 1H18 Significant Items
- **Profit after tax** reflects cycling of materially higher Significant Items in FY17 and FY18 US tax benefit
- **Underlying EPS growth** of 3% reflects benefits of lower tax rate in the US

FY19 considerations:

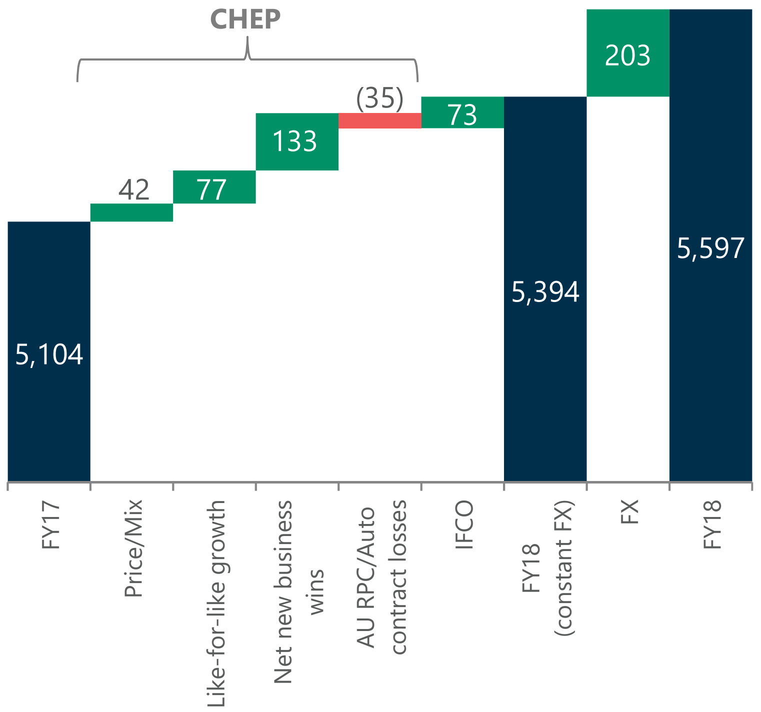
- Effective tax rate expected to increase to 28-29%

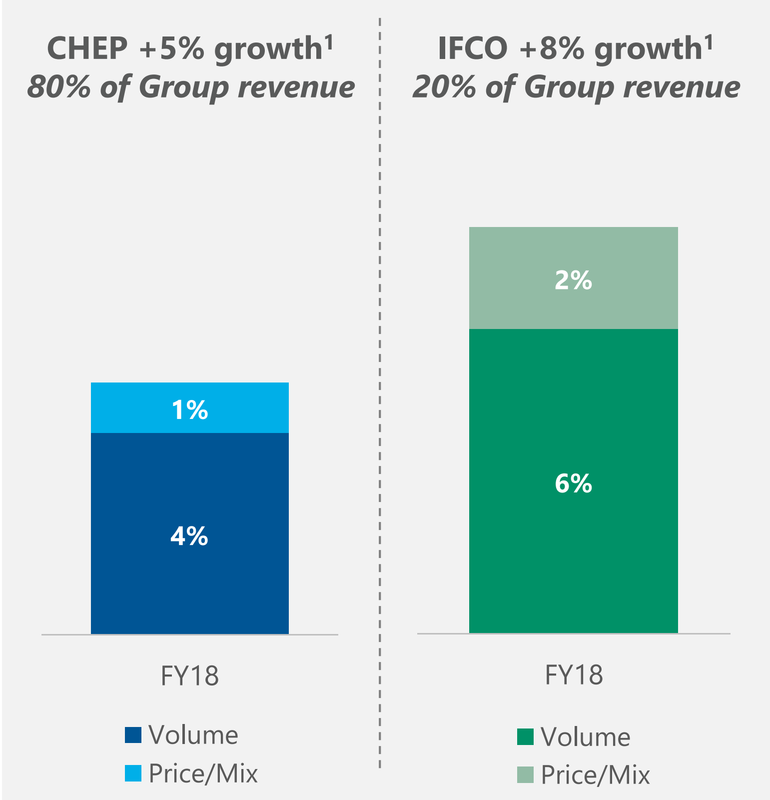
[1] Includes the loss on divestment of CHEP Recycled US$(8.3)m and HFG US$(7.3)m, and results of divested businesses US$(8.2)m and associated finance and tax expenses US$(2.6)m.

FY18 sales growth

Strong volume growth and price realisation in both CHEP & IFCO

FY18 Sales revenue growth (US$m)





[1] Sales growth is at constant currency.

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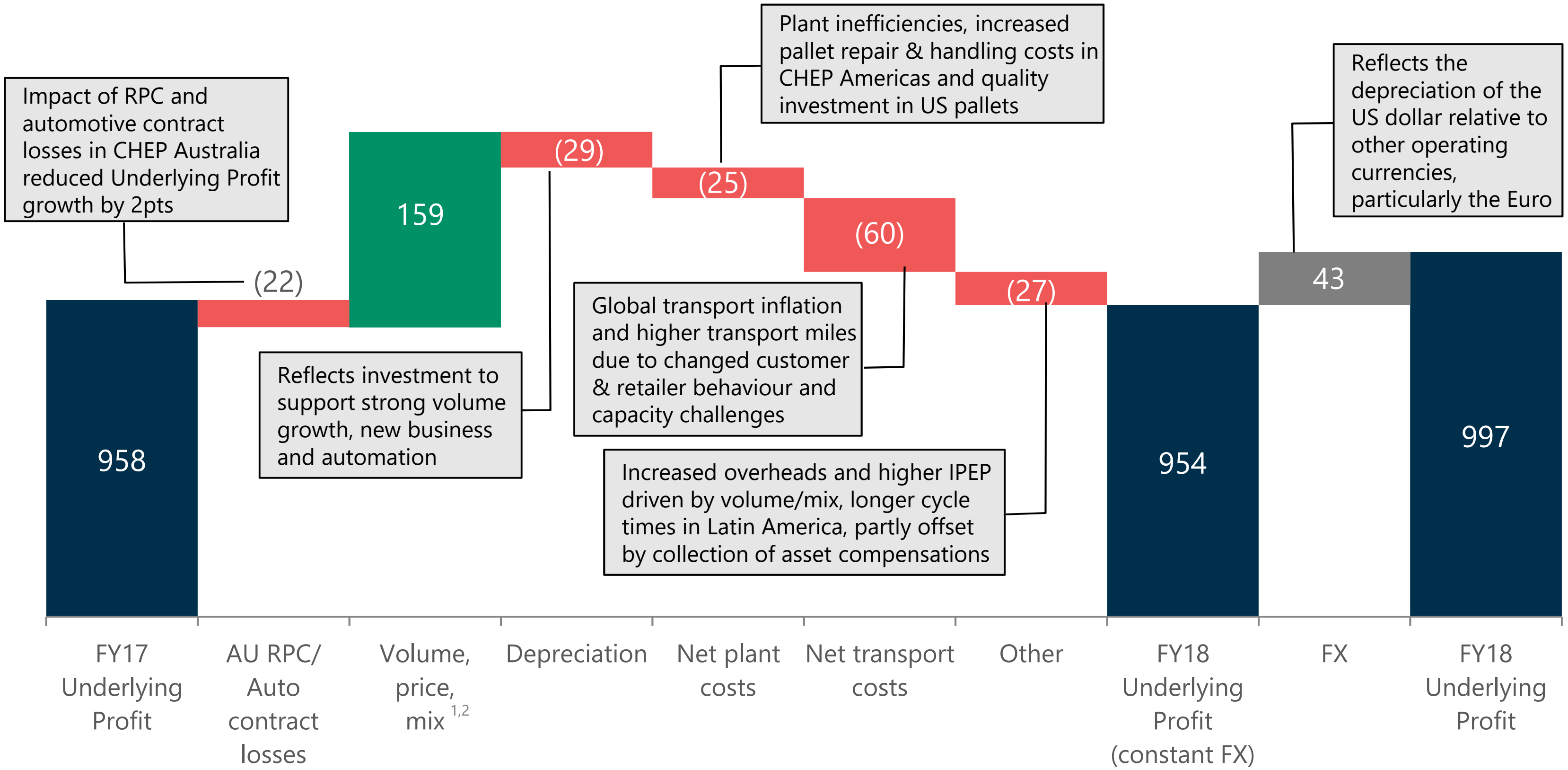
Group profit analysis (US$m)

Strong sales contribution to profit offset by cost headwinds



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

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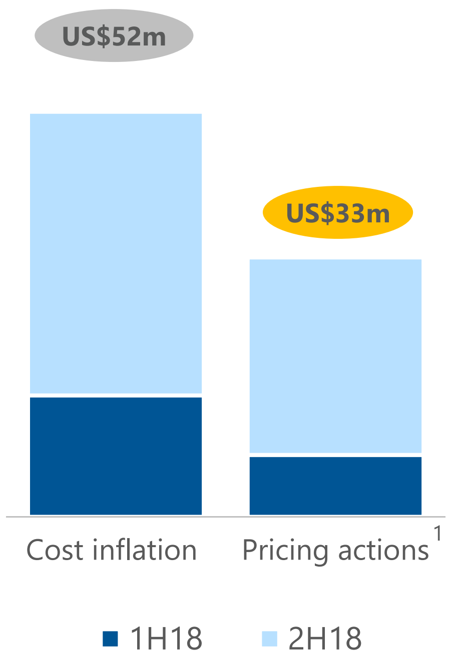
Market cost inflation increases in FY18

Approx. two-thirds of inflation recovered by price

FY18 impact in US and Europe



Exit-rate market inflation

Transport

USA: +10%

Europe: +12%

Lumber

USA: +13%

Europe: +6%

FY19 expectations

- Labour, lumber and transport inflation rates expected to remain elevated
- Surcharges, indexation and contract pricing expected to partially offset associated cost increases
- Recognition of time lag between cost increase & recovery via pricing/ surcharges/indexation. Note: average contract length is 3 years.

[1] Includes pricing actions taken in response to cost inflation, including surcharges in the US and indexation in Europe.

CHEP Americas

Solid volume growth, ongoing inflation and cost headwinds

	FY18	Change vs. FY17	
(US$m)		Actual FX	Constant FX
US	1,580.5	4%	4%
Canada	263.4	9%	5%
Latin America	298.2	10%	10%
Pallets	2,142.1	6%	5%
Containers	53.2	11%	11%
Sales revenue	**2,195.3**	**6%**	**5%**
Underlying Profit	**350.6**	**(11)%**	**(12)%**
Margin	***16.0%***	***(3.1)pp***	***(3.3)pp***
ROCI	***16.5%***	***(3.7)pp***	***(3.8)pp***

FY18 performance reflects:

- Volume growth with price realisation across the region
- Margin decline of 3.3pts driven by:
  - CHEP USA: 2.4pts of segment decline comprising: 2pts due to inflation, changing customer behaviour and network capacity constraints in US pallets; and 0.4pts due to quality investment
  - CHEP Canada: 0.6pts of segment decline due to additional costs associated with increased pool conversion to block pallets
  - CHEP Latin America: 0.3pts of segment decline due to longer cycle times and higher costs not recovered by pricing
- ROCI decline largely driven by lower margins
- Range of initiatives being implemented to progressively offset costs over the next 2-3 years

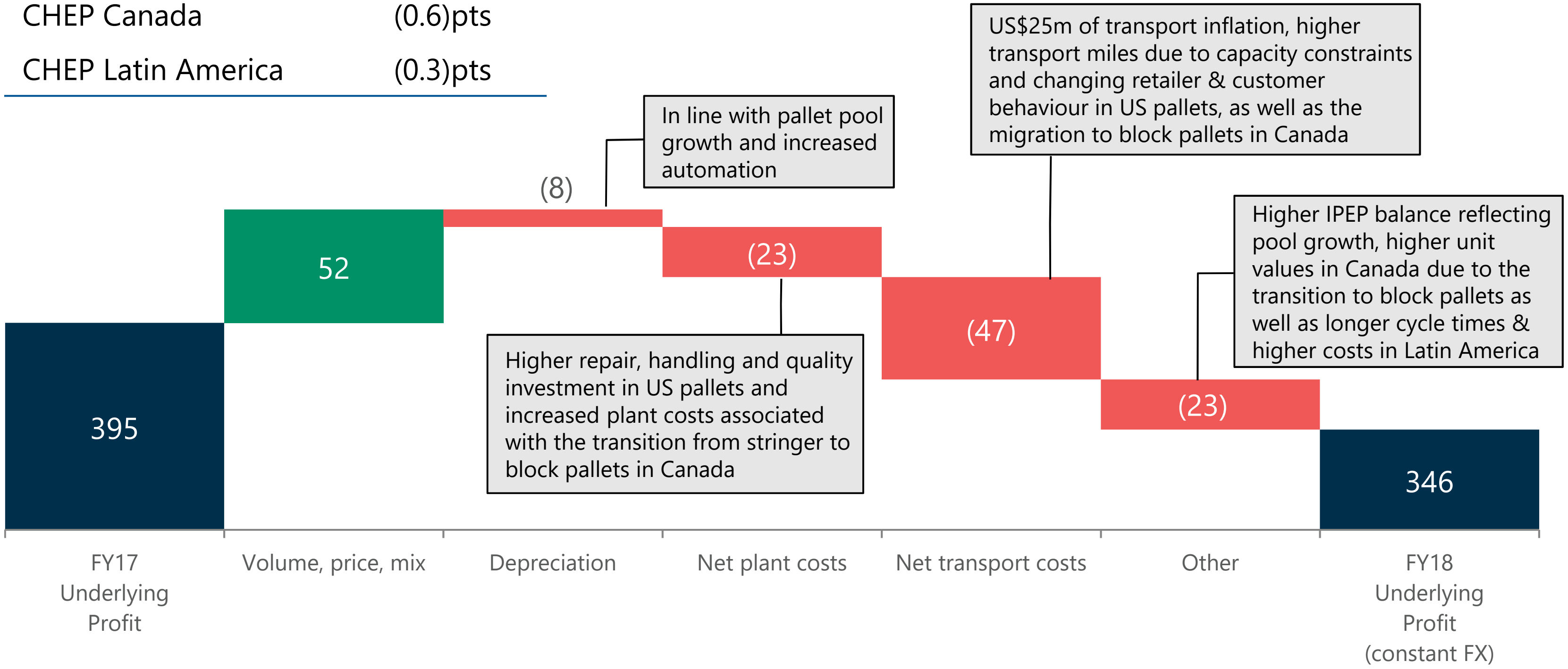
FY19 considerations:

- Ongoing inflationary pressures in North America with a time lag between cost increases and benefits/efficiencies associated with pricing initiatives and automation investment
- Increased costs associated with the transition to block pallets in Canada

CHEP Americas

Underlying Profit decline driven by inflation & other cost pressures

Components of margin decline:	
CHEP USA	(2.4)pts
CHEP Canada	(0.6)pts
CHEP Latin America	(0.3)pts



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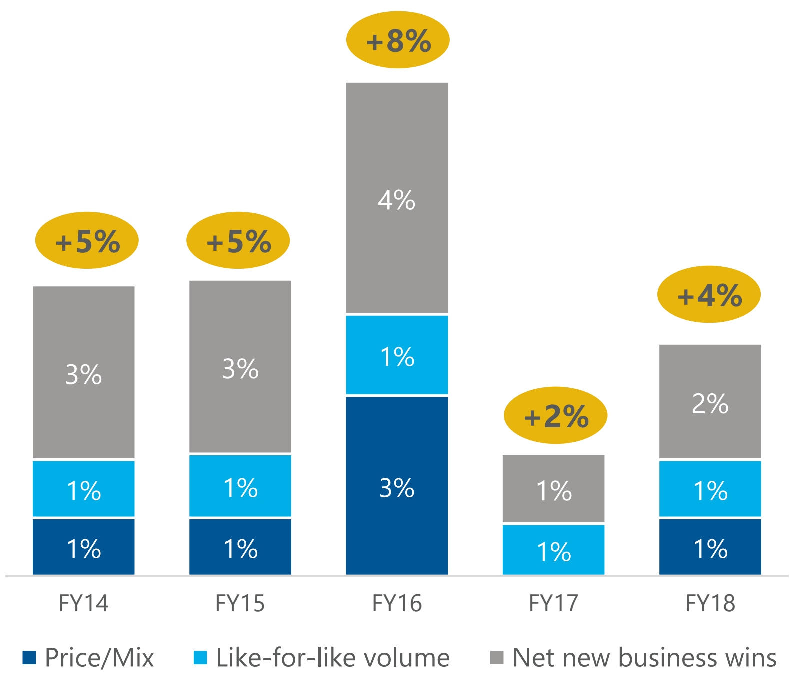
US pallets

Solid volume growth and +2% effective price realisation in 2H18

US pallets revenue growth breakdown



FY18 revenue growth components:

- **Price/mix growth of 1%:** Effective price, which includes transport and lumber surcharges recognised as an offset to direct costs, increased US$17m or 2% in 2H18, and partly offset inflationary cost pressures of US$36m
- **Like-for-like volume growth of 1%:** Growth with existing customers, primarily in the beverage and grocery sectors
- **Net new business wins of 2%:** Contract wins in the current period and rollover wins from FY17

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US pallets margins

Initiatives in place to progressively deliver 2-3pp margin improvement

Pressures

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

Mitigating actions

Phasing of margin improvement

	Progress in FY18	FY18	FY19	FY20	FY21	FY22
Supply chain cost out	■ Annual transport and network optimisation exercise undertaken during the year	●	●	●	●	●
Pricing/ surcharges	■ Lumber & transport surcharges levied in 2H18 delivered an effective price increase of 2% ■ Renegotiated contract pricing and terms when contracts came up for renewal in 2H18	●	●	●	●	●
Procurement initiatives	■ Defined lumber strategy to reduce pallet and repair costs - implementation commenced		●	●	●	●
Automation programme	■ Automation team in place ■ On track to deliver FY19 automation objectives		●	●	●	●

US automation programme update

On track with 3-year automation plan

Overview of project	Progress to date

Overview of project

- US$150-US$160m capital investment from FY19-FY21, 4-year payback
- Capital investment to be fully funded by the proceeds from the sale of CHEP Recycled and the HFG JV
- 50+ plants to be automated
- Automation penetration to reach 85%
  - Europe automation level ~80%
  - US current automation level ~20%

Progress to date

- Automation team in place, training in progress
- Plant automation project launched in 2H18
- On track to deliver FY19 automation objectives
  - 16 sites identified for automation in FY19
  - 2 automation rollouts initiated in June 2018
  - 5 automation rollouts scheduled for 1Q19

CHEP EMEA

Strong volume growth and margins despite inflationary pressures

(US$m)	FY18	Change vs. FY17 Actual FX	Change vs. FY17 Constant FX
Europe	1,369.7	15%	6%
AIME[1]	182.1	11%	7%
Pallets	1,551.8	14%	6%
RPCs + Containers	273.3	26%	18%
Sales revenue	**1,825.1**	**16%**	**8%**
Underlying Profit	**454.8**	**17%**	**9%**
Margin	***24.9%***	***0.3pp***	***0.3pp***
ROCI	***24.6%***	***(0.1)pp***	***(0.2)pp***

[1] Africa, India and Middle East.

FY18 performance reflects:

- Europe pallets: volume growth of 6% and flat price as indexation benefits offset strategic pricing initiatives
- AIME pallets: volume growth and price/mix benefits
- RPCs & Containers: growth largely driven by expansion in Kegstar and large contract win in Automotive Europe
- Underlying Profit leverage as sales contribution to profit and supply chain efficiencies offset cost pressures (including inflation)
- ROCI remains strong despite increased investment to support growth in new markets and Automotive

FY19 considerations:

- Continued volume momentum and ongoing inflationary pressures
- Increased investment in Automotive business reflecting contract wins

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CHEP Asia-Pacific

Strong revenue growth in pallets and margin improvement

	FY18	Change vs. FY17	
(US$m)		Actual FX	Constant FX
Pallets	354.4	7%	4%
RPCs + Containers	120.7	(21)%	(23)%
Sales revenue	**475.1**	**(2)%**	**(4)%**
Underlying Profit	**111.7**	**-**	**(3)%**
Margin	***23.5%***	***0.4pp***	***0.4pp***
ROCI	***25.5%***	***(0.7)pp***	***(0.5)pp***

FY18 performance reflects:

- CHEP Australia RPC and automotive contract losses announced in 2016 which reduced Underlying Profit by US$22m
- Excluding these items, sales growth of 3% was driven by solid volume growth and modest price increases in Australian pallets
- Margin improvement driven by pallet revenue growth, overhead cost savings and increased asset compensations of US$13m

FY19 considerations:

- RPC business expected to return to growth
- FY18 included the benefits of increased compensations, unlikely to be repeated in FY19

IFCO

Ongoing volume momentum, US price growth & ROCI improvement

(US$m)	FY18	Change vs. FY17 Actual FX	Change vs. FY17 Constant FX
Europe	790.0	17%	9%
North America	228.6	2%	2%
Rest of world[1]	82.5	10%	12%
Sales revenue	**1,101.1**	**13%**	**8%**
Underlying Profit	**136.5**	**16%**	**10%**
Margin	***12.4%***	***0.3pp***	***0.3pp***
ROCI	***8.2%***	***0.8pp***	***0.7pp***

FY18 performance reflects:

- Sales revenue growth of 8% driven by:
  - Like-for-like volume growth in Europe
  - Price actions and product mix benefits in North America
  - Volume growth and price/product mix benefits in Asia and South America
- Underlying Profit leverage and margin expansion as sales contribution to profit and efficiency gains were partly offset by higher depreciation and transport costs
- ROCI improvement driven by margin expansion and asset efficiency

FY19 considerations:

- Ongoing opportunities for strong volume growth and asset efficiency improvements

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

Corporate

Corporate costs broadly flat to prior year

(US$m, actual FX)	FY18	FY17
Corporate costs	(33.5)	(31.6)
BXB Digital	(11.6)	(10.3)
HFG joint venture results	(11.8)	(12.5)
Corporate segment	**(56.9)**	**(54.4)**

FY18 performance reflects:

- Corporate segment costs broadly in line with FY17. FY18 cost of US$53.9m at constant currency was 1% below prior year and $56.9m at actual FX rates
- Increased investment in BXB Digital – US$7.2m of capital investment in the development of a software logistics system (BRIX) used for transport collaboration and supply chain insights
- HFG losses in line with prior year – exit of the JV in 2H18. Loan repayment of US$150m to fund automation projects in core pallets businesses

FY19 considerations:

- Increased spend on innovation and BXB Digital of US$5-7m
- HFG losses and interest income of 10% on US$150m JV loan (reported in net finance costs) not recurring

Significant Items

Post-tax items include US$127.9m one-off, non-cash tax benefit

(US$m, actual FX)	FY18			FY17		
	Pre tax	Tax	Post tax	Pre tax	Tax	Post tax
US tax reform	-	127.9	127.9	-	-	-
Impairment of HFG joint venture	-	-	-	(120.0)	-	(120.0)
Restructuring & integration costs	(12.1)	2.7	(9.4)	(65.3)	19.5	(45.8)
Change to accounting estimates & methodology	1.4	(2.3)	(0.9)	-	-	-
Acquisition-related costs	-	-	-	(0.8)	0.1	(0.7)
Continuing operations	**(10.7)**	**128.3**	**117.6**	**(186.1)**	**19.6**	**(166.5)**

- Significant Items expense in line with FY18 guidance of US$10-15m to complete legacy projects
- Pre-tax Significant Items expense down US$175.4m reflecting:
  - Cycling of the US$120.0m non-cash HFG joint venture impairment charge in FY17; and
  - US$55.4m expense reduction following a review of multi-year projects in FY17 and completion of legacy projects
- Change to accounting estimates & methodology reflects the prior year impact of changes relating to pallet pool costs in Mexico and Canada, and logistics credits in IFCO
- Post-tax Significant Items includes US$127.9m one-off, non-cash benefit to tax expense due to the reduction in the US federal tax rate from 35% to 21% effective from 1 January 2018

Cash flow

Dividends fully funded by strong Free Cash Flow

(US$m, actual FX)	FY18	FY17	Change
EBITDA	**1,576.2**	**1,484.2**	**92.0**
Capital expenditure (cash basis)	(1,135.6)	(1,060.1)	(75.5)
Proceeds from joint venture loan	150.0	-	150.0
Proceeds from sale of PP&E	139.6	108.9	30.7
Working capital movement	62.5	(25.0)	87.5
IPEP expense	109.4	89.2	20.2
Other[1]	(9.7)	(5.7)	(4.0)
Cash Flow from Operations	**892.4**	**591.5**	**300.9**
Significant Items and discontinued operations	(25.8)	(48.0)	22.2
Financing costs and tax	(312.2)	(319.3)	7.1
Free Cash Flow	**554.4**	**224.2**	**330.2**
Dividends paid	(352.0)	(348.0)	(4.0)
Free Cash Flow after dividends	**202.4**	**(123.8)**	**326.2**

FY18 performance:

- Strong Free Cash Flow (before inclusion of US$150m HFG JV loan proceeds) fully funded dividends and capex for the first time since FY15
- Increased EBITDA, working capital management, and improved asset management resulting in higher compensations
- Cash capital expenditure increased to support growth - further details on total FY18 capital investment set out on slide 21
- Surplus Free Cash Flow (before HFG JV loan proceeds) of US$52m, includes US$30m of timing benefits after capex and dividends

FY19 considerations:

- Capex weighted to 1H19 to support new markets and Automotive business as well as increased investment in automation
- Reversal of US$30m of working capital timing benefits in FY19, lower compensations in CHEP Asia-Pacific and expected increase in tax payments with an offsetting benefit in FY20

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

Cash generation initiatives

Progress in FY18, further improvement opportunities

Area	Initiatives	FY18 progress	FY19 – FY21 opportunities
Capital efficiency and allocation	▪ Focus on asset efficiency to reduce pooling capital intensity ▪ Disciplined capital allocation strategy focusing on core pooling businesses ▪ Procurement initiatives leveraging global scale and expertise to reduce pallet costs and improved payment terms ▪ Improve management of asset compensations	✓	▪ Asset efficiency gains in major markets ▪ Continued focus on collection of asset compensations ▪ Use of proceeds from portfolio actions to fund automation programme
Working capital management	▪ Improved cash collection processes ▪ Renegotiation of payment terms and supply chain finance ▪ Improved focus on working capital management across the Group	✓	▪ Continued benefits from strong working capital management
Significant Items	▪ Review of Significant Item projects to eliminate/reduce spend	✓	

Capital expenditure

Investment in growth, new market entry and automation

	FY18 capex/sales ratio	Constant FX growth	
FY18 Pooling Capex	**19.5%**	**+US$105m**	**+10%**
Volume growth		+US$54m	+5%
New market development		+US$31m	+3%
Increase in unit pallet cost		+US$21m	+2%
Impact of stringer pallet to block pallet conversion in Canada		+US$15m	+1%
Efficiencies/Other		+US$(16)m	(1)%
FY18 Other PP&E Capex	**1.8%**	**+US$27m**	**+3%**
Total PP&E Capex	**21.3%**	**+US$132m**	**+13%**

FY18 Pooling Capex up 10%

- New market development comprising investments in Kegstar, Automotive and new pallet markets
- Unit pallet costs increased due to lumber and transport inflation in the US and Europe
- Efficiencies reflected improved cycle times in US, European and Australian pallets businesses and IFCO Europe

FY18 Other PP&E Capex up 3%

- Increased investment in service centres, including automation projects and initiatives to reduce lumber costs

FY19 considerations:

- Expected decrease in pooling capex/sales ratio with improvements in asset efficiency to partly offset continued investments in new markets and inflationary cost pressures
- Increase in non-pooling capex to facilitate the US automation project

Balance sheet

Funding profile strengthened by €500m 10-year EMTN issue

	June 18	June 17[1]
Net debt	US$2,308m	US$2,573m
Average term of committed facilities	4.5 years	3.7 years
Undrawn committed facilities	US$1.6bn	US$1.5bn

	FY18	FY17
EBITDA/net finance costs[2]	15.0x	15.0x
Net debt/EBITDA	1.46x	1.73x

- Strong balance sheet with investment grade ratings maintained (BBB+/Baa1)
- US$265m decrease in net debt reflects surplus Free Cash Flow after dividends, cash inflow of US$102m from divestment of CHEP Recycled and US$150m HFG JV loan proceeds
- Improved debt profile - €500m 1.5% EMTN issued in October 2017 which refinanced the €500m 4.625% EMTN that matured in April 2018
- Significant headroom in undrawn committed facilities
- Net debt/EBITDA of 1.46x well within policy of <1.75x. Reduction in net debt/EBITDA due to strong operating cash flow and asset actions

[1] Excludes CHEP Recycled held for sale balances.
[2] Includes US$14.5m (FY17: US$12.3m) of interest revenue from HFG joint venture. Excluding the HFG interest revenue, the ratio is 13.2x (FY17: 13.4x).

New accounting standards: FY19 & FY20

AASB 15: Revenue and AASB 16: Leases

AASB 15: Issue fees to be recognised over the estimated cycle times period between the asset being issued and returned to Brambles

- Impact on FY18 restated comparatives
  - Opening balance sheet to be adjusted via equity to reflect the opening deferred revenue liability of ~US$530m at 1 July 2018
  - Restatement of prior year (FY18) comparatives will show both revenue and ULP ~$30m lower than reported in FY18 results
- Estimated impact in FY19
  - Impact on FY19 year-on-year revenue growth is expected to be minimal due to the restatement of the prior year
  - Impact on FY19 year-on-year Underlying Profit growth is a reduction of ~0.5pt
  - ROCI improvement of 1pt will be offset by the impact on ROCI of increased investment in the accelerated automation in the US business, new business including automotive and the impact of the pallet pool conversion in Canada

Indicative only

Estimated pre-tax impact of AASB 15 (US$m)	FY19 estimate	FY18 estimate	Year on year estimated impact
Revenue	(35)	(30)	(5)
Underlying Profit	(35)	(30)	(5)
Cash flow (no impact)	-	-	-
Balance sheet – deferred revenue liability	(565)	(530)	(35)

AASB 16: Increased recognition of leases as assets and lease liabilities on the balance sheet

- Estimated impact on FY20: ROCI reduction (preliminary estimate) of over 1pt due to the capitalisation of leases

Brambles

Summary

- **Meaningful progress made against strategic priorities**
  - Improved cash generation
  - Cycle time improvement in major markets
  - Increased investment in asset quality and capabilities
- **Operational initiatives implemented**
  - Accelerated automation programme and global procurement initiatives; and
  - Price realisation to offset cost inflationary pressures
- **Opportunities for further improvement**
  - Ongoing focus on cycle times
  - Further implementation of cost recovery actions
  - Continued funding of new and existing growth opportunities
- **Outlook**
  - FY19 Underlying Profit will continue to reflect ongoing input-cost inflation and other cost challenges
  - Operational initiatives expected to progressively deliver efficiencies and earnings benefits over the medium term

Separation of IFCO

Graham Chipchase

Announcement highlights

- Brambles intends to separate its IFCO RPC business resulting in two stand-alone, world-class businesses
  - IFCO, a fast growing RPC pooling services provider with a strong financial position and significant growth opportunities
  - Brambles (post demerger), a global platform pooling provider with a leading market position, stable growth and good cash flow generation
- Separation to be pursued through demerger
- To ensure optimal shareholder value is achieved, the sale of IFCO will also be evaluated
- Subject to shareholder and regulatory approvals, transaction targeted to be completed during the 2019 calendar year

Separation rationale

Creating greater focus in both Brambles and IFCO

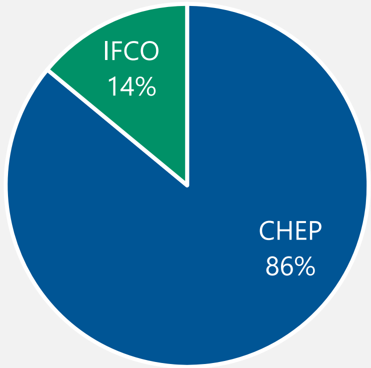
Why separate?

- CHEP and IFCO are distinct businesses with different customer bases, offerings, financial profiles and value propositions
- No meaningful operational overlap or customer-related synergies between CHEP and IFCO
- Brambles' capital allocation strategy favours higher-return opportunities in CHEP over incremental value accretive investments in IFCO
- Opportunity for standalone businesses to prioritise and pursue their distinct growth and strategic agendas

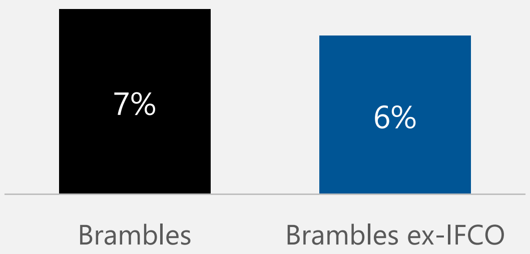
Benefits of separation:

- Brambles: Increased focus on growth, productivity and innovation initiatives to enhance and extend core platform pooling businesses
- IFCO: Dedicated focus on needs of an RPC business, including value accretive growth opportunities unlikely to be pursued within Brambles
- Separate capital structures and financial policies aligned to each company's operational and strategic objectives
- Brambles' shareholders to benefit from future IFCO growth through either direct shareholding or sales proceeds

FY18 contributions to Underlying Profit



Revenue growth FY14-FY18 CAGR[1]



[1] At 30 June 2017 FX rates.

IFCO post separation

Increased flexibility to pursue growth opportunities

Market leader with unmatched scale and network	▪ Number 1 position in most major markets ▪ 280+ million RPCs ▪ Servicing 300+ retailers and 13,500+ producers worldwide ▪ 75+ service centres in 35 countries ▪ Strong management team with industry-leading expertise
Strong growth profile	▪ Expansion with new and existing customers through conversion from one-way packaging ▪ Opportunities to grow in core European and developing South American and Asian markets and produce verticals
Attractive investor value proposition	▪ EBITDA margins above 20% ▪ Positive cash flow generation ▪ Returns on incremental capital value accretive
Continued business improvement	▪ Actions underway to improve profitability in North America, including asset efficiency improvements ▪ Well positioned to participate in e-commerce opportunities

FY18 key metrics[1]

Revenue
US$1,101m

EBITDA
US$252m

EBITDA Margin
22.9%

ROCI
8.2%[2]

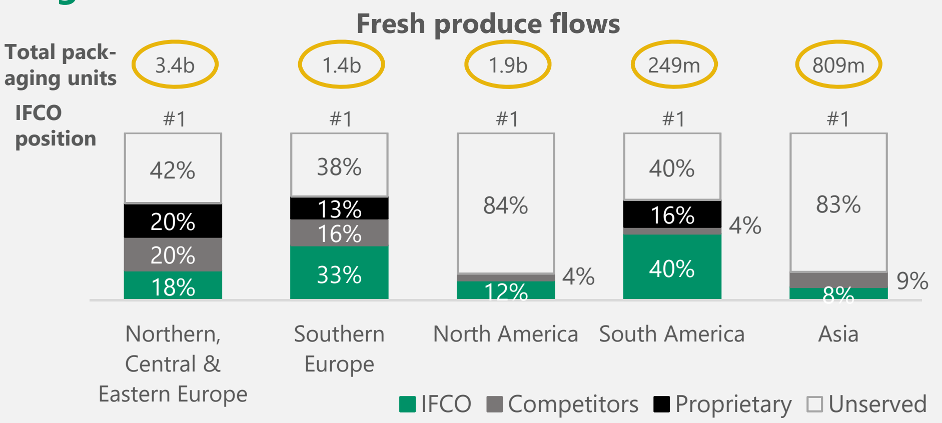
[1] At actual FX rates. [2] Including goodwill.

IFCO: world leader in RPC pooling

Strong track record and substantial growth opportunities

Track record of sustained growth:

Large addressable market:



[1] At 30 June 2017 FX rates.

Significant pipeline of growth opportunities

- Ongoing conversion of new verticals with existing retailers
- Winning and expanding with new retail customers
- Acquisition of grower-owned RPC pools and integration of them into broader regional pools
- Entry into new produce categories and non-cyclical new verticals e.g. meat, bread and deli
- Potential for vertical integration and further M&A

Brambles

Brambles post separation

Increased focus on enhancing and extending core business

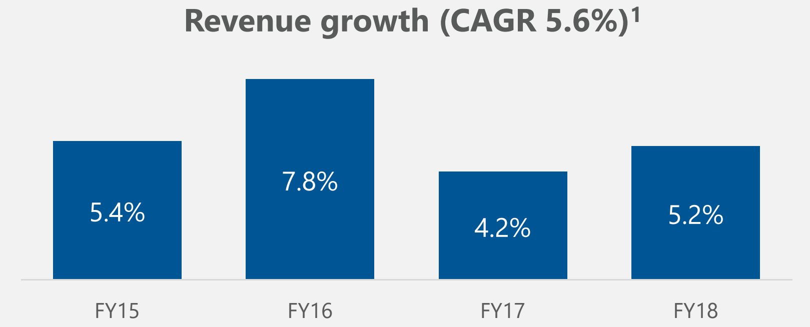
Market leader in platform pooling with unmatched scale and network	■ #1 in most major markets ■ 300+ million pallets, crates and containers and 750+ service centres in over 55 countries ■ Unrivalled ability to partner with customers regionally, nationally and internationally ■ Retain ANZ and South African CHEP branded RPC businesses	**FY18 key metrics[1]** **Revenue** US$4,496m **EBITDA** US$1,324m **EBITDA Margin** 29.5% **ROCI** 19.1%
Strong pipeline of growth over the long term	■ Conversion of one-way platforms in developed markets and further expansion in emerging markets ■ Well positioned to leverage emerging e-commerce and technology opportunities ■ Further develop new lanes of service: First-Mile and Last-Mile Solutions and commercialising supply chain insights	
Attractive investor value proposition	■ Sustainable mid-single digit revenue growth driven by defensive FMCG sector ■ Strong EBITDA margins, cash flow generation and ROCI ■ Capital structure supporting future growth and shareholder returns while still maintaining a strong balance sheet and credit profile	
Enhanced focus on operational efficiency, customer value and innovation	■ Leveraging BXB Digital innovations ■ Sharing Brambles' proven service centre technology and expertise across geographies and markets ■ Delivering increased levels of automation, exploring new material technologies and improving customer experiences	

[1] At actual FX rates.

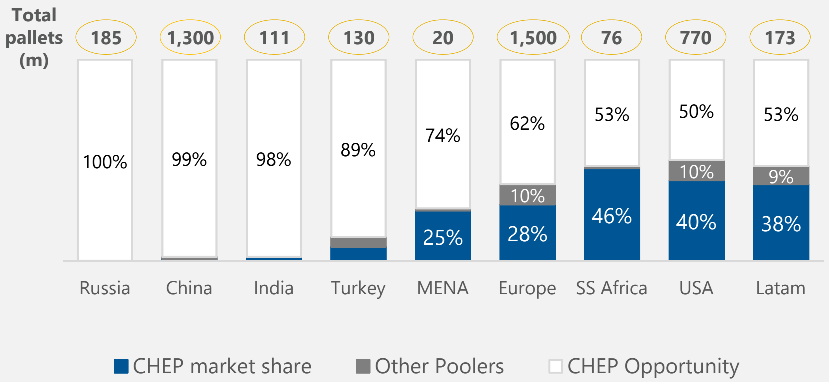
Brambles: strong growth pipeline

Consistent overall growth in mid-single digits

Strong track record of sustainable growth:



Significant potential in developed & emerging markets:



Developed markets

- Growth with existing customers
- Increased penetration through conversion of one-way platforms to pooled solutions
- Significant opportunities in US and Europe

Emerging markets

- Increased pallet use in developing geographies through evolution of supply chain and modernisation of retail
- Significant opportunities in China, India, Russia, Latin America and Middle East

Opportunities in new spaces across developed and emerging markets

- E-commerce
- New materials and formats
- Digitally-enabled business models

[1] At 30 June 2017 FX rates.

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Brambles' investor value proposition

Delivering long-term value and attractive shareholder returns

Brambles' ambition is to:

- Be the global leader in platform pooling solutions with the number one market share in all major regions of operation;
- Lead the industry in customer service, innovation and sustainability, creating new areas of value by solving customer and retailer challenges in the supply chain; and
- Be an employer of choice with industry leading positions in zero harm, diversity and talent development

And to deliver:

- Sustainable growth at returns well in excess of the cost of capital:
  - Mid-single digit revenue growth[1];
  - Underlying Profit leverage[1] through the cycle; and
  - Strong Return on Capital Invested
- Sufficient cash generation to fund growth, innovation and shareholder distributions:
  - Dividends to be funded from free cash flow

[1] At constant currency.

Brambles' strategic priorities

Reaffirming commitment to 5 core drivers of value

Grow and strengthen our network advantage	▪ Increase penetration in existing markets and geographic expansion ▪ Use technology to enhance customer experience ▪ Increased investment in pallet quality
Deliver operational and organisational efficiencies	▪ Invest in plant automation ▪ Network optimisation and collaborative customer initiatives ▪ Global procurement initiatives targeting key cost drivers ▪ Technology solutions to improve procurement and operational efficiencies ▪ Overhead cost reduction
Drive disciplined capital allocation and improved cash generation	▪ Ongoing focus on asset efficiency ▪ Disciplined capital allocation, balancing investment in mature and developing core businesses
Innovate to create new value	▪ Build on success of FMS/LMS progress and e-commerce solutions ▪ Invest in material science to improve asset durability and support customers ▪ Accelerate investment in BXB Digital e.g. asset efficiency and transport collaboration ▪ Accelerate investment in the 'plant of the future'
Develop world class talent	▪ Best-in-class safety performance ▪ Leadership development programs to build the pipeline of future leaders ▪ Increase level of industry and specialist expertise

Concluding comments

Solid FY18 financial results and decisive portfolio actions

- FY18 result delivered:
  - Strong sales revenue performance
  - Underlying Profit in-line with FY17 and EPS growth of 3%
  - Meaningful improvement in cash flow
  - Significant progress on strategic priorities
  - Good progress in sustainability and safety
- Separation of IFCO from Brambles
  - Positions both businesses for a range of growth and value creating opportunities
  - Brambles shareholders to benefit from future IFCO growth through either direct shareholding or sale proceeds

Brambles

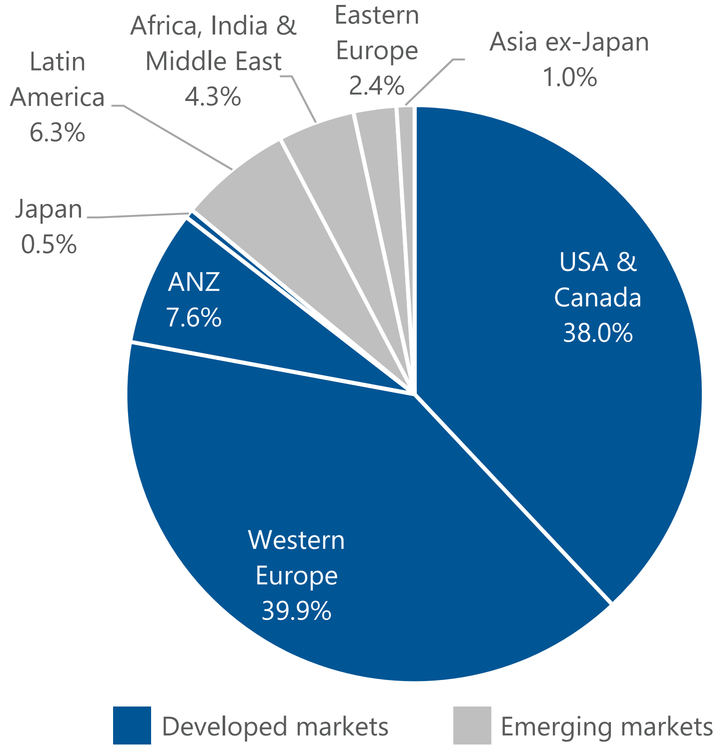
Full-Year 2018 Results

Appendices

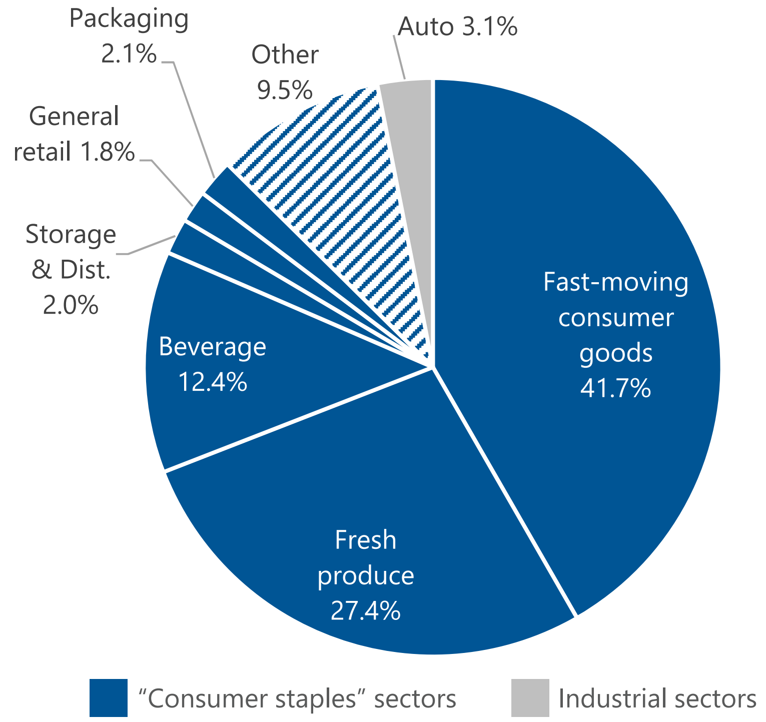
Appendix 1a

Brambles: Sales revenue by region and sector

FY18 sales revenue by region

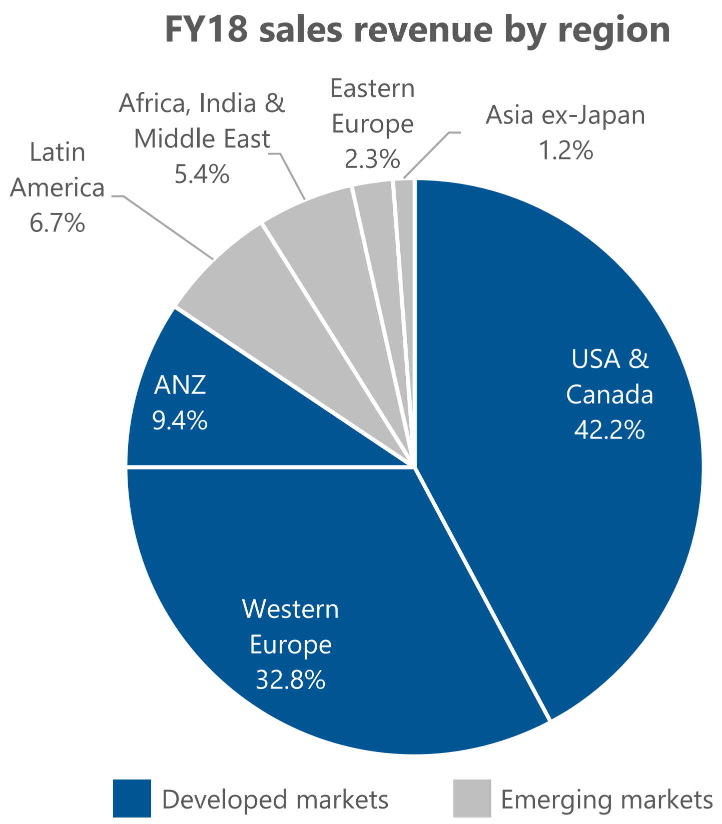


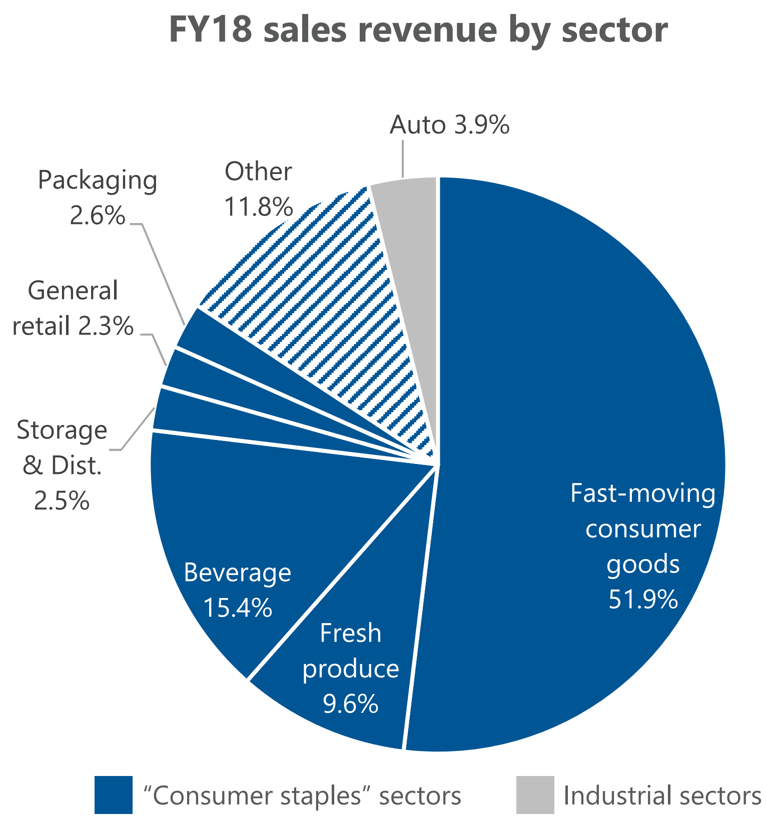
FY18 sales revenue by sector



Appendix 1b

Brambles Ex-IFCO: Sales revenue by region and sector





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Appendix 2

Detailed reconciliation of Underlying Profit to statutory earnings

Continuing operations	Operating Profit		Tax		Profit after tax		Earnings Per Share	
(US$m, actual FX)	**FY18**	**FY17**	**FY18**	**FY17**	**FY18**	**FY17**	**FY18**	**FY17**
Underlying Profit	**996.7**	**957.5**	**(236.0)**	**(247.4)**	**655.9**	**611.4**	**41.2**	**38.5**
– USA tax reform	-	-	127.9	-	127.9	-	8.0	-
– Impairment of investment	-	(120.0)	-	-	-	(120.0)	-	(7.6)
– Restructuring and integration costs	(12.1)	(65.3)	2.7	19.5	(9.4)	(45.8)	(0.6)	(2.9)
– Changes to accounting estimates and methodology	1.4	-	(2.3)	-	(0.9)	-	-	-
– Acquisition related costs	-	(0.8)	-	0.1	-	(0.7)	-	-
Total Significant Items	**(10.7)**	**(186.1)**	**128.3**	**19.6**	**117.6**	**(166.5)**	**7.4**	**(10.5)**
Statutory Earnings - Continuing	**986.0**	**771.4**	**(107.7)**	**(227.8)**	**773.5**	**444.9**	**48.6**	**28.0**
Loss from discontinued operations	(23.8)	(260.1)	(2.5)	(1.5)	(26.4)	(262.0)	(1.6)	(16.5)
Statutory Earnings	**962.2**	**511.3**	**(110.2)**	**(229.3)**	**747.1**	**182.9**	**47.0**	**11.5**

Appendix 3

Major currency exchange rates[1]

USD exchange rate:		USD	EUR	GBP	AUD	CAD	ZAR	MXN	CHF	BRL	PLN
Average	FY18	1.0000	1.1950	1.3465	0.7726	0.7855	0.0779	0.0533	1.0292	0.3002	0.2818
	FY17	1.0000	1.0950	1.2732	0.7540	0.7526	0.0737	0.0516	1.0133	0.3083	0.2545
As at	30 Jun 18	1.0000	1.1564	1.3076	0.7348	0.7545	0.0726	0.0506	1.0025	0.2589	0.2651
	30 Jun 17	1.0000	1.1439	1.3008	0.7686	0.7697	0.0769	0.0554	1.0465	0.3026	0.2697

[1] Includes all currencies that exceed 1% of FY18 Group sales revenue, at actual FX rates.

Appendix 4
FY18 currency mix

(US$m)	Total	USD	EUR	GBP	AUD	CAD	ZAR	MXN	BRL	PLN	CHF	Other[1]
Sales revenue	**5,596**	1,835	1,658	449	373	297	179	175	77	78	67	408
FY18 share	**100%**	33%	30%	8%	7%	5%	3%	3%	1%	1%	1%	8%
FY17 share	**100%**	35%	28%	8%	7%	5%	3%	3%	2%	1%	1%	7%
Net debt[2]	**2,308**	1,255	1,618	50	(905)	46	75	105	8	(16)	(10)	82

[1] No individual currency within 'Other' exceeds 1% of FY18 Group sales revenue at actual FX rates.
[2] Net debt shown after adjustments for impact of financial derivatives.

Appendix 5

Credit facilities and debt profile

Maturity	Type	Committed facilities	Uncommitted facilities	Debt drawn	Headroom
			(US$b at 30 June 2018)		
<12 months	Bank/USPP[1]/Other	0.1	0.3	0.1	0.3
1 to 2 years	Bank/144A[2]/Other	1.1	-	0.5	0.6
2 to 3 years	Bank/Other	0.7	-	0.2	0.5
3 to 4 years	Bank/Other	0.2	-	-	0.2
4 to 5 years	Bank/Other	0.2	-	-	0.2
>5 years	EMTN[3]/144A[2]/Other	1.7	-	1.7	-
Total		**4.0**	**0.3**	**2.5**	**1.8**

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

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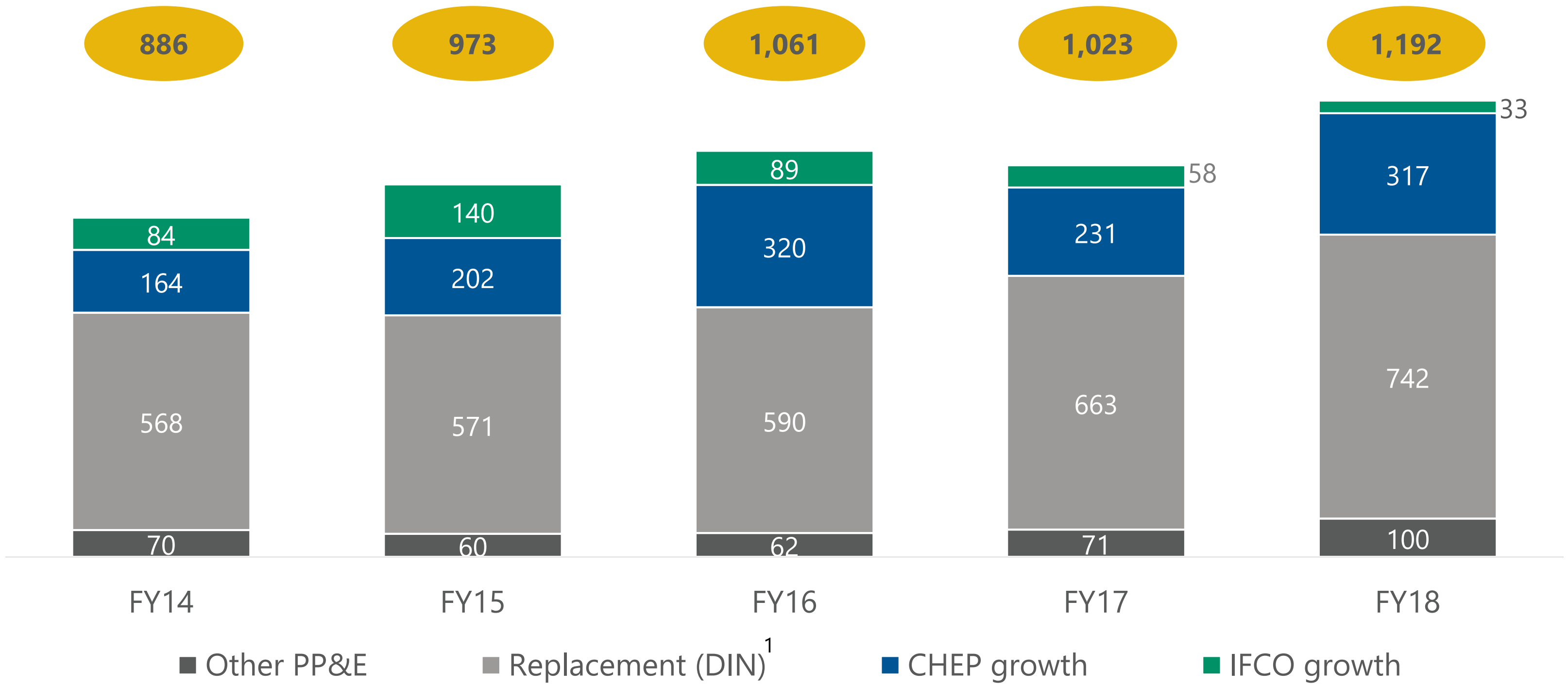
Appendix 6

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



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

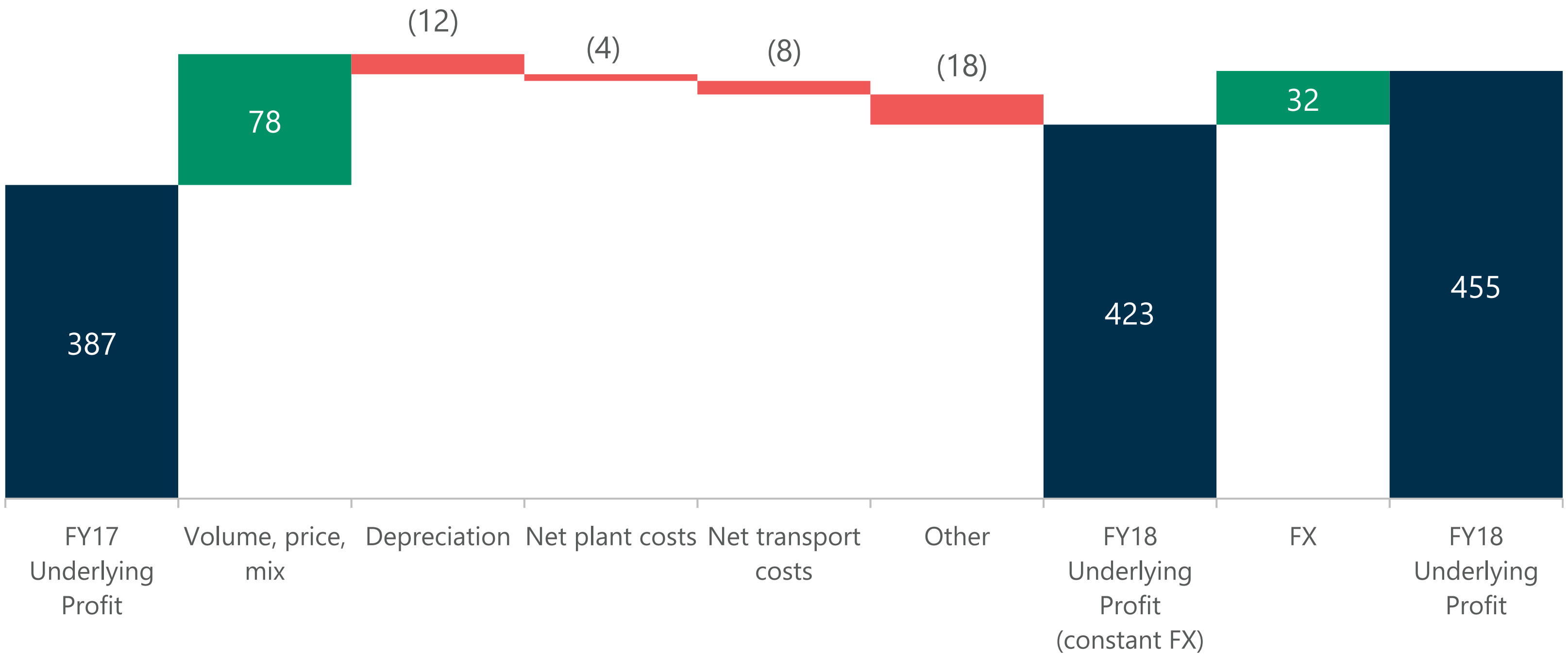
Appendix 7

Net plant and transport costs/sales revenue

	Net plant cost/sales revenue		Net transport cost/sales revenue	
	FY18	**FY17**	**FY18**	**FY17**
CHEP Americas	38.4%	37.8%	23.4%	21.5%
CHEP EMEA	23.1%	23.4%	20.9%	20.3%
CHEP Asia-Pacific	35.2%	36.4%	12.5%	11.8%
IFCO	20.4%	21.4%	20.6%	21.3%
Group	**29.6%**	**30.1%**	**21.1%**	**20.2%**

Appendix 8a

CHEP EMEA: Underlying Profit analysis (US$m)



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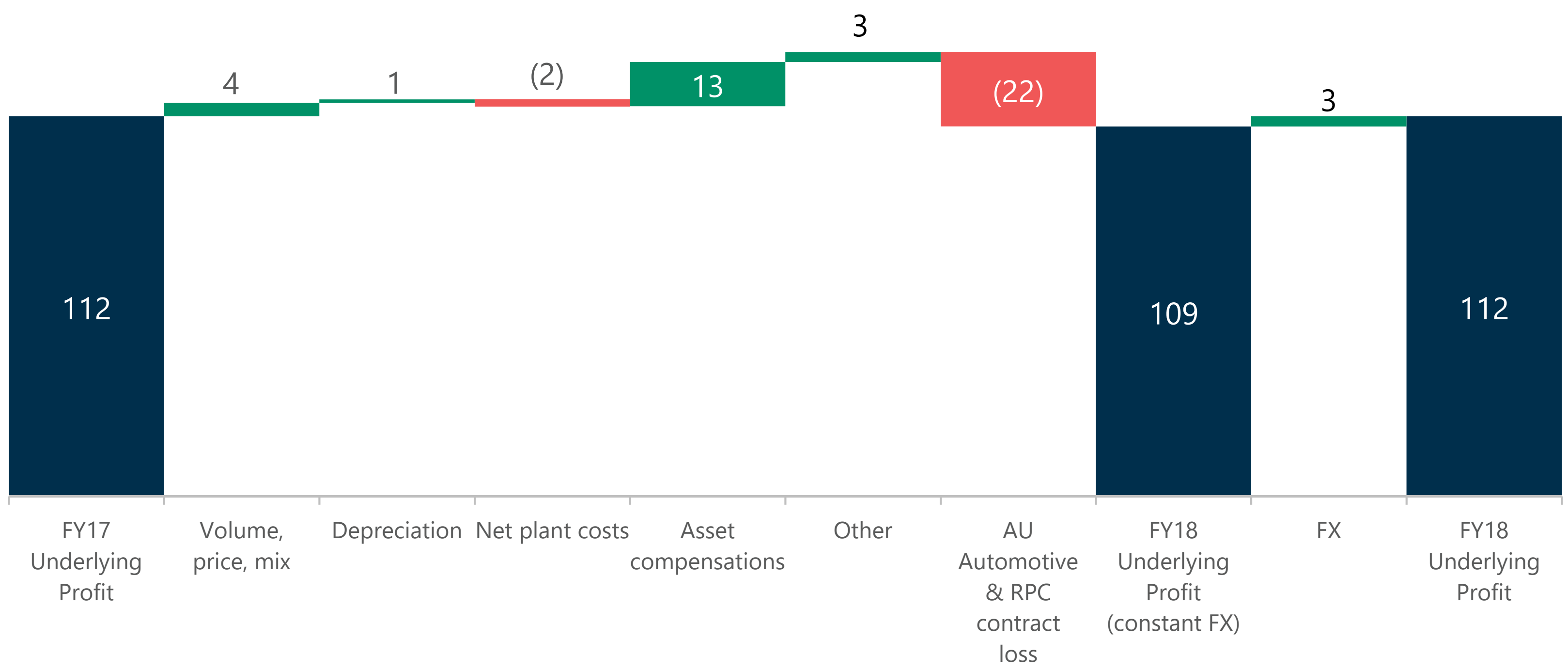
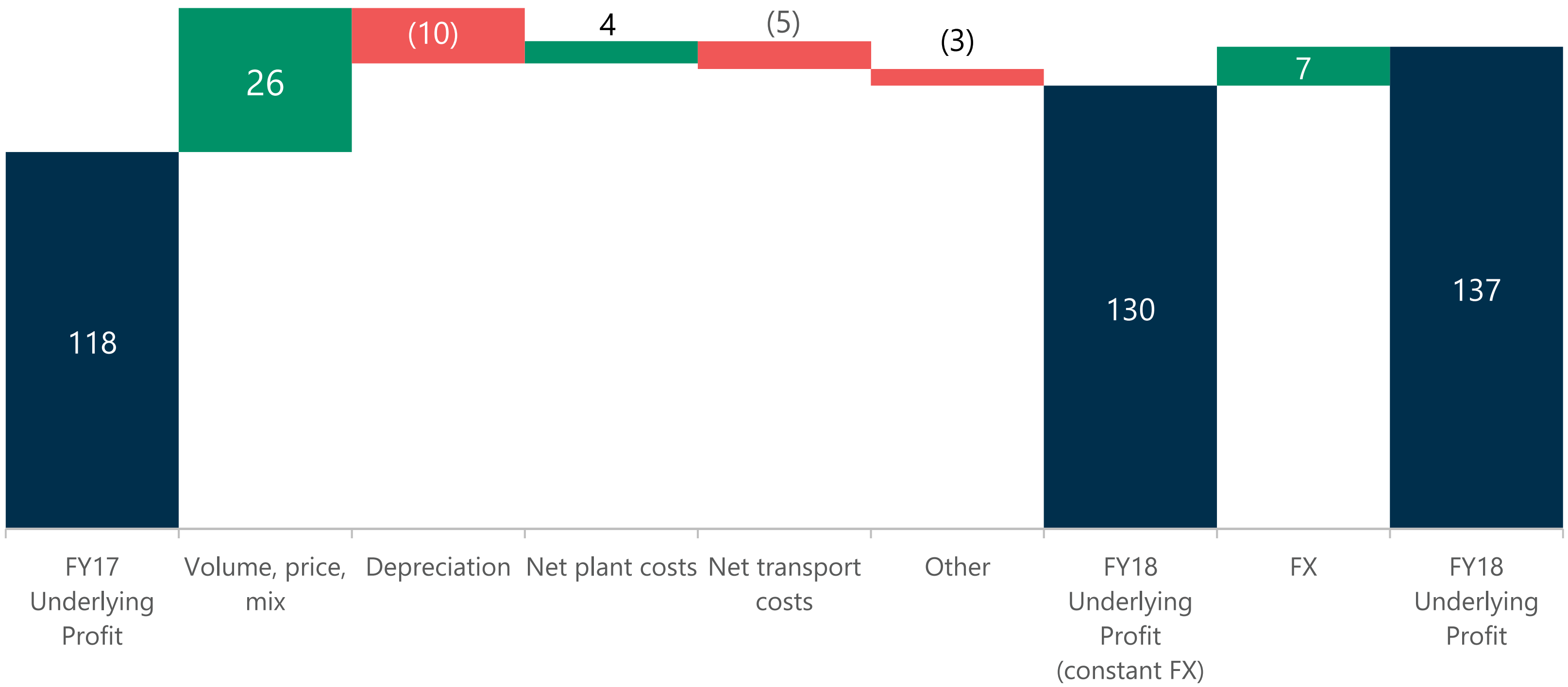
Appendix 8b

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



Appendix 8c

IFCO: Underlying Profit analysis (US$m)



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Appendix 9

Glossary of terms and measures

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

Actual currency/FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
Average Capital Invested (ACI)	Average Capital Invested (ACI) is a 12-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments.
Compound Annual Growth Rate (CAGR)	The annualised percentage at which a measure (e.g. sales revenue) would have grown over a period if it grew at a steady state.
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes intangible assets, investments in associates and equity acquisitions. It is shown gross of any fixed asset disposals proceeds. Growth capex includes the impact of changes in cycle times as well as investments for availability of pooling equipment for existing and new product lines. – Replacement capex = DIN – Growth Capex is total pooling capex less DIN.
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

Appendix 9

Glossary of terms and measures (continued)

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

Constant currency/ Constant FX	Current period results translated into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.
DIN	The sum in a period of: – Depreciation expense; – Irrecoverable Pooling Equipment Provision expense; and – Net book value of compensated assets and scraps (disposals). Used as a proxy for the cost of leakage and scraps in the income statement and estimating replacement capital expenditure.
Earnings per share (EPS)	Profit after finance costs, tax, minority interests and Significant Items, divided by weighted average number of shares on issue during the period.
Earnings before interest, tax, depreciation and amortisation (EBITDA)	Operating profit from continuing operations after adding back depreciation and amortisation and Significant Items outside the ordinary course of business.
Free Cash Flow	Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.
Irrecoverable Pooling Equipment Provision (IPEP)	Provision held by Brambles to account for pooling equipment that cannot be economically recovered and for which there is no reasonable expectation of receiving compensation.

Appendix 9

Glossary of terms and measures (continued)

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

Net new business	The sales revenue impact in the reporting period from business won or lost in that period and over the previous financial year, included across reporting periods for 12 months from the date of the win or loss, at constant currency.
Operating profit	Statutory definition of profit before finance costs and tax; sometimes called EBIT (Earnings before interest and tax).
Organic growth	The change in sales revenue in the reporting period resulting from like–for-like sales of the same products with the same customers.
Return on Capital Invested (ROCI)	Underlying Profit divided by Average Capital Invested.
RPC	Reusable plastic/produce crates or containers, used to transport fresh produce; also the name of one of Brambles' operating segments.
Sales revenue	Excludes revenues of associates and non-trading revenue.
Significant Items	Items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: - Outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or - Part of the ordinary activities of the business but unusual due to their size and nature.
Underlying Profit	Profit from continuing operations before finance costs, tax and Significant Items.

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