Brambles

Half-Year Results

19 February 2014

Brambles

Results Highlights

Tom Gorman, CEO

Brambles

Key messages

- Modest improvement in economic conditions in key markets supports strong sales and profit result
- Pallets: return on capital up on efficiency and asset utilisation gains
- RPCs: volumes up in all regions; actions underway to drive sales and offset cost impacts in North America
- Containers: strong Pallecon contribution, organic growth and profitability improvement
- FY14 Underlying Profit guidance[1] confirmed at US$930M to US$965M (30 June 2013 FX)[2]
- Commitment to reduce overheads by US$100M from FY14 levels over FY15 to FY19; additional opportunity to manage future increases

[1] Guidance subject to the disclaimer on Slide 26.

[2] On a comparable basis (i.e. ex-Recall and at 30 June 2013 FX rates), 1H14 Underlying Profit translates of US$458M translates to US$452M and FY13 Underlying Profit of US$913M translates to US$895M

Brambles

We are on track to deliver against our key objectives for the year

Objective	Progress
Annual constant currency percentage sales revenue growth in the high single digits	FY14 growth expected at approximately 7%
Consistent incremental improvement in Group ROCI to at least 20% by FY19	On track; small improvement in 1H14
Underlying Profit: US$930-965M (30 June 2013 FX)	On track to deliver within range
Delivery of US$100M of integration synergies and operating efficiencies in Pallets by FY15	~US$40M delivered at FY13 ~US$30M to be delivered in each of FY14 and FY15
Recall demerger	Successful completion

Brambles

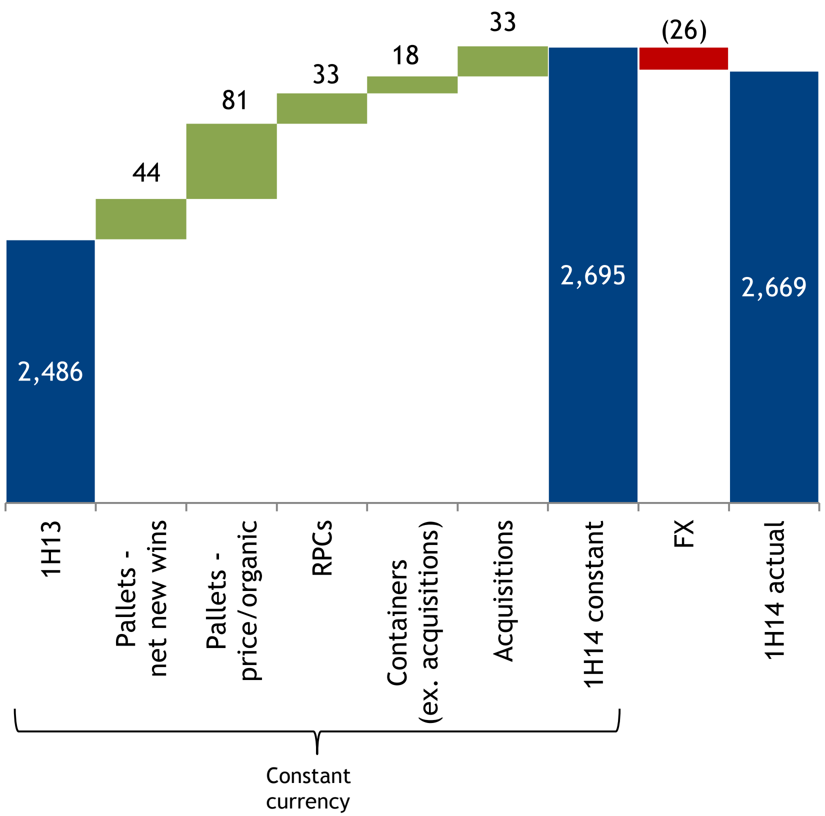
Key financial outcomes for the period reflected a solid Group result

(Continuing operations)	1H14 result	Change vs. 1H13		
		Actual FX		Constant FX
Sales revenue	US$2,669M	7%	⬆	8%
Operating profit	US$453M	11%	⬆	11%
Profit after tax	US$280M	11%	⬆	9%
Basic earnings per share	US18.0¢	10%	⬆	8%
Underlying Profit	US$458M	10%	⬆	11%
Return on Capital Invested	15.7%	+0.3 pts	⬆	
Cash Flow from Operations	US$376M	US$81M	⬆	
Dividends per share	A13.5¢			

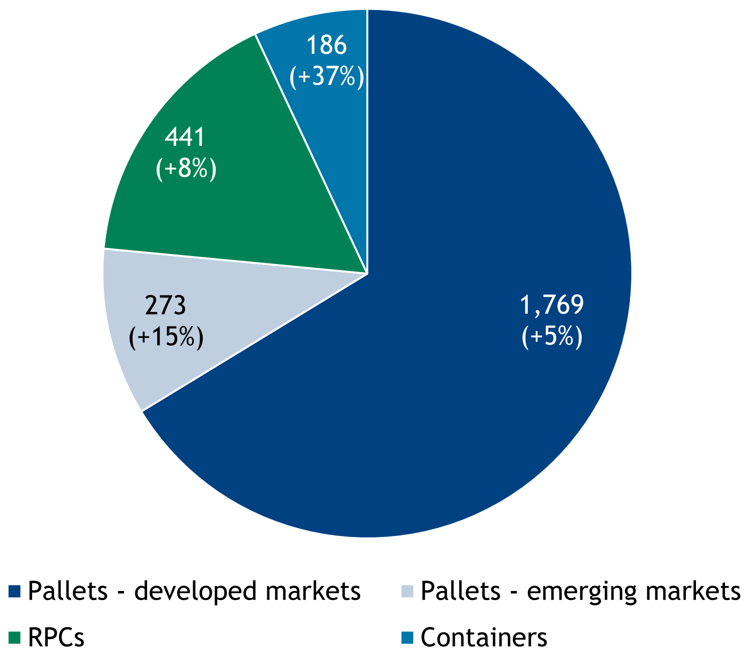
Brambles

Diversification and improving operating conditions driving sales revenue

Components of sales revenue growth (US$M)



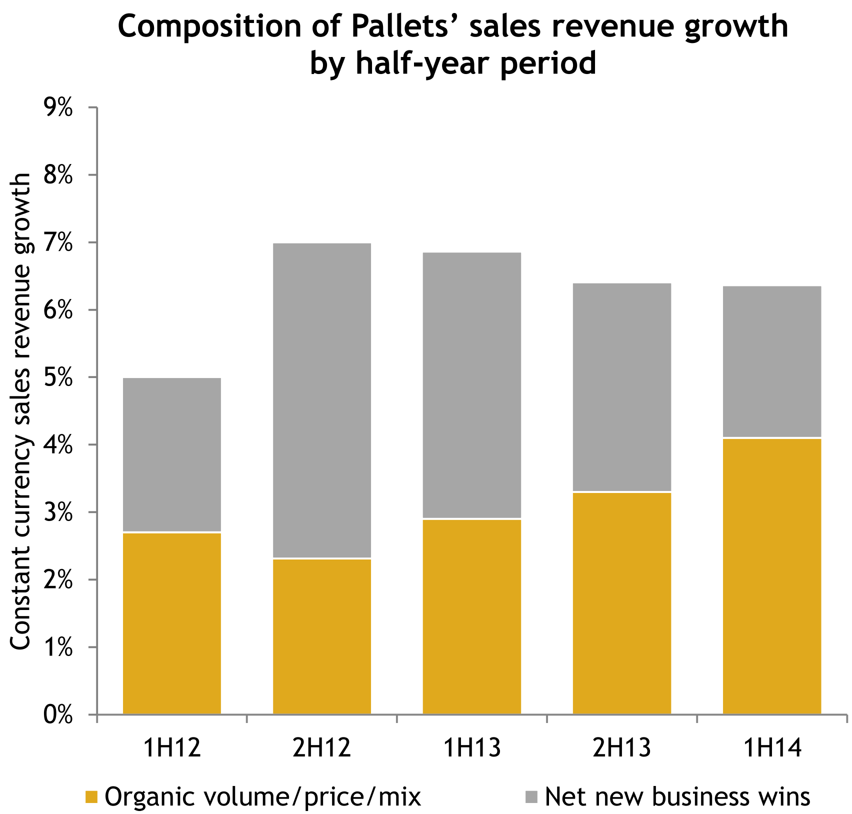
Sales revenue by operating segment[1] (US$M)

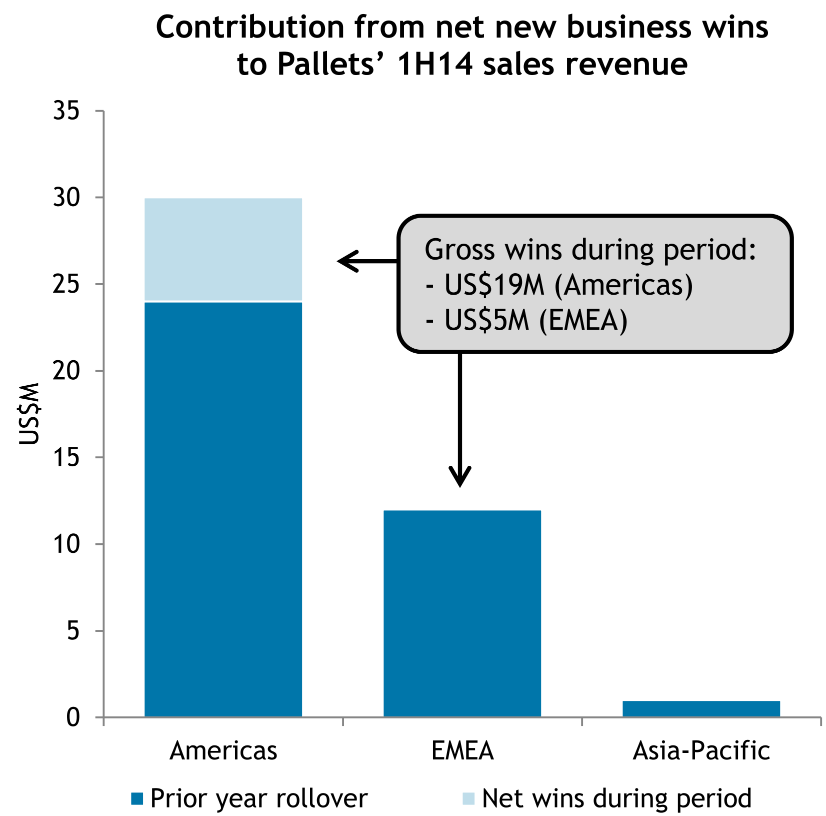


[1] *Growth shown at constant currency*

Brambles

Economic conditions enabling more selective approach to business growth





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

Brambles

Pallets Americas result reflects sales, profit and ROCI improvements

(US$M)	1H14	Change vs. 1H13 Actual FX	Change vs. 1H13 Constant FX
North America[1]	1,011	6%	7%
Latin America	131	8%	14%
Sales revenue	1,142	6%	8%
Operating profit	205	7%	9%
ROCI	18.3%	+0.6 pts	

- Organic and price growth and prior year rollover of net new wins contribute in all regions
- Strong profit growth despite higher CHEP USA repair and transport costs
- ROCI improvement reflects profit growth, increased capital efficiencies

[1] *Shown including external sales from LeanLogistics*

Brambles

Strong efficiency improvements amid better organic conditions in Pallets EMEA

(US$M)	1H14	Change vs. 1H13	
		Actual FX	Constant FX
Europe	646	8%	4% ↑
Middle East & Africa	68	(3)%	13% ↑
Sales revenue	714	7%	5% ↑
Operating profit	157	16%	16% ↑
ROCI	24.3%	+2.3 pts	↑

- Improved organic conditions, expansion in emerging markets, continued progress in Germany
- Price and sales mix improvements, plus efficiencies, support strong profit result
- Selective approach to business wins/renewals driving more efficient asset deployment

Brambles

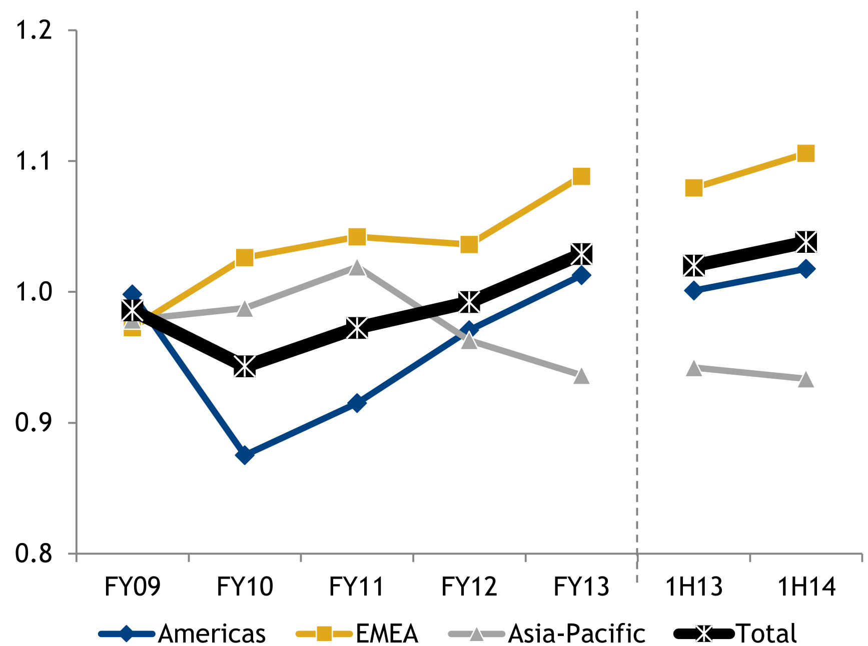
Pallets Asia-Pacific delivers resilient result amid muted Australian organic conditions

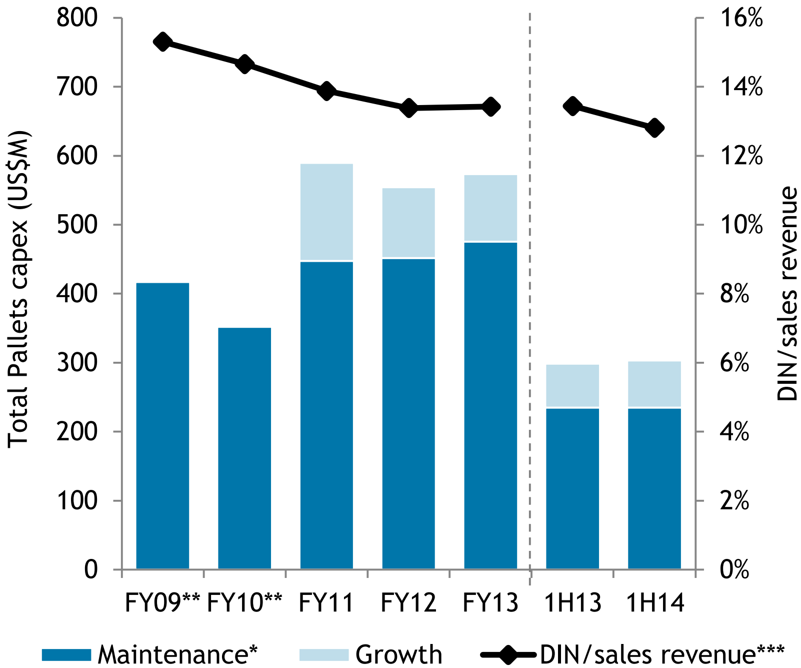
(US$M)	1H14	Change vs. 1H13	
		Actual FX	Constant FX
ANZ	159	(8)%	3%
Asia	27	8%	11%
Sales revenue	186	(6)%	4%
Operating profit	33	(5)%	7%
ROCI	16.6%	+0.3 pts	

- Strong new platforms (e.g. display pallet, beverage tray) growth in Australia
- Asian growth reflects focus on driving dynamic pooling in place of static hire
- Pricing and sales mix improvements offset higher plant costs in ANZ, China

Brambles

We are seeing positive trends for capex, asset utilisation and ROCI in Pallets





** DIN (depreciation, Irrecoverable Pooling Equipment Provision expense and net book value of compensated assets and scraps) is used as a proxy for maintenance capex*
*** FY09 and FY10 capex reflects reduction due to higher pallet returns*
**** Excludes IFCO Pallet Management Services*

Brambles

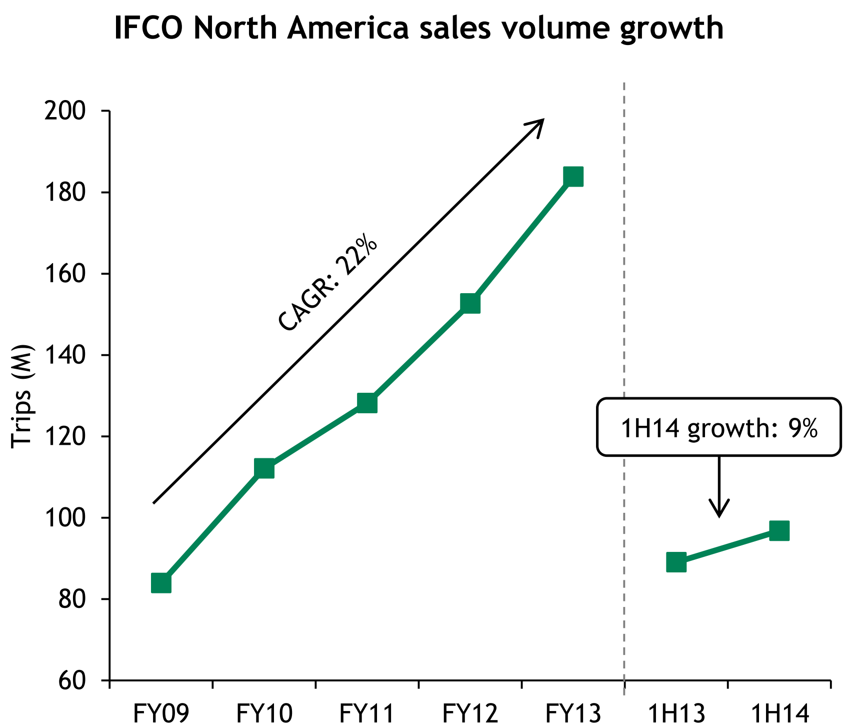
Mixed RPCs result reflecting strong volumes but increased cost pressures

(US$M)	1H14	Change vs. 1H13	
		Actual FX	Constant FX
Europe	289	11%	7% ▲
North America	84	5%	5% ▲
ANZ & South Africa	57	2%	15% ▲
South America	11	7%	25% ▲
Sales revenue	441	9%	8% ▲
Operating profit	58	(15)%	(14)% ▼
ROCI	7.5%	(2.1) pts	▼

- Volume growth in all regions
- Profit decline from not fully offsetting:
  - Higher depreciation costs (US$5M)
  - North America price/mix (US$3M)
  - Higher marketing costs (US$2M)
- One-offs recognised within ordinary items (US$5M), include:
  - IFCO CEO/CFO retirement benefits
  - Accelerated depreciation in South America

Brambles

North American RPCs: mitigating actions underway but short-term challenges remain



- Volume growth remains strong, reflecting increasing penetration versus cardboard
- Pricing pressures and pool expansion drove challenging price/mix impacts during 1H14
- Execution to date below expectations
  - New leadership team
  - Mitigating actions as communicated in December 2013

Brambles

Pallecon contributes strongly to improved Containers sales and profit result

(US$M)	1H14	Change vs. 1H13 Actual FX	Change vs. 1H13 Constant FX
CHEP Automotive Solutions	79	8%	8% ↑
CHEP Pallecon Solutions	54	145%	155% ↑
CHEP Aerospace Solutions	32	29%	28% ↑
CHEP Catalyst & Chemical Containers	21	20%	21% ↑
Sales revenue	186	35%	37% ↑
Operating profit	18	134%	137% ↑
ROCI	8.6%	+2.5 pts	↑

- Pallecon acquisition drives strong sales growth
- Improved organic sales and new wins in CCC, Europe Auto and Aerospace offset weak ANZ auto
- Leveraging of indirect costs driving margin improvement as business grows

Finance Update

Zlatko Todorcevksi, CFO

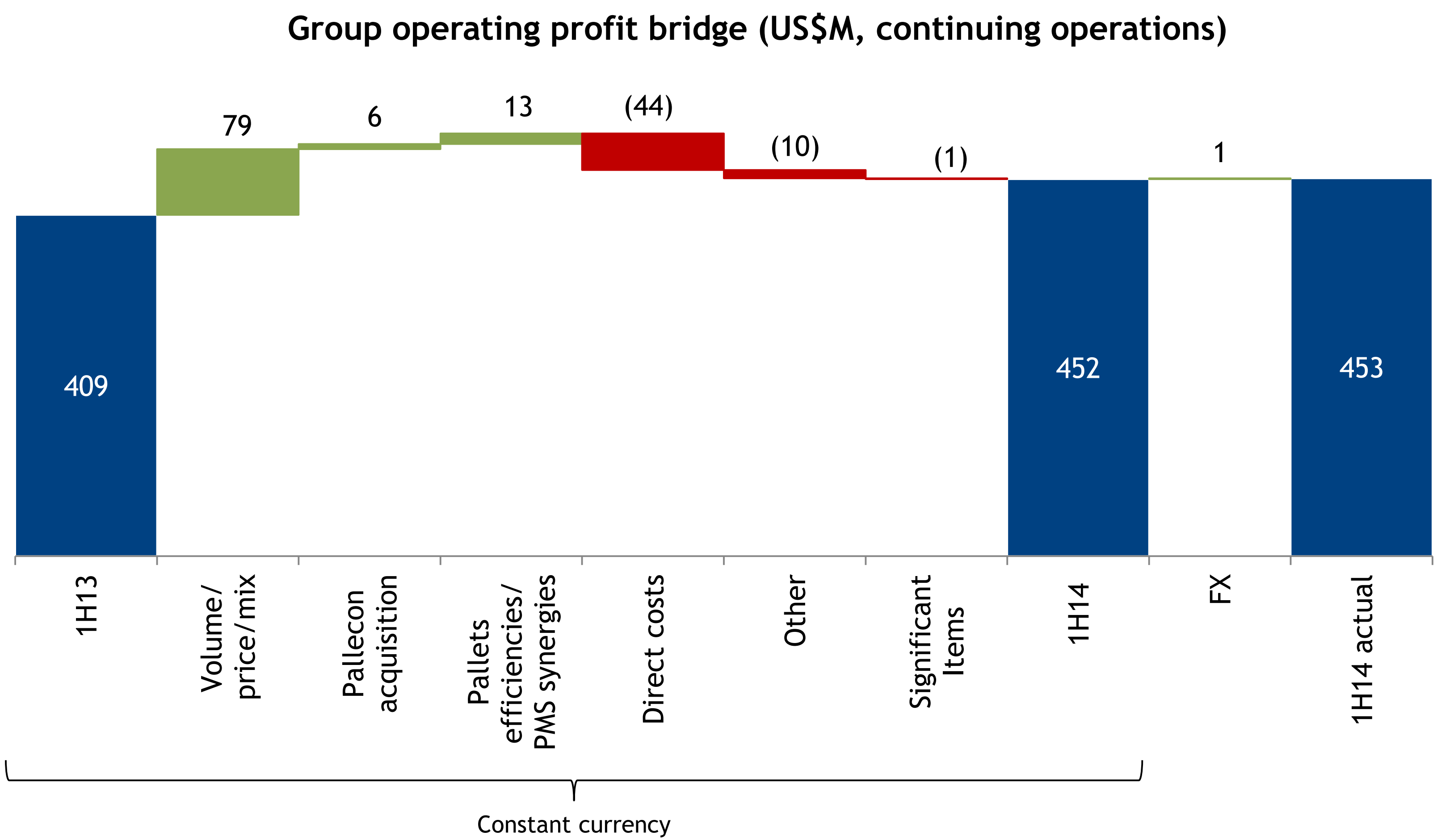
Brambles

A solid financial performance, can be built upon with actions on costs

- Strong first-half operating profit despite cost headwinds
- Progress shown in line with key initiatives
  - Continued capital efficiency supporting ROCI growth
  - Solid cash-flow performance
  - Detailed planning underway for multi-year overheads management program
    - US$100M reduction to be targeted versus current levels
    - Additional opportunity for management of currently planned future increases
- Strong balance sheet position

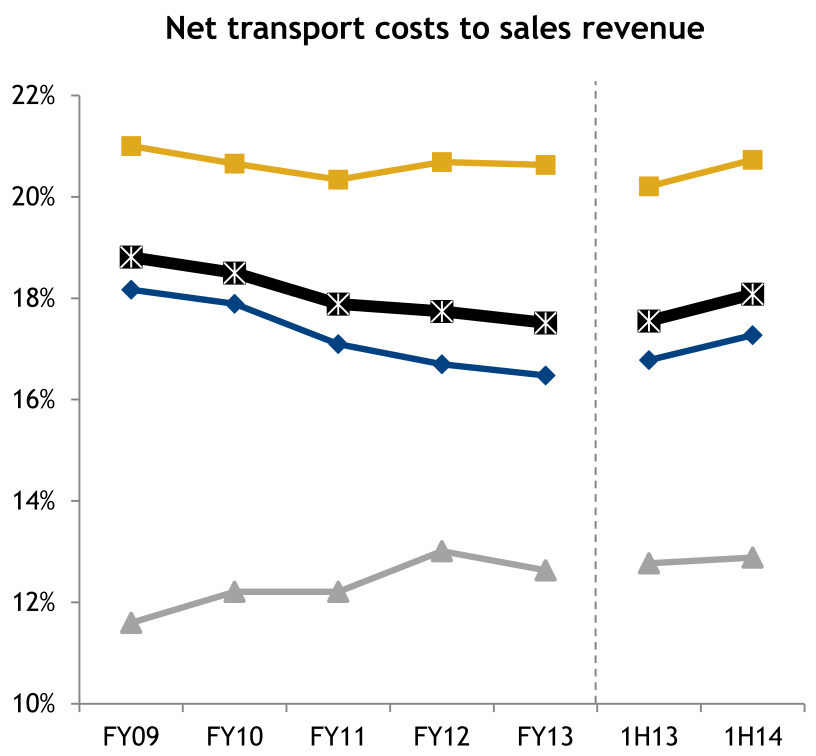
Brambles

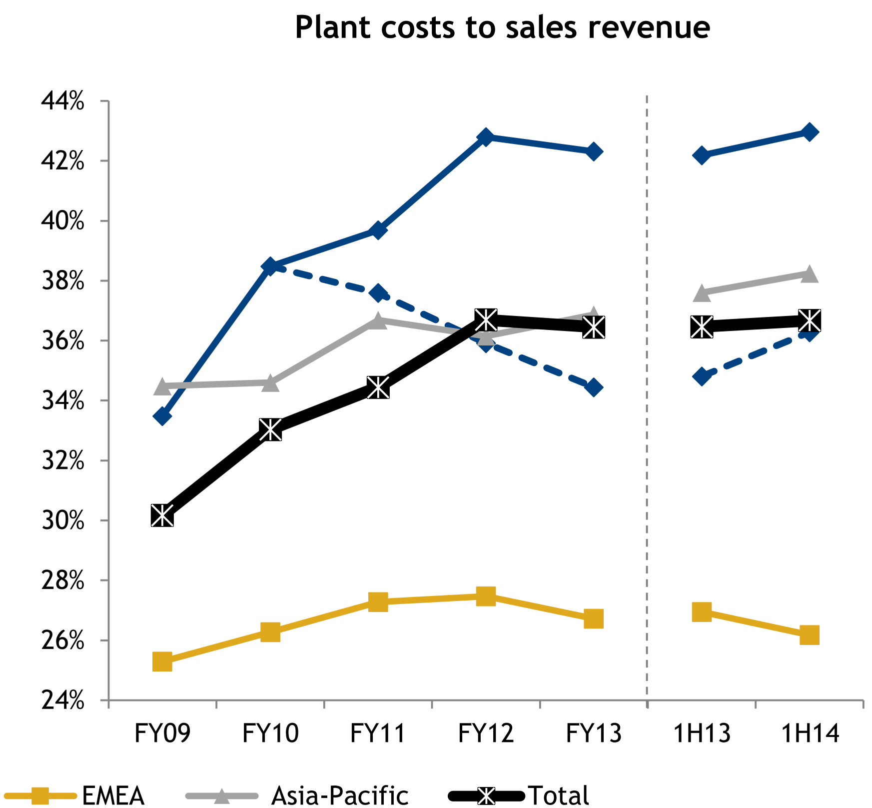
Strong 11% increase in operating profit vs. prior corresponding period



Brambles

Cost headwinds in Pallets largely offset through pricing and efficiencies

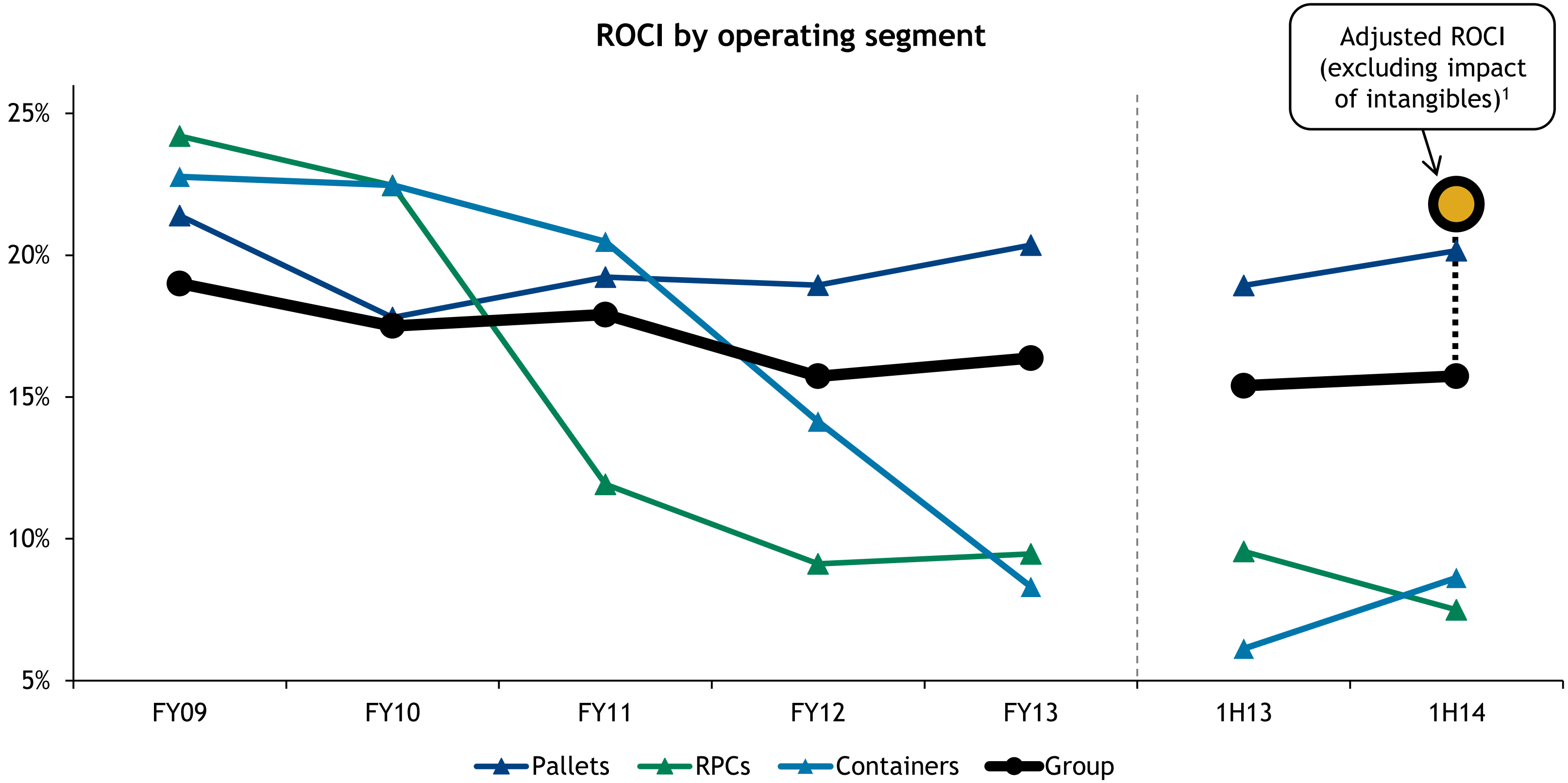




Note: FY09 costs includes Significant Items within ordinary activities

Brambles

Group ROCI improvement consistent with long-term 20% objective



Note: FY09 costs includes Significant Items within ordinary activities
[1] Adjustments made to exclude acquired goodwill, intangible assets and the impact of amortisation of identifiable intangible assets

Brambles

We are now in the detailed planning phase with our overheads program

- Program to be delivered over five-year period to FY19
  - Commitment to reduce overhead spending by US$100M from FY14 levels
  - Additional opportunity for management of currently planned future increases – while supporting growth and asset efficiency initiatives
- Three core focus areas
  - Indirect procurement
  - Reduction of complexity and enhanced use of technology for customers
  - Internal efficiencies from leveraging our scale and global best practices
- Detailed planning underway as part of FY15 budget process
  - Forecast phasing of delivery to be communicated at FY14 results
  - Smaller share of savings anticipated during FY15

Brambles

Cash Flow from Operations showed a solid improvement in the half

(US$M)	1H14	1H13	Change
EBITDA	**719**	**664**	**55**
Capital expenditure	(433)	(422)	(11)
Proceeds from sale of PP&E	34	35	(1)
Working capital movement	27	(16)	43
IPEP expense	50	54	(4)
Provisions/other	(21)	(20)	(1)
Cash Flow from Operations	**376**	**295**	**81**
Significant Items	(21)	(16)	(5)
Discontinued operations	(22)	62	(84)
Financing costs and tax	(151)	(165)	14
Free Cash Flow	**183**	**177**	**6**
Dividends paid	(199)	(210)	11
Free Cash Flow after dividends	**(16)**	**(33)**	**17**

Outlook & Summary

Tom Gorman, CEO

Brambles

We are confirming our FY14 outlook in line with our previous guidance[1]

- Continuing operations
  - Constant-currency sales revenue growth of approximately 7%
  - Underlying Profit of US$930M to US$965M (30 June 2013 FX)[2]
- Net finance costs at approximately US$110M (30 June 2013 FX)
- Effective underlying tax rate of 29% (after finance costs)
- Board intends to keep annual dividend at least FY13 levels, as per Scheme Book commentary

[1] *All guidance provided subject to the disclaimer on Slide 26*

[2] *On a comparable basis (i.e. ex-Recall) on a comparable basis and at 30 June 2013 FX rates), 1H14 Underlying Profit translates of US$458M translates to US$452M and FY13 Underlying Profit of US$913M translates to US$895M*

Brambles

Key messages

- Modest improvement in economic conditions in key markets supports strong sales and profit result
- Pallets: return on capital up on efficiency and asset utilisation gains
- RPCs: volumes up in all regions; actions underway to drive sales and offset cost impacts in North America
- Containers: strong Pallecon contribution, organic growth and profitability improvement
- FY14 Underlying Profit guidance[1] confirmed at US$930M to US$965M (30 June 2013 FX)[2]
- Commitment to reduce overheads by US$100M from FY14 levels over FY15 to FY19; additional opportunity to manage future increases

[1] *Guidance subject to the disclaimer on Slide 26.*

[2] *On a comparable basis (i.e. ex-Recall and at 30 June 2013 FX rates), 1H14 Underlying Profit translates of US$458M translates to US$452M and FY13 Underlying Profit of US$913M translates to US$895M*

Brambles

Q&A

Brambles

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.

Brambles

Investor Relations contacts

Cathy Press

Group Vice President, Capital Markets

cathy.press@brambles.com

+61 2 9256 5241

+61 419 290 745

James Hall

Senior Director, Investor Relations & Corporate Affairs

james.hall@brambles.com

+61 2 9256 5262

+61 401 524 645

Brambles

Half-Year Results

19 February 2014