



Brambles

Full-year results

20 August 2014



Overview & Results Highlights

Tom Gorman, CEO

Key messages










Strategy on track and positive outlook for FY15

- Sales revenue growth and Underlying Profit delivered in line with guidance
- Pallets: constant-currency sales and profit growth across all regions with strong operational efficiencies delivered in Europe; on track for further growth and efficiencies
- RPCs: accelerated second-half sales revenue growth reflecting ongoing investment and improving momentum; return to profit growth in FY15
- Containers: strong contribution from Pallex acquisition and improved margin performance; outlook for continued improvement in FY15
- Flat FY14 ROCI outcome but on track for FY19 target of at least 20%
- One Better program under way
 - Reduction in overheads/sales ratio of at least 2 percentage points by FY19
 - Savings to drive re-investment in growth and innovation
- FY15 percentage growth in sales revenue consistent with five-year target at high single digits (constant currency)
- FY15 Underlying Profit guidance of US\$1,030M to US\$1,060M (at 30 June 2014 FX rates) reflecting 7% to 10%¹ growth

¹ FY14 Underlying Profit of US\$960M at actual rates translates to US\$965M at 30 June 2014 foreign exchange rates

Key financials

Solid underlying performance

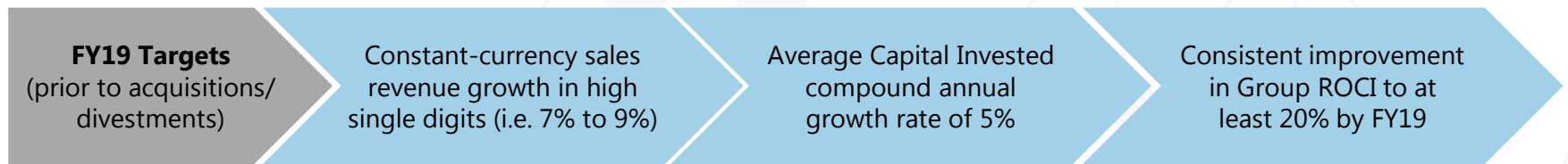
(Continuing operations)	FY14 result	Change vs. FY13		
		(Actual FX)		(Constant FX)
Sales revenue	US\$5,405M	6%		7%
Operating profit	US\$930M	5%		5%
Profit after tax	US\$585M	5%		4%
Underlying Profit	US\$960M	5%		6%
Underlying basic earnings per share	US 38.7¢	5%		5%
Return on Capital Invested	16.3%	(0.1) pts		-
Brambles Value Added¹	US\$267M			US\$20M
Cash Flow from Operations	US\$828M	US\$131M		
Final dividends per share	AU 13.5¢			

¹ Calculated at 30 June 2013 foreign exchange rates.

Delivery scorecard

Performance consistent with five-year targets

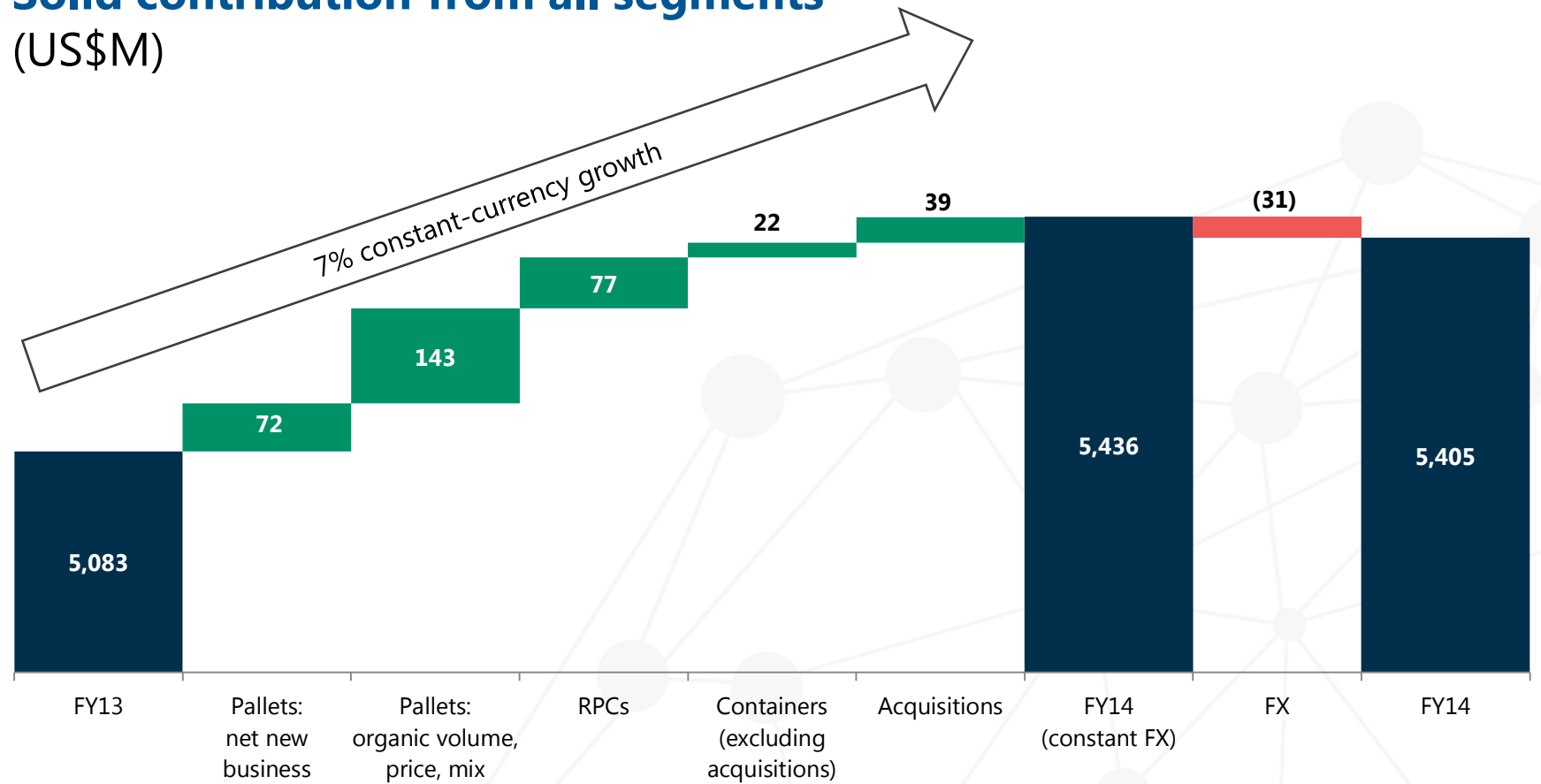
Objective	Progress
FY14 constant-currency sales revenue growth of 7%	● Delivered
US\$100M of Pallets efficiencies and IFCO synergies by FY15	● US\$66M delivered to FY14 (below target); remainder to be delivered in FY15
Pallets EMEA Underlying Profit margins of 22-23% by FY14	● FY14 Underlying Profit margin of 23%
Underlying Profit: US\$930-965M (30 June 2013 FX rates)	● FY14 Underlying Profit translates to US\$947M (30 June 2013 FX rates)
Consistent improvement in Group ROCI to >20% by FY19	● RPCs profitability impacts FY14 performance but on track for FY19
Dividends per share maintained at FY13 levels ex-Recall	● FY14 total dividends in line with FY13



Group sales revenue growth analysis

Solid contribution from all segments

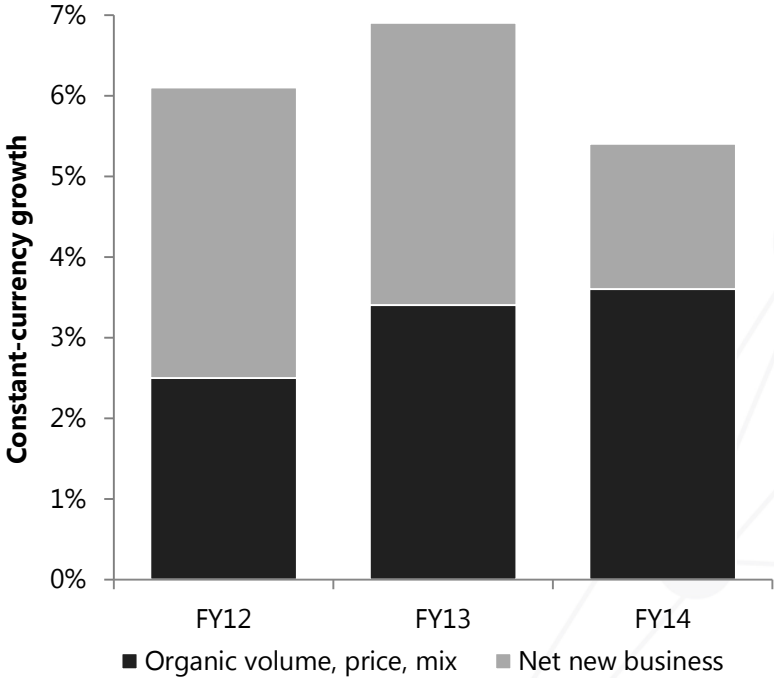
(US\$M)



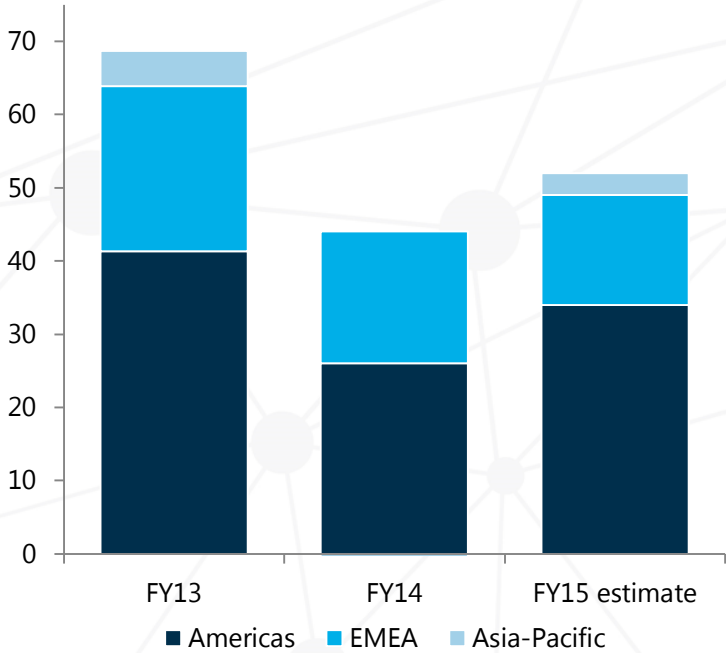
Net new business wins (Pallets)

Momentum improving for FY15

Composition of Pallets' sales revenue growth



Implied forward contribution of prior year rollover (US\$M)



Note: all growth shown pro forma to normalise for impact of acquisitions

Pallets segment result summary

ROCI improvement and strong Europe performance

US\$M	FY14	Change vs FY13	
		Actual FX	Constant FX
Americas	2,302	4%	6%
EMEA	1,447	7%	5%
Asia-Pacific	374	(4)%	4%
Sales revenue	4,123	5%	5%
Operating profit	822	8%	9%
Underlying Profit	838	7%	9%
ROCI	21.2%	0.8 pts	0.8 pts

- Improved North America and Europe underlying conditions
- Net new business wins contribution of 2% sales revenue growth
- Emerging markets constant-currency sales revenue up 14%
- Strong Europe result: efficiencies and pricing/mix benefits
- Higher US direct costs being driven by improved asset management
- **Continued sales, profit and ROCI improvements in FY15**

RPCs segment results summary

Sales growth improving; one-offs and short-term profit impacts

US\$M	FY14	Change vs FY13	
		Actual FX	Constant FX
Europe	581	14%	9%
North America	174	7%	7%
ANZ & South Africa	119	1%	12%
South America	22	-	23%
Sales revenue	896	10%	9%
Operating profit	124	(10)%	(10)%
Underlying Profit	124	(10)%	(10)%
ROCI	7.9%	(1.6) pts	(1.4) pts

- Improved second-half sales momentum in North America
- Strong growth contribution from all other regions
- One-off impacts in first half as disclosed in February
- Higher depreciation and marketing costs, price/mix impacts
- Continued investment in North America to support scale and growth
- **Confident of sales growth and return to profit growth in FY15**

Containers segment result summary

Improved margins with stronger sales growth outlook for FY15

US\$M	FY14	Change vs FY13	
		Actual FX	Constant FX
Automotive Solutions	162	8%	8%
Pallecon Solutions	116	48%	52%
Aerospace Solutions	65	10%	9%
Catalyst & Chemical Containers	41	9%	11%
Sales revenue	385	18%	19%
Operating profit	36	28%	34%
Underlying Profit	38	34%	39%
ROCI	8.8%	0.5 pts	0.9 pts

- 7% constant-currency sales revenue growth without acquisitions
- Strong full-year growth performance from CCC
- Automotive Europe and China growth offsetting decline in Australia
- Modest growth in Aerospace expected to improve in FY15
- Positive leverage of overheads across the segment
- **FY15: Transpac contribution, continued improvement in existing businesses**



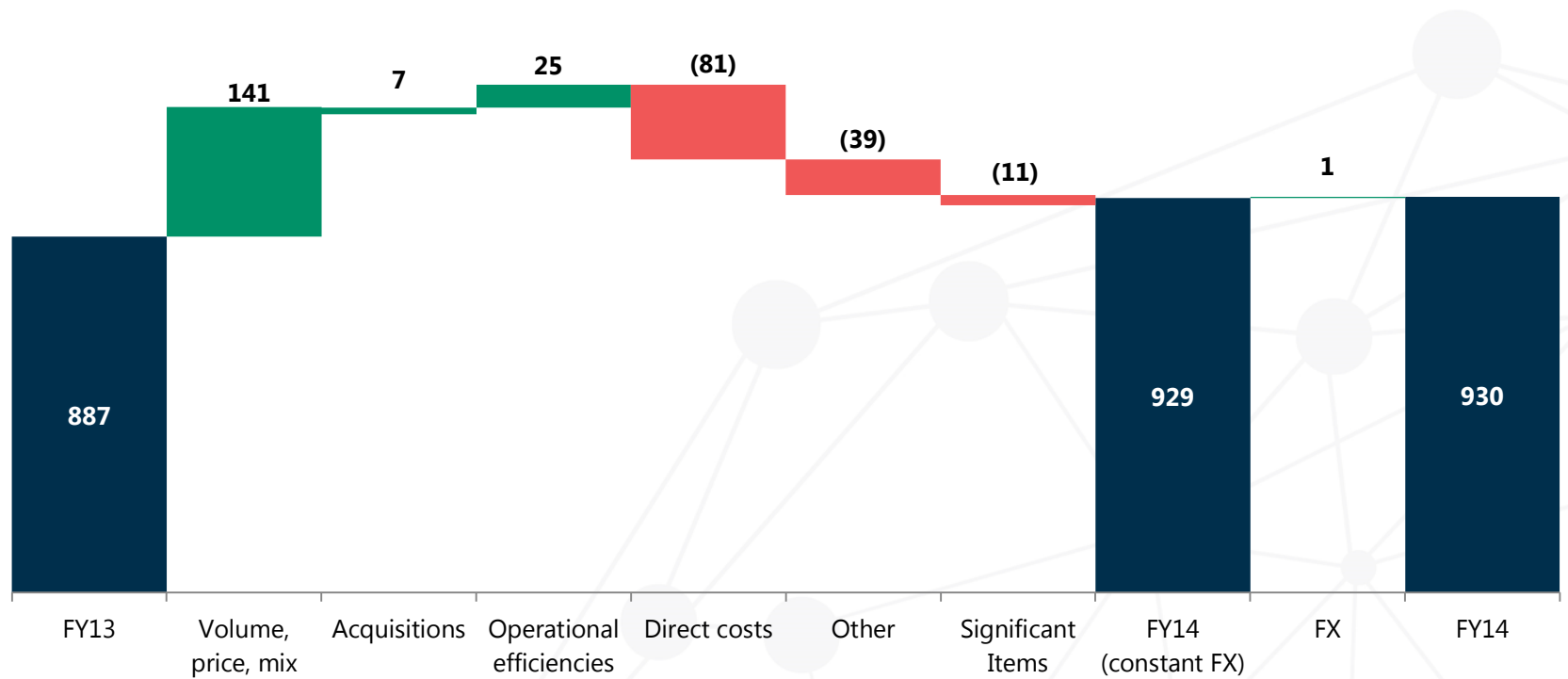
Financial Analysis

Zlatko Todorcevski, CFO

Group operating profit growth analysis

Positive performance but cost challenges remain

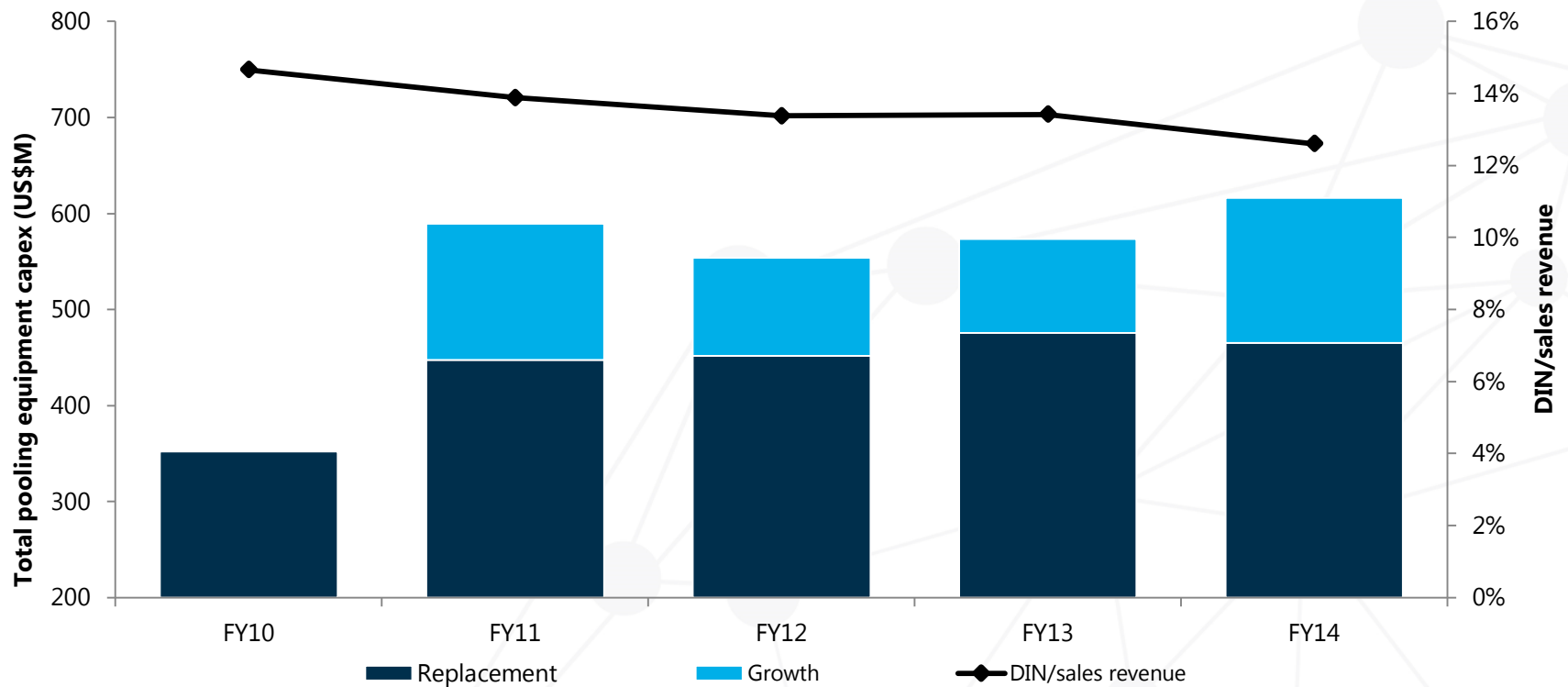
(US\$M)



Pallets asset efficiency metrics

Improving replacement capex trend sustained

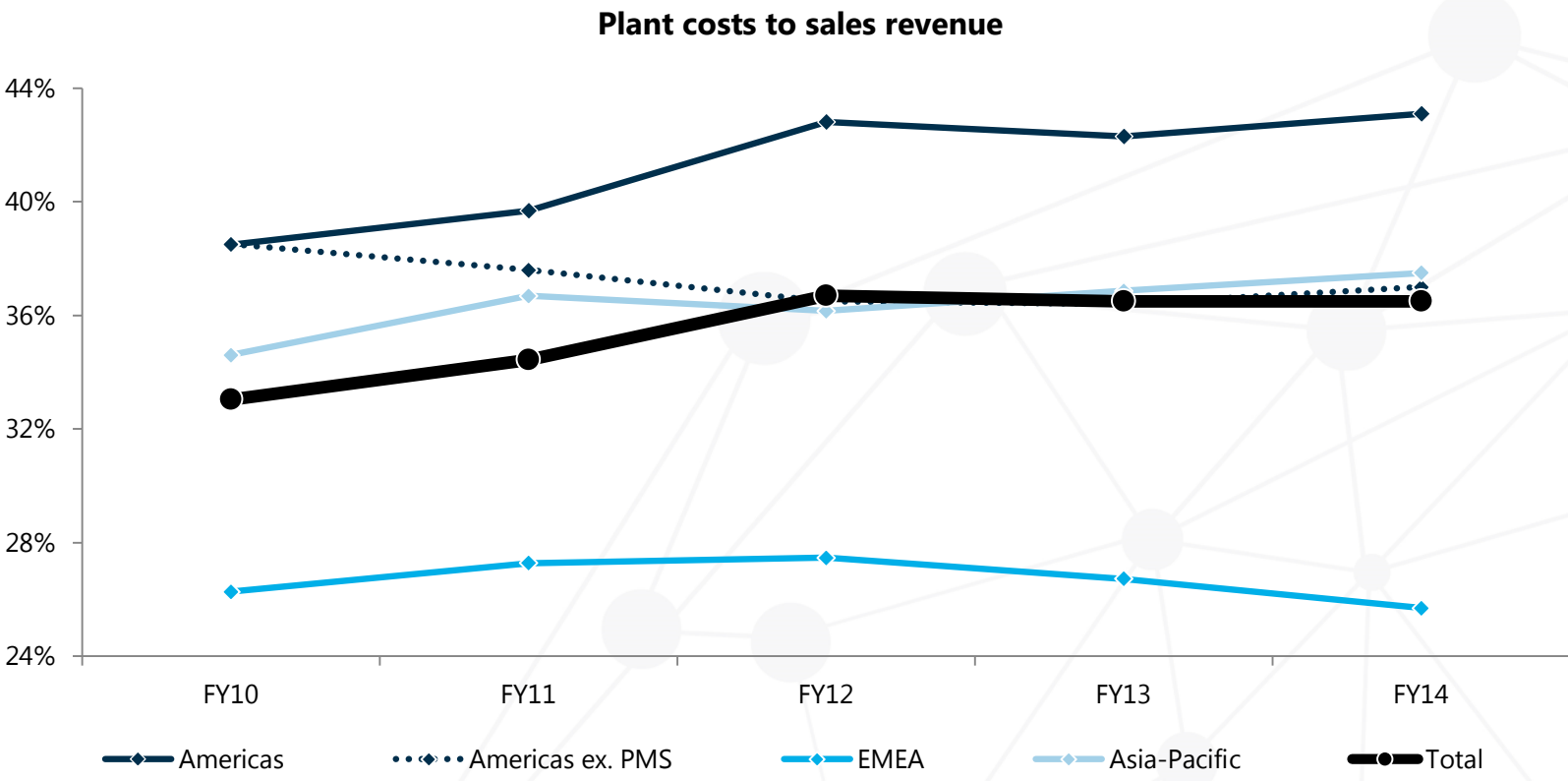
Replacement/growth capex (left-hand side) and DIN ratio (right-hand side)



Note: DIN is depreciation, IPEP expense and net book value of compensated assets and scraps, which is used as a proxy for replacement capex; comparisons exclude IFCO Pallet Management Services business

Pallets plant cost ratio

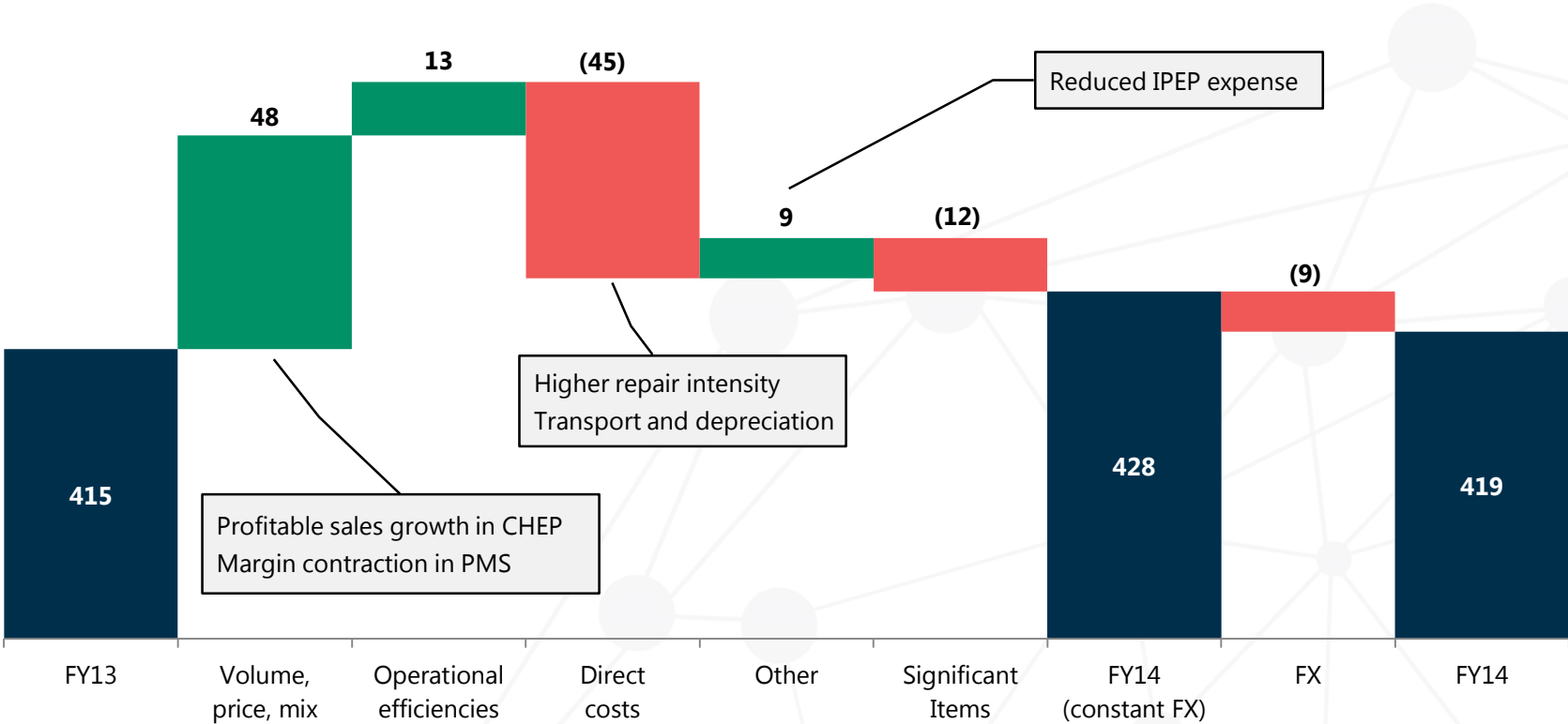
Efficiencies in Europe offset by high US repair costs



Pallets Americas operating profit analysis

Asset management improvement driving higher repair costs

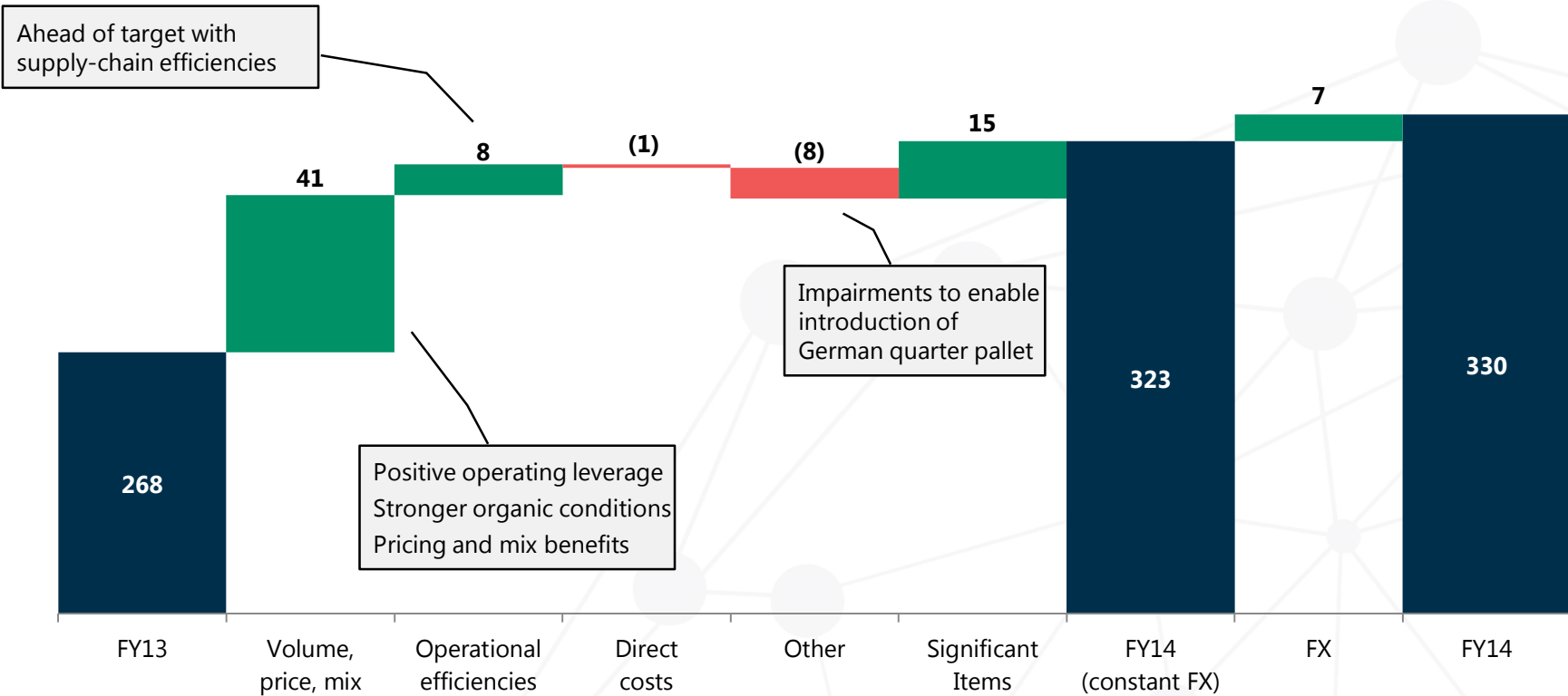
(US\$M)



Pallets EMEA operating profit analysis

Strong result; positive operating leverage

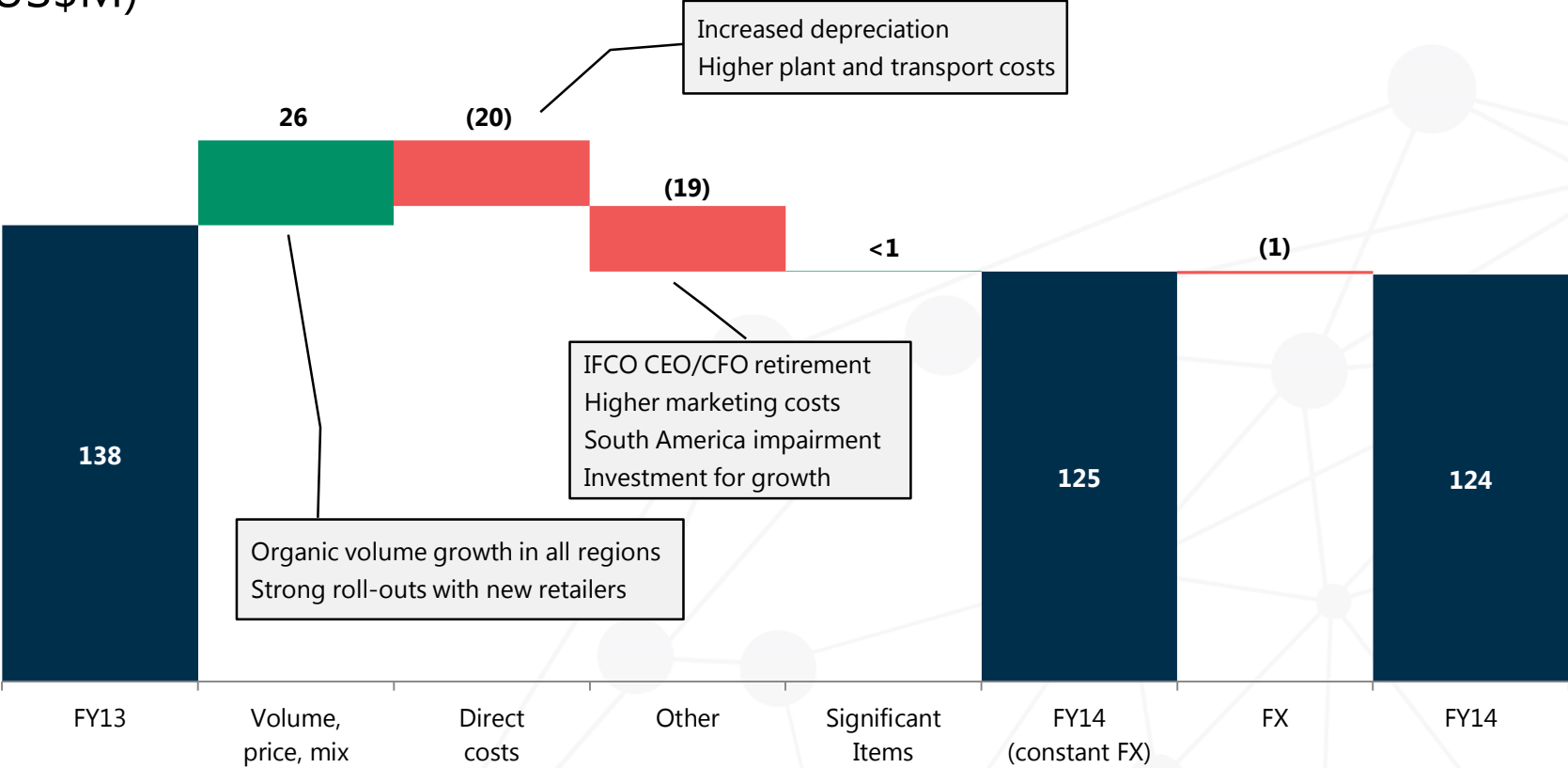
(US\$M)



RPCs operating profit analysis

Second-half rebound in sales growth

(US\$M)



Improved operating cash flow

Solid result driven by EBITDA and working capital movement

(US\$M)	FY14	FY13	Change
EBITDA	1,488	1,409	79
Capital expenditure	(854)	(846)	(8)
Proceeds from sale of PP&E	78	100	(22)
Working capital movement	11	(49)	60
IPEP expense	88	102	(14)
Provisions/other	17	(19)	36
Cash Flow from Operations	828	697	131
Significant Items	(21)	(42)	21
Discontinued operations	(46)	160	(206)
Financing costs and tax	(330)	(306)	(24)
Free Cash Flow	431	509	(78)
Dividends paid	(394)	(426)	32
Free Cash Flow after dividends	37	83	(46)

Strong balance sheet position

Supported by recent €500M European medium-term note issue

	June 2014	June 2013
Net debt (US\$)	2,362	2,714
Average term of committed facilities (years)	4.1	3.6

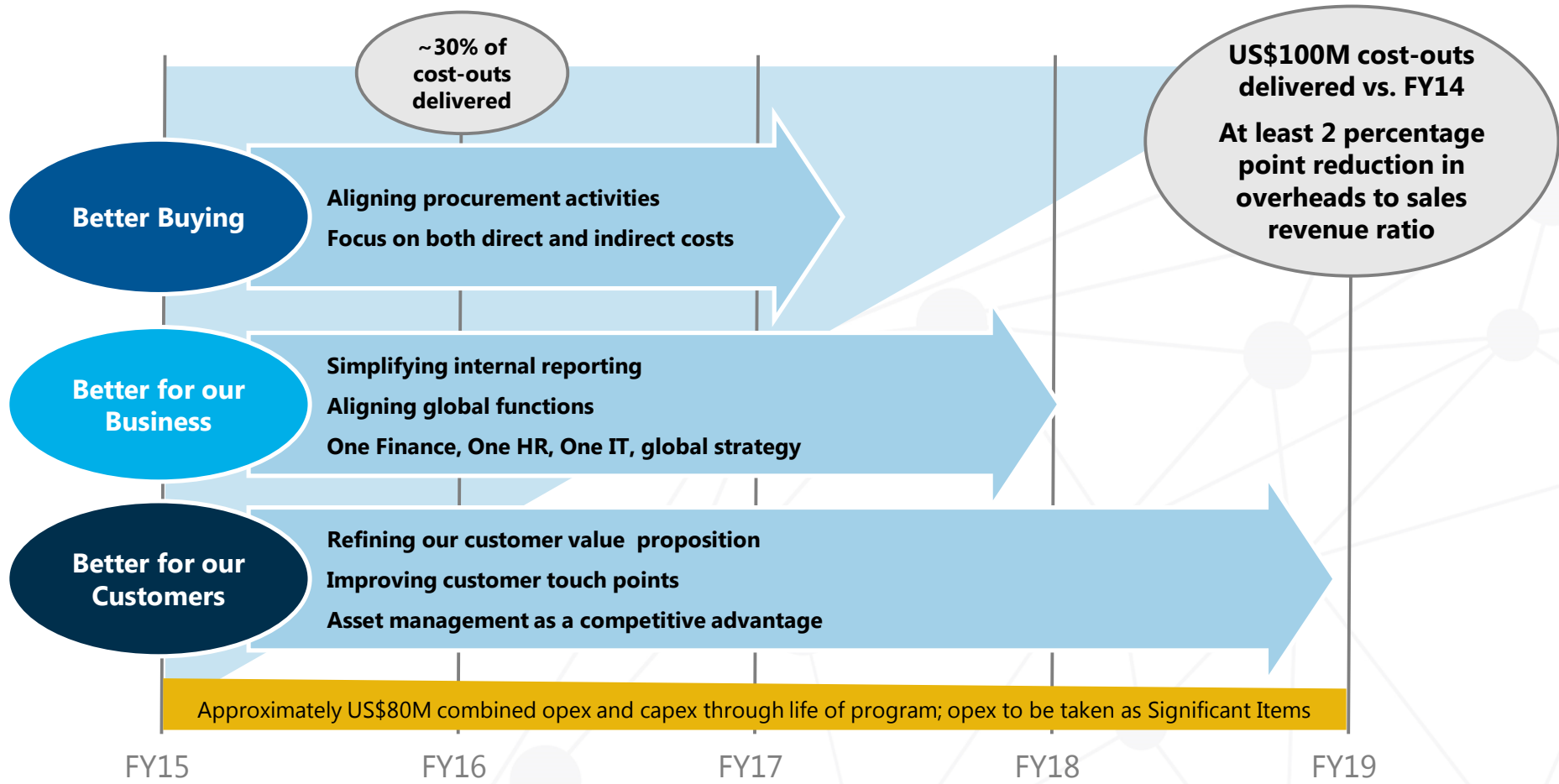
	FY14 ¹	FY13 ²
EBITDA/net finance costs (x)	13.2	14.6
Net debt/EBITDA (x)	1.59	1.68

¹ For FY14, based on continuing operations

² For prior year comparative, based on continuing and discontinued operations

One Better program execution

Three key streams driving a more sustainable business





Strategy & Outlook

Tom Gorman, CEO

A long-term perspective

Driving performance beyond the current horizon

1

Embedded investment proposition and five-year plan:

- Maintain network advantage
- High single digit constant-currency percentage sales revenue growth
- ROCI expansion to 20% by FY19



On track to deliver from steady-state operations

2

One Better enablement



Protect and enhance core competitive position

Invest in new growth opportunities

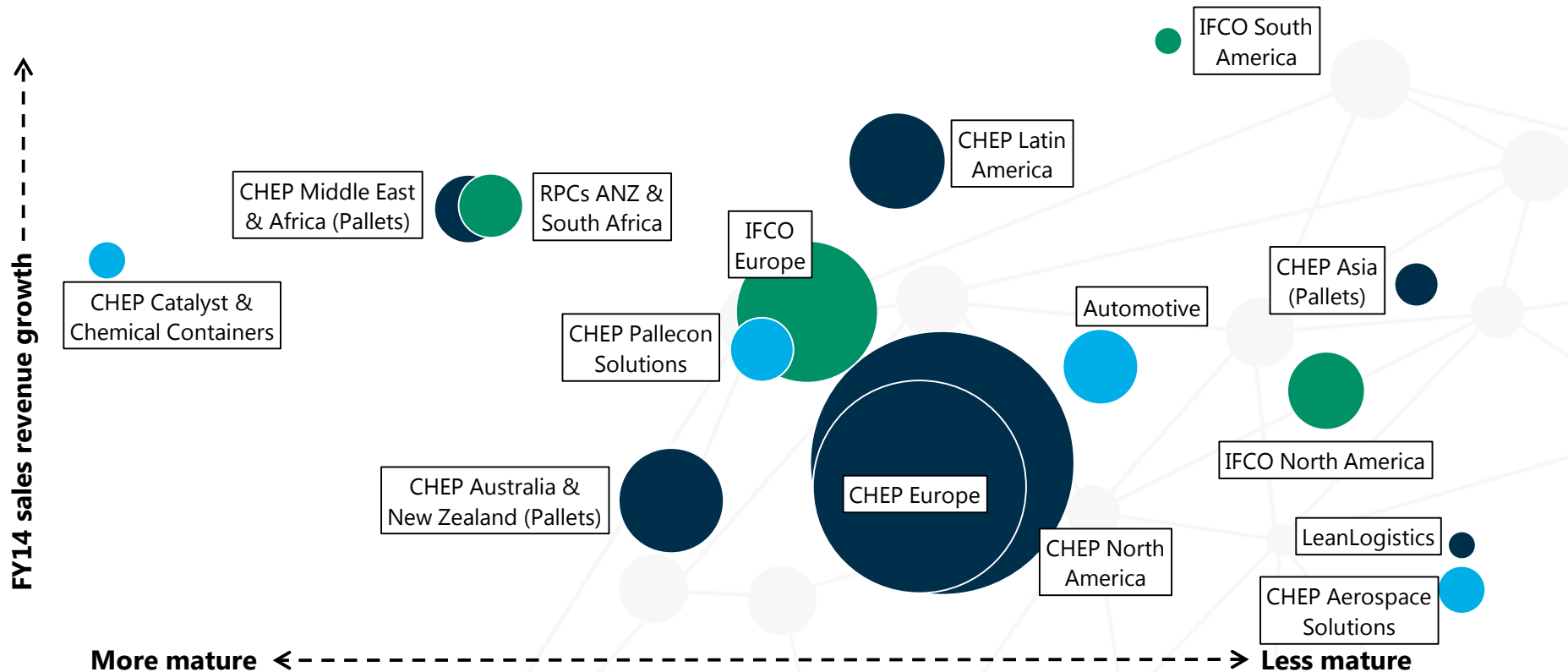
3

Reinvigorated approach to strategy globally

Technology and customer relationships central to innovation to capture true value of network and asset management advantage

Assessing the portfolio

Ongoing emphasis on execution to create value



Note: bubble size reflects FY14 sales revenue; return horizon not based on exact numeric scale; FY14 sales revenue growth shown at constant currency, excluding impact of acquisitions.

Outlook for FY15¹

Strong profitable growth with leverage to bottom line

- Sales revenue in line with five-year target
 - High single digit percentage growth, at constant currency
- Underlying Profit of US\$1,030M to US\$1,060M (30 June 2014 FX rates)
 - Equates to growth of 7% to 10%²
- Incremental improvement in ROCI in line with five-year targets
- Net finance costs broadly in line with FY14
- Effective underlying tax rate of 29% (after finance costs)
- No change to “progressive” dividend policy
- Anticipating positive Free Cash Flow after dividends before Significant Items

¹ All guidance is subject to the Disclaimer on Slide 26

² On a comparable basis (i.e. at 30 June 2014 FX rates) FY14 underlying Profit of US\$960M translates to US\$965M



Q&A

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Appendices

Appendix 1

Glossary of terms and measures

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

Actual currency/FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
Average Capital Invested (ACI)	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 accumulated pre-tax Significant Items, actuarial gains and losses and net equity adjustments for equity-settled share-based payments.
BIFR (Brambles Injuries Frequency Rate)	Safety performance indicator that measures the combined number of fatalities, lost time injuries, modified duties and medical treatments per million hours worked.
BVA (Brambles Value Added)	Represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2013 exchange rates as: <ul style="list-style-type: none">• Underlying Profit; plus• Significant Items that are part of the ordinary activities of the business; less• Average Capital Invested, adjusted for accumulated pre-tax Significant Items that are part of the ordinary activities of the business, multiplied by 12%.
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.
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.
Constant currency/FX	Current period results translated into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations.

Appendix 1

Glossary of terms and measures (continued)

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

DIN	<p>The sum in a period of:</p> <ul style="list-style-type: none">- Depreciation expense;- Irrecoverable Pooling Equipment Provision expense; and- Net book value of compensated assets and scraps (disposals). <p>Used as a proxy for the cost of leakage and scraps in the income statement and estimating replacement capital expenditure.</p>
(EPS) Earnings per share	<p>Profit after tax, minority interests and Significant Items, divided by weighted average number of shares on issue during the period.</p>
(EBITDA) Earnings before interest, tax, depreciation and amortisation	<p>Operating profit from continuing operations after adding back depreciation and amortisation and Significant Items outside the ordinary course of business.</p>
Free Cash Flow	<p>Cash flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.</p>
(IPEP) Irrecoverable Pooling Equipment Provision	<p>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.</p>
Net new business	<p>Brambles defines net new business wins as the change in sales revenue in the reporting period resulting from business won or lost in that period and the previous financial year. The revenue impact of net new business is included across reporting periods for a total of 12 months from the date of the win or loss and calculated on a constant-currency basis.</p>

Appendix 1

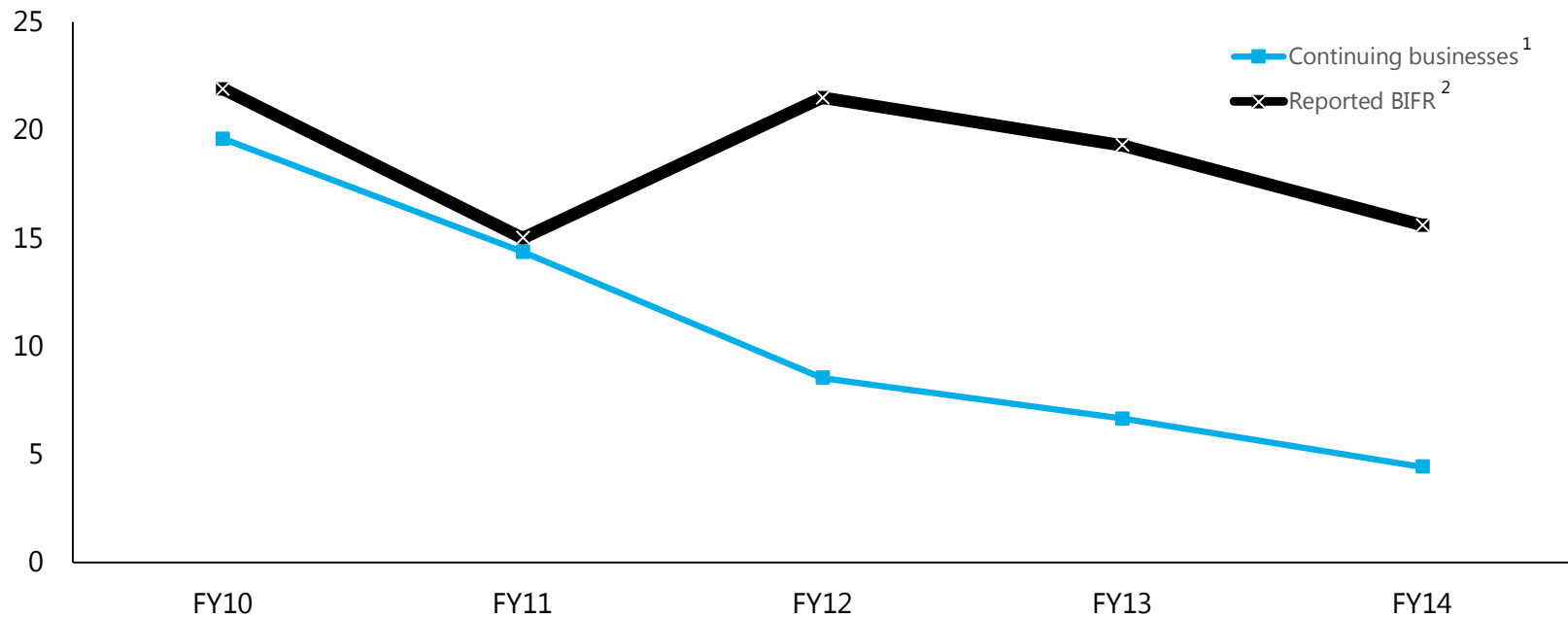
Glossary of terms and measures (continued)

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

Operating profit	Profit before finance costs and tax, as shown in the statutory financial statements.
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.
(PAT) profit after tax	Profit after finance costs, tax, minority interests and Significant Items.
PMS	Pallet Management Services, a division of Brambles operating under the IFCO brand in the USA.
Return on Capital Invested (ROCI)	Underlying Profit divided by Average Capital Invested.
RPC	Reusable plastic/produce crate or container, used to transport fresh produce.
Sales revenue	Excludes revenues of associates and non-trading revenue.
Significant Items	Items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: <ul style="list-style-type: none">- 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.

Appendix 2

Group safety performance



¹ Represents operations owned continuously throughout FY10 to FY14 and excludes businesses acquired during that period and the Recall operations.
² Reported BIFR included restatements in FY12 to incorporate acquired operations and, in FY13 and FY14, the removal of the demerged Recall business.
Note: FY14 BIFR may be subject to minor adjustments as investigations on a number of incidents were not closed at the time of publication. The number will be published in the 2014 Sustainability Review in October.

Appendix 3

FY14 currency mix (continuing operations)

(US\$M)	Total	USD	EUR	GBP	AUD	Other
Pallets	4,123.4	1,748.4	838.8	360.7	282.7	892.8
RPCs	895.8	173.8	437.2	57.0	81.8	146.0
Containers	385.3	65.2	148.7	39.5	56.9	75.0
Sales revenue	5,404.5	1,987.4	1,424.7	457.2	421.4	1,113.8
Net debt	2,361.7	1,311.2	1,235.7	5.9	(319.1)	128.0

Appendix 4

Major currency exchange rates (continuing operations)

USD exchange rate:	USD	EUR	GBP	AUD	CAD	MXN	ZAR
Average							
FY14	1.0000	1.3587	1.6331	0.9142	0.9334	0.0765	0.0961
FY13	1.0000	1.2939	1.5667	1.0212	0.9919	0.0779	0.1124
As at							
30 June 14	1.0000	1.3643	1.7033	0.9415	0.9375	0.0771	0.0943
30 June 13	1.0000	1.3015	1.5206	0.9134	0.9507	0.0772	0.1010
Share of FY14 sales revenue	37%	26%	8%	8%	6%	3%	3%

Appendix 5

Effective tax rate

	FY14		FY13	
	Statutory	Underlying	Statutory	Underlying
Continuing operations (US\$M)				
Profit before tax	816.5	847.1	776.3	802.2
Tax expense	232.0	242.4	220.0	228.9
Effective tax rate	28.4%	28.6%	28.3%	28.5%

Appendix 6

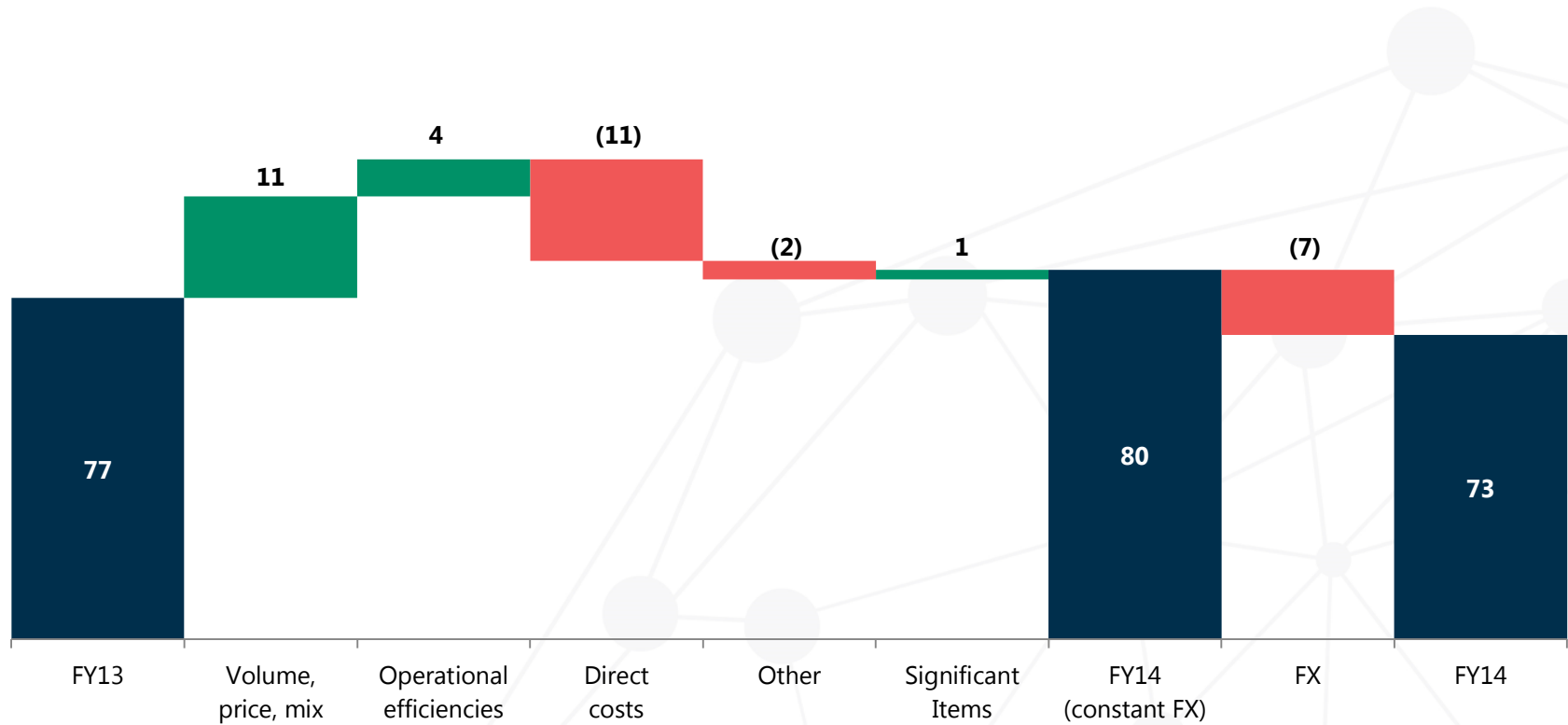
Statutory profit reconciliation

(US\$M)	FY14	FY13
Profit after tax – continuing operations	584.5	556.3
Discontinued operations:		
Operating profit	54.3	125.5
Net finance costs	(0.5)	(0.1)
Profit on demerger	663.7	-
Profit before tax	717.5	125.4
Tax expense	(34.3)	(41.1)
Profit after tax from discontinued operations	683.2	84.3
Profit after tax for the Year	1,267.7	640.6

Appendix 7

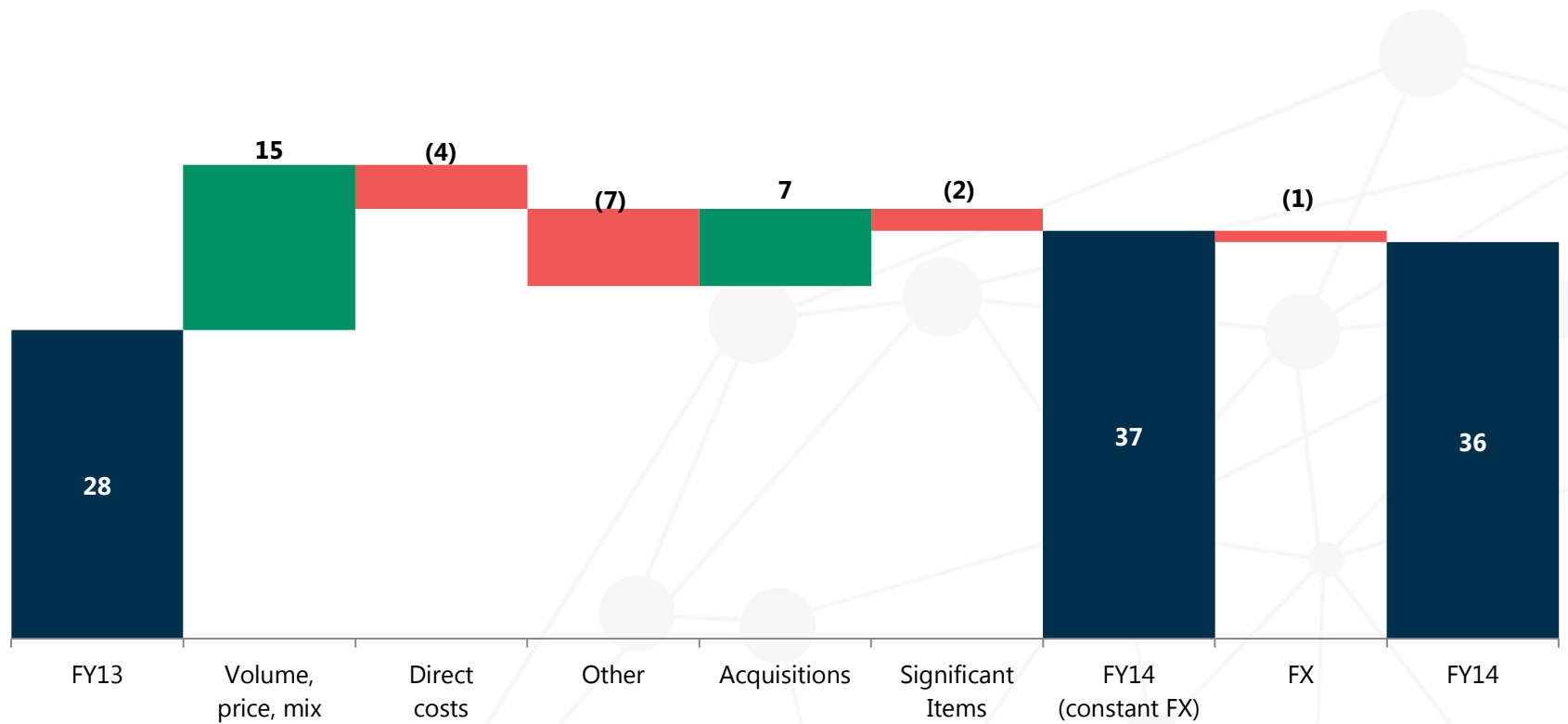
Pallets Asia-Pacific operating profit analysis

(US\$M)



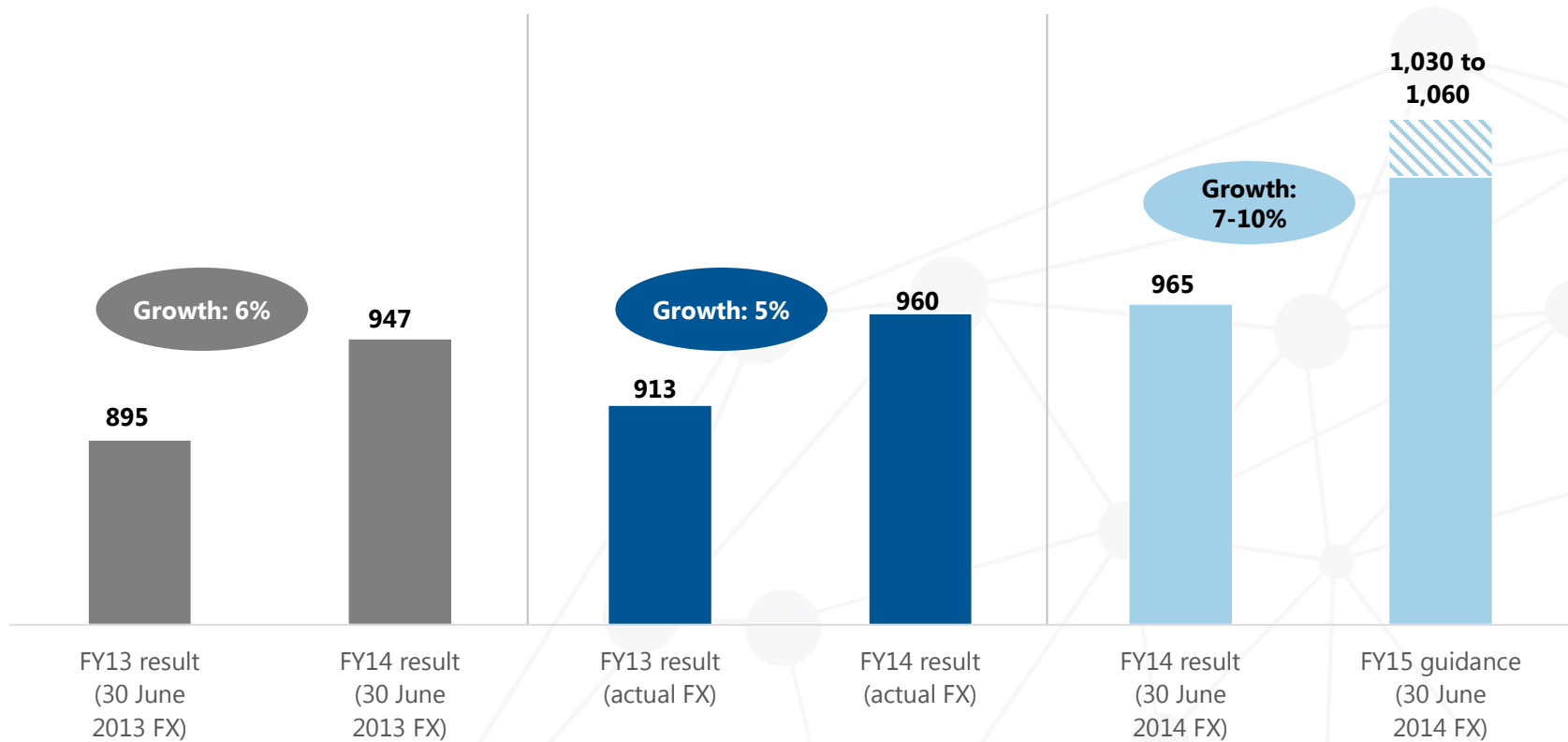
Appendix 8

Containers operating profit analysis (US\$M)



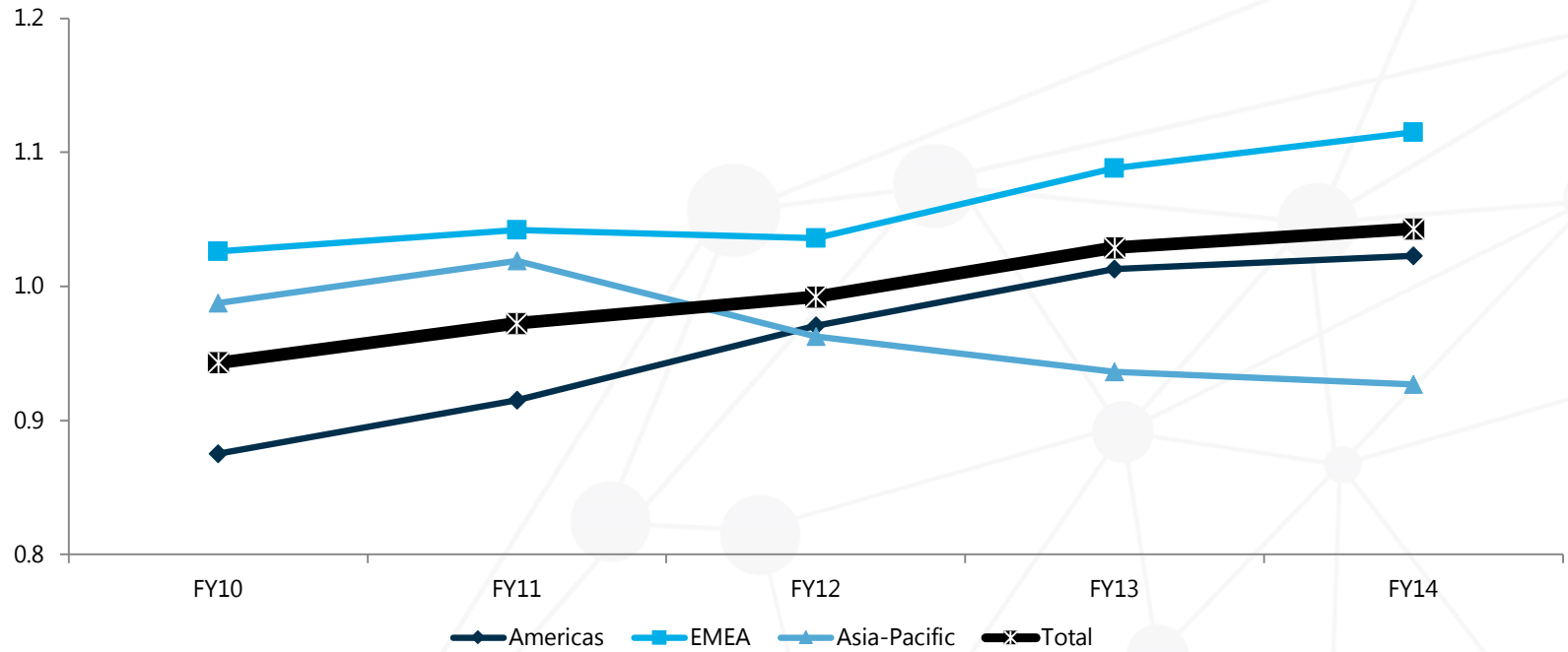
Appendix 9

Underlying Profit currency reconciliation (US\$M)



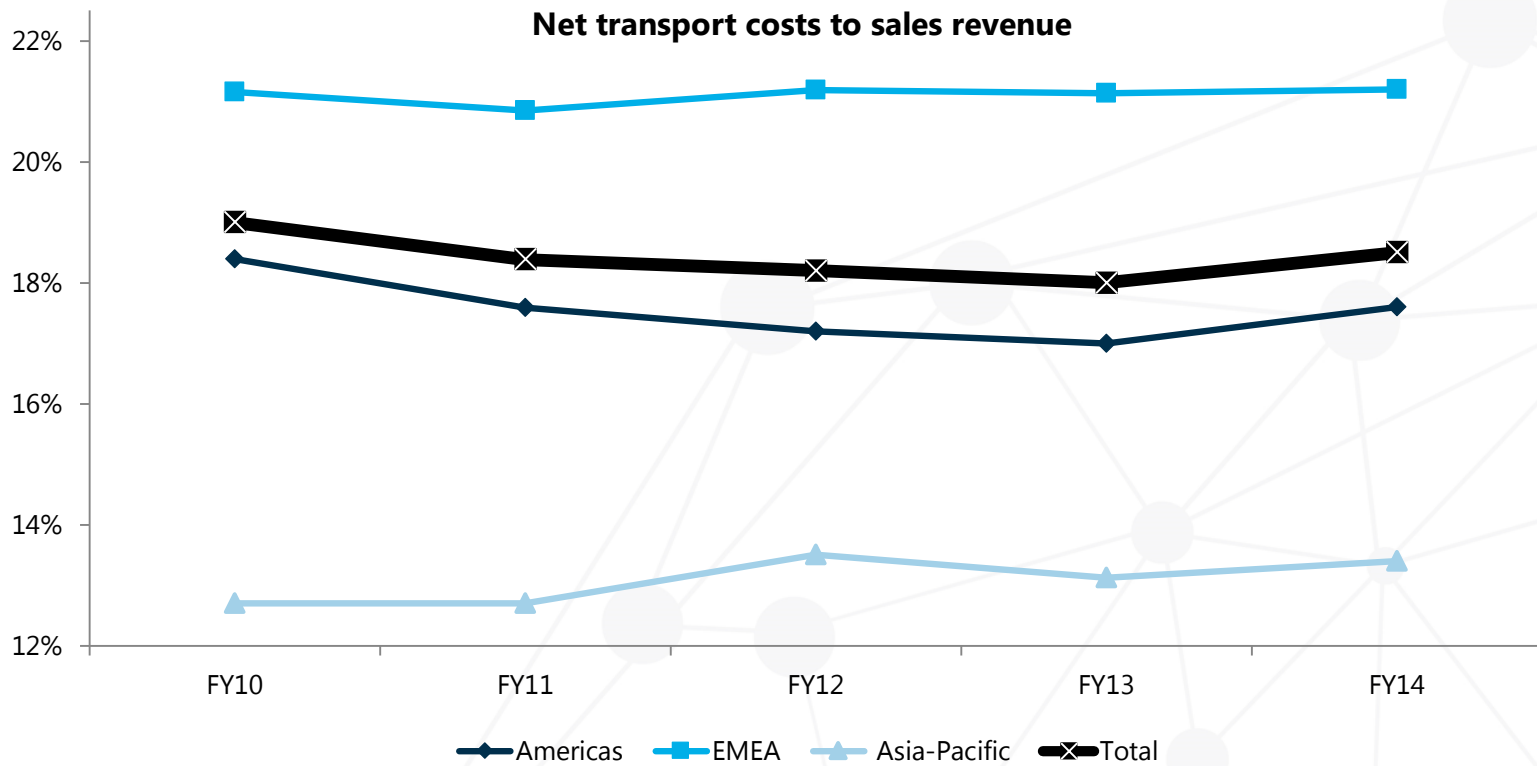
Appendix 10

Pallets sales revenue to Average Capital Invested



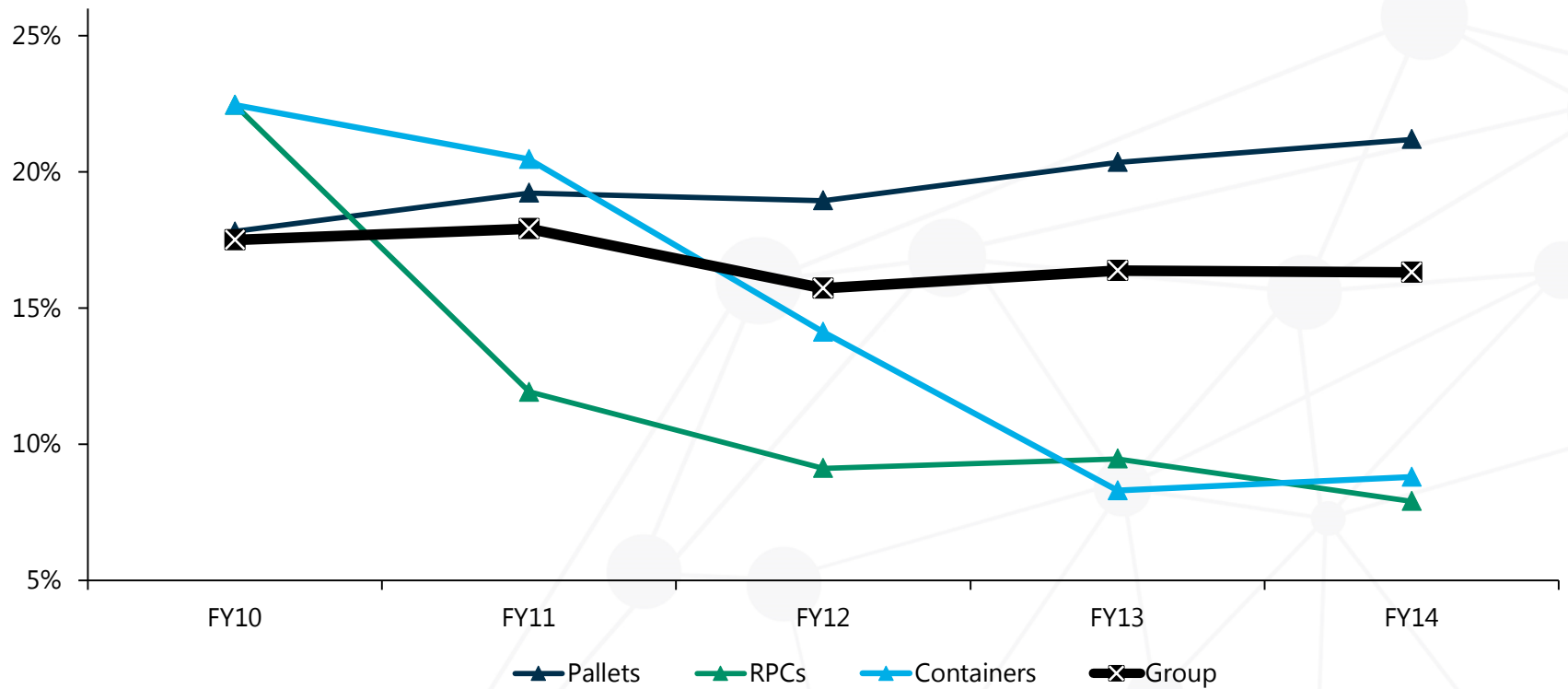
Appendix 11

Pallets transport costs ratio



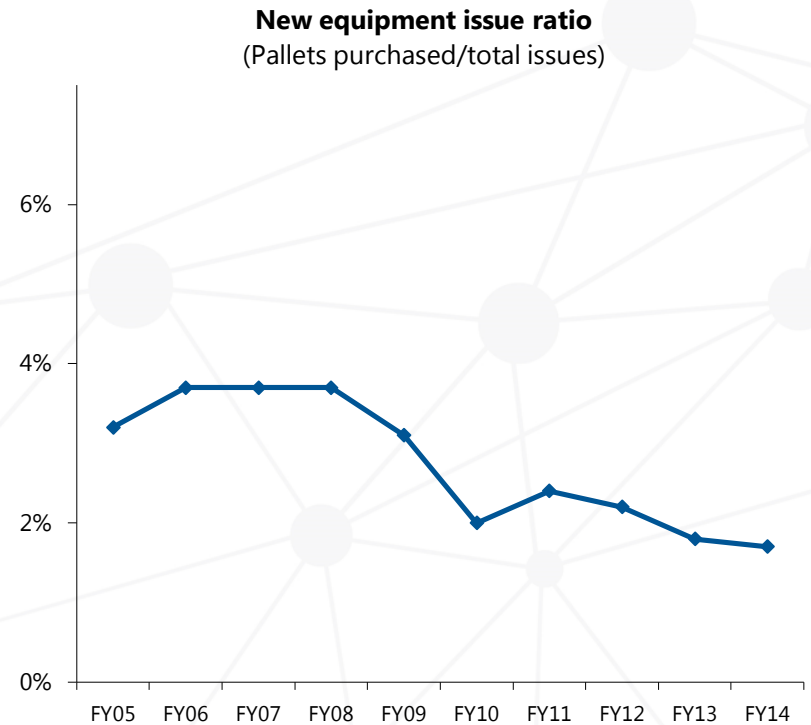
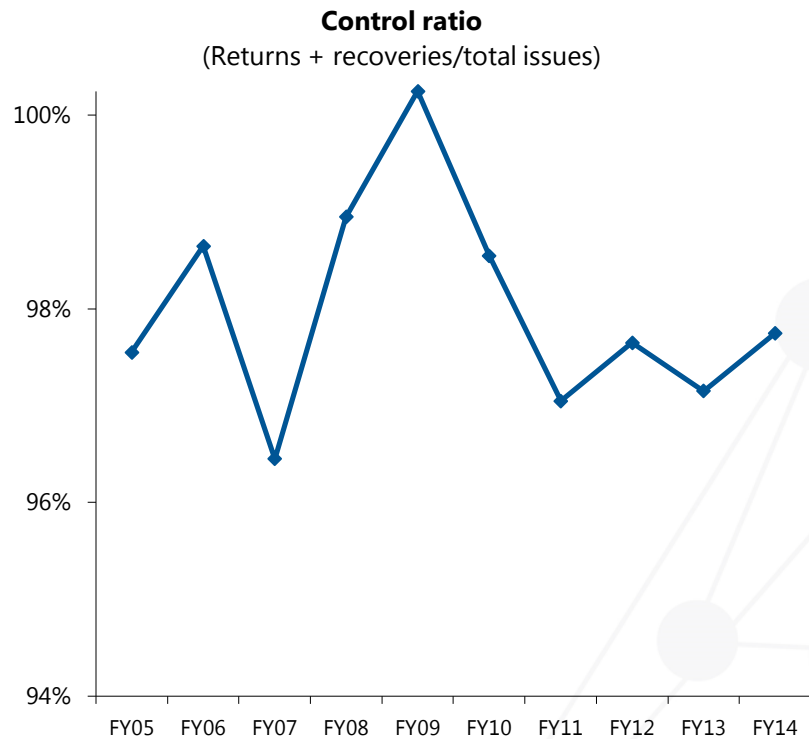
Appendix 12

Return on Capital Invested



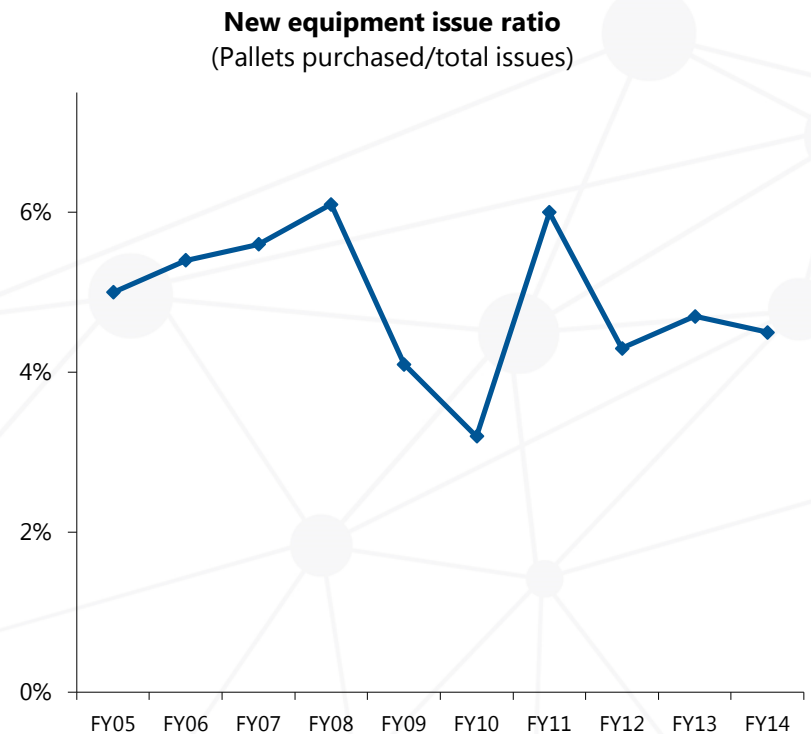
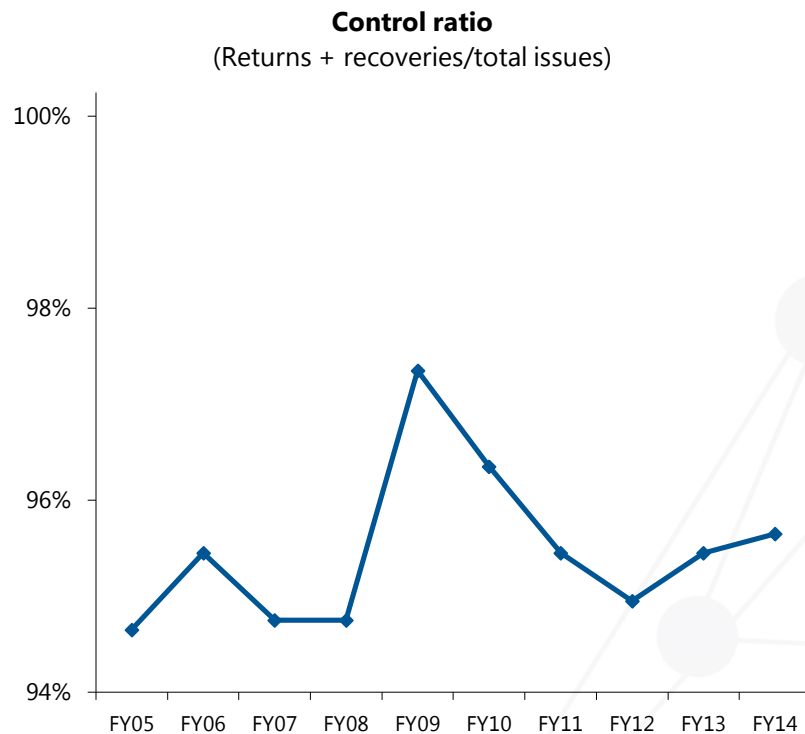
Appendix 13

CHEP USA pallet productivity trends (B4840)



Appendix 14

CHEP Europe pallet productivity trends (B1210 and B1208)



Appendix 15

Credit facilities and debt profile

US\$B at 30 June 2014

Maturity	Type	Committed facilities	Uncommitted facilities	Debt drawn	Headroom
<12 months	Bank/USPP ¹ /144A ² /Other	0.4	0.3	0.5	0.2
1 to 2 years	Bank/USPP ¹ /Other	0.9	-	0.1	0.8
2 to 3 years	Bank/USPP ¹ /Other	0.8	-	0.1	0.7
3 to 4 years	Bank/EMTN ³	1.0	-	0.7	0.3
4 to 5 years	Bank/USPP ¹	0.3	-	-	0.3
>5 years	144A ² /EMTN ³	1.2	-	1.2	-
Total		4.6	0.3	2.6	2.3

¹ US Private Placement notes

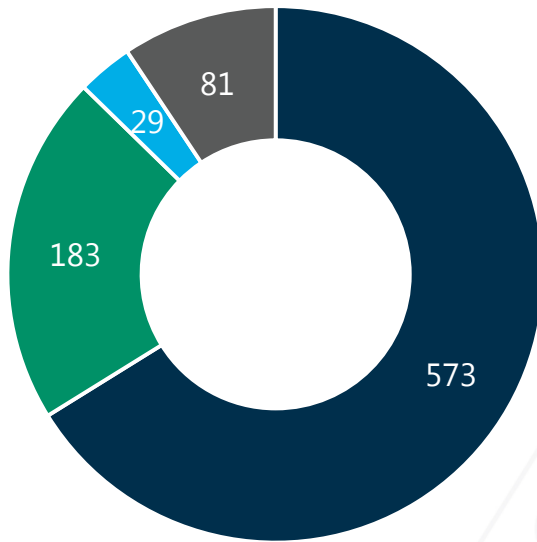
² US 144A bonds

³ European Medium Term Note

Appendix 16

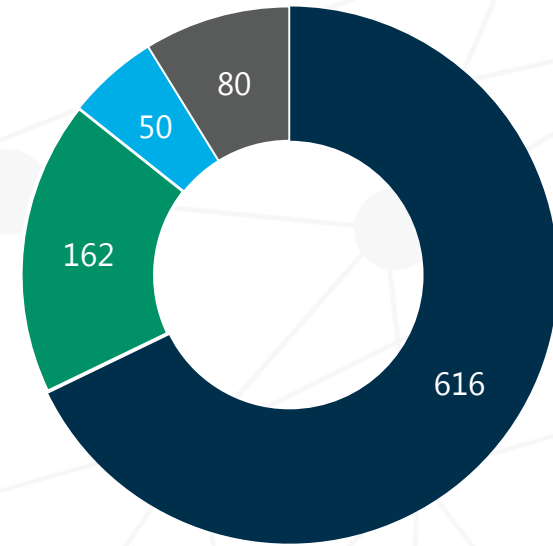
Capital expenditure breakdown by nature (accruals basis)

FY13: total US\$866M



■ Pallets ■ RPCs ■ Containers ■ Other PP&E

FY14: total US\$908M



■ Pallets ■ RPCs ■ Containers ■ Other PP&E



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