

Chairman's address

Stephen Johns, Chairman

Good afternoon ladies and gentlemen, it is a great privilege to address you today as Chairman of Brambles.

Brambles, as you know, is the global leader in platform pooling solutions servicing customers in approximately 60 countries with around 330 million pallets, crates and containers and supported by a network of over 750 service centres.

In FY19, we achieved strong revenue growth and an increase in earnings despite cost inflation in our global businesses and some broader cost challenges during the Year.

In constant currency terms, our sales revenue was US\$4.6 billion, up 7% on the previous year, and Underlying Profit increased 2% to US\$803.7 million.

The Board declared total dividends for the year of 29.0 Australian cents per share, in line with FY18. The interim dividend was 65% franked and the final dividend, which will be paid today, is 30% franked.

In May this year, following a comprehensive strategic review and successful sale process, we completed the sale of our IFCO RPC business to Triton and a subsidiary of the Abu Dhabi Investment Authority for US\$2.5 billion.

With this sale complete, Brambles is now one streamlined business, with a real opportunity to leverage its industry leadership to become more responsive to customers' needs and global supply chain challenges.

It is within this context that the Board and management team are taking active steps to reshape Brambles for success into the 2020s and beyond. We are focused on becoming more customer-centric and deploying new physical and digital technologies to transform our service offerings and how we operate.

We intend to return US\$1.95 billion of the sale proceeds to you, our shareholders, through two mechanisms. The first is an on-market share buy-back of up to US\$1.65 billion which commenced on 4 June 2019. We expect to implement this in an orderly manner through to FY21.

The second is a pro-rata cash return of 29 Australian cents per share equivalent to approximately US\$300 million. This cash return is in addition to your normal dividend and has two components: a capital return of 12 Australian cents per share, which is subject to shareholder approval at today's AGM, and a special dividend of 17 Australian cents per share which will be paid to shareholders on 22 October 2019.

The remaining proceeds will be utilised to reduce debt to maintain our strong balance sheet and investment grade credit rating.

The Board has also undertaken a review of our dividend policy and capital structure.

We have decided to move to a payout based dividend policy commencing with the 2020 interim dividend. This policy will target a payout ratio of 45-60% of Underlying Profit after finance costs and tax, subject to the Company's cash requirements, and will be declared in US currency and converted and paid in Australian currency.

The Board believes this dividend policy, while potentially creating increased volatility in Australian dollar terms, is appropriate to support future growth opportunities, align shareholder payments with movements in our earnings which are reported in US dollars and maintain Brambles' strong investment grade credit profile.

I will now turn to Board composition and renewal.

In light of my intention to step down as Chairman at the end of my current term, a Sub-Committee, of the Board, chaired by Tony Froggatt, was formed to conduct the succession process for the Board. This process remains on track to appoint a successor in advance of my retirement in 2020.

As part of the ongoing Board renewal process, changes to the composition of the Board during FY19 saw the retirement of Carolyn Kay at the conclusion of the 2018 AGM and the appointment of Jim Miller as a Non-Executive Director in March 2019.

With a career spanning senior executive roles at companies such as Amazon, Google, IBM and Cisco, Jim has extensive experience and detailed knowledge of digital technology and data analytics, and the value these can add to supply chains. Jim stands for election at today's AGM.

Additionally, one of our long-standing Non-Executive Directors, David Gosnell has decided not to stand for re-election and will retire at today's AGM.

On behalf of the Board, I would like to welcome Jim and thank both David and Carolyn for their valuable contributions. Tony Froggatt, who has been on the Board for 13 years, has agreed to stand for re-election at today's AGM to facilitate a smooth transition for the new Chair and provide continuity and stability for the Board. If re-elected, Tony has indicated that he will retire within his three-year term.

Non-Executive Director, George El-Zoghbi, who joined the Board in 2016 also stands for re-election at today's AGM.

We as a Board were conscious that replacing Carolyn Kay with Jim Miller meant that the female representation on our Board reduced from four members to three representing 27%. While our aim is always to recruit the best candidate, we are also very mindful of the importance of gender diversity and achieving our 30% target representation at Board level. This will be an important factor in our future recruitment process as we seek replacements for David Gosnell and Tony Froggatt.

To conclude, I would like to thank our management team and all our employees for their efforts and ongoing commitment during the Year, and you, our shareholders, for your attendance at this year's AGM and for your ongoing support for Brambles.

CEO's address

Graham Chipchase, CEO

Good afternoon ladies and gentlemen.

Our vision and strategy

At Brambles our purpose is to connect people with life's essentials every day.

Through our 'share and reuse' model, we move more goods to more people in more places than any other organisation, and that's something we're very proud of, as it allows us to make a real contribution to shaping a smarter, more sustainable future.

In keeping with this theme in FY19 we launched 'Zero Waste World', a new working collaboration for leading companies committed to creating smarter and more sustainable supply chains.

With our network capabilities and the power of our logistics platform, we are working with our customers to find new ways to address three critical industry challenges: eliminating waste; eradicating empty transport miles; and cutting out inefficiency in supply chains.

Sharing these global challenges, we have a unique opportunity to accelerate simple and sustainable solutions.

Similarly, we worked on the fundamentals of our businesses to make sure they remain robust and sustainable.

We continued to explore new ways to deliver higher levels of efficiency in our service centre network and continued our path towards a digital supply chain to deliver benefits to customers and Brambles.

We continued to invest in First and Last Mile Solutions, particularly in Europe and accelerated our efforts in material science and platform innovation.

We successfully rolled out best-in-class automation and procurement initiatives in the US and facilitated best practice and expertise sharing across the Group.

We are passionate about bringing more value to our customers and delivering innovative service offerings that meet more of their supply chain needs and transforming the customer experience of doing business with Brambles.

Operating environment

Before addressing our results for FY19 and the first-quarter trading update for FY20, I would like to take a moment to outline the operating conditions we faced during FY19 and the first three months of FY20.

The operating environment in FY19 was characterised by macro-economic uncertainty and continuing inflationary pressures.

Ongoing uncertainty surrounding Brexit and how it would be implemented impacted inventory levels across the retail supply chain in the UK. We also experienced slower organic growth, particularly in Western Europe and within the automotive industry.

In the United States and Europe, input cost inflation remained high by historical standards, although the rate of transport and lumber inflation started to moderate during the Year.

Competition in all markets was strong, but rational, while our customer base continued to adapt to changes in the retail landscape, including omni-channel proliferation, the ongoing growth of e-commerce and increasing automation in the supply chain.

FY19 financial performance

Now looking at our financial performance. In FY19 we delivered constant-currency **sales revenue** growth of 7% reflecting ongoing customer conversions in all markets and increased price realisation in response to the high-inflation environment.

Underlying Profit growth of 2% was modest as ongoing cost pressures in CHEP Americas were only partly offset by price and supply chain initiatives in the region.

We continued to make good progress with our US margin improvement initiatives and other initiatives in the Americas regions and remain confident these actions will deliver over the medium-term.

1Q20 trading update

Turning to our trading update for the first quarter of the 2020 financial year.

We delivered constant-currency **sales revenue** growth of 5% primarily driven by strong net new business growth and improved price realisation across the Group. This is in line with our expectation for **sales revenue** growth in FY20 to be at the lower end of our mid-single digit objective on a constant-currency basis.

As mentioned earlier, we are experiencing moderating input-cost inflation and other cost pressures in our major markets and are seeing a broader slowdown in global underlying economies.

Given the macro-economic environment, **underlying profit** in FY20 is expected to be in line with, or slightly above, sales revenue growth on a constant-currency basis including the impact of the new leasing standard AASB 16.

Our global automation and procurement programmes remain on track and are expected to deliver margin benefits from financial year 2020.

We remain confident that the heightened focus on asset control and efficiency across the Group will deliver cash flow benefits over the medium term and deliver superior shareholder returns over the long term.

Investor value proposition

Moving now to our Investor value proposition.

Many of you will be familiar with our 'virtuous circle' value proposition. We're able to achieve superior operational efficiencies thanks to our network advantage of scale, density and unrivalled expertise. These operational efficiencies generate cash flow which we either reinvest in the business to fund growth, innovation and the development of our people, or we return to you, our shareholders.

Our aim is to deliver sustainable growth and returns well in excess of the cost of capital. This includes delivering through the cycle:

- Sales revenue growth in the mid-single digits;
- Underlying Profit growth in excess of sales revenue growth;
- Strong Return on Capital Invested; and
- Free Cash Flow to sufficient to fully fund capital expenditure and dividends.

Sustainability

Now turning to sustainability.

Sustainability is integral to what we do and to the value we offer supply chains around the world.

Our circular business model defines not just how we do things but who we are.

It also provides our customers with a proven circular foundation as they adapt to changing consumer expectations around the provision of more sustainable products, that reduce both their costs and environmental footprint.

During the Year, we continued to make good progress towards our 2020 Sustainability Goals and have once again delivered year-on-year improvements in sustainable lumber procurement, and the adoption of more renewable energy takes us closer to our 2020 carbon emissions goals.

I am pleased to announce that in FY19 we committed to responding to the recommendations of the Task Force on Climate-related Financial Disclosure. In doing so, we seek to enable our shareholders to have a clear understanding of how Brambles will manage the financial risks and opportunities of climate change and provide confidence that as a business we will continue to prosper over the long term.

We're very proud to be globally recognised as a leader in third-party Environmental, Social and Governance programmes. This recognition includes:

- 'Leader' in top 1% of companies analysed by Sustainalytics;
- The second most sustainable international company in the world by Barron's, a leading US financial magazine.

In addition:

- We have reduced our carbon emissions per pallet by 18% since 2015; and
- In the last year we have stopped 1.4 million tonnes of physical waste from going to landfill.

Full details of our Sustainability Review are available on our website

Safety

Turning to Safety.

Our people are our greatest asset and their safety is our most important responsibility, so it is with great sadness that I advise you of a fatality at our Bellpuig plant in Spain in July 2019. This loss has impacted us greatly and we are doing everything we can to avoid a terrible accident such as this in the future. A thorough investigation was undertaken, and key learnings have been communicated throughout the Group.

Brambles is committed to Zero Harm, for our people and those we work with, for our customers and the communities we serve and for the environment upon which we all depend.

During the Year, we launched the next phase of our Zero Harm strategy 'Safety Differently'. This initiative seeks to address the residual risk present in our operations.

Conclusion

Brambles is a resilient and inherently sustainable business. With our circular business model, superior network advantage and industry expertise, we are in a strong position to continue to create long-term value and sustainable shareholder returns. I'm proud to lead Brambles' high-performance team, as it is their vision, expertise and commitment that makes Brambles the global leader it is today.

Thank you