

Chairman's address

Stephen Johns, Chairman

Ladies and gentlemen, it is a great privilege to address you today as Brambles' Chairman.

2016 was another very successful year for Brambles. This is a testament to the strength of our business model, our commitment to customers and the quality of our employees and the management team led by Tom Gorman.

We delivered an excellent result in the 2016 financial year, despite market uncertainties and economic challenges in many of our markets. In constant-currency terms, sales revenue grew by 8% and, with the achievement of cost efficiencies, Underlying Profit grew by 9%.

Return on Capital Invested was 15.3%, a decline of 0.2 percentage points at constant currency. Excluding the impact of all acquisitions and foreign exchange movements since December 2013, when we announced our five-year targets, Return on Capital Invested was 17.2%, up 0.4 percentage points at constant currency on the prior year. In light of our strong performance in 2016 and in accordance with our progressive dividend policy, the Board increased total dividends for the year by 1 Australian cent per share to 29 Australian cents per share. This reflected a 4% increase on the prior year. The 2016 dividends were 25% franked, down from 30% in 2015, reflecting the increased portion of offshore earnings in 2016.

Our balance sheet remains strong, which is reflected in our two key financial ratios - net debt to EBITDA of 1.7 and EBITDA interest cover of 13.5 for the year. Both of these measures remain within the Board's policy and well within the levels required by our banking covenants. We also maintained our solid investment-grade rating of BBB+ from Standard & Poor's and Baa1 from Moody's.

Senior Management Succession

As I am sure you are aware, in August we announced Tom Gorman's decision to retire as our CEO to take effect in February 2017. Earlier this year our CFO, Zlatko Todorcevski, also announced his retirement from Brambles and from executive life more generally early next year.

As a consequence, it is my great pleasure today to express the appreciation of the Board and of all shareholders to Tom and Zlatko for their singular contributions to our Company.

Tom Gorman's seven-year tenure as CEO has been extremely successful. During this time he has established and articulated, both internally and externally, a clear strategy for value creation, and the Company has achieved consistent sales and profit growth. We will miss Tom and the exceptional leadership he has brought to our Company.

We also greatly regret losing an executive of the calibre of Zlatko Todorcevski. During his four-year tenure as CFO, Zlatko has made an outstanding contribution to our business, particularly with his leadership of the finance function, his work on the Recall demerger and the group-wide 'One Better Program'. Tom and Zlatko have been integral to the creation of the robust foundations for our next phase of growth and development. They leave Brambles in excellent shape and with a culture of customer centricity and accountability.

I would like to take this opportunity on behalf of the Board, to thank Tom and Zlatko for their unwavering commitment to our success and we wish them well in their future endeavours.

In the search for a replacement for Tom and Zlatko, the Board implemented two separate carefully planned and rigorous succession processes. Both involved the use of a global executive search firm and a meticulous review of internal and external candidates.

We are delighted to have appointed such high-calibre executives with the proven experience and reputation as Graham Chipchase and Nessa O'Sullivan to be our next CEO and CFO respectively.

Until June this year, Graham was CEO of Rexam Plc, listed on the London Stock Exchange and one of the world's largest consumer packaging companies. He joined Rexam in 2003 as Finance Director and was appointed CEO in 2010. Graham successfully led Rexam in the aftermath of the Global Financial Crisis, improved that company's operations and financial position, and delivered significant economic value to its shareholders. During his time at Rexam, Graham also gained a reputation for fostering and strengthening customer relationships. Graham left Rexam in June 2016, following the acquisition of the company by US-based Ball Corporation.

Your Board is very confident in Graham's ability to lead Brambles to further growth and success.

Graham will commence with Brambles as CEO designate on 1 January 2017 and will work closely with Tom in the two-month transitional period until he takes over as CEO on 1 March, 2017. After this time, Tom will be available to assist Graham until the end of June 2017.

Nessa O'Sullivan joined Brambles a month ago and will formally take up the CFO role tomorrow with Zlatko remaining with the Company until February next year, again to facilitate a smooth transition.

Nessa has had a very successful career in finance with large international and ASX-listed companies in the Fast Moving Consumer Goods sector, a sector of strategic significance for our CHEP pallets business. Her last role was CFO of Coca-Cola Amatil Limited, which she held until May 2015.

Nessa and Graham join the Company with strong credentials and at an exciting time. The Board has every confidence that they, together with our experienced and capable management team, will build on the Company's strategy and success, and with the same customer focus.

Delivering sustainable value for our customers

Brambles is a leading provider of supply-chain solutions with unparalleled expertise in the management of reusable pallets, crates and containers which are integral to our customers' supply chains. The strength of our network advantage coupled with the industry-leading expertise of our people has positioned our businesses as strategic partners for many of the world's leading companies.

In 2016, we continued to focus on delivering sustainable value to customers through supply-chain efficiencies, cost savings and our sourcing activities. Through numerous customer collaboration initiatives and joint business plans, we successfully delivered significant transportation efficiencies, reduced waste from, and improved the environmental footprint of, the supply chains of some of our largest customers. The slide behind me highlights some examples of our achievements in 2016.

I am also extremely pleased to report that our 2016 global customer survey indicated improvements across all of our business units.

Recognising the important role of technology

We recognise the increasingly important role technology will play in our industry in the future. Earlier this year we created a new business division, BXB Digital, to develop opportunities in relation to data analytics, smart assets and 'the internet of things'.

Our vision for BXB Digital is to take the data we have today and turn it into meaningful information, thereby enabling us to add value to our customers by providing them with unique insights into their businesses. We also envisage BXB Digital will assist us in making our own businesses more efficient.

Investing in our people

In addition to investing in technology, we understand that what sets us apart from our competition is the quality of our people and the inherently sustainable nature of our business model.

For this reason, it is critical for us to invest in the safety and development of our employees.

Our management teams around the world devote a great deal of time and resources in promoting and implementing our Zero Harm program in all areas of the Company's operations. I am proud to report that in 2016 we reduced our leading safety metric, Brambles Injury Frequency Rate, by 27% on the previous year.

We continued to invest in developing and empowering our people. Our numerous talent management and leadership programs are designed to provide a deep pool of talent at all levels of our organisation. Pleasingly, our 2016 Brambles Employee Survey had the highest participation rate since inception. Employee engagement remained in line with the prior year while employee enablement improved 2 percentage points.

Launch of the 2020 Sustainability goals

In March 2016, we were very excited to initiate the next phase of Brambles' sustainability journey with the launch of our 2020 Sustainability Goals.

Our inherently sustainable business model has enabled us to set meaningful goals for the next five years, which emphasise our commitment to making the world's supply chains more efficient, investing in our people and communities while conserving and enhancing the natural resources our businesses depend on.

Our goals are also linked to the United Nations Sustainable Development Goals. This alignment between our sustainability strategy and global priorities provides us with a common platform for collaboration with our key stakeholders on critical sustainability issues. These include deforestation, climate change, future resource constraints and the resilience of food supply chains.

Further information about our 2020 Sustainability Goals and our performance against these goals is located on Brambles' website and in Brambles' 2016 Sustainability Review which was published on Monday of this week. Copies of this Review are available in the foyer.

Delivering sustainable value for our shareholders

We firmly believe that our commitment to delivering sustainable value to our customers, investing in our people and leveraging our inherently sustainable model has enabled our business to deliver total shareholder returns of 110% for the five years ended last Friday, 11 November 2016. As you can see from the chart, Brambles has outperformed the broader market.

Ladies and gentlemen, your Board looks to the future with confidence. The Company is very well positioned and we continue to invest in growth programs designed to strengthen our existing businesses and to create new avenues for long-term growth.

As noted in our recent first-quarter trading update, our FY17 guidance for sales revenue growth of 7-9% and Underlying Profit growth of 9-11%, both on a constant-currency basis, remains unchanged. We remain committed to the five-year targets we set in December 2013 and our ongoing business strategy.

I would like to conclude my address today by again recognising the Company's achievements under the leadership of Tom Gorman. The Board firmly believes that the foundations have been set for our future growth and development as a strategic partner for our customers, as an employer of choice for our people, and as a Company which delivers superior value for our shareholders.

I would like to thank all of our employees for their efforts over the last year, and you, our shareholders, for your attendance at this year's AGM and for your ongoing support for Brambles.

I will now hand over to our CEO, Tom Gorman.

Tom Gorman, CEO

Thank you Chairman.

Before I start my prepared comments. I'd like to go off-script for a moment to recognize your Board and my fellow directors. The relationship between a CEO, the management team, and the Board of Directors is key to the successful performance in any company. The business world is littered with dysfunctional relationships between Board and their management. That is not the case at Brambles.

I have been very fortunate over the years to have had an incredibly good Board that is both supportive and challenging. Your Directors travel extensively to understand the business, get to know our employees, and meet with our customers. Directors serve as mentors for our senior managers, they add their business expertise on specific projects, and they use their extensive contacts to assist us in business development. Directors do a lot more than just advise and provide governance, they are key to the smooth running of the Company.

So, thank you Chairman and thank you fellow Directors for your support over the years.

Today marks my eighth and final Brambles AGM and, therefore, my final opportunity to address you, our shareholders, as CEO of this great Company. As I said to our employees when I announced my intention to retire from Brambles back in August of this year, I love my job and I have loved being a part of the Brambles team. Thank you for allowing me to serve you.

As shareholders you mostly get to see and hear from the Company's Chairman and other non-executive directors, myself as CEO, our CFO and, from time-to-time, a few other members of my senior management team. For obvious reasons, it is not possible for you to meet all of our more than 14,500 employees, nor is it practical to even meet the top 100 or so of our managers from around the world. This is a shame; because within Brambles we have some of the most talented, dedicated, and customer-centric people I have worked with over my thirty-five years in business. Our people have made our Company great and leading them has been a privilege.

At times like this it is fairly common for the retiring executive to talk about the past, focus on accomplishments, list a bunch of metrics and, in essence, give themselves a pat on the back. Although I am extremely proud of all we've accomplished over the past seven years, I thought it more important to talk about the future because, like you, I believe in the future of our Company.

When I applied to be CEO back in August 2009 I identified five key areas on which I would focus. The areas I identified at that time were: **Organisational Behaviour, People, Communications, Operating Performance,** and **Strategic Direction.** Much has happened over the years in each one of these areas but they remain relevant today. I would like to discuss what we have achieved in these areas and why I think they will serve as a platform for your new CEO, Graham Chipchase, to take our Company forward to its next phase of development.

On the first key issue, **organisational behaviour**, we have pushed hard to get the right balance among our key constituents – customers, employees, and shareholders. We have been driving a culture of increased customer-centricity and accountability. In simple terms, we have tried to develop an organisational culture that does what it says it is going to do. I believe this is ingrained in our organisation.

This ethos, of delivering commitments, is important both to our near and medium-term financial objectives and our non-financial commitments relating to our customers and our employees. The opportunity to get true benefits from our scale in key areas like procurement, finance support, and human resources support remains a very big opportunity and delivery of the plans we have in place will go a long way to making us a more competitive company. The second imperative is around our **people**. As I have already mentioned, we have outstanding people in our Company and management's job is to continue to attract, develop, and retain the best people to deliver our strategies. Over the years we have invested heavily in the development of our leaders, our management turnover has been low, and our ability to attract great people from outside Brambles has been strong. Although we will be heading into a period of some management change at the top of the Company, the core of what makes us great will remain. We cannot forget how important our people are to our ongoing success.

Communication is the third imperative I identified and this has been an area of great focus for our Company over the past seven years. Strong communication, both internal and external is critical to successful alignment in any organisation. I believe we have progressed significantly in this area.

Earlier this year at our Brambles Leadership Meeting, which brings together the top 100 executives in our Company, we held an investor panel discussion. I moderated this session and we had a number of great questions from our people. One question in particular, and the answer given by our investor was extremely powerful. When asked how does a company ensure we have long-term investors on our register rather than short-term traders, our investor said quite simply: "you get what you deserve -- if you are transparent, communicate frequently, provide access to management and do what you say you are going to do, you will get good, long-term focused investors. If you don't behave this way, you will not."

Transparency has been a hallmark of our Company over the past seven years due to the strength of our Board and the commitment of our leadership team.

Our **operating performance** has been one of the clear differentiators for us as a company. Blessed with a great market position and outstanding people, we have focussed on delivering for our customers and, when we are successful for our customers, we can strengthen our business. Ours is a low transaction value, high velocity business and, in a business like this, you should never take your eye off the ball. If you do, bad things will happen. Asset losses, quality problems, and customer defections are experiences we have had in our history. We have improved vastly and have avoided problems in each of these areas and whilst we must remain diligent, we have a team of people intensely focused on delivery with a deep understanding of what drives our success.

Finally, there is this issue of defining the **strategic direction** for the Corporation. Our strategies were established several years ago and, with great Board support and alignment within our organisation, we have been delivering our strategies successfully. As part of these initiatives we have also planted many seeds for the future. I have no doubt that future strategies will contain some elements of the strategies that have taken us to this point in our history, including geographic expansion and continual platform diversification. But, future strategies will likely also include new actions emphasising more innovation driven by BXB Digital and other emerging technologies. Although it is still very early days for BXB Digital, there may be a time when the information we control is more valuable than the income we make from the products we move.

Organisations such as Brambles are not really inanimate objects. Corporations are living things that are brought to life by the creative energies of their people and they grow and react to the market and external environmental changes they experience. This will no doubt continue to happen to Brambles. But, here again, I believe we are in great position to prosper based on our strong business platform, our intimate relationship with our customers, our talented people, our strong Board, and our ability to develop strategies to build value.

I would like to end my comments on a more personal note. Although I believe it is obvious to all that understand how large enterprises work, I believe it is necessary to acknowledge that the pursuit of an international business career, and ultimately being the CEO of a company like Brambles, is inherently a selfish act. For the past seven years Brambles has absorbed an immeasurable amount of my life and in order to be successful my family has had to support me and my passion for business and my passion for Brambles. I am blessed with an unbelievably supportive wife and two fantastic sons. My wife and I have been together for thirty-six years and I would not be here today without her love, encouragement, and support. I am a lucky man.

Thank you for your support of Brambles and your support of me.