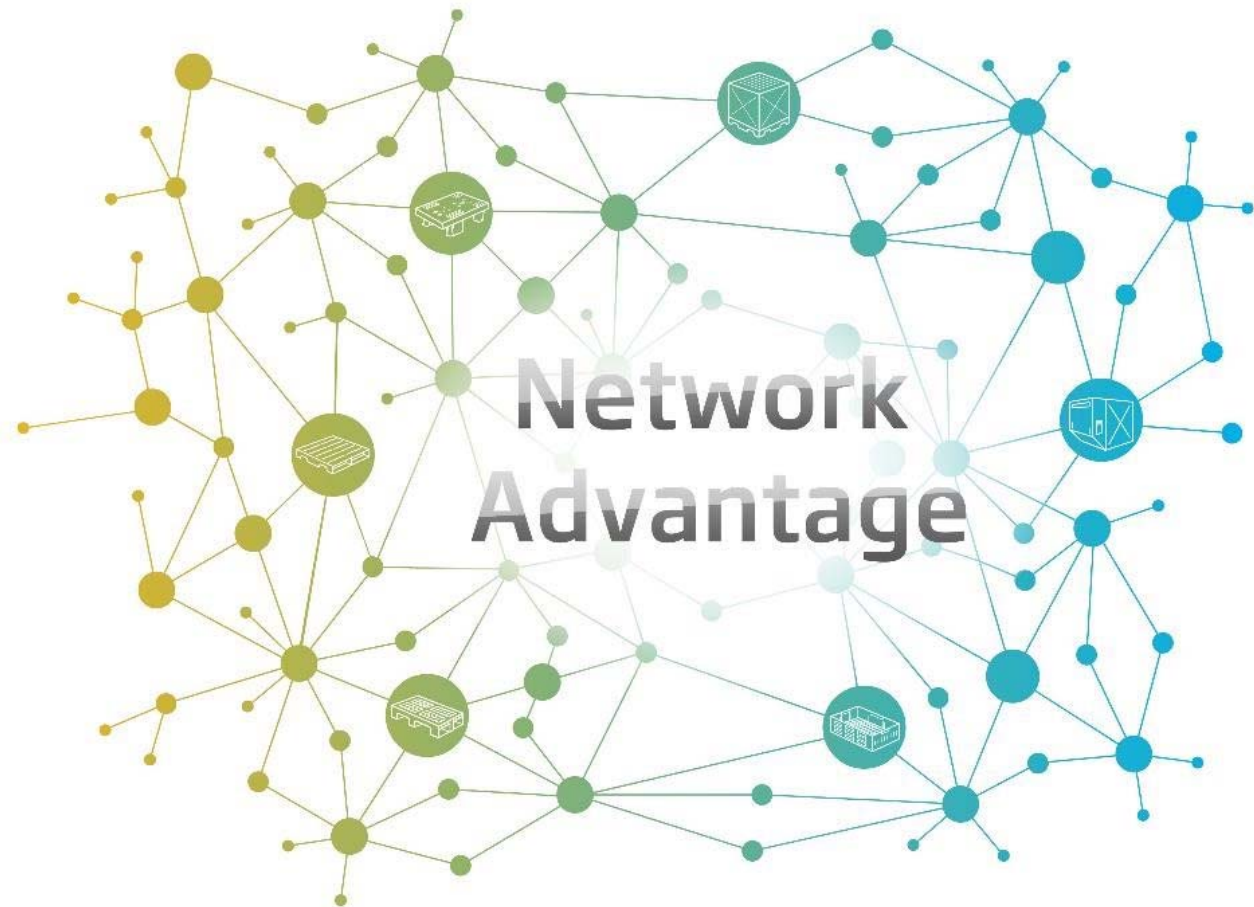


# Brambles

## Half-Year 2016 Results

22 February 2016

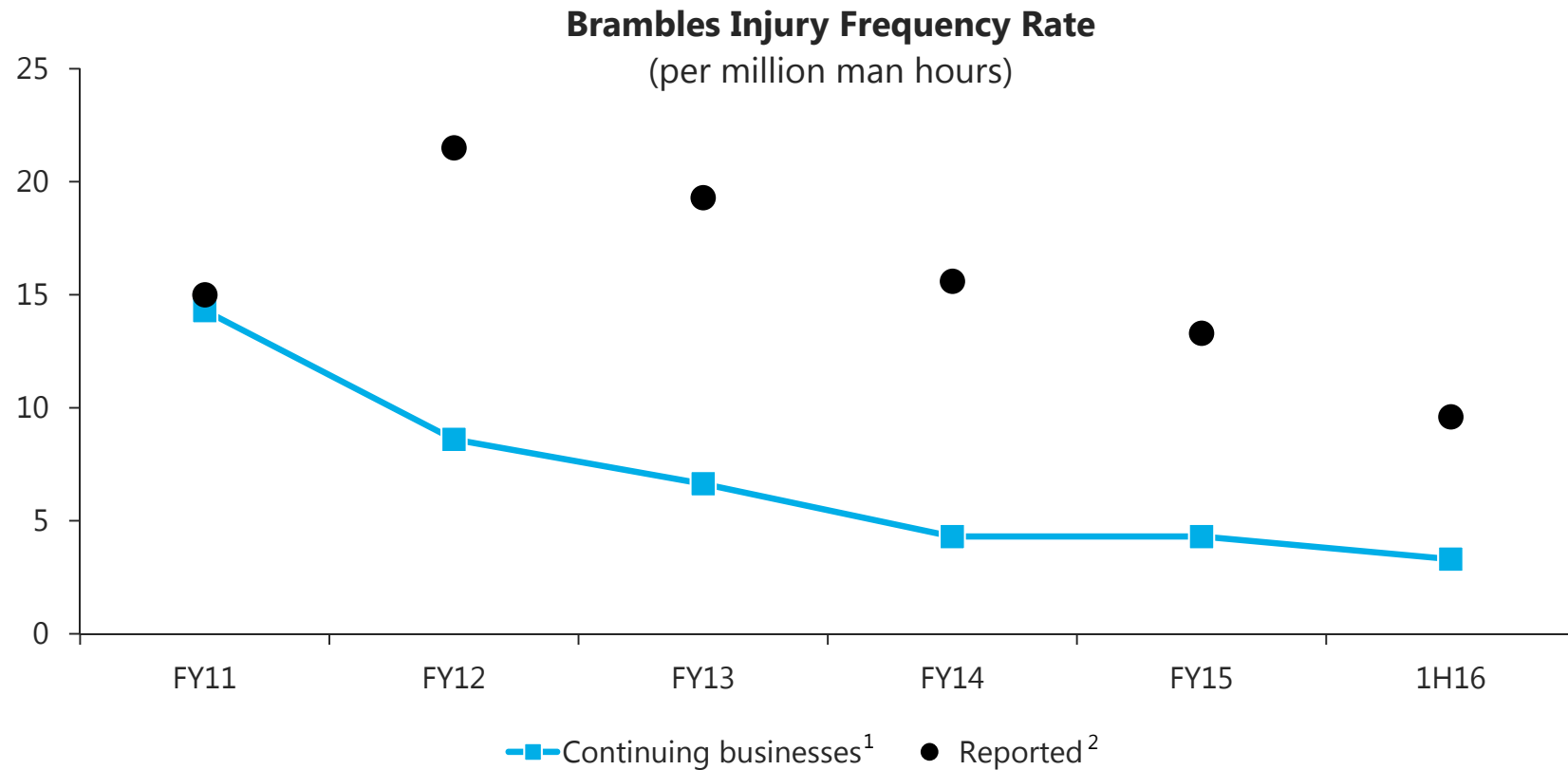




## Overview and Results Highlights

Tom Gorman, CEO

# Group safety performance



<sup>1</sup> Operations owned continuously throughout FY11 to 1H16, excluding businesses acquired or divested during that period.

<sup>2</sup> Includes restatements in FY12 to incorporate acquired operations and, in FY13 and FY14, the demerged Recall business.

# Guidance raised after strong result

- FY16 sales and Underlying Profit guidance raised to 8-10% growth (constant FX)
- Guidance translates to US\$1,015-1,035M Underlying Profit (30 June 2015 FX)
- FY19 financial performance objectives reaffirmed
- 1H16 sales growth of 8% driven by new business and organic growth in Pallets, strong expansion in European RPCs
- 1H16 Underlying Profit growth of 10% reflects Pallets margin improvements
- Interim dividend increased by half a cent to 14.5 AU cents per share
- Non-underwritten Dividend Reinvestment Plan retained at 1.5% discount
- Growth capex primarily supporting expansion of established businesses
- Focus on all business units' ability to deliver satisfactory scale and returns

# Highlights of 1H16 result





(Continuing operations)	1H16 result	Change vs. 1H15		
		Actual FX	Constant FX	
Sales revenue	US\$2,752M	(2)%	8%	↑
Operating profit	US\$463M	(1)%	12%	↑
Profit after tax	US\$291M	2%	14%	↑
Earnings per share	US18.5¢	1%	13%	↑
Underlying Profit <sup>1</sup>	US\$474M	(2)%	10%	↑
Underlying Profit after tax	US\$296M	(2)%	10%	↑
Underlying earnings per share	US18.8¢	(3)%	9%	↑
Return on Capital Invested (ROCI)	14.7%	(0.8)pp	(0.3)pp	↓
ROCI excluding acquisitions since Dec '13	16.1%	0.1pp	0.6pp	↑
Brambles Value Added	US\$104M		-	↔
Cash Flow from Operations	US\$260M	US\$(9)M	US\$11M	↑

<sup>1</sup> Underlying Profit of US\$474 million translates to US\$491 million at 30 June 2015 exchange rates.

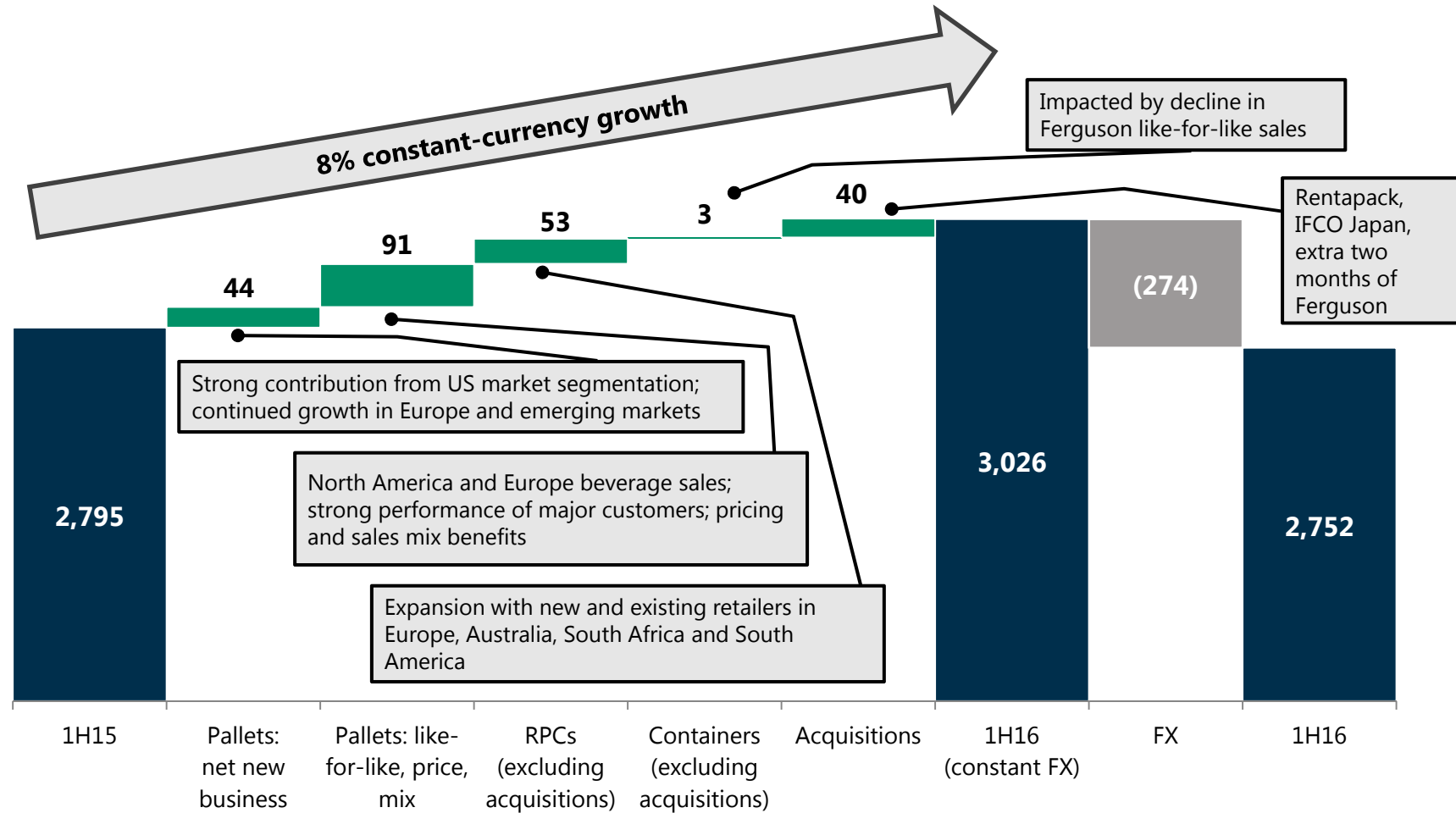
# 1H16 growth trends by segment

	Change in constant FX		
	Sales revenue	Underlying Profit	ROCI
Pallets Americas <i>44% of Group sales revenue</i>	7%	14%	1.2pp
Pallets EMEA <i>25% of Group sales revenue</i>	6%	10%	0.3pp
Pallets Asia-Pacific <i>6% of Group sales revenue</i>	5%	9%	2.2pp
RPCs <i>17% of Group sales revenue</i>	15%	2%	(0.7)pp
Containers <i>8% of Group sales revenue</i>	7%	(20)%	(3.4)pp

## Increase to FY16 guidance

FY16 guidance	Previous	Revised
<b>Sales revenue and Underlying Profit growth (constant FX)</b>	6-8%	 8-10%
<b>Underlying Profit (30 June 2015 FX)</b>	US\$1,000-1,020M	 US\$1,015-1,035M
Interest costs (30 June 2015 FX)	US\$120-125M	 US\$115-120M
Effective tax rate	29%	No change
Growth capex (30 June 2015 FX)	~US\$500M	 <US\$500M
Return on Capital Invested	Down slightly, reflecting acquisitions since 1H15	No change

# 1H16 sales growth drivers

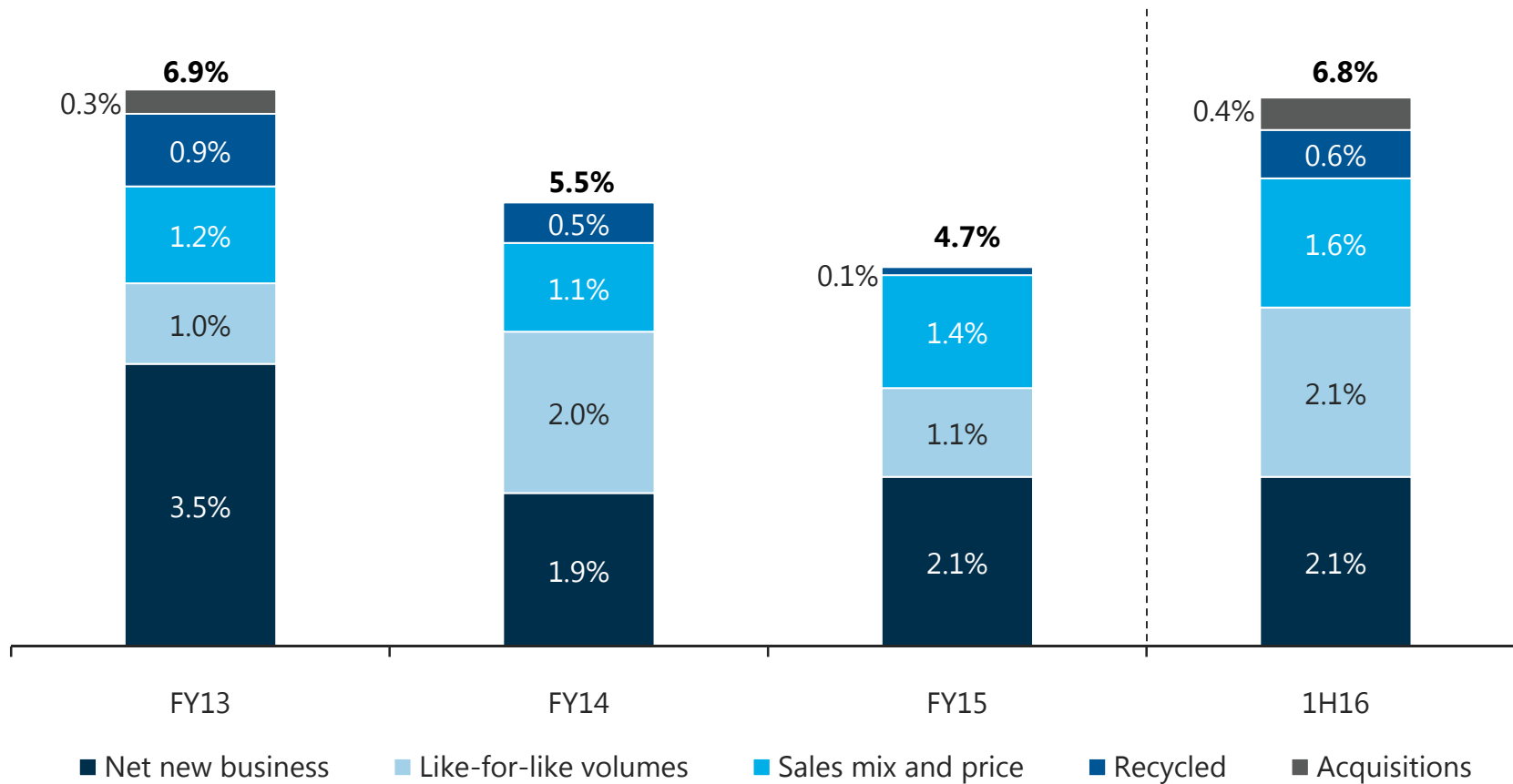




## CHEP North America sales up 7%

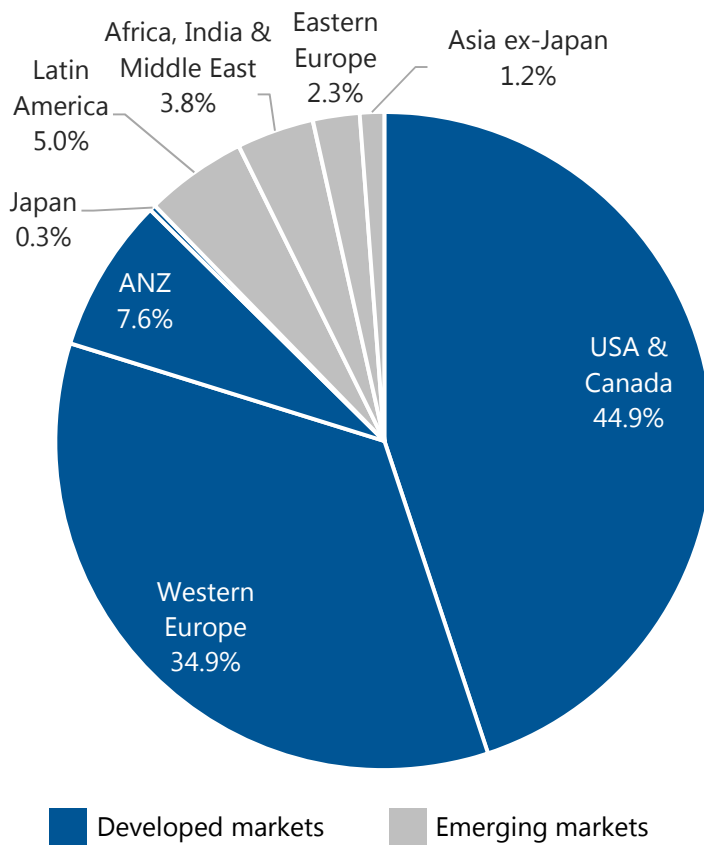
- Market segmentation strategy identifying new targets, enabling lane expansion and driving conversions of smaller customers
- “This is the Supply Change” campaign and solutions portfolio repositioning CHEP and garnering positive response
- Targeted expansion of CHEP Recycling (white wood) through detailed regional market analysis
- Half pallet acceptance and penetration continues to grow but contributes a very small revenue base today
- New vertical expansion showing some progress but is proving a slower-developing, longer-term opportunity

# Composition of Pallets sales growth

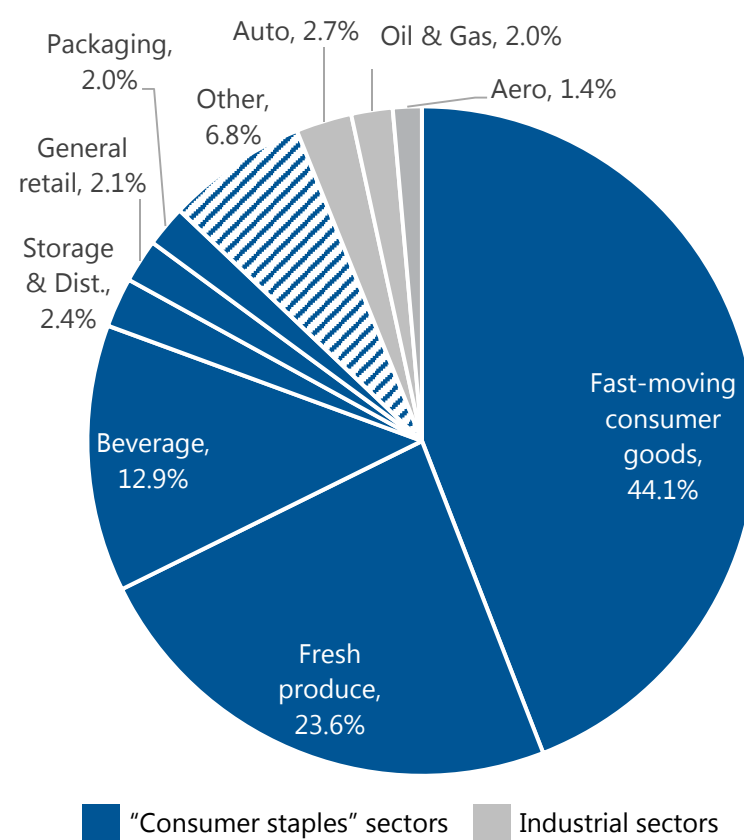


# Strongly defensive portfolio

1H16 sales revenue by region



1H16 sales revenue by sector

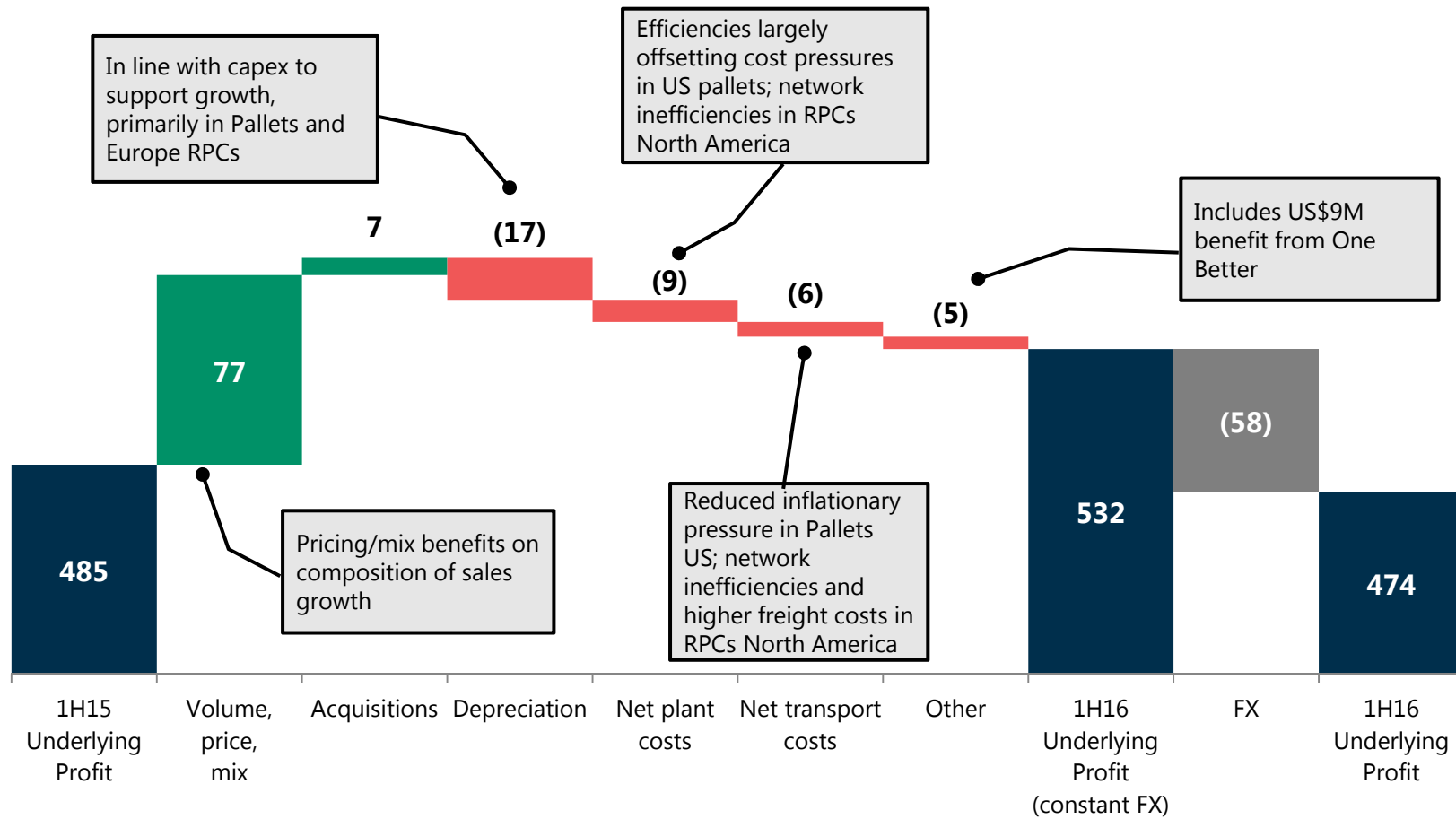




## **Financial Analysis**

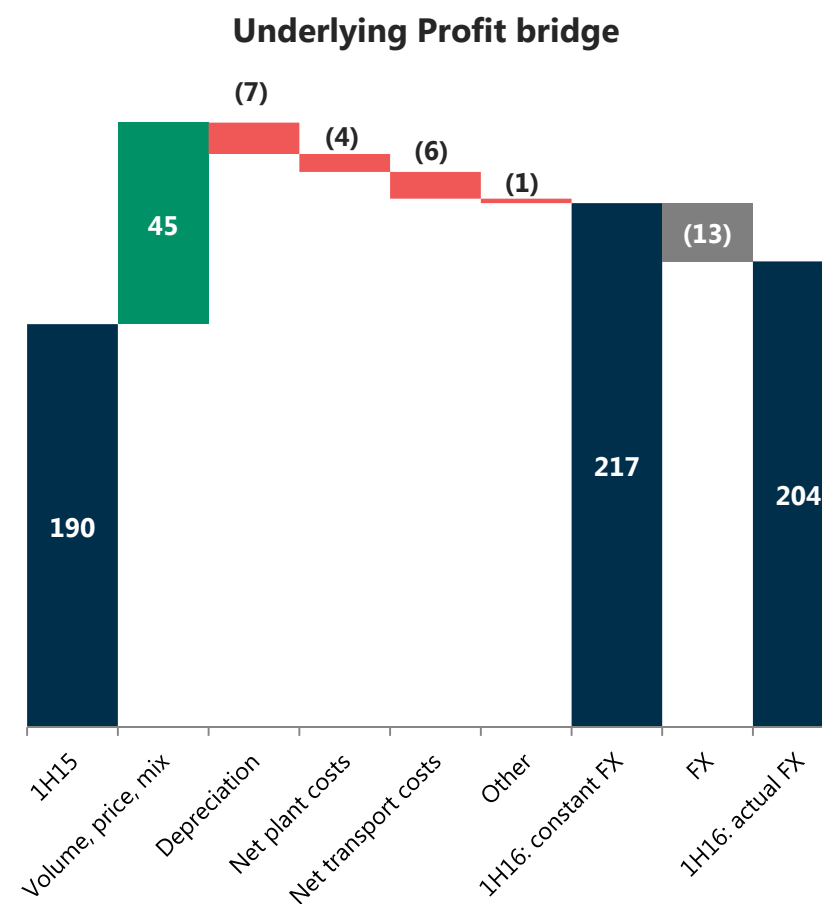
Zlatko Todorcevski, CFO

# Group profit analysis (US\$M)



# Pallets Americas: result analysis

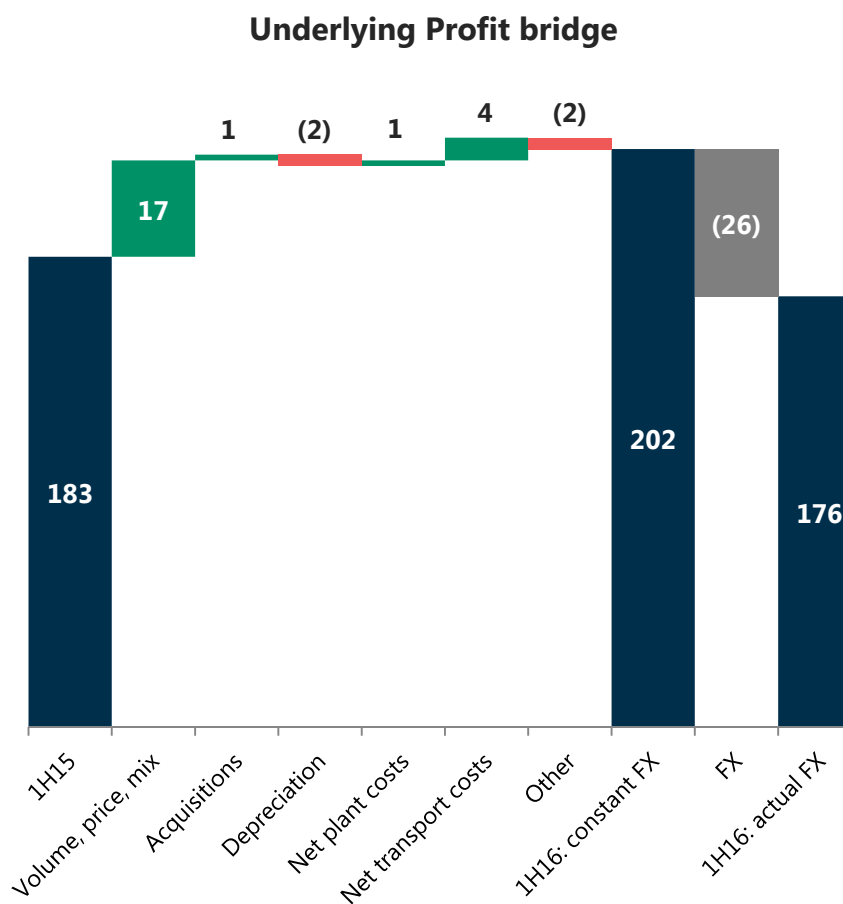
	1H16	Change vs. 1H15	
(US\$M)		Actual FX	Constant FX
USA Pooled	727	7%	7%
USA Recycled	224	5%	5%
Canada	130	(10)%	7%
North America	1,082	5%	7%
Latin America	116	(14)%	11%
Lean Logistics	13	15%	16%
<b>Sales revenue</b>	<b>1,211</b>	<b>3%</b>	<b>7%</b>
<b>Underlying Profit</b>	<b>204</b>	<b>7%</b>	<b>14%</b>
<b>Margin</b>	<b>16.8%</b>	<b>0.7pp</b>	<b>1.0pp</b>
<b>ROCI</b>	<b>17.2%</b>	<b>0.7pp</b>	<b>1.2pp</b>



# Pallets EMEA: result analysis

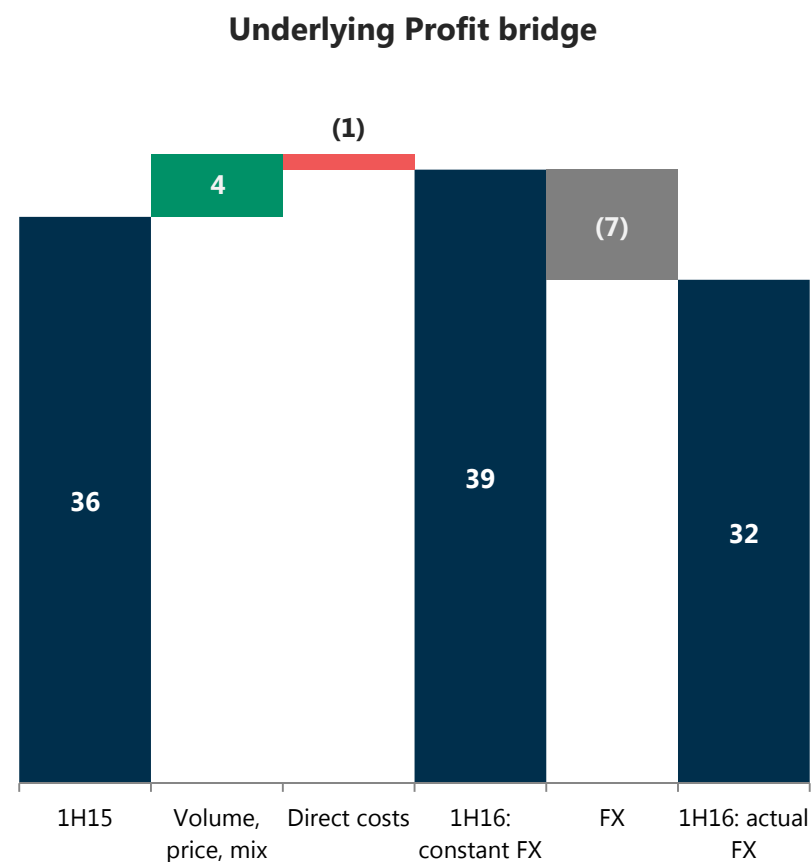
(US\$M)	1H16	Change vs. 1H15	
		Actual FX	Constant FX
Mid Europe	180	(9)%	5%
UK & Ireland	176	(8)%	(2)%
Iberia	112	(10)%	5%
France	75	(10)%	5%
Cent & East Europe	54	(1)%	17%
Europe	597	(8)%	4%
Africa, India & M.E.	80	5%	26%
<b>Sales revenue</b>	<b>677</b>	<b>(7)%</b>	<b>6%</b>
<b>Underlying Profit</b>	<b>176</b>	<b>(4)%</b>	<b>10%</b>
<b>Margin</b>	<b>26.0%</b>	<b>0.8pp</b>	<b>1.0pp</b>
<b>ROCI</b>	<b>28.5%</b>	<b>0.5pp</b>	<b>0.3pp</b>

Note: excluding acquisitions, sales revenue was down 8% (up 5% at constant FX)



# Pallets Asia-Pacific: results analysis

	1H16	Change vs. 1H15	
		Actual FX	Constant FX
(US\$M)			
Australia & New Zealand	136	(14)%	5%
Asia	22	(2)%	7%
<b>Sales revenue</b>	<b>158</b>	<b>(13)%</b>	<b>5%</b>
<b>Underlying Profit</b>	<b>32</b>	<b>(10)%</b>	<b>9%</b>
<b>Margin</b>	<b>20.3%</b>	<b>0.5pp</b>	<b>0.8pp</b>
<b>ROCI</b>	<b>20.5%</b>	<b>1.4pp</b>	<b>2.2pp</b>

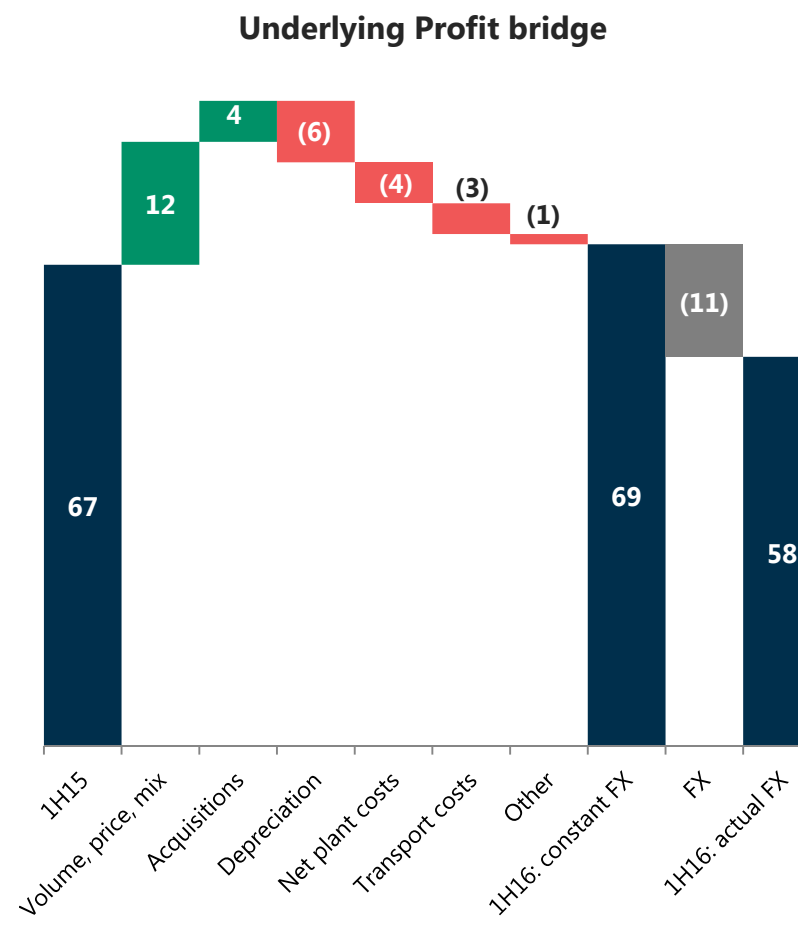




# RPCs: results analysis

	1H16	Change vs. 1H15	
(US\$M)		Actual FX	Constant FX
Europe	302	(1)%	13%
North America	98	5%	5%
Rest of world	82	12%	38%
<b>Sales revenue</b>	<b>482</b>	<b>2%</b>	<b>15%</b>
<b>Underlying Profit</b>	<b>58</b>	<b>(13)%</b>	<b>2%</b>
<b>Margin</b>	<b>12.1%</b>	<b>(2.2)pp</b>	<b>(1.7)pp</b>
<b>ROCI</b>	<b>7.4%</b>	<b>(1.2)pp</b>	<b>(0.7)pp</b>

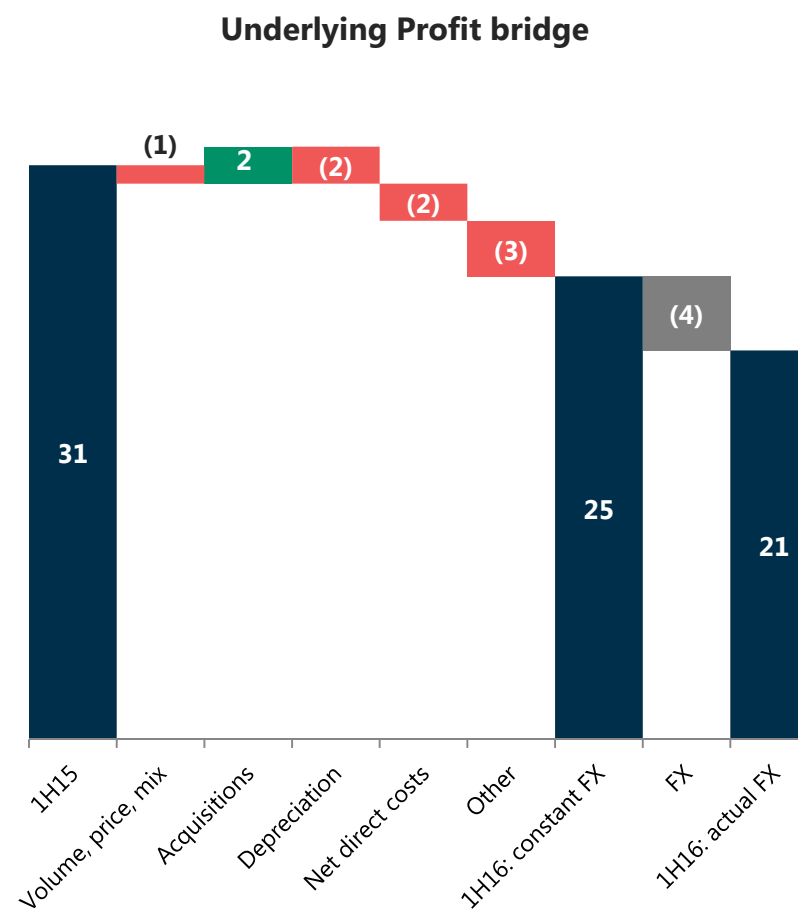
Note: excluding acquisitions, sales revenue was down 1% (up 11% at constant FX).



# Containers: results analysis

	1H16	Change vs. 1H15	
(US\$M)		Actual FX	Constant FX
Automotive	69	(7)%	5%
IBCs	63	(5)%	9%
Oil & Gas	53	(1)%	10%
Aerospace	40	1%	7%
<b>Sales revenue</b>	<b>224</b>	<b>(4)%</b>	<b>7%</b>
<b>Underlying Profit</b>	<b>21</b>	<b>(31)%</b>	<b>(20)%</b>
<b>Margin</b>	<b>9.4%</b>	<b>(3.7)pp</b>	<b>(3.3)pp</b>
<b>ROCI</b>	<b>4.4%</b>	<b>(3.6)pp</b>	<b>(3.4)pp</b>

Note: excluding acquisitions, the rate of sales revenue growth was unchanged. On a like-for-like basis, within Oil & Gas, sales revenue for Ferguson (owned for four months of 1H15 but all of 1H16) was down 38% (down 32% at constant FX).

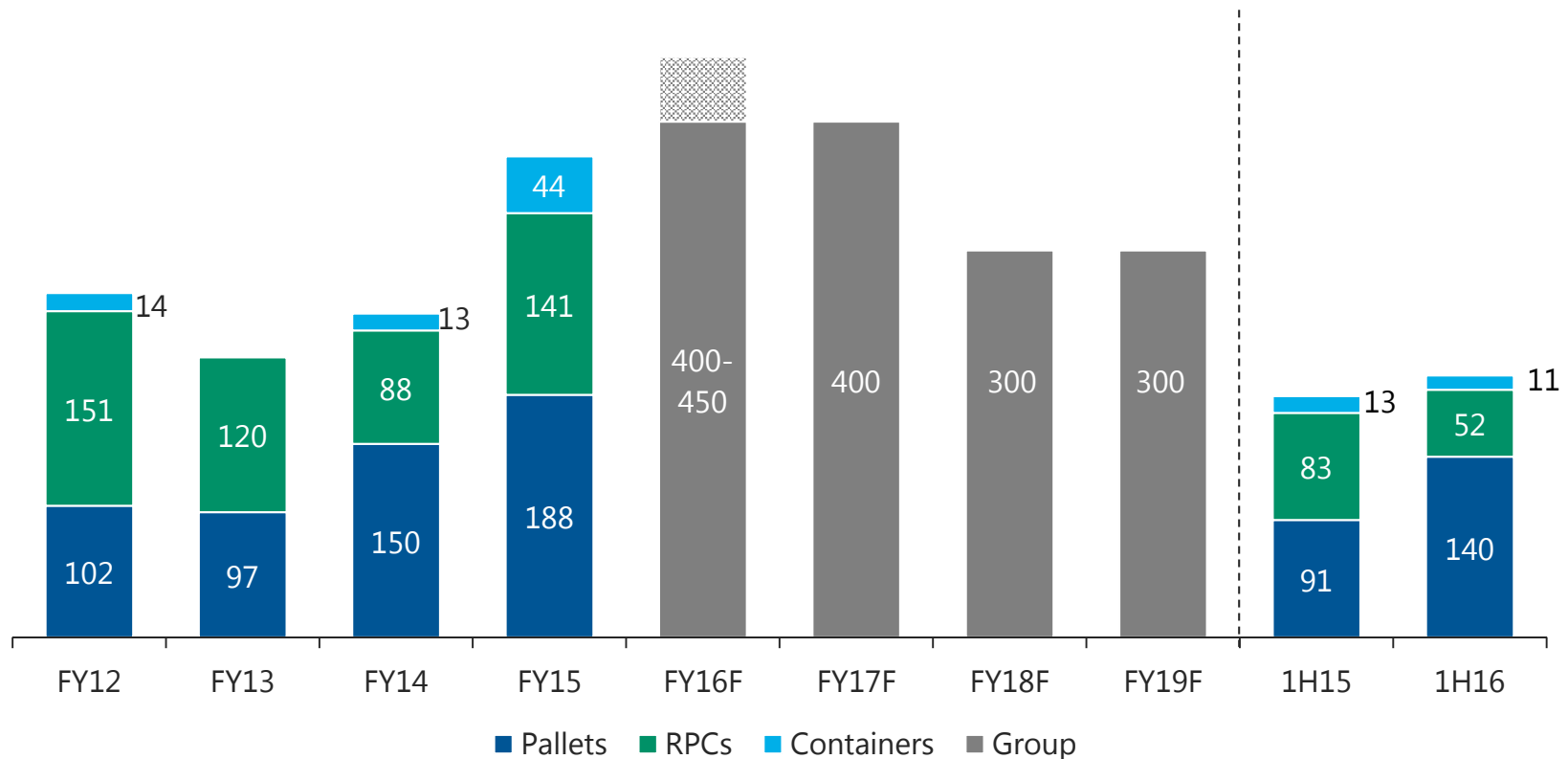


# Cash flow reconciliation

(US\$M)	1H16	1H15	Change
<b>EBITDA</b>	<b>745</b>	<b>763</b>	<b>(18)</b>
Capital expenditure	(553)	(521)	(32)
Proceeds from sale of property, plant and equipment	49	38	11
Working capital movement	(11)	(27)	16
IPEP expense	40	42	(2)
Other	(10)	(27)	17
<b>Cash Flow from Operations</b>	<b>260</b>	<b>269</b>	<b>(9)</b>
Significant Items and discontinued operations	(20)	(27)	7
Financing costs and tax	(117)	(127)	10
<b>Free Cash Flow</b>	<b>124</b>	<b>115</b>	<b>9</b>
Dividends paid	(87)	(186)	99
<b>Free Cash Flow after dividends</b>	<b>37</b>	<b>(72)</b>	<b>109</b>

# Continued investment in our growth

Growth capital expenditure on pooling equipment (US\$M)



## Balance sheet position

	December 2015	June 2015
Net debt	US\$2,658M	US\$2,689M
Average term of committed facilities	4.4 years	3.9 years
Undrawn committed facilities	US\$1.4B	US\$0.9B
	1H16	1H15
EBITDA/net finance costs (x)	13.7	12.9
Net debt/EBITDA (x)	1.78	1.86



## Closing Remarks

Tom Gorman, CEO

# Executing against our strategic goals

## Investing in network advantage

### 1H16 progress

- Growth capex to support customers and leverage network position
- Brand and go-to-market investment
- Creation of BXB Digital; appointment of Prasad Srinivasamurthy

## Driving operational and organisational efficiency

### 1H16 progress

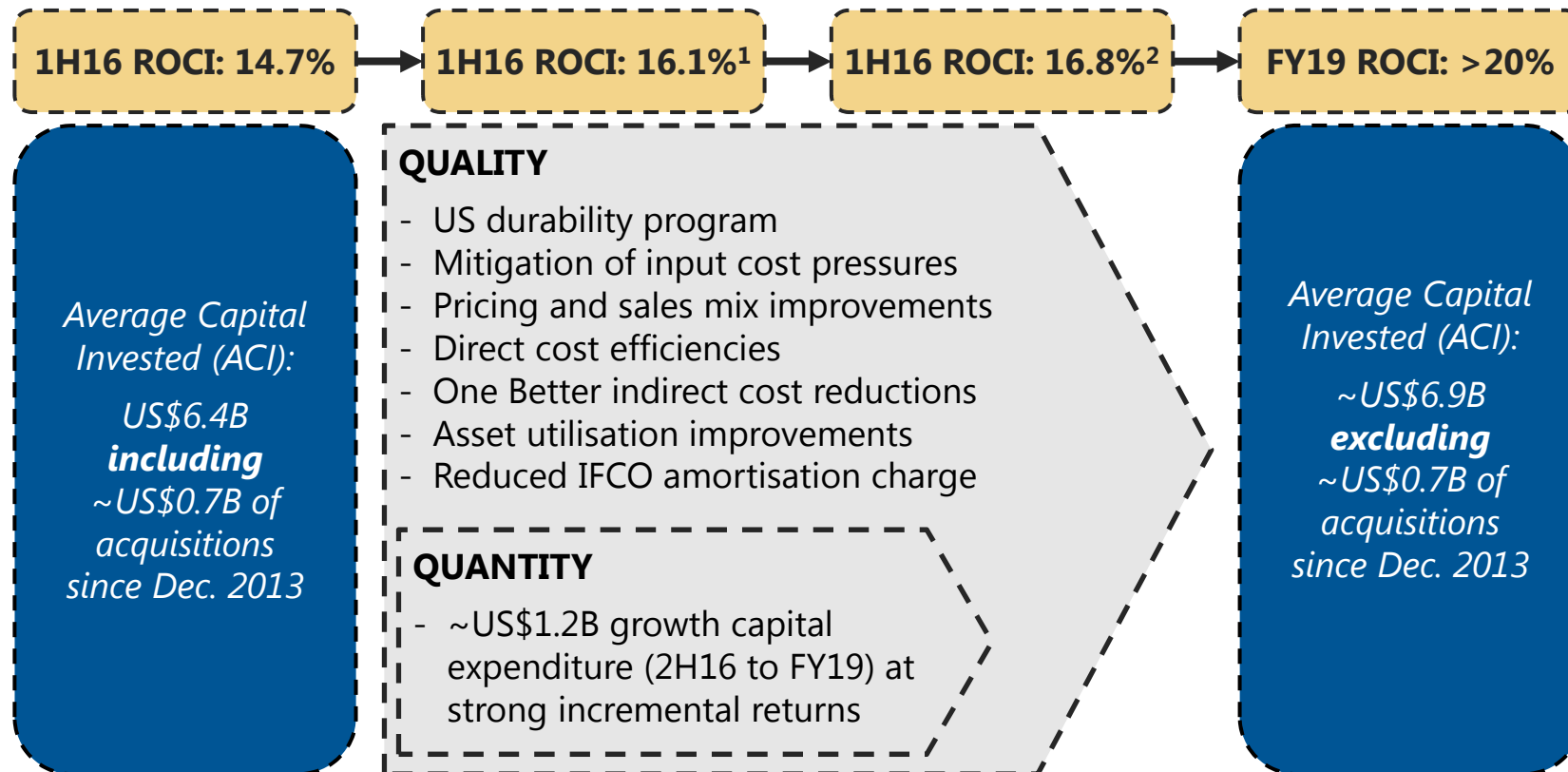
- Operational efficiencies largely offsetting direct cost pressures
- One Better business improvement program on track

## Disciplined capital allocation for long-term growth

### 1H16 progress

- Growth capex heavily oriented to well-established businesses
- Focus on all business units' ability to deliver satisfactory scale and returns within timeframe acceptable to shareholders

# Commitment to higher returns



<sup>1</sup> 1H16 ROCI is adjusted to exclude the impact of acquisitions since December 2013.

<sup>2</sup> 1H16 ROCI further adjusted for currency translation and first-half vs. second half phasing.



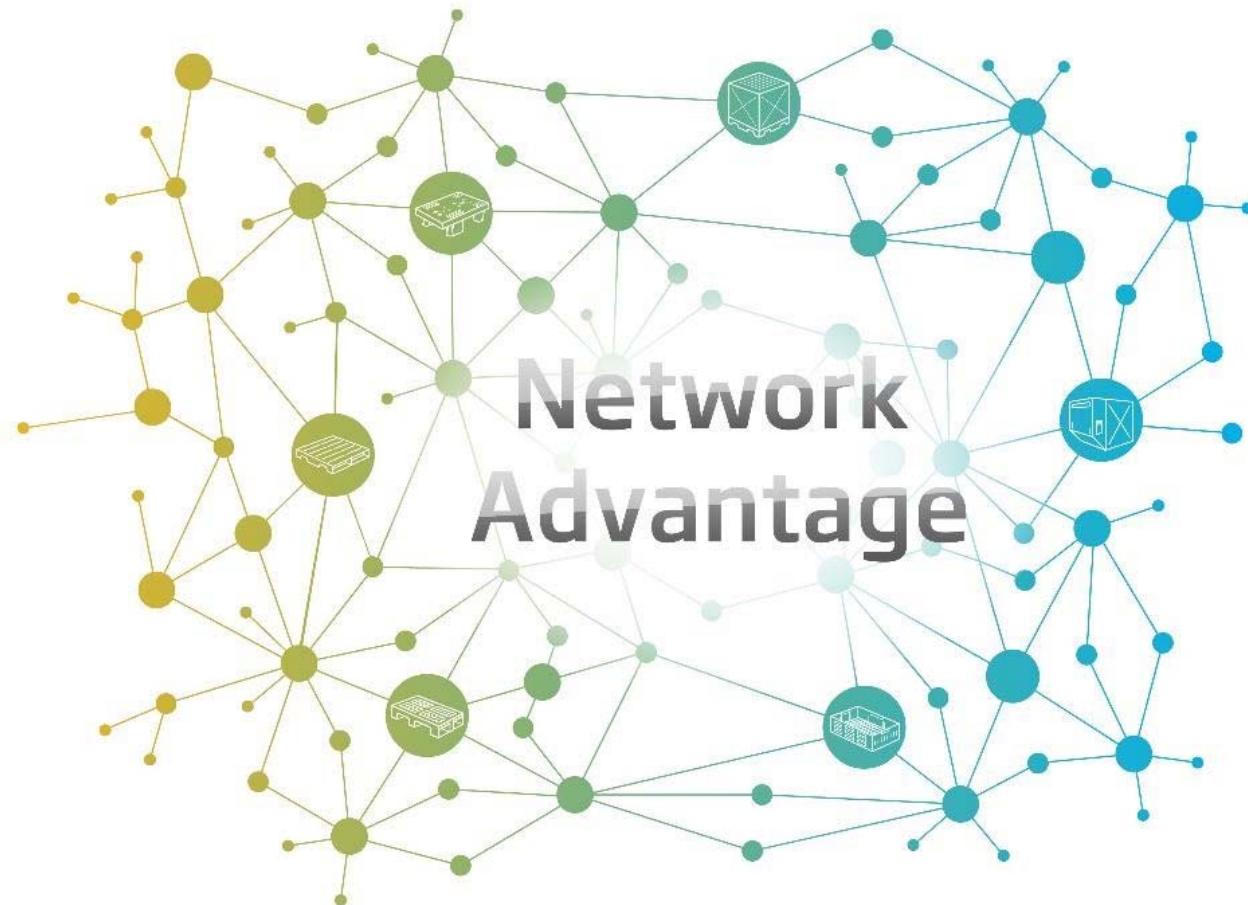
## Key points recap

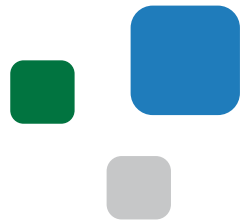
- 1 Strong 1H16 result with good leverage from sales to profit
- 2 FY16 sales revenue and Underlying Profit guidance increased
- 3 Keen focus on effective capital allocation across all businesses
- 4 FY19 objectives reaffirmed

# Brambles

## Half-Year 2016 Results

22 February 2016





# 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 six-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.
Brambles Injury Frequency Rate (BIFR)	Safety performance indicator that measures the combined number of fatalities, lost time injuries, modified duties and medical treatments per million hours worked.
Brambles Value Added (BVA)	Represents the value generated over and above the cost of the capital used to generate that value. It is calculated using fixed June 2015 exchange rates as: <ul style="list-style-type: none"> <li>• Underlying Profit; plus</li> <li>• Significant Items that are part of the ordinary activities of the business; less</li> <li>• Average Capital Invested, adjusted for accumulated pre-tax Significant Items that are part of the ordinary activities of the business, multiplied by 12%.</li> </ul>
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"> <li>- Depreciation expense;</li> <li>- Irrecoverable Pooling Equipment Provision expense; and</li> <li>- Net book value of compensated assets and scraps (disposals).</li> </ul> <p>Used as a proxy for the cost of leakage and scraps in the income statement and estimating replacement capital expenditure.</p>
Earnings per share (EPS)	Profit after 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 1

## 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	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.
Return on Capital Invested (ROCI)	Underlying Profit divided by Average Capital Invested.
RPCs	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: <ul style="list-style-type: none"> <li>- 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</li> <li>- Part of the ordinary activities of the business but unusual due to their size and nature.</li> </ul>
Underlying Profit	Profit from continuing operations before finance costs, tax and Significant Items.

## Appendix 2

### Summary of FY19 objectives

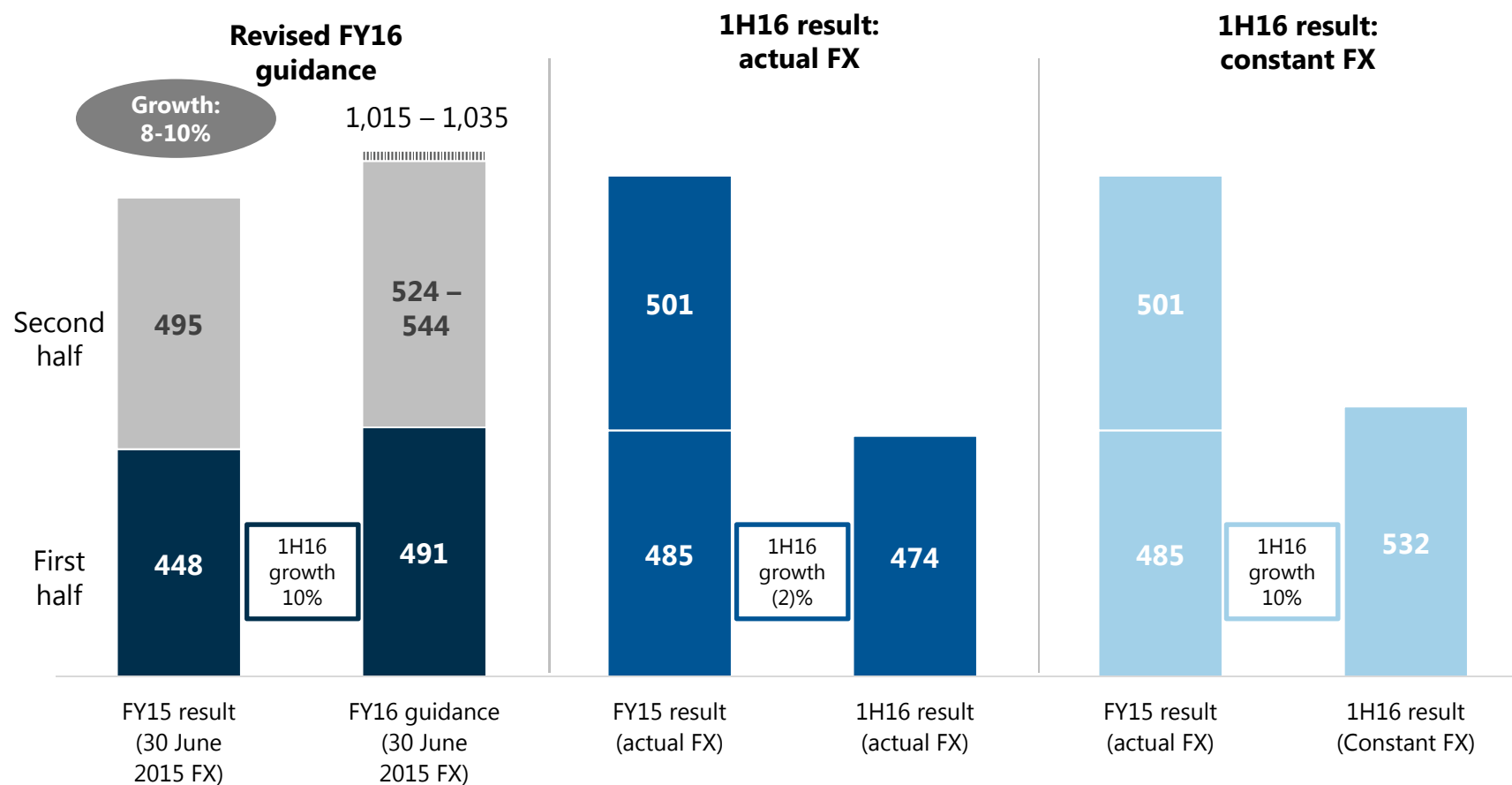
---

Average sales revenue growth (constant FX)	"High single digits" (7-9%)
One Better indirect cost reductions (vs. FY14)	US\$100M by FY19 (US\$20M delivered to date)
Average Underlying Profit growth (constant FX)	Positive leverage on sales growth
Growth capex (30 June 2015 FX)	~US\$1.2B from 2H16 to FY19
Return on Capital Invested (December 2013 basis)	20%

---

# Appendix 3

## Underlying Profit currency reconciliation (US\$M)





## Appendix 4

### 1H16 currency mix

(US\$M)	Total	USD	EUR	GBP	AUD	CAD	ZAR	MXN	CHF	BRL	Other <sup>1</sup>
Pallets	<b>2,046</b>	964	367	169	121	130	58	70	5	24	138
RPCs	<b>482</b>	98	220	39	38	-	10	-	29	5	43
Containers	<b>224</b>	38	68	40	26	6	5	-	13	1	27
Sales revenue	<b>2,752</b>	1,100	655	248	185	136	73	70	47	30	208
1H16 share	<b>100%</b>	40%	24%	9%	7%	5%	3%	3%	2%	1%	6%
1H15 share	<b>100%</b>	37%	25%	10%	8%	5%	3%	3%	2%	2%	5%
Net debt <sup>2</sup>	<b>2,658</b>	1,335	1,341	427	(602)	(76)	56	-	15	20	142

<sup>1</sup> No individual currency within 'Other' exceeds 1% of 1H16 Group sales revenue at actual FX rates.

<sup>2</sup> Net debt shown after adjustments for impact of financial derivatives.

# Appendix 5

## Major currency exchange rates<sup>1</sup>

USD exchange rate:		USD	EUR	GBP	AUD	CAD	MXN	ZAR	CHF	BRL
Average	1H16	1.0000	1.0979	1.5245	0.7179	0.7515	0.0597	0.0722	1.0147	0.2685
	1H15	1.0000	1.2759	1.6180	0.8832	0.8959	0.0736	0.0911	1.0572	0.4146
As at	31 Dec 15	1.0000	1.0928	1.4809	0.7277	0.7205	0.0575	0.0643	1.0113	0.2525
	30 June 15	1.0000	1.1220	1.5729	0.7673	0.8056	0.0637	0.0816	1.0800	0.3207

<sup>1</sup> Includes all currencies that exceed 1.0% of 1H16 Group sales revenue, at actual FX rates

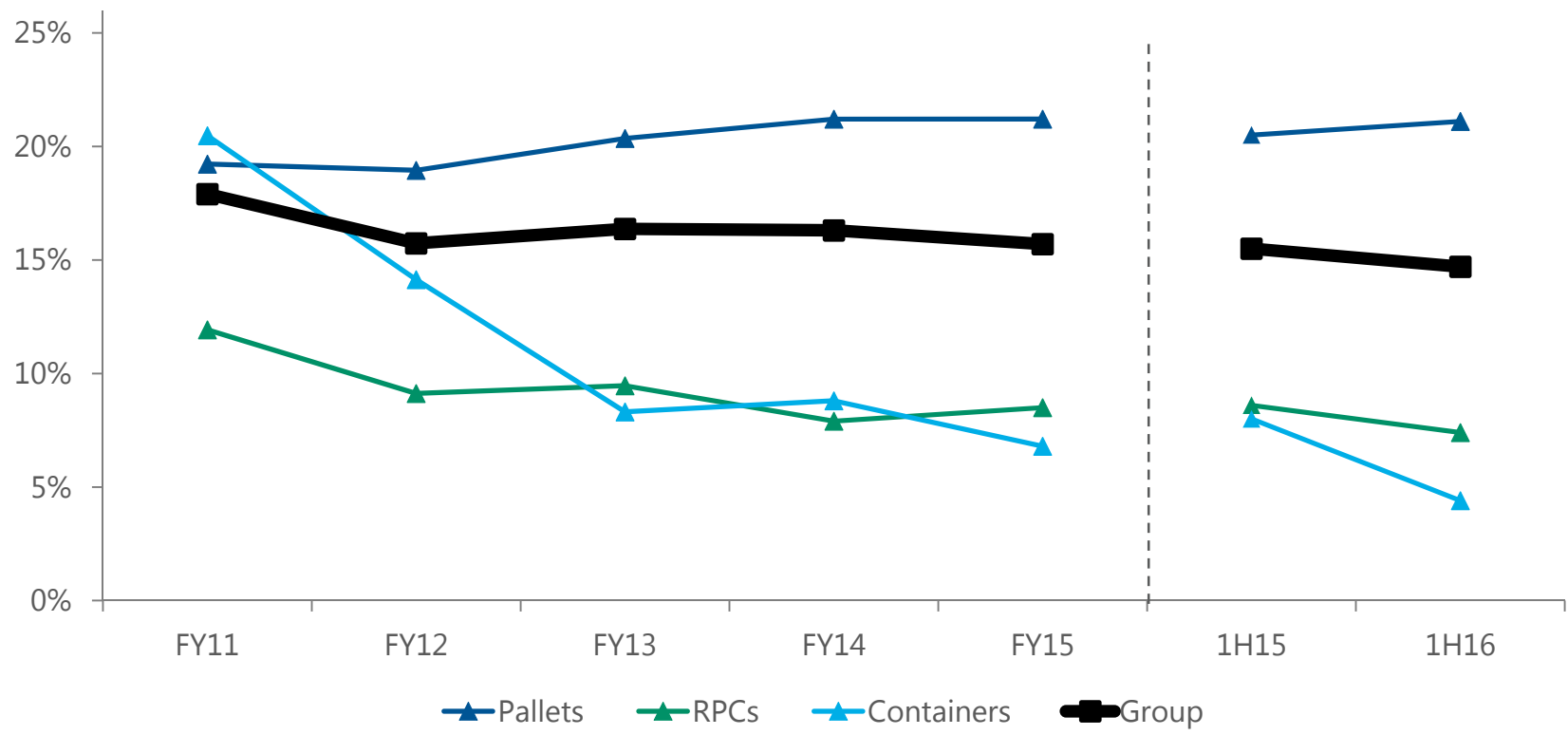
# Appendix 6

## Detailed reconciliation of Underlying to statutory earnings

(US\$M, continuing operations)	1H16	1H15	1H16	1H15	1H16	1H15
	Underlying		Significant Items		Statutory	
<b>Profit before interest and tax</b>	<b>474</b>	<b>485</b>	<b>(11)</b>	<b>(19)</b>	<b>463</b>	<b>466</b>
Net finance and tax costs	(178)	(184)	6	4	(172)	(180)
<b>Profit after tax</b>	<b>296</b>	<b>301</b>	<b>(5)</b>	<b>(15)</b>	<b>291</b>	<b>286</b>
Weighted average number of shares	1,573	1,564			1,573	1,564
<b>Basic earnings per share (US¢)</b>	<b>18.8¢</b>	<b>19.3¢</b>			<b>18.5¢</b>	<b>18.3¢</b>






# Appendix 7

## Return on Capital Invested (ROCI)



# Appendix 8

## Trends in use of capital

Use of capital	FY11-FY15 average	FY16 trend	
Replacement pooling capex	~US\$560M p/a		<ul style="list-style-type: none"> <li>- Average five-year ROCI, ex intangibles, has been 22%</li> <li>- Incremental upside from asset utilisation, operating margin improvements</li> </ul>
Organic growth pooling capex	~US\$250M p/a		<ul style="list-style-type: none"> <li>- Expected to drive "high single digit" % sales revenue growth at constant FX</li> <li>- Generally drives aggregate incremental ROCI in excess of 20%</li> </ul>
Acquisitions	~US\$360M p/a		<ul style="list-style-type: none"> <li>- Long-term opportunity should complement existing portfolio</li> </ul>
Progressive dividend policy	~US\$360M p/a		<ul style="list-style-type: none"> <li>- Increased in Australian cents with consideration to growth funding needs</li> <li>- Actual amount impacted by USD:AUD FX</li> </ul>
Other capital management	N/A		<ul style="list-style-type: none"> <li>- Would be pursued if cash available exceeded growth investment opportunity</li> </ul>

# Appendix 9

## Credit facilities and debt profile

Maturity	Type	Committed facilities	Uncommitted facilities	Debt drawn	Headroom
(US\$B at 31 December 2015)					
<12 months	Bank/USPP <sup>1</sup> /Other	0.3	0.3	0.2	0.4
1 to 2 years	Bank/Other	0.8	-	0.1	0.7
2 to 3 years	Bank/EMTN <sup>2</sup> /Other	0.8	-	0.6	0.2
3 to 4 years	Bank/USPP <sup>1</sup> /Other	0.4	-	0.3	0.1
4 to 5 years	Bank/144A <sup>3</sup> /Other	0.8	-	0.6	0.2
>5 years	EMTN <sup>2</sup> /144A <sup>3</sup> /Other	1.1	-	1.1	-
<b>Total</b>		<b>4.2</b>	<b>0.3</b>	<b>2.9</b>	<b>1.6</b>

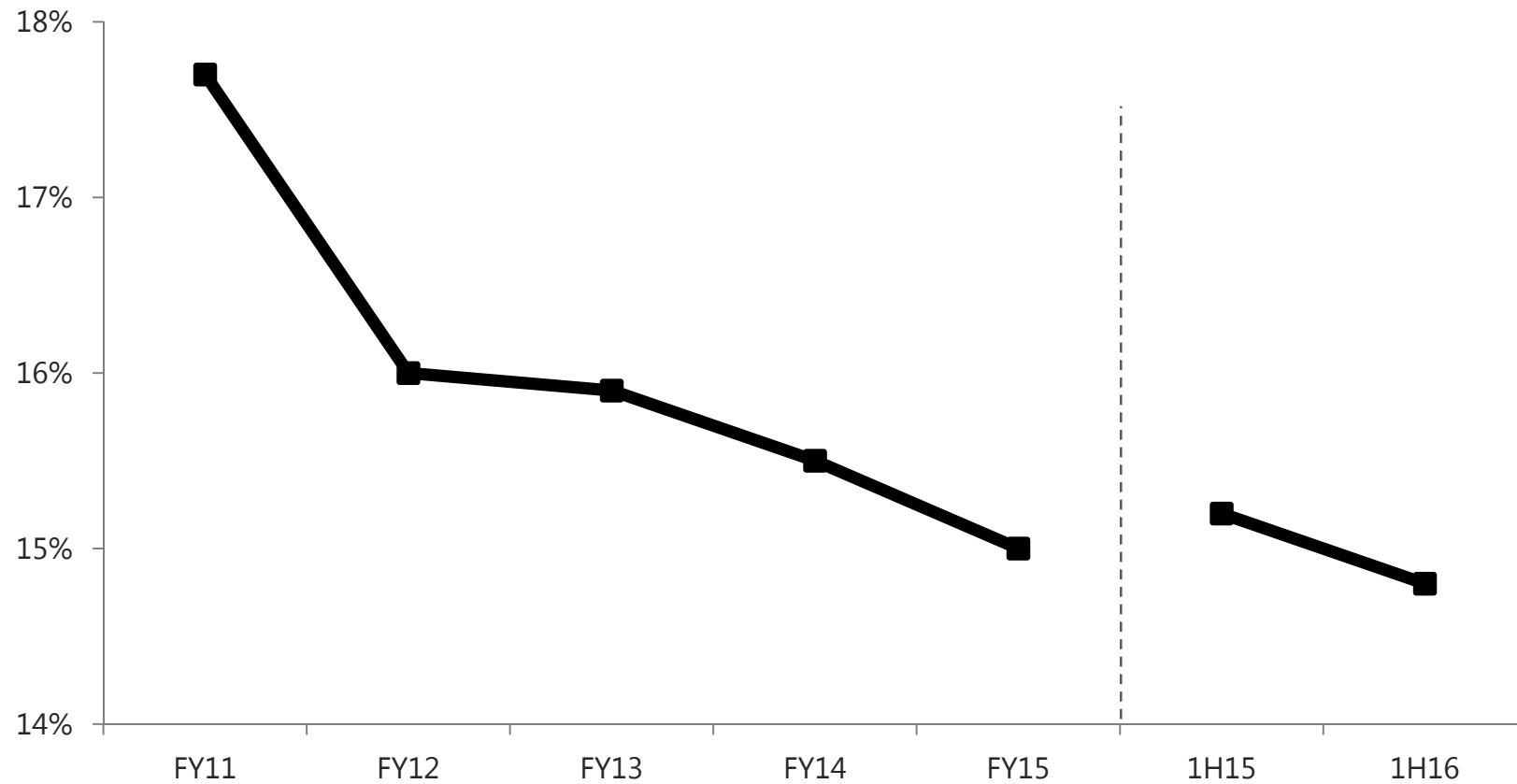
<sup>1</sup> US Private Placement notes

<sup>2</sup> European Medium Term Notes

<sup>3</sup> US 144A bonds

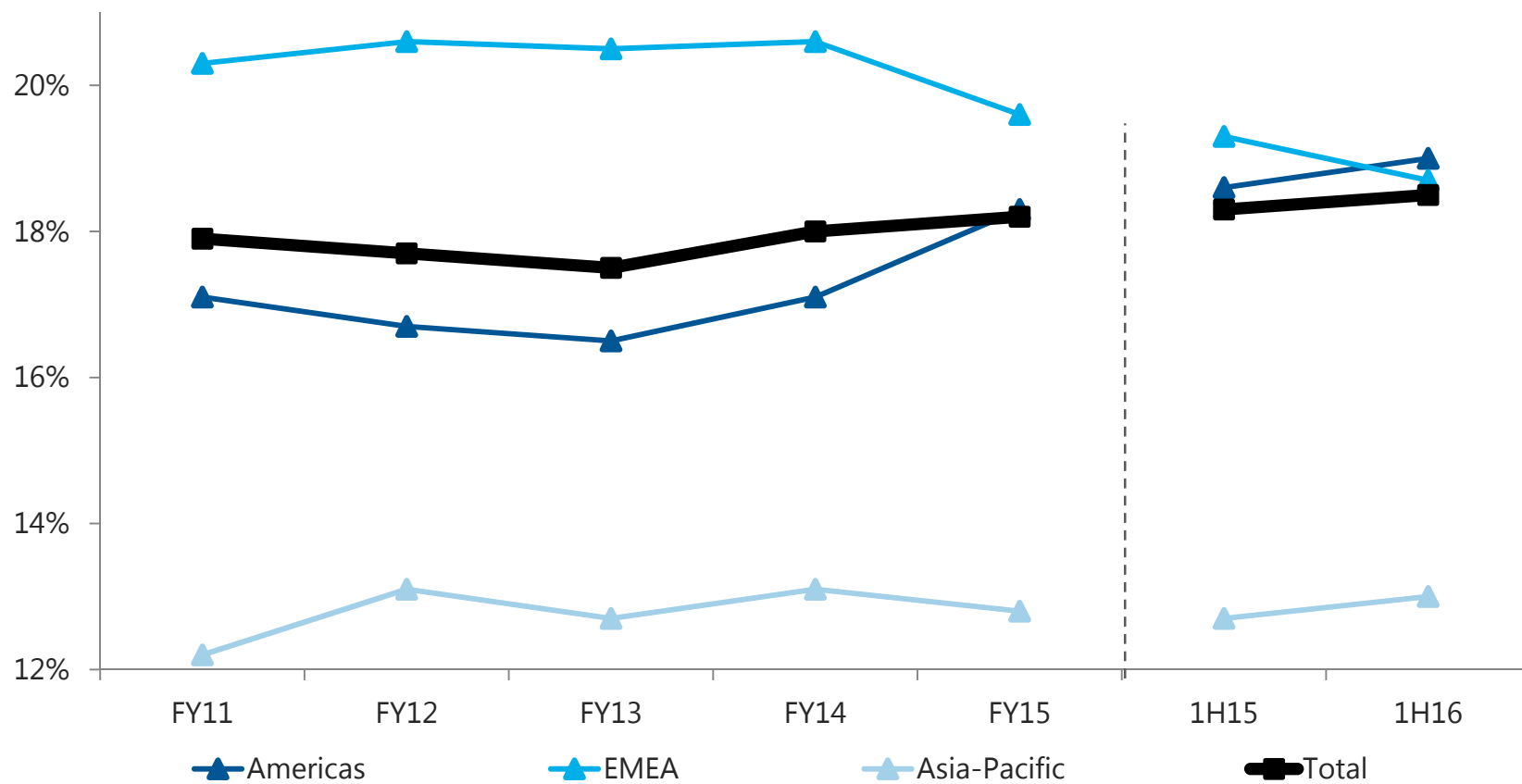
# Appendix 10

## Group: overhead costs/sales revenue



# Appendix 11

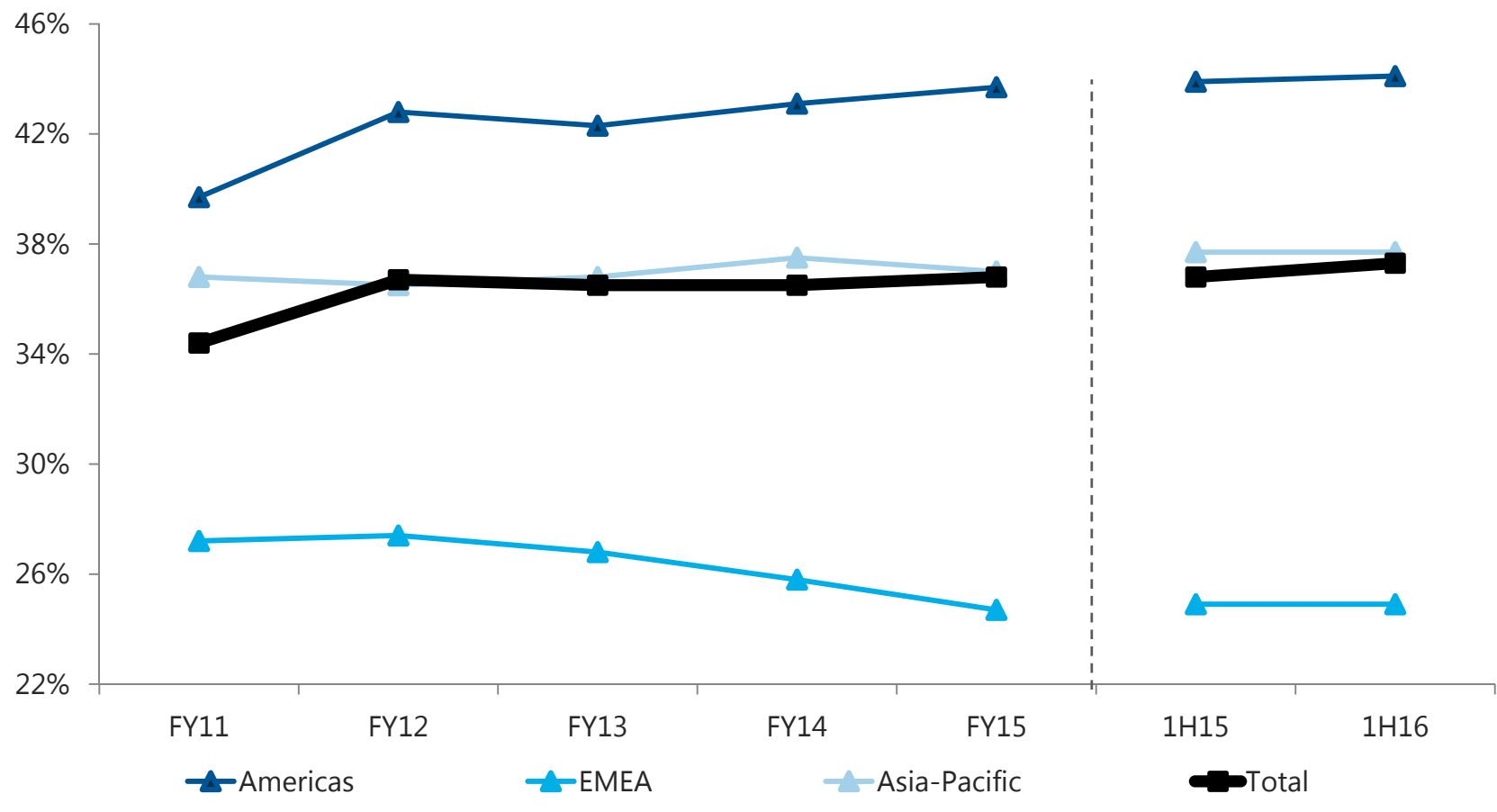
## Pallets: net transport cost/sales revenue





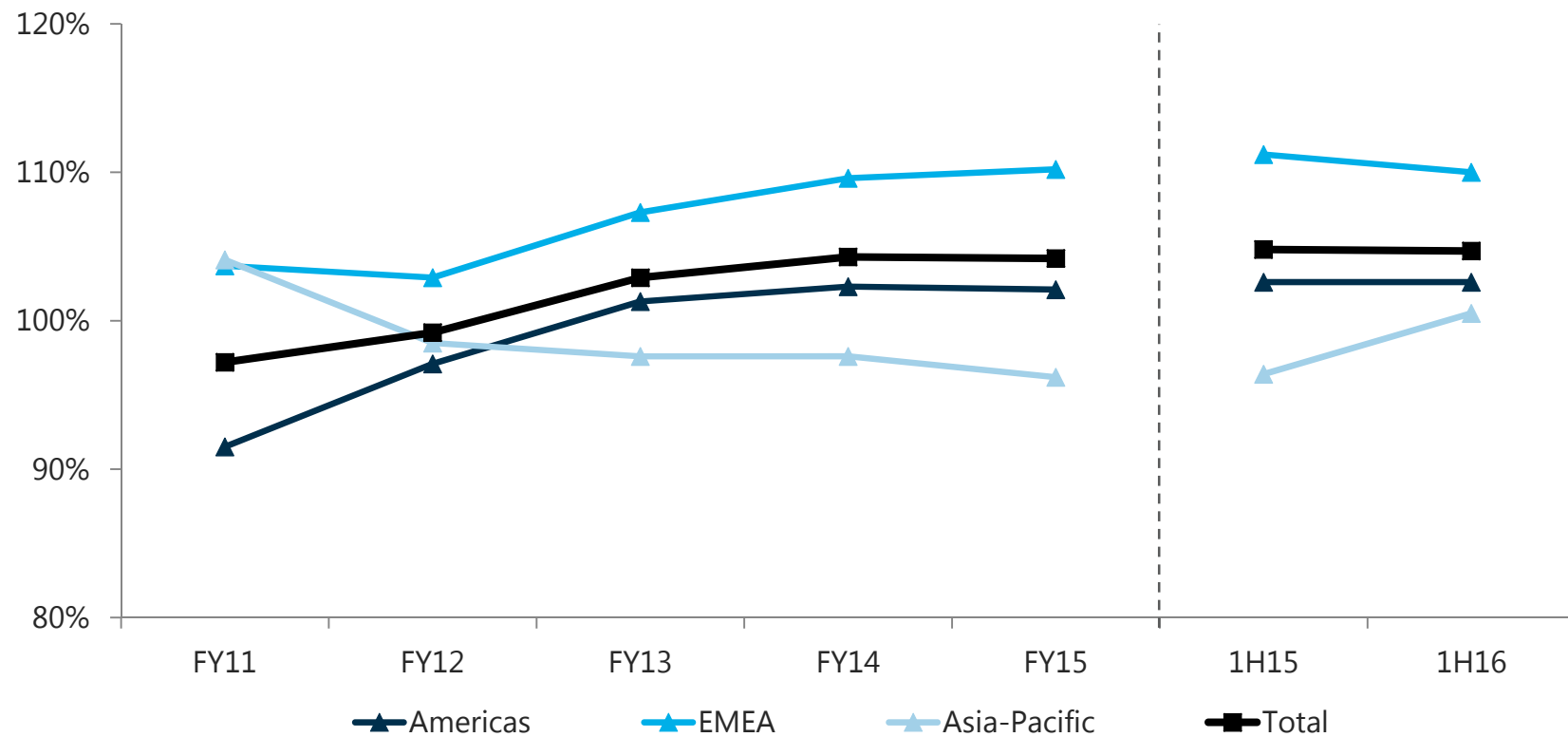
# Appendix 12

## Pallets: net plant costs/sales revenue



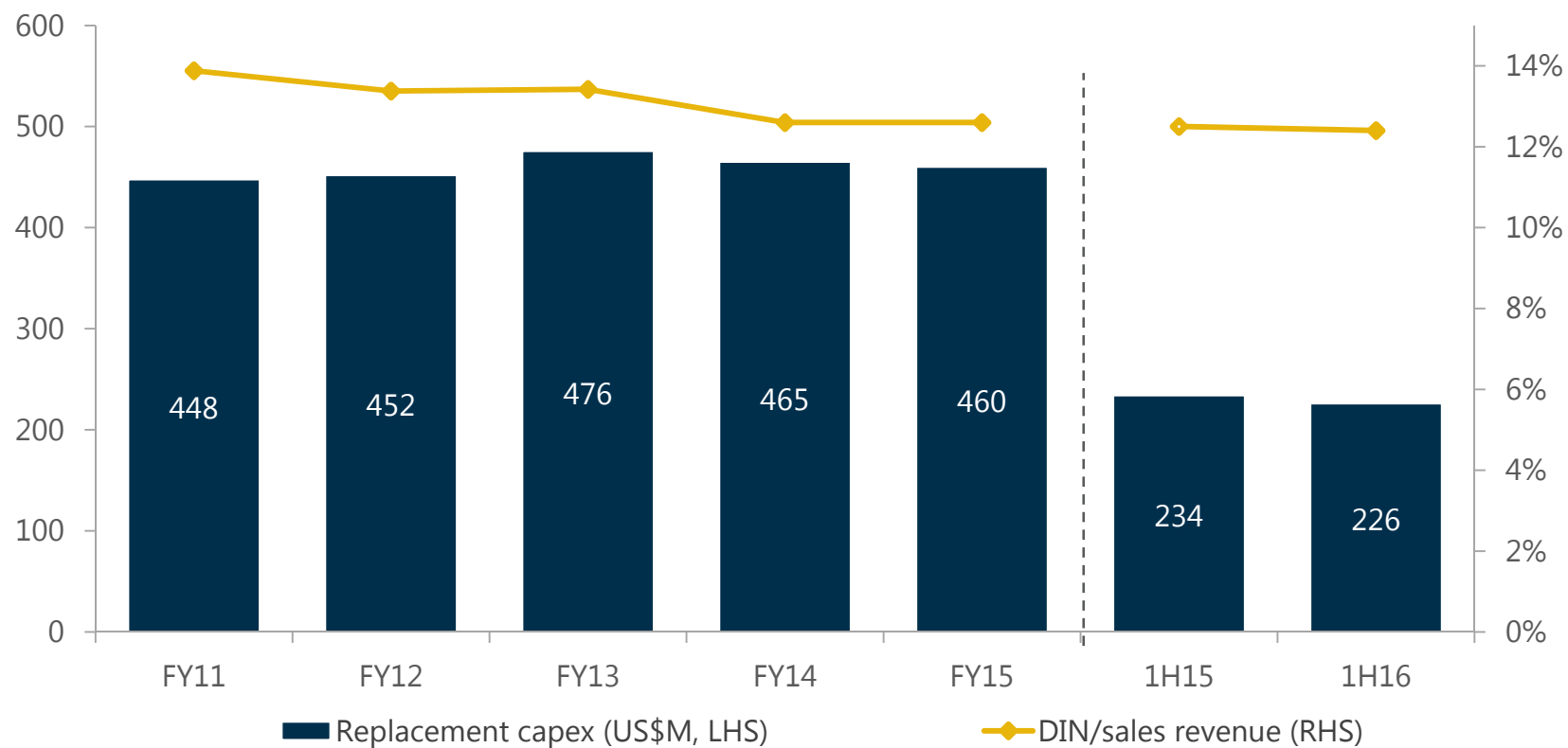
# Appendix 13

## Pallets sales revenue/Average Capital Invested



# Appendix 14

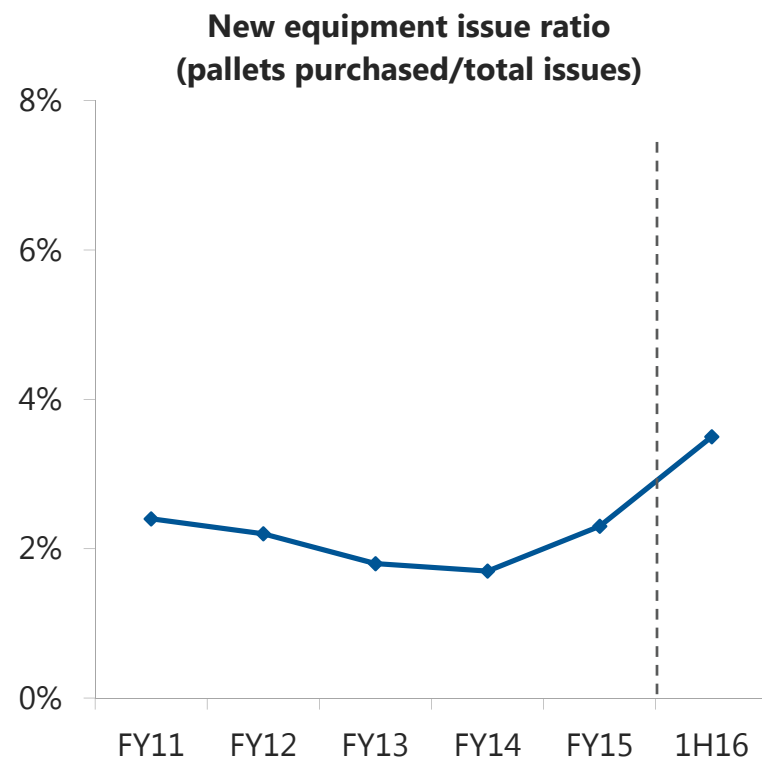
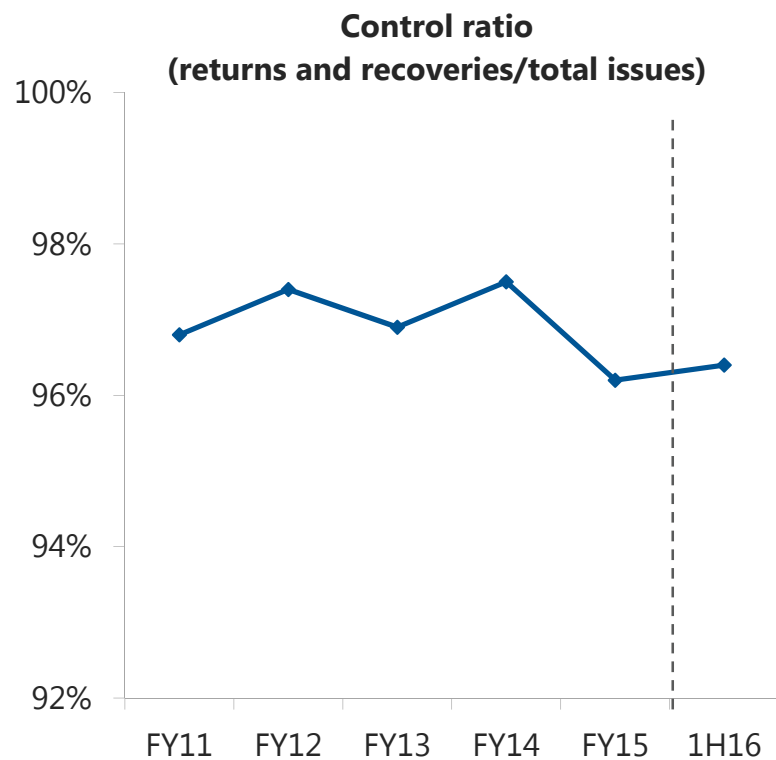
## Pallets replacement capital expenditure



Note: data excluded USA recycled pallet operations

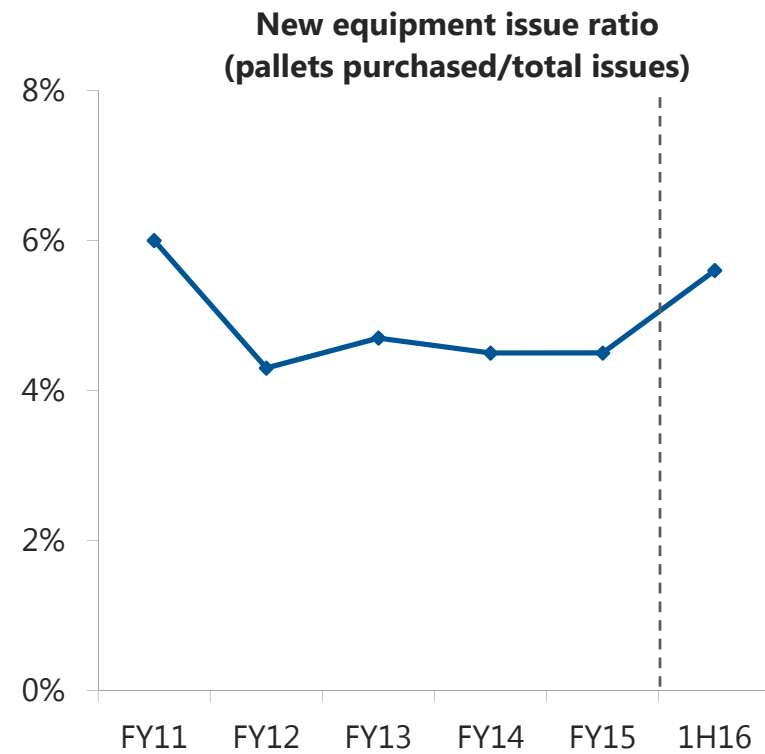
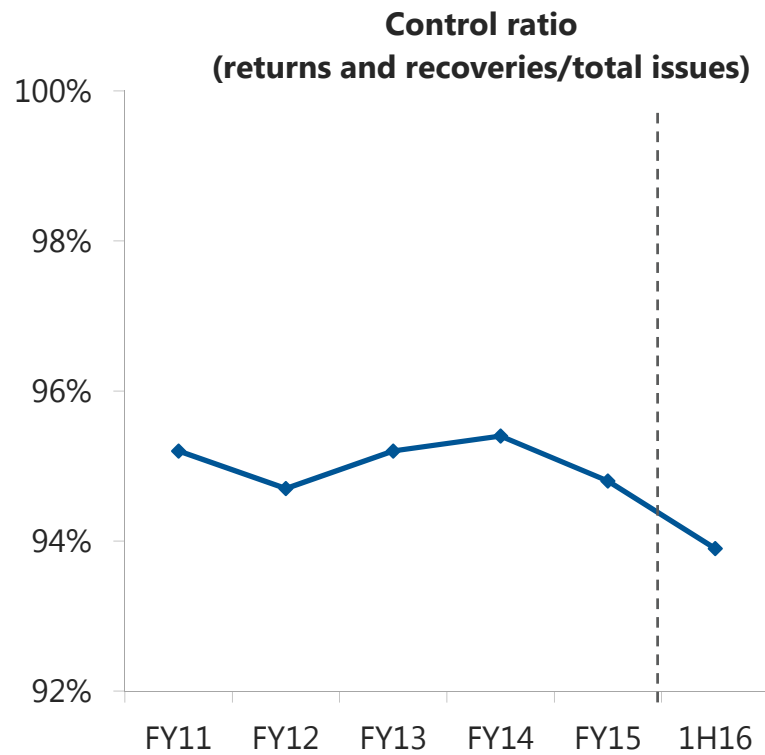
# Appendix 15a

## CHEP USA pallet productivity trends (B4840)



# Appendix 15b

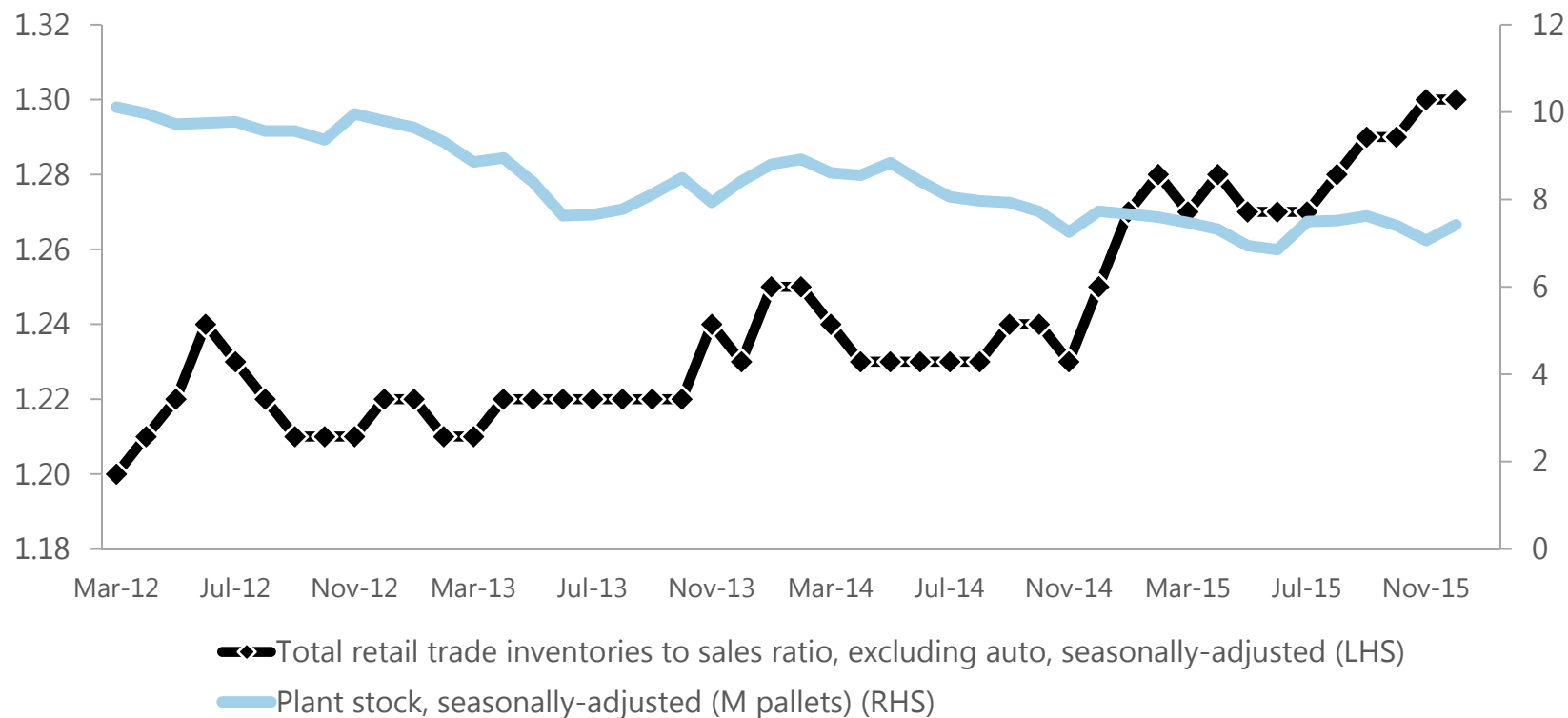
## CHEP Europe pallet productivity trends (B1210 and B1208)



# Appendix 16

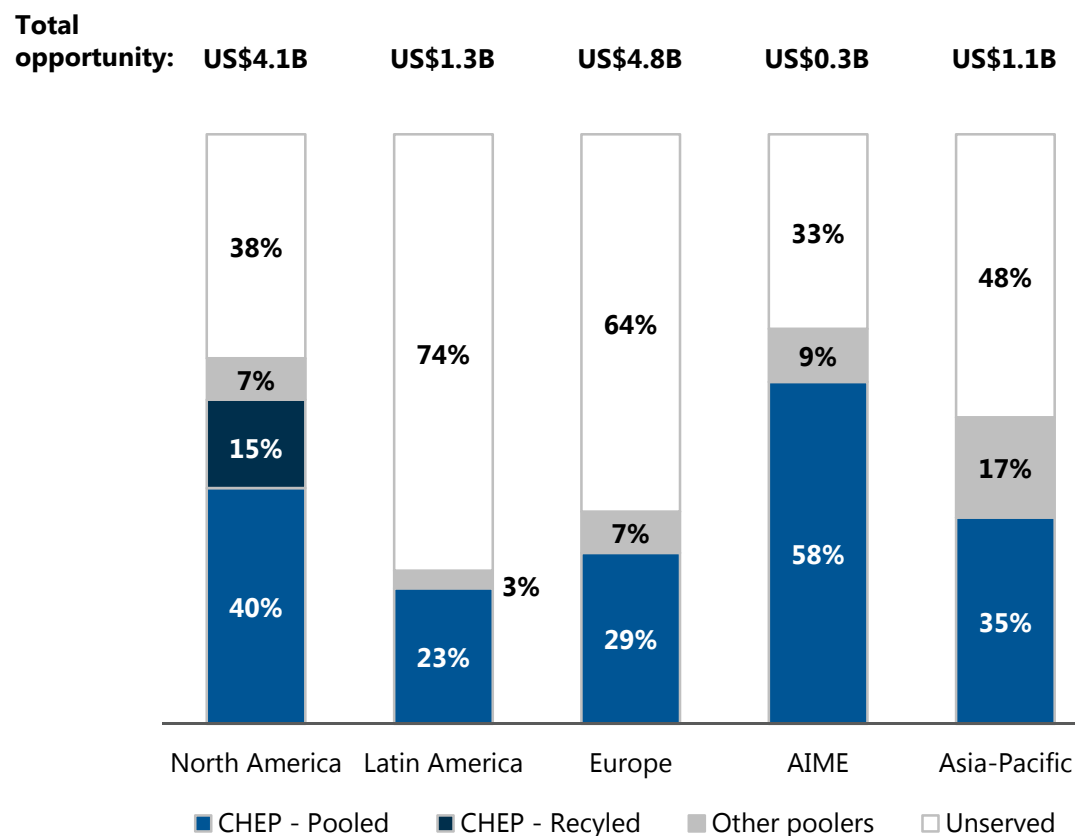
## US inventories and pallet demand

US retail trade inventories/sales vs. CHEP USA plant stock



# Appendix 17a

## Addressable opportunity: Pallets



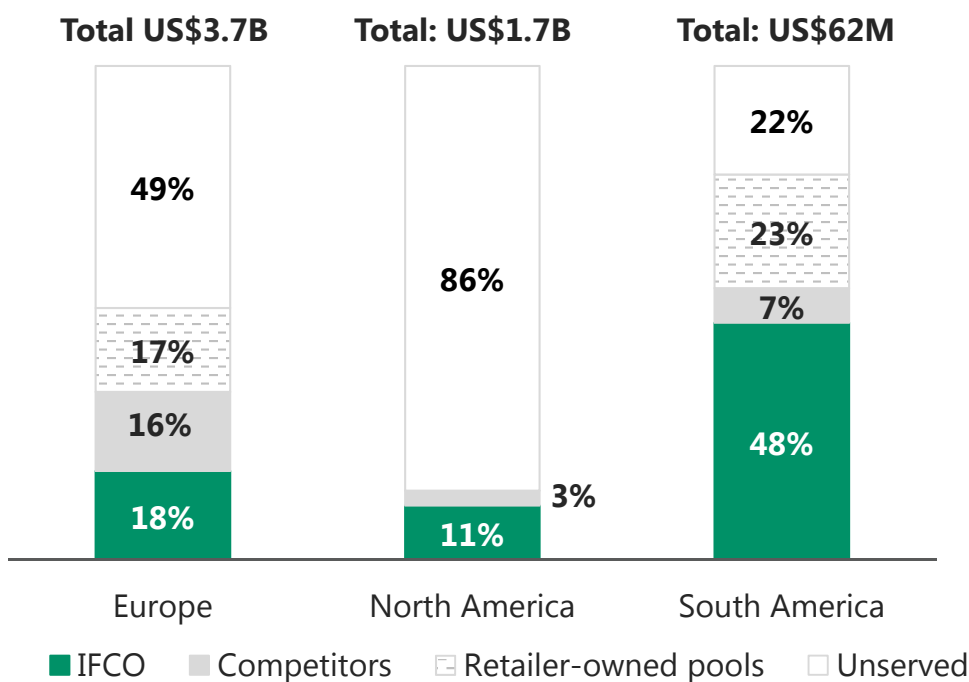
**Notes:**

- **Addressable opportunity** reflects Brambles' estimate of addressable FMCG standard-size opportunity in currently served countries only. The opportunity reflects an assessment of the current opportunity based on the level of supply-chain modernization in each country.
- **North America opportunity** reflects Brambles' estimate of total 48x40inch pooled and recycled pallet flows in the USA and Canada.
- **Latin America opportunity** reflects Brambles' estimate of addressable FMCG standard-size opportunity in currently served countries only. The opportunity also reflects an assessment of the current opportunity based on the level of supply-chain modernization in each country.
- **Europe** addressable opportunity does not include the Ukraine and Russia.
- **AIME** is Africa, India & Middle East.

Brambles' estimates, September 2015; all financial data shown at 30 June 2014 FX rates; Brambles' share based on FY15 sales revenue.

# Appendix 17b

## IFCO RPCs: addressable opportunity



### Notes:

- **Addressable opportunity:** Brambles' estimates of fresh produce RPC opportunity (grocery sector only), based on recollection volumes from retailers. Opportunity includes served countries only and, in emerging markets, reflects an assessment of current opportunity based upon the level of supply-chain modernization in each country.

Note: based on Brambles estimates, September 2015; all financial data shown at 30 June 2014 FX rates; Brambles' share based on FY15 sales revenue.



# Disclaimer

*The release, publication or distribution of this presentation in certain jurisdictions may be restricted by law and therefore persons in such jurisdictions into which this presentation is released, published or distributed should inform themselves about and observe such restrictions.*

*This presentation does not constitute, or form part of, an offer to sell or the solicitation of an offer to subscribe for or buy any securities, nor the solicitation of any vote or approval in any jurisdiction, nor shall there be any sale, issue or transfer of the securities referred to in this presentation in any jurisdiction in contravention of applicable law.*

*Persons needing advice should consult their stockbroker, bank manager, solicitor, accountant or other independent financial advisor. Certain statements made in this presentation are forward-looking statements.*

*These forward-looking statements are not historical facts but rather are based on Brambles' current expectations, estimates and projections about the industry in which Brambles operates, and beliefs and assumptions. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. These statements are not guarantees of future performance and are subject to known and unknown risks, uncertainties and other factors, some of which are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the view of Brambles only as of the date of this presentation.*

*The forward-looking statements made in this presentation relate only to events as of the date on which the statements are made. Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this presentation except as required by law or by any appropriate regulatory authority*

# Investor Relations contacts

## **James Hall**

Vice President, Investor Relations & Corporate Affairs

[james.hall@brambles.com](mailto:james.hall@brambles.com)

+61 2 9256 5262

+61 401 524 645

## **Raluca Chiriacescu**

Manager, Investor Relations

[raluca.chiriacescu@brambles.com](mailto:raluca.chiriacescu@brambles.com)

+61 2 9256 5211

+61 427 791 189

# Brambles

## Half-Year 2016 Results

22 February 2016

