

Brambles' first-quarter trading update: solid sales revenue growth; FY15 guidance¹ updated for Ferguson acquisition

Brambles today reported sales revenue of US\$1,370.8 million for the three months ended September 2014², up 6% (7% in constant currency³) on the prior corresponding period. The performance primarily reflected continued solid growth in the Pallets segment, strong momentum in Reusable Produce Crates (RPCs) and the contribution of acquired businesses⁴ in Containers.

Brambles' Chief Executive Officer, Tom Gorman, said: "Notwithstanding increased economic uncertainty during the period, we are pleased with our trading result for the first quarter of the 2015 financial year, which reflected a resilient underlying performance as we continue to execute our growth strategy.

"We remain confident of stronger sales revenue growth for the Group in the second half, reflecting our expectation of a continued strong performance in the Pallets and RPCs operations and, in Containers, the contribution of recent contract wins and acquisitions."

Table: three months ended September 2014 vs. prior corresponding period

	Sales revenue (US\$M)	Growth (actual FX)	Growth (constant FX³)
Pallets – Americas	581.7	4%	5%
Pallets – EMEA	357.5	4%	4%
Pallets – Asia-Pacific	92.3	6%	5%
Total Pallets	1,031.5	4%	5%
RPCs	233.8	10%	10%
Containers	105.5	20% ⁵	19% ⁵
Total Brambles	1,370.8	6%⁵	7%⁵

FY15 guidance¹ updated for the Ferguson acquisition

Following the acquisition in September of oil and gas container solutions business Ferguson Group, Brambles has updated its guidance for the 2015 financial year as follows:

- Constant-currency³ sales revenue growth is expected to be 8% to 9%; and
- Underlying Profit⁶, at 30 June 2014 foreign exchange rates, is expected to be between US\$1,055 million and US\$1,085 million, reflecting growth of 9% to 12%⁷.

Investor presentation

Brambles is presenting to investors today at 1430 Australian Eastern Daylight Time. The slides to be used at that presentation, which include further detail of the first-quarter trading performance and the contribution in the 2015 financial year of the Ferguson acquisition, are included as an attachment to this release.

The presentation will be available live and archived on Brambles' website, www.brambles.com.

¹ All guidance is provided subject to the forward-looking statements disclaimer on Page 2 of this release.

² All growth figures are provided on a days-adjusted basis to reflect variations in the number of trading days between the first quarter of FY15 and the prior corresponding period.

³ Brambles calculates constant currency/FX (foreign exchange) by translating reporting period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.

⁴ Businesses acquired since the prior corresponding period are Airworld (February 2014), Transpac (June 2014) and Ferguson (September 2014).

⁵ Excluding the contribution of acquisitions, Brambles' sales revenue growth was 5% (6% at constant currency) and Containers' sales revenue growth was 2% (2% at constant currency).

⁶ Underlying Profit is profit from continuing operations before financing costs, tax and Significant Items.

⁷ On a comparable basis (i.e. at 30 June 2014 foreign exchange rates), reported FY14 Underlying Profit of US\$960 million translates to US\$965 million.

Further information

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Brambles Limited (ASX:BXB) is a supply-chain logistics company operating in more than 50 countries, primarily through the CHEP and IFCO brands. The Group specialises in the pooling of unit-load equipment and associated services, focusing on the outsourced management of pallets, crates and containers. Brambles primarily serves the consumer goods, dry grocery, fresh food, retail and general manufacturing supply chains. In addition, the Group operates specialist businesses serving the automotive, aviation, and oil and gas sectors. Brambles employs more than 14,000 people and owns more than 470 million pallets, crates and containers through a network of approximately 850 service centres. For further information, please visit www.brambles.com.

Forward-looking statements

Certain statements made in this release are "forward-looking statements" – that is, statements related to future, not past, events. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts but rather are based on Brambles' current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, uncertainties and other factors that 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 views of Brambles only as of the date of this release. The forward-looking statements made in this release 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 events occurring after the date of this release, except as may be required by law or by any appropriate regulatory authority.



The slide features a collage of four images: a warehouse with green pallets, a close-up of a black pallet, a worker in a blue uniform handling a blue pallet, and a close-up of a green plant. The text 'Brambles' is in a large blue font, followed by 'Investor Day Presentation' in a smaller blue font, and '3 November 2014' in a small blue font. The background has a light gray geometric pattern.

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Investor Day Presentation

3 November 2014

This afternoon's agenda

Business update	Tom Gorman & Zlatko Todorcevski
Ferguson acquisition	Jason Rabbino
First-quarter operating review	Jason Rabbino
- Containers	Wolfgang Orgeldinger
- RPCs	Peter Mackie
- Pallets	
Wrap-up and Q&A	

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First-quarter trading update
Continued sales revenue growth across all operating segments

Segment	Sales revenue (US\$M)	Growth (actual FX)	Growth (constant FX)
Americas	582	4%	5%
Europe, Middle East & Africa	358	4%	4%
Asia-Pacific	92	6%	5%
Total Pallets	1,032	4%	5%
RPCs	234	10%	10%
Containers	105	20%	19%
Total Group	1,371	6%	7%

Note: All growth figures are provided on a days-adjusted basis to reflect variations in the number of trading days between the first quarter of FY15 and the prior corresponding period.

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FY15 guidance¹ updated for Ferguson

Strong sales growth with positive leverage to Underlying Profit

- Constant-currency sales revenue growth expected to be 8% to 9%
- Underlying Profit of US\$1,055M to US\$1,085M (30 June 2014 FX rates)
 - Equates to growth of 9% to 12% compared with FY14²
 - Includes ~US\$25M forecast contribution from Ferguson
- Net finance costs expected to be US\$125M to US\$130M
- Effective underlying tax rate still anticipated at 29% (net of finance costs)
- Continued expectation for Return on Capital Invested improvement excluding acquisition impacts
 - Acquisitions to result in dilution in reported Return on Capital Invested vs. FY14

¹ All guidance is subject to the disclaimer on Slide 25

² On a comparable basis (i.e. at 30 June 2014 foreign exchange rates), reported FY14 Underlying Profit of US\$960M was US\$965M

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Our five-year objectives are unchanged

Sustained delivery of "quality" and "quantity" for shareholders

1) Get the basics right

- Invest in product and service quality
- Invest in asset management

2) Drive business growth

- Invest in business development to support diversification

Annual percentage sales revenue growth in the high single digits

Consistent incremental improvement in Group ROCI to at least 20% by FY19

Note: Sales revenue and ROCI commentary provided on an "organic" constant-currency basis exclusive of the impact of merger, acquisition or divestment activity; all commentary subject to Brambles' Disclaimer.

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Ferguson acquisition accounting

Based on preliminary, unaudited purchase price allocation

- Enterprise value of £320M translates to US\$523M at consolidation¹
- Amortisation of identifiable intangible assets estimated at up to £4M per year
 - Assumes assets amortised over 10 years
- Net operating assets estimated in due diligence at £114M
- Current depreciation policy: 15 years to residual value of 10%
- FY15 Return on Capital Invested estimated to be ~6%
- Value-adding strategies aimed at driving ROCI broadly in line with Brambles' nominal 12% cost of capital by FY19

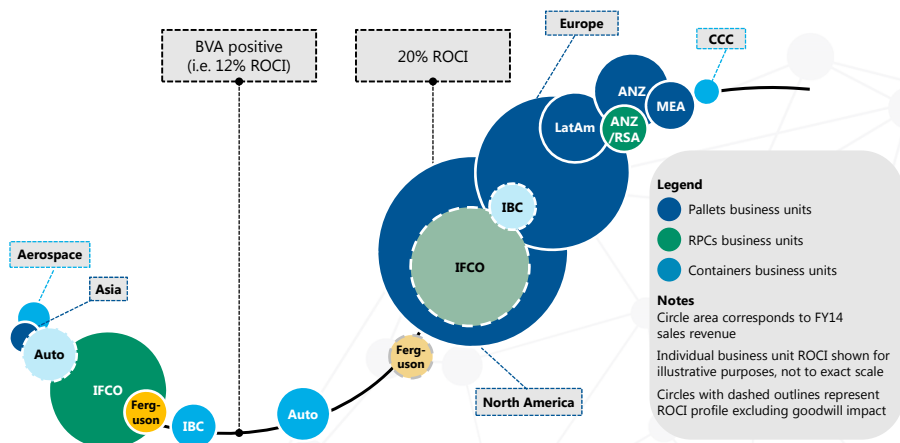
¹ USD:GBP exchange rate of 1.63 used at consolidation.

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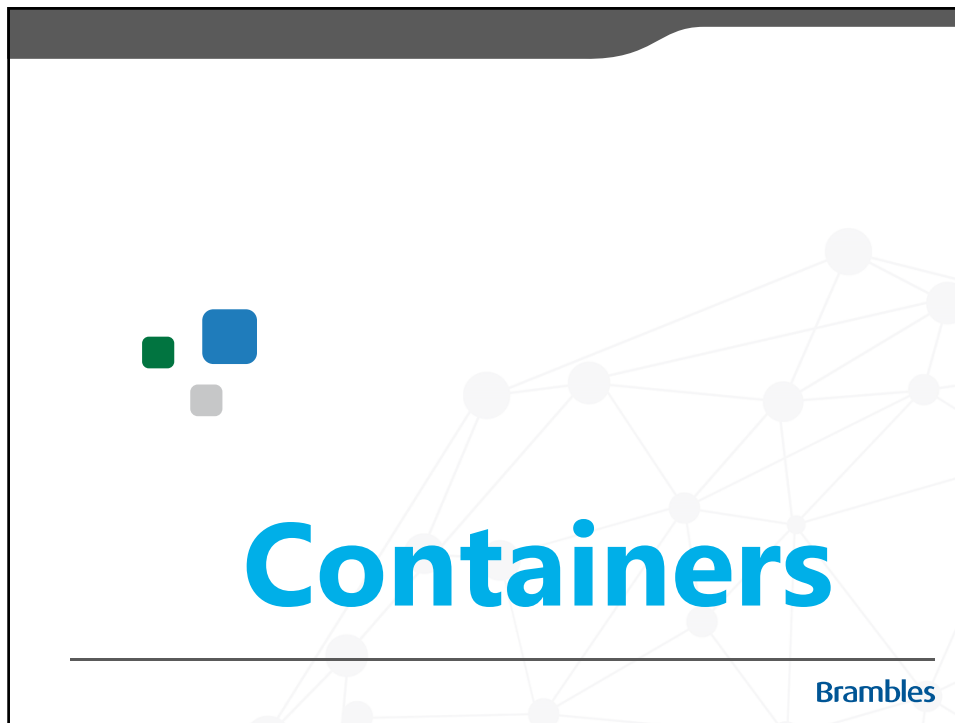
Capital recycling in our portfolio

Both organic and acquisitive growth have a role to play



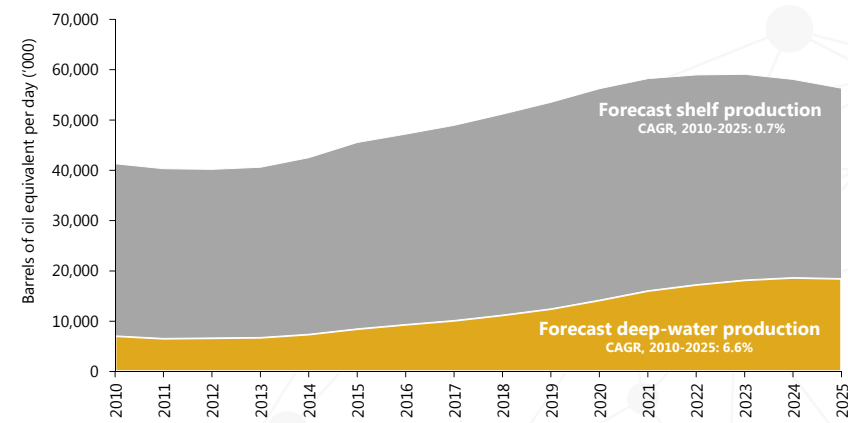
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Attractive offshore growth trends

Deep-water environments accelerate containerization requirements

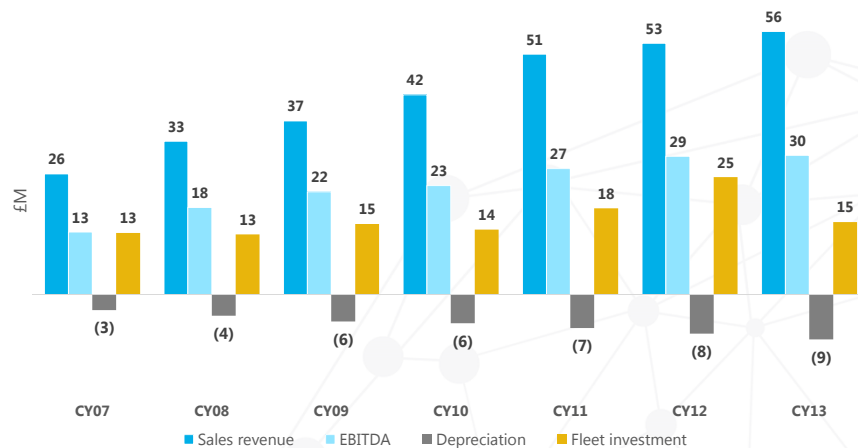


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Ferguson Group financial performance

Positioned to benefit from strong recent investment



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Containers: first-quarter sales revenue

Acquisitions drive growth with mixed organic result

Business unit	Sales revenue (US\$M)	Growth (actual FX)	Growth (constant FX)
Automotive	37	1%	1%
CHEP Pallecon Solutions	32	24%	24%
CHEP Aerospace Solutions	19	19%	17%
Oil & Gas	17	80%	80%
Total Containers	105	20%	19%
Total Containers (excluding acquisitions)	90	2%	2%

Note: All growth figures are provided on a days-adjusted basis to reflect variations in the number of trading days between the first quarter of FY15 and the prior corresponding period.

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RPCs

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RPCs: first-quarter sales revenue

Solid sales momentum continues in all regions

Business unit/region	Sales revenue (US\$M)	Growth (actual FX)	Growth (constant FX)
IFCO Europe	149	8%	9%
IFCO North America	50	12%	12%
IFCO South America	6	13%	35%
IFCO total	205	10%	10%
CHEP Australia, New Zealand & South Africa	29	10%	10%
Total RPCs	234	10%	10%

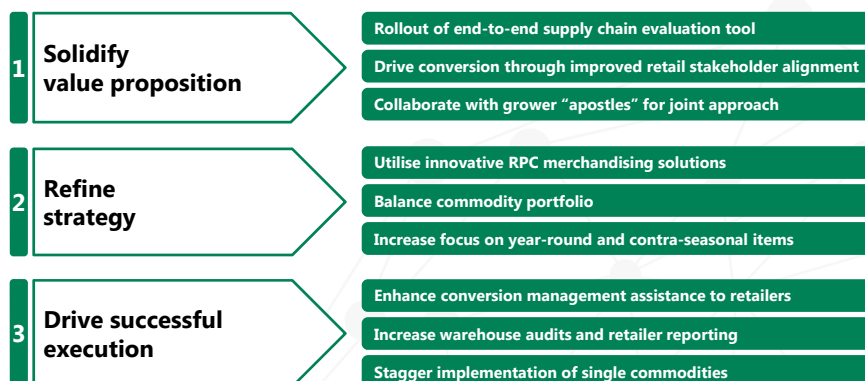
Note: All growth figures are provided on a days-adjusted basis to reflect variations in the number of trading days between the first quarter of FY15 and the prior corresponding period.

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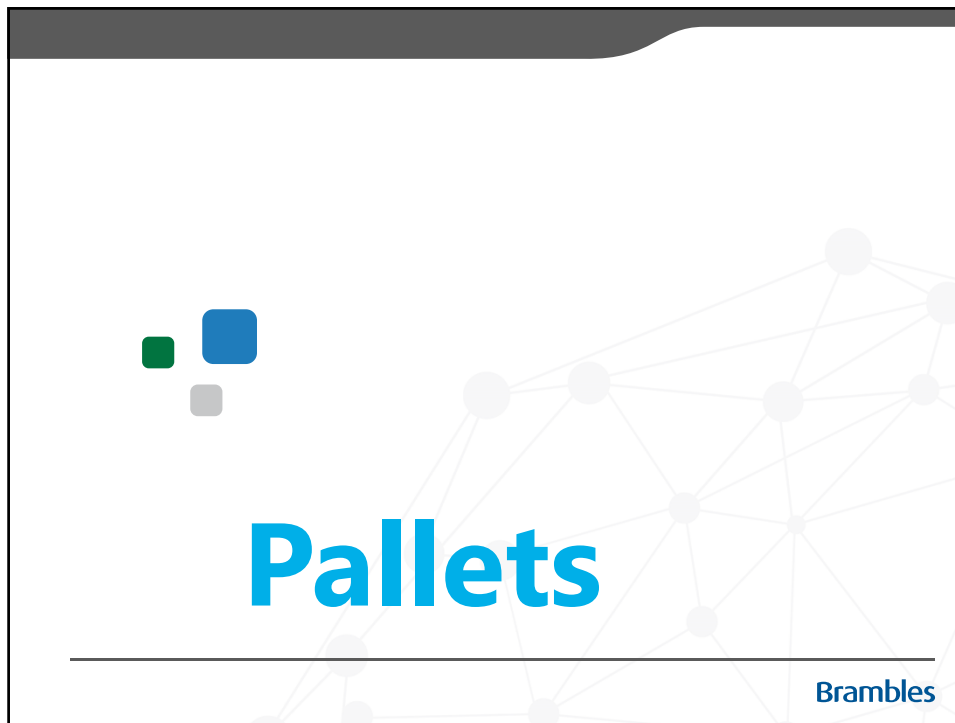
IFCO North America strategy update

Driving results and executing against our plan



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Pallets: first-quarter sales revenue

Resilient growth rate despite increased economic uncertainty

Business unit/region	Sales revenue (US\$M)	Growth (actual FX)	Growth (constant FX)
North America	518	4%	5%
Latin America	64	4%	10%
Europe	325	5%	4%
Middle East & Africa	33	4%	10%
Australia & New Zealand	78	5%	4%
Asia	14	11%	11%
Total Pallets	1,032	4%	5%

Note: All growth figures are provided on a days-adjusted basis to reflect variations in the number of trading days between the first quarter of FY15 and the prior corresponding period.

Key drivers of US operating costs

More sustainable pool management providing new insights

	New pallet commitment	FY15 domestic commitment of ~2M going to zero in FY16
	Asset control	>1 percentage point reduction in loss rate in five years to FY14
	Pool utilisation	11% increase in turn rate in five years to FY14
	Repair standards	Maintained since Better Everyday program
	Operating cost	Negligible operating margin upside in FY15 but improved long-term value proposition

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Update on key US growth initiatives

Development takes time but the opportunities are exciting

Half pallet		- Retailers representing 55% of national grocery volume now in support - Focus on 16 key manufacturers conversion to drive increased flows
Auto after-market retail vertical		- Successful pallet flow study with retailer enabling engagement with manufacturers - Container pilot in partnership with CHEP Pallex Solutions
Pet-care specialty retail vertical		- Opportunity predominantly focused on pallet management and recycled pallets - Asset control critical to driving inbound pooled flows
Home and hardware retail vertical		- Leveraging strong recycled offering to drive understanding of total CHEP value proposition - Opportunities to tender on major volumes during FY15

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**Investor Day
Presentation**

3 November 2014



Appendices

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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.
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 2014 exchange rates as: - 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.

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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:

(EBITDA) Earnings before interest, tax, depreciation and amortisation	Operating profit from continuing operations after adding back depreciation and amortisation and Significant Items outside the ordinary course of business.
Net new business	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.
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.
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: - 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.

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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.

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