



6 October 2009

The Manager - Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir,

**CHEP USA ANNOUNCES NEW SERVICE AND QUALITY OFFER TO MEET NEXT
GENERATION USA SUPPLY CHAIN NEEDS**

Attached are copies of slides to be presented by Brambles' Chief Executive Officer, Mr Michael Ihlein, and Mr Jim Ritchie, President CHEP USA, at an analyst briefing to be held in Sydney later today.

The slides and webcast of the briefing will be available on Brambles' website.

Yours faithfully
Brambles Limited

Robert Gerrard
Company Secretary

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New Customer Service
and Quality Program

6 October 2009

Mike Ihlein
Chief Executive Officer

Jim Ritchie
President, CHEP USA



New customer service and quality program

Mike Ihlein

- Background to CHEP USA review
- Pooled wood pallet the best solution
- Customer service and quality program (Better Everyday)
- Financial impact

Jim Ritchie

- Customer engagement
- Details of Better Everyday program
- Implementation

Mike Ihlein

- CHEP USA best positioned for the future

CHEP USA – the journey

2001

2007

PURSUE RAPID GROWTH

- Buoyant economy
- Strong volume and revenue growth
- Margin expansion
- 8% average volume growth per annum

Customer pallet performance requirements

- Vast majority of needs met by CHEP average pallet quality
- Limited demand for high performance met by new pallets

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CHEP USA – the journey

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INVEST TO STRENGTHEN

- Economic slowdown – lower revenue growth
- Evolving customer needs
- 1% average volume growth per annum
- Increasing competitive activity
- US\$160m quality investment

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US\$160 million investment well received by customers

- Repairs up by over 50%
- Two thirds of issues at new US Plus specification
- Customers moved back to CHEP
- Positive customer feedback

"I just wanted to let you know you guys are doing a great job of getting us good pallets!"

"Due to sustained performance, the LA plant is no longer using [competitor] pallets. The LA facility has become [our] benchmark plant for pallet usage throughout our production process."

"Overall we have seen improvements not only from a structurally sound pallet, but from cosmetic as well."
 "Thanks to CHEP for the recent, dramatic improvements in quality. Keep up the good work."

"Thanks again for your commitment to quality it makes our job a lot easier."

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CHEP USA – the journey

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- **CHEP USA review**






Evolving customer needs

- Increased automation
- Lightweight packaging trends
- Smaller pack sizes
- Supply chain efficiencies

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CHEP USA review objectives

- Best position business for medium to long term
 - Determine optimal range of:
 - Service offerings 
 - Pallet platform 
 - Pallet quality 
 - Service centre network requirements 
 - Cost and pricing structures 
-to best meet future customer needs

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Key outcomes of CHEP USA review

- Wood is here to stay
 - Economically and environmentally sustainable
 - Best solution for broad supply chain
- New customer service and quality program – Better Everyday
 - Developed with major customers
 - Immediate benefits to customers
 - Meet next generation USA supply chain needs
 - Positions CHEP USA for future growth
- Financial Impact
 - Ongoing net cost of US\$50m per annum
 - Additional fast track costs of US\$110m over three years
 - Operating margin in mid-20 percent range for CHEP Americas from FY13

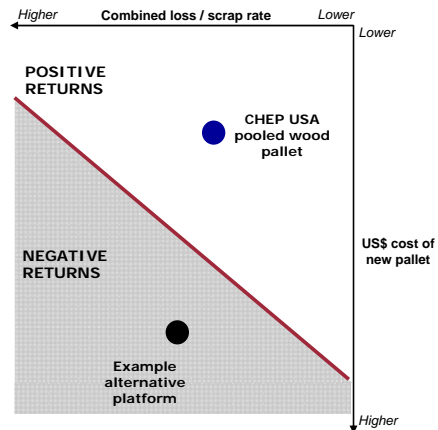
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Pooled wood pallet the best *economic* solution for the broad supply chain

- Crucial variables:
 - New pallet cost
 - Turns
 - Loss rate
 - Damage (scrap) rate
- Robust long term margins and returns¹ only from wood
- Alternative materials only offer solutions in niche situations

Platform economics at given issue price



¹ Return on invested capital

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Pooled wood pallet the best *environmental* solution for the broad supply chain

- Renewable resource
- Sustainably managed forests
- Fully recyclable
- Ten years of scientific studies
- ✓ Lower emissions
- ✓ Lower energy consumption
- ✓ Lower solid waste

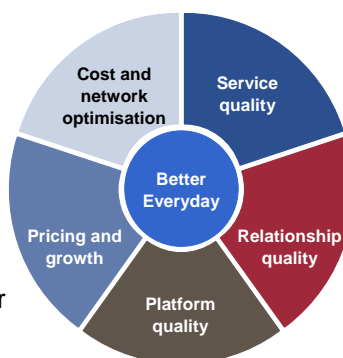


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Better Everyday program

- Quantum shift in pallet platform
 - Customer segmentation
 - US Plus specification
 - US Premium specification
- Investment in customer service and relationships
 - Increase and realign field resources
 - Simpler, technology-based customer solutions
- Cost efficiencies and pricing flexibility
- Positioning for growth



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Financial impacts of Better Everyday program

- US\$50m per annum ongoing net cost impact
- Additional fast-track spend of US\$110m over three years
- Operating margin in mid-20 percent range for CHEP Americas from FY13
- Financials do not include upside from growth or pricing opportunities associated with introduction of US Premium specification

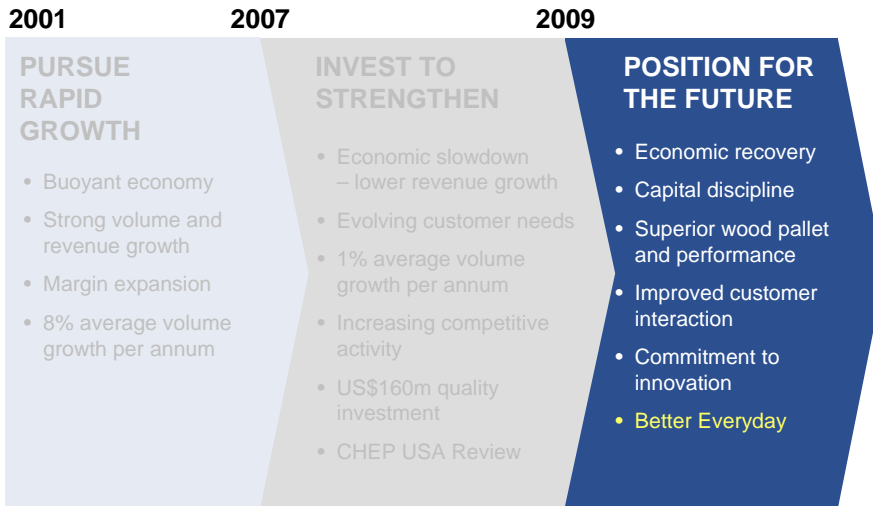
Incremental operating expenditure US\$m	FY10 ¹	FY11	FY12	Ongoing
Ongoing net costs	50	50	50	50
Additional costs (fast-track)	30	50	30	–
Net pre-tax cost impact (underlying)	80	100	80	50

1. US\$37m of operating expense in FY10 from initial US\$160m pallet quality program not included in table – to be presented in Underlying profit

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CHEP USA – the journey



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Comprehensive seven-month review: Listening, understanding, testing and responding

- Over 700 customer interviews representing over 70% of issues

Interviews with broad range of customers

Extensive field trials

- Extensive damage rate and component-by-component repair analysis
- 5 plants testing US Premium pallet
- >350,000 US Premium pallets issued
- Cross-regional comparisons

- Data analysed for over 35,000 customer locations
- Customer profitability analysis

Deep dive key customers

Testing of alternatives

- 80 alternative platforms analysed in last 12 months

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What our customers told us

What we like...

- ...the quality improvements to date
- ...availability and on-time delivery
- ...scale and expertise

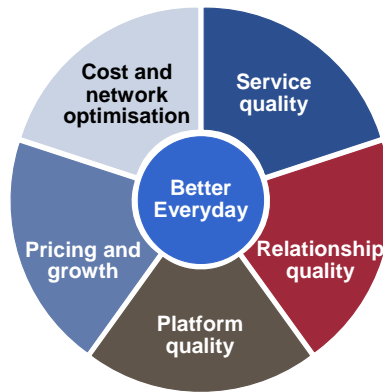
What we want...

- ...it to be easier to do business with CHEP
- ...an organisation that responds quickly
- ...a pallet of consistent quality that meets our needs now and in the future

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Better Everyday program implementation starts now



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Better Everyday – service quality

Unrivalled performance standards and ease of doing business



- US-wide pallet availability and on-time delivery
- Accelerated deployment of global CHEP technology initiative Portfolio+Plus – simplified account management
- Streamlined administration and simplified invoicing

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Better Everyday

– relationship quality

Significantly enhanced levels of customer engagement



- Increased field-based sales resources
- Realigned field-based organisation to improve speed and responsiveness to customer needs
- Proactive problem solving and value-added solutions

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Better Everyday

– platform quality – US Plus specification

Quantum uplift in total pallet pool quality delivering the best overall supply chain solution



- US Plus pallet specification – new minimum standard across substantially all of USA pool by March 2010
 - Significantly higher quality
 - All 93 service centres certified to repair to minimum of US Plus
 - Consistently deliver uniform high standard of pallet quality to match needs of the customer
 - Minimise risk of customer production downtime and product damage

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Better Everyday

– platform quality – US Premium specification

Quantum uplift in total pallet pool quality delivering the best overall supply chain solution



- 'US Premium' pallet specification to meet most demanding supply chain requirements
 - Developed in collaboration with major customers after extensive trialling
 - Significantly improved top and bottom deck coverage and leading edge boards
 - No known occurrences of production downtime or product damage in trials
 - Designed for the most demanding of automated facilities and packaging formats
 - To meet evolving needs, three quarters of pool will be US Premium specification within three years

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Major improvement in customer sentiment

"The top board edges are important on the robot and these pallets are a lot better."

"Next to new pallets, these are the best pallets we've seen."

"Whatever you are doing please keep doing it."

"I haven't had any problems with the new pallets."

"There has been no downtime and I have heard positive feedback from the operators."

"These pallets run much better."

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Better Everyday – pricing and growth

Pricing and growth

- No general price increases in first 12 months of Better Everyday program
- Attractive pricing for lane expansion opportunities with existing customers
- Leverage our network capabilities and additional sales staff to penetrate mid-sized customers
- US Premium specification expected to facilitate additional pricing and volume growth over time



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Better Everyday – cost and network optimisation

Leveraging our proven history of reducing costs and eliminating waste

- Six Sigma “Black Belts” re-engineering targeted processes
- Continual demand planning and network optimisation
- Productivity initiatives with service centre and transport providers
- Continued expansion of LeanLogistics capability



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Delivering on the promise

- An effective blend of disciplined execution in FY10, with long-term planning
- Daily performance and productivity tracking
- Customer working groups to drive the next generation of innovation
- Experience-tested governance processes ensure deliverables are achieved
- Quick wins

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Accountability

- Significantly higher platform quality and performance to meet current and future customer needs
- Fundamentally enhanced processes and technology
- Considerably improved customer interaction and responsiveness
- Aggressive strategies to win new business and retain existing customer volumes
- A commitment to innovation aligned with customer needs

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Comprehensive review – clear path forward

- Better understanding of customer future needs
 - Data on over 35,000 customer locations
 - Solutions developed with extensive customer feedback, tested and confirmed
- Leveraging other CHEP Regions
 - Capturing and deploying best practices
 - Recommendations validated with internal experts
- Robust financial analysis
 - Field tested cost assumptions
 - Cost savings identified – initiatives launched
 - Risks understood – mitigation plans in place
- The Team is motivated, passionate and ready!

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Summary

- Strong business model; well positioned to benefit from economic recovery
- Initial quality investment in place with positive results
- The most comprehensive review ever in CHEP USA
- Wood pallet platform remains best solution
- Launched the Better Everyday program
- Substantial investment in place to deliver long-term success
- We have the right people, strong commitment, and the expertise to deliver

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Brambles

Customer Service and
Quality Program

6 October 2009

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