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PRESENTATION

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Good morning everyone. This is James Hall speaking from Brambles investor relations team. Thank you for joining us this morning for the 2014 full year results presentation. Tom Gorman, our CEO, will shortly discuss our results highlights and key messages, then Zlatko Todorcevski, our CFO, will discuss the financial details of the result in more detail as well as the One Better cost leadership program. Tom will then close out the presentation with some further discussion of our outlook and our strategy and we'll then open for Q&A via the phones and website.

Just to remind everyone, all dollar amounts are US dollars unless we state otherwise and the presentation covers continuing operations which excludes the contribution of Recall until the demerger in December again unless otherwise stated.

So I shall now hand over to Tom.

Tom Gorman - *Brambles Limited - CEO*

Well thank you very much James and good morning everyone. I'd like to begin with a summary of the key messages from this result. We have delivered constant currency sales revenue growth of 7% and an underlying profit of $960 million which is in line with our guidance. We have been giving underlying profit guidance now for the past four years and we've consistently met our targets. Our guidance for FY15, which I will come to shortly, is consistent with the objectives we provided for the five year period out to FY19 at our investor day in December of last year.

Now to the result for 2014. In our largest operating segments which is the pallets business, we delivered constant currency sales revenue growth in all six customer business units, with strong operational efficiencies in Europe more than offsetting some continued channels around higher plant and transport costs in the US. We are on track to deliver further growth and efficiency in the pallets business globally in FY15.

In RPCs, I'm very pleased to report an improved second half performance with much stronger sales growth and improved margins compared with the first half. It really was a transitional year given the impact of one-off and other increased costs in this business unit, but we're confident that going forward, we will show continued strong sales growth and a return to profit growth.

Our container segment delivered improved margins in the year with a strong contribution from acquisitions. Growth from the rest of the business was relatively solid, with good results from the European automotive business and the CHEP catalyst and chemical containers business. We have a positive outlook for containers in FY15 with a number of strong growth initiatives in all business units.

Overall, Brambles' return on capital invested was flat in FY14, but we remain committed to our longer term improvement targets. As we discussed in February, our overhead reduction initiative which we refer to as One Better is about reducing overheads to maintain our competitive position while also freeing up funds to drive investment in the business and driving better returns for our shareholders. We see this program driving a reduction of about two percentage points in our overhead to sales ratio by the time we get to FY15. Now Zlatko will talk more about this shortly.

Finally, we are providing guidance for FY15. We expect constant currency sales revenue growth consistent within the high single digit five year average growth range that we outlined in December. With underlying profit growth, and here we're talking at profits at June 30, 2014 foreign exchange rate. We expect underlying profit to be between $1.03 billion and $1.06 billion. That's $1030 million and $1060 million. Now that equates to a profit growth of 7% to 10% again at June 30, 2014 rates.

I'll now run through some of the highlights of the result. I'll also talk to our delivery scorecard and the performance of each of our segments in a bit more detail.

On to the key financials slide. As I said, it was a solid result for the year with very strong performances in a number of businesses and a few challenges in others. Sales revenue was just over $5.4 billion which is up 6% and that translates to 7% growth at constant currency. Underlying profit grew at 6% at constant currency to $960 million and profit after tax was up 4% to $585 million.

We had a few direct cost challenges in pallets and as we previously discussed, a few one-off and other costs that impacted profits in the RPC business. I'll shortly discuss all of these in a bit more detail.

The flat return on capital invested reflected the decline in profits in RPCs, while all other business segments registered an improvement. Brambles value added and cash flow from operations were both up, reflecting earnings growth and a very disciplined management of our asset base. The final dividend of AUD0.135 per share is in line with 2013.

Moving on to the our deliver scorecard. If we look at the result in the context of this scorecard, we are comfortable that we are on track to deliver our longer term objectives.

As I have mentioned, we delivered sales revenue and underlying profit growth in line with our guidance and the Europe, Middle East and Africa region of the pallets business has delivered the improvement in operating margins that we set out to achieve back in 2012. Our final dividend takes our full year payout to AUD0.27 per share, which is equal to 2013. While obviously shareholders have kept their Recall shares since the demerger, will also receive any dividends that Recall may pay on those shares.

Although we are slightly behind schedule with the delivery of the pallet network efficiencies and the IFCO integration synergies that we forecast in 2012, I can say that we are on track to deliver the entire $100 million program in full by the end of FY15 as we had committed.

The below target performance in FY14 was really a result of a lag in the delivery of network optimisation efficiencies as we have accelerated our efforts to internalise management of more of our own service centres. However, I would like to say here that I am extremely proud of the work completed under the leadership of Carmelo Alonso and Kim Rumph to fundamentally restructure our service centre network in the US. In the space of just over two years, we have gone from operating essentially none of our 131 service centres in the US to now having about 20% of our repair capacity directly under our control. This is a fundamental reshaping of our business in the United States. Now while this aggressive timetable required a great deal of management attention, we know we will benefit significantly going forward from this new structure.

On return on capital, although FY14 was flat, again we are confident that we will deliver our target of a 20% ROCI by the time we get to FY19, as we see the benefit in the longer term of both the operating and the capital efficiencies that we are delivering.

As a reminder of our five year targets, all of which are before the impact of any further acquisitions or divestitures, that's at the bottom of the slide shown. Also, not shown on this slide but included in appendix two of our materials in this presentation is our safety performance. During the year, we delivered significant improvement both in our core and in our newly acquired businesses. All Brambles -- all employees of Brambles are extremely proud of this achievement.

Now looking at this, the Group sales revenue growth slide, this slide shows a very simple bridge of sales revenue growth. I will not cover this slide in much detail other than to say that we had a solid contribution across the board. The following slides provide more context around sales growth in the pallets business.

There are really two messages that I'd like to make on this slide. Firstly, as shown on the left hand chart, net new business wins dipped somewhat in their contribution to our sales revenue growth in FY14. As we discussed at the half year result, this largely reflected a more selective approach taken and we've taken that approach particularly in Western Europe to new business wins and renewals in the context of the long awaited improvement in underlying trading conditions.

Secondly, as shown on the right hand chart, new business momentum has improved going into FY15, notwithstanding our intention to remain disciplined in our approach to new business, as we improve our asset management and our pricing and mix.

Now let's look at pallets in a little bit more detail now.

At the sales revenue line, it was a solid result with improved North American and European conditions despite the impact in the third quarter of the severe winter weather, particularly in the United States. Now to illustrate this point, US growth was 1% in the third quarter and 5% in the fourth quarter. Overall, pallet sales revenue in the year was up 5% to $4.1 billion, with net new business wins contributing two percentage points of the five point growth.

Across emerging markets, sales revenue growth was 14% at constant currency, reflecting strong progress in all of our emerging market regions including Latin America, Middle East and Africa and Central and Eastern Europe. There was slower growth however in Asia, and that's a topic that I will go into more detail shortly.

The profit results in pallets was strong, with a 9% increase in underlying profit and a corresponding 80 basis point improvement in return on capital to 21.2%. Zlatko will provide more analysis on the profit result, particularly the strong European performance and also the impact on direct costs of the US focus on asset management.

We do expect continued sales, profit and return on capital improvements in the pallets business in FY15.

Moving onto the RPC segment. As we discussed at the half year, the RPC result reflects a number of negative impacts in 2014. Firstly, sales revenue growth in North America has remained below our expectations, albeit that we are now seeing a consistent improvement under a reinvigorated leadership team. Sales revenue growth in other markets has remained strong however, delivering 9% growth in the segment overall to deliver in total $896 million of revenue. Again, Zlatko will cover the profit result in more detail.

We do not consider the 10% reduction in underlying profit nor a negative movement in return on capital to be acceptable. I can say however that the second half performance was a significant improvement on the first half. I can also say that the one-off impacts in the first half around the retirement of the former CEO and CFO of IFCO and the asset impairments in South America did not impact the second half performance. I can also say that we're confident of a return to profit growth in 2015.

We will continue to invest in this business, both in OpEx and CapEx as we continue to build our global RPC business, not the least to aggressively growing our market share in what is still an underpenetrated US market.

Moving on to containers. Containers delivered improved margins and benefited from the contribution of the Pallecon acquisition. Excluding that acquisition and some of the smaller acquisitions of Airworld and Transpac made later in the year, sales revenue was up 7% in constant currency.

CHEP Pallecon Solutions growth excluding acquisitions was up 8% with robust net new business growth in both the US and Australia. There was a strong contribution in the year from the CHEP catalyst and chemical containers business as well as automotive operations in both Europe and China.

Growth at Aerospace was modest, reflecting some flat industry activity and customer deferrals of container maintenance, but we do expect a solid improvement in this business unit in FY15.

The highlight in the containers was certainly the positive movement in margins, reflecting a more efficient leveraging of overheads as we grow our businesses in this business segment. We expect continued improvement in our existing businesses in FY15 as well as a strong contribution from Transpac, which is the dry goods IBC business we acquired in June.

I'll now hand over to Zlatko to provide more analysis of profit, cash flow, our balance sheet and the One Better program, before I come back to you with a few final comments to close out the presentation. Zlatko.

Zlatko Todorcevski - *Brambles Limited - CFO*

Thanks Tom and good morning everyone. I'll begin with an overview of operating profit at the Group level before going into more detail on our three largest segments being pallet Americas, pallets Europe Middle East and Africa and RPCs. I won't cover pallets Asia Pacific and containers in detail, but the information is in the appendices to the presentation and I am happy to take questions on those at the end.

The purpose here is to discuss the cost elements that held us back in the year and provide some contexts around those. On the plus side, there was a robust contribution from sales growth of $148 million comprising $141 million of non-acquisitive growth and $7 million from acquisitions. We delivered $25 million of pallets network efficiency and IFCO PMS integration synergies in the year, although as Tom has said, this was below target.

However by far the greatest impact on profit growth in the year was the $81 million increase in direct costs, the bulk of it in the American pallets business and in RPCs. We also saw a negative move in other costs, primarily as a result of those one-offs in RPCs as well as some impacts in Europe, Middle East and Africa and investment in future growth in containers. The $11 million increase in significant items mostly reflects increased restricting integration costs, including evaluation costs for the One Better project.

Before moving on to the operating costs analysis, I'll draw your attention to this slide on asset efficiency and CapEx to provide some important context. Replacement CapEx in pallets is continuing to decline as a percentage of sales revenue, reflecting our commitment to asset efficiency as a lever for driving a more sustainable business and stronger shareholder returns over the longer term.

You can see in the bar chart with the left hand axis showing total pooling equipment CapEx in pallets, that total replacement CapEx has hardly increased over the past four years despite our continued growth over that period. This frees up cash for other purposes, including enabling more investment in growth without a substantial increase in total CapEx. Please note that this chart shows CapEx on pallets as opposed to all property plant and equipment.

Replacement CapEx is the capital required to maintain the pool at its current size by replacing assets that are lost or scrapped. It is not related to the maintenance of pallets through repairs, the cost of which is expensed.

In the line chart on the scale on the right hand axis, you can see the positive trend in our replacement CapEx proxy DIN, which is the sum of depreciation, the irrecoverable pooling equipment provision expense and net book value of compensated assets and scraps, which is relative to sales revenue. One of the drivers here is the reduction in the USA of the IPEP expense, reflecting the fact that we are recovering more assets than we have historically.

The result of better asset management however, is higher operating costs in the short term as we continue to transition to a more repair intensive pool and an ever lower requirement for new pallets to service existing business. This is what is shown on the next slide.

So let's now talk about our plant costs. Please remember that the differences by region reflect the different business models and pallet designs in those regions. You can see in the chart that the trend is positive in Europe, Middle East and Africa where costs have reduced over the past two years as a result of efficiency measures. The EMEA is also a lower plant cost operation, reflecting the mix of pallet types in the region, some of which require less repairs by design, and the use of the exchange model in some markets.

Now we expect the North American plant cost ratio will remain higher than Europe, Middle East and Africa, because the CHEP USA business operates an exclusively one way trip model using a soft wood pallet and the PMS business acquired in 2011 has a distortionary impact. Nonetheless, a trend in repair intensity as we improve asset control in the USA continues to be a challenge. Put simply, better asset control results in higher recovery, repair and relocation costs, but it does mean fewer new pallets are purchased to replace those leaving the pool.

In contrast to FY09 when we purchased 11 million new pallets in the US to meet customer commitments, today that number stands at three million and we remain committed to eliminating all contracted new purchases. At the same time, we're ensuring we repair to the quality outcome the customer requires, not the short term margin outcome. Meanwhile, we have reduced our loss rate in the CHEP USA business by about 1% for this year's over the past five years.

For this information as well as a slide in the appendices showing transport costs, which are also impacted by asset management activity, should place some more context around the minimal margin expansion in the Americas.

Looking at the performance in the year more closely, there was a strong contribution from profitable sales growth across CHEP USA, CHEP Latin America and the Canadian business, with a little gross margin contraction in PMS of $4 million. Operational efficiencies mostly reflected the benefit of network optimisation, although the delivery of efficiencies has been slightly delayed as Tom has outlined.

The profit impact of higher direct costs is $45 million in the year, with approximately $30 million relating to the higher repair intensity as well as higher transportation costs and general inflationary pressure. Depreciation was also up $9 million reflecting pool growth. The lumber cost impact in the period was negligible.

It's important to note that the $9 million improvement in other costs is predominantly a result of reduced IPEP expense, which can be considered a partial offset for some of the increased repair costs, as both relate to improved asset management.

Significant items are mostly associated with transitioning service centres managed by third parties in house and rationalising these operations. Despite these costs challenges -- as Tom noted earlier -- return on capital in the Americas increased in the period to 19.3% underlying the importance of our asset control focus. The Europe, Middle East and Africa region of pallets segment, presents a very positive story. Indeed, new organic volume contributed strongly to sales growth at healthy roads to wins and losses.

Across the region, for the first time since the financial crisis hit in FY09, we recorded positive constant currency growth in each of the UK and Ireland, France, Iberia and mid-Europe growth of 9% as the full sized pallet pooling system gains further acceptance. Central and Eastern Europe continues to grow strongly, up 24% in the year and while the Americas is a little behind with the delivery of efficiencies, Europe is in fact ahead of schedule.

The $8 million negative movement in other expenses primarily related to the impairment of obsolete assets in Germany as we roll out the new German quarter pallet. The reduction in significant items predominantly reflects restructured charges taken in FY13 for European and global finance services organisational changes.

I'll now cover off on RPCs in more detail. The sales growth story is increasingly positive. The rate of sales revenue growth in North America of 9% in the second half was double that of the first half. The direct cost situation is as we discussed at the half year result. The bulk of the impact from high depreciation which had a $12 million impact in FY14 was a result of our decisions in 2013 to expand the pool aggressively in order to meet anticipated demand so as to ensure growth is not stymied by a lack of crate availability.

Although the rate of new purchases has now slowed, the impact of higher depreciation was greater in the second half. Higher transport and plant costs in North America contributed $5 million to the $20 million total negative movement in direct costs reflecting higher recollection volumes.

The $19 million increase in other costs reflected $8 million from the IFCO CEO and CFO retirements, higher marketing spend and South America asset impairments that we discussed at the half year. $5 million of that expense is non-recurring. We continue to invest in additional staff to grow penetration in both Europe and the Americas, and that added about $7 million in the year.

As Tom has said, we are confident there will be a return to profit growth in RPCs in FY15.

I will now move briefly on to cash flow. It was a solid result, with $131 million increase in cash flow from operations driven primarily by the increase in EBITDA and the improvement in working capital. The improvement in asset management has constrained the growth in CapEx in FY14 and also resulted in a reduction in proceeds from compensated losses and the IPEP expense.

Significant item cash flows has fallen because FY13 included expenditure on a number of large restructuring projects within the pallets business. Discontinued operations were in negative $206 million impact year-on-year, reflecting the fact we didn't own Recall in the second half of FY14 or the costs of the demerger during that year.

Dividends paid fell as a result of the weaker Australian dollar relative to FY13. Despite the substantial Recall related negative cash impact in the year, our ongoing focus on cash generation once again enabled a positive cash outcome after funding CapEx, interest, tax and dividends.

Having a look at the balance sheet, this has been further strengthened by the Recall demerger and the EUR500 million medium term note raising we completed in June which extended the tenure of our borrowings at a very attractive coupon rate of 2.375%. The average term of our debt at June 30, 2014 was 4.1 years, compared with 3.6 years 12 months earlier. Now a net debt to EBITDA of 1.59 times for FY14 puts us in a strong position to continue to fund acquisitions as we manage our capital structure to support our growth strategy. We have a strong interest cover ratio in excess of our covenant obligations.

Now let me close with some comments on One Better. We announced in February that we had identified $100 million in overhead reduction opportunities compared with FY14 and that these would be pursued over a five year program. We also articulated that while the benefit of any overhead reductions were not assumed in our existing return on capital targets, the savings we generated would mostly be used to help maintain our competitive position and reinvest on behalf of our customers. So I want to re-emphasise today that while One Better will contribute positively to margins over the life of the program, it is certainly not our expectation that the full $100 million in savings will drop straight to the bottom line.

What we can further clarify today is that we believe the impact of the $100 million in cost-outs plus the benefit of growing overheads at a lesser rate than sales revenue will result in a drop in the overheads to sales revenue ratio from about 15.5% today by at least two full percentage points by the end of FY19. We're also confident that $30 million of the $100 million in cost-outs will be delivered by the end of FY16.

Over the course of the One Better program, we're anticipating delivery costs in terms of combined OpEx and CapEx of about $80 million for the full program. Again I stress the intention of this program is to reinvest in building a better, more sustainable Company over the long term, not to drive short term margin expansion.

So what's involved in the program? Internally, we're organising our activities in three streams. The first is better buying, which is about aligning our procurement activities for both direct and indirect costs globally, which would drive the bulk of the short term opportunities. The second stream is better for our business, which is about unifying our global finance, HR, IT and strategy functions across the business to realise the benefits of our scale and footprint as well as eliminating non-critical internal activities. Finally, better for the customer, which is about refining our customer value proposition, improving the efficiency and quality of customer interactions and maintaining our focus on asset management as a competitive advantage. This last area is by far the most exciting for us and the area with the most upside in terms of entrenching and enhancing our competitive position.

It will also be the most complex to deliver, as we look to make ourselves more nimble, less transaction intensive and easier to do business with. Ultimately, to capture more of the unique value that exists within the scale and strength of our network and asset base. As we move forward with the One Better program, I will regularly provide updates on our progress.

I will now hand you back to Tom.

Tom Gorman - *Brambles Limited - CEO*

Well, thanks very much, Zlatko. I'd like to now move a little bit and talk more about our longer term perspective and share with you the three themes that we'll be driving over the coming years. Let me begin by briefly recapping the investment proposition and the five year plan that we discussed back in December of last year.

We believe strongly that our network advantage is really at the heart of the value that we're able to generate for our customers and our shareholders. We're committed to maintaining that advantage. We're also confident of delivering our high single-digit, constant currency sales revenue growth target and achieving a 20% ROCI by FY19.

Our investment proposition we believe is well understood and our business, as it stands today, is capable of delivering this commitment. The second stream is about One Better. One Better is a fundamental part of linking where we are today with where we want to be as a Company.

Not by simply passing savings to the bottom line, but through creating the opportunity for us to protect and enhance our core competitive position by offering more value for our customers and, of course, investing in new growth opportunities. Today, we are evolving from our core position. We have reinvigorated and strengthened the global strategy function under Jason Rabbino. Jason is now leading our strategy activities in addition to his leadership of the containers business.

This function will be further consolidated through One Better and is focused on driving a holistic view of our position in existing supply chains and how we can bring our expertise to new and/or adjacent segments. We are focused on innovating to capture the true value of our embedded network, the value of our customer relationships and the value of the expertise that we bring to drive superior performance.

We are not just a pooling solutions Company. We are a supply chain solutions Company with a unique set of assets and insights. The potential exists for us to leverage our data and our assets through technology.

Innovation activities and our thinking about longer horizon opportunities will continue to grow as our management of our own assets improve and technology becomes much more affordable and much more reliable. I'm now going to talk more specifically about our portfolio of businesses in the context of a few of these ideas.

At Brambles, we continually evaluate our portfolio and our approach to growth. As we discussed back in December at the investor day, this really entails a horizon based approach, where we consider our portfolio in the context of growth potential and return horizon. Again, with 20% return on capital target always in mind.

The bulk of our portfolio already sits squarely within what we refer to as the sweet spot. This is offering sales revenue growth outlook soundly above that of the underlying market in which we operate these businesses and they provide returns on new investment commensurate with a 20% long term target. Within this core, we are continuing to launch new products, target new verticals and enter new geographies.

For example, through the half-pallet launch in the US, we expect to begin to see a contribution to sales revenue from this initiative in FY15. However, we are also focusing more critically on the outlying businesses. Those that are either growth constrained or currently not delivering the rates of return that we're demanding.

We are prepared to change our approach where necessary to drive better outcomes. I'll first touch on the CHEP Catalyst and Chemical Containers business, or CCCC as we refer to it, which provides containers and railcars to the downstream oil and gas industry. CCCC is in fact small in the context of Brambles, with revenue about $41 million.

Now, notwithstanding the strong FY14 result, CCCC operates in a well penetrated sector, where organic growth opportunities are increasingly more difficult to come by. However, a review of CCCCs place in the portfolio in recent months has given us an expanded perspective on vertical integration in the oil and gas sector, within which we will continue to assess potentially exciting acquisition prospects.

The next sector of interest is automotive. We are committed to this sector, which we believe has strong pooling characteristics and can generate value for our customers and our shareholders alike. But it will take some time to build our businesses, particularly in North America, as well as our intercontinental flows.

Now, in an effort to ensure that we're focused on building our automotive business for the long term, this week we have announced internally that we are addressing our global structure by appointing Laurent Le Mercier, who is currently the Head of CHEP France, as our first global head of automotive. We are, as has well been documented, facing a decline in the Australian automotive manufacturing sector. Our Australian automotive business accounts for just under 8% of our revenue in the total automotive sector and the Australian operations will continue to be managed locally by the CHEP ANZ team.

Now, the IFCO operations in the Americas, we believe, are back on track in terms of achieving strong sales growth, as the new leadership in the US under Dan Walsh, executes a reinvigorated sales and account management strategy, placing more clear accountability on both grower and retailer sales growth. We are investing acquisition opportunities in Latin America to bolster our efforts there. I think we can say quite simply that the future of IFCO in the Americas is very bright.

Now, turning to CHEP Asia, where we remain strongly committed to growth. Our constant sales currency sales revenue growth in Asia slowed to 10% in FY14, as we continued to focus on driving dynamic turns in our wooden pallet business in China. In fact, we reduced our plastic pallet operations in that country.

While this is driving profitability in China, we do not feel that we're really tapping the full potential available to us. This week, we have announced some structural changes that create a leaner, more flexible regional structure and align our operational reporting lines more closely with those of our customers. We are transferring responsibility for India into a new Africa, India and Middle East business unit under the leadership of our current president for Middle East and Africa, Jurie Welman.

We are also placing the remainder of the Asia pallets operations under the current CHEP China president, John Wan. John will now report directly to Phil Austin, and Phil, who is the President of CHEP ANZ, will take on broader responsibilities for Asia Pacific. I must say that in Jurie Welman and Phil Austin, we have two of the most tenured and knowledgeable leaders in our Company.

I'm certain that their impact will be substantial. We have also announced the departure of the President of CHEP Asia, Lars Amstrup, and the closure of our CHEP Singapore office. Now, just as our structure and our business has adapted when we expanded in Europe in the 1970s and when we expanded into the US in the 1990s, we are open minded about the right models for Asia, as we continue to pursue growth there today.

Briefly, moving on to CHEP Aerospace Solutions. Today, we have not built the business as quickly as we had planned, but we are confident of significant growth and pooling sales revenue in FY15, as we pursue a number of marquee customers. Pending our success in building scale, we will be disciplined in our assessment of the ongoing role of this business in our total portfolio.

Finally, I'd like to speak LeanLogistics. LeanLogistics is our transport management software business. This is a relatively small operation, but as we assess the potential for software to play a greater role in the way we can build services around the value of our installed network and our installed asset base, LeanLogistics and businesses like it may become increasingly more important strategically.

Now, I'd like to move on to summarise. To summarise, our FY15 outlook statement before I open for Q&A. In FY15, we expect to deliver strong profitable growth with positive leverage to the bottom line. We are forecasting sales revenue growth at constant currency in line with our five year range. That is in the high single-digits growth.

Underlying profit we expect to be in the range of $1.03 billion and $1.06 billion. Again, that is at June 30, 2014 foreign exchange rates. This growth in underlying profit equates to underlying profit growth of 7% to 10%.

We anticipate an incremental improvement in return on capital in the year, as we remain committed to and continue to pursue our five year target of 20% return on capital. Net finance cost and tax rates should be broadly in line with FY14. There is no change to our progressive dividend policy under which we seek to increase dividends over time on a sustainable basis, subject to our funding needs.

We again anticipate free cash flow before significant items to be positive after the payment of dividends. Finally, I would like to close by acknowledging our Chairman, Graham Kraehe, who announced his retirement in July. Graham has really been a great mentor and a great friend of mine as we have set the strategy for Brambles over the past five years.

His counsel and his patient aggressiveness has really set a great tone for me and my leadership team. As Graham moves on from Brambles, we are all looking forward to working with his successor, Stephen Johns. Stephen has been a Brambles director for 10 years and his appointment represents great continuity and stability for our Company.

Stephen and I have worked closely over the past five years, and I have to say, I'm really looking forward to continuing to work with him as our Chairman. Thank you very much for your attention today. We will now open to your questions.

QUESTIONS AND ANSWERS

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thank you, Tom. Thank you, everyone. The first question on the phones comes from Cameron McDonald at Deutsche Bank. Cameron, please go ahead.

Cameron McDonald - *Deutsche Bank - Analyst*

Good morning, guys. The -- just on slide 12, Zlatko, the $81 million worth of increased direct costs, are these going to be ongoing costs, as you've highlighted with the improved control ratio and efficiency in recovery and the lower IPEP expense, so we should expect those direct costs of recovery and repairs to be ongoing?

Zlatko Todorcevski - *Brambles Limited - CFO*

Yes. There's a quite bit in the $81 million, Cameron. So let me just maybe break it down for you a little bit. So of the $81 million, roughly $45 million is in the Pallets Americas business.

That partly relates to higher plant costs, predominately for repairs and higher transportation, as we said from higher recoveries and then relocation of pallets. It also includes about $9 million for the higher depreciation because of the pool. Look, I'd say for at least the balance of this year, it's probably safe to assume that they'll remain at those levels.

We are looking at opportunities of what we might do with damage rate and more efficient redeployment of pallets, but I wouldn't assume there's going to be in material change within the Pallets Americas business. Then on the RPC business, which was the second largest component of the $81 million, it comprises about $20 million of the $81 million, that's reflecting predominately the higher depreciation rate that we indicated about 12 months ago.

So you will see that, say, sticking flat. But as we also indicated, CapEx in 2014 was lower than the preceding year. So you won't see the same rate of growth and depreciation going forward to 2015, as you might have seen in 2014 relative to 2013.

Cameron McDonald - *Deutsche Bank - Analyst*

Okay. So that's -- yes. When we look at, say, the building blocks into the guidance range, we need to incorporate those higher, sort of, ongoing operating costs to bring it back down, because I mean, obviously, you've spoken about the $30 million of costs which you think you'll save from the One Better program, the $30 million of benefits coming through from the delayed US efficiencies and IFCO synergies.

Then, you've got $5 million from the retirement costs from CEO and (CEPO) IFCO, which won't be recurring. Then, also $5 million contribution from Transpac, which -- at a headline level, before those other costs already gets you into your guidance range for next year.

Zlatko Todorcevski - *Brambles Limited - CFO*

Yes. I think you've picked up all the benefits there really well, Cameron.

Cameron McDonald - *Deutsche Bank - Analyst*

Yes. Well, that's what I'm asking about. The negatives.

Zlatko Todorcevski - *Brambles Limited - CFO*

Yes. So there's a couple of negatives. So let me particularly clarify the One Better one.

So what we've said here today is that we are targeting to deliver $30 million by the end of FY16. It won't all come through in 2015 and I think you can assume that the bulk of it will probably be in the second year, rather than the first. Then we've also said that don't assume it's going to fall to the bottom line.

Now, as Tom outlined at the end of the presentation there, we are looking at a number of different areas to really entrench our competitive position. That includes spend on innovation activities. It also includes spend in a number of other areas where we continue to see opportunities to grow the business. So, look, I definitely wouldn't assume that the $30 million falls to the bottom line. But that is a two year benefit.

Cameron McDonald - *Deutsche Bank - Analyst*

Okay. Just lastly, Tom, if I can just ask you about the US market. You mentioned that the fourth quarter saw 5% growth relative to the third quarter. But if we look at what happened in the first two quarters, they were up 7% and well, up strong 7%, I think, in the second quarter in particular. Despite the weather, do you actually also think there was an underlying slowdown in the US and that that's actually not going to accelerate from the current -- from the levels that we're seeing at the moment?

Tom Gorman - *Brambles Limited - CEO*

Yes. Look, it's interesting, because if you remember back at our half year -- I think people accused us of being bullish at the time, when we were talking about the US as well as Europe.

But we did see some growth in the US market coming into the end of the year. That was really shutdown by the weather situation in the third quarter. We did see a significant upturn in the fourth quarter.

On a full year basis, we still are about where we were in -- at the half year. So to give a rough idea, in the first half, we saw organic growth in the US on a roughly, roughly around 1.5%. That was broadly in line with what we saw in the fourth quarter. Whereas in the third quarter, it was actually negative in the US.

So when you put all that together, we really are holding the same view, which I'd say is cautious optimism still in the US. I mean, the data are a bit sporadic. I mean, just today, obviously if you look at housing starts in the United States, extremely positive. The equity markets continue to be positive.

There are a lot of reasons to continue to be optimistic about the US. But we're really in the same position where we were back in December. We're cautiously optimistic coming out of this calendar year and we're looking for good things to come from the US.

I mean, I would just might add one thing, because I think this is hard to really grasp. But the effort that the team has put in place in the United States is massive. I mean, we have fundamentally restructured our network in the US.

Yes. That required a lot of attention from the management team. Yes. It did drive some added cost into the business in the year. I guess, at the extreme, you could say that that level of change is clearly a distraction.

But I believe the team did a heck of a job. I know that that's going to position us to be much, much stronger going forward. We're going to continue to push for margin expansion in the US. Look, I think Zlatko is right. I don't think you'll see a massive change.

But we're going to continue to push for margin expansion in the Americas. I think when you look at the whole set of businesses, you're going to see continued margin expansion in the containers business and we also want to see margin growth in RPCs. We have to deliver profit growth in the RPC business and we're committed to doing that in FY15.

So I think we're well positioned to get on top of a couple of the areas that were less than satisfying, but also to accelerate a lot of other things that are going well for us. I think the MEA business will continue to be strong in FY15.

Cameron McDonald - *Deutsche Bank - Analyst*

Thanks, guys.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks, Cameron. Next question is from Scott Kelly at Morgan Stanley. Scott, please go ahead.

Scott Kelly - *Morgan Stanley - Analyst*

Hi. Good morning. I've just got a couple of questions on RPCs. Within your other items, excluding the one-offs, you've identified higher marketing costs and investments for RPCs. Has that normalized this year or do you expect that to continue to escalate as you grow that business?

Tom Gorman - *Brambles Limited - CEO*

No. We actually think that that's normalized now within the RPC business. We think that we've taken the actions that we need to take. So from a structural standpoint, I don't think you'll see much of an increase at all in marketing costs year-on-year.

Look, I think that what we're doing again here, we referred to it as a transitional year, in a way in the US, but not only did we change the leadership team and Dan Walsh is in place now in the US and really delivering substantial growth in the second half -- I mean, growth in the second half for us was twice that of the first half. I don't think that should be missed in this result.

But I also think that Dan has spent a lot of time to get the structure right to really get the focus on grower sales and retailer sales and building more capability by vertical. I think that that's going to pay significant dividends. You might see a little more overhead movements as we look at new market entries and so forth, but I don't see that as material. I think that the marketing spend is about where we needed to be.

Scott Kelly - *Morgan Stanley - Analyst*

Okay. On the sales line, for the full year, North America was high single digits. Just wondering if you can comment on -- the second half looks like it was stronger. Is that run rate going to escalate into 2015, compared to Europe?

Tom Gorman - *Brambles Limited - CEO*

Yes. You're talking about the RPC business now?

Scott Kelly - *Morgan Stanley - Analyst*

Yes.

Tom Gorman - *Brambles Limited - CEO*

Yes. Look, that run rate is really what we're looking for. That was a 9% run rate is what we would like to see continue to be delivered. I mean, I've said this pretty openly. I think we can run away from it.

We really want to get overall a 10% growth rate in the RPC business. Look, we fell a little bit short of that last year. We're going to continue to target that. It's an important part of business. In total, it's 17% or 18% of our total revenue.

We need to get that level of growth out of there. I think we have the team positioned in the US now to be able to take advantage of that. It's still strongly underpenetrated. We still have plenty of opportunities to grow that.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks, Scott. (Operator instructions). The next person in the queue is Simon Mitchell from UBS. Simon, please go ahead.

Simon Mitchell - *UBS - Analyst*

Good morning. Just a question on the guidance. If I look at the second half growth rate in the business, I think it comes out at about just under 2% constant currency growth in underlying profit.

Then, thinking about your guidance of 7% to 10% for FY15 and as you pointed out, you typically have got a very strong record in reaching at least a mid-point of that guidance, what do you see as the fundamental change from the second half to get you to the growth you've indicated for FY15?

Obviously bearing in mind Zlatko's comments around the phasing in of the $30 million primarily in FY16 and also the IFCO one-offs largely seem to have impacted the first half.

Tom Gorman - *Brambles Limited - CEO*

Look, I think there's a couple of things there. I think you can't get away from what was happening in the Americas in that period and the weather impact in the US. Again, it's difficult to calculate exactly the impact, but just by showing you quarter-over-quarter, you could see that we grew at 5% in the fourth quarter and only 1% in the third quarter.

So we believe that that non-recurrence of that market pressure in the Americas is going to help us significantly. We also see significant growth in our other business units. So we're going to continue to drive in the RPC space.

So that's going to be a stronger growth on a full year basis than we achieved this year. Again, if you look at just the US -- just the Americas business alone, we doubled the growth rate in the second half. That's really the run rate that we want to achieve as opposed to the average year performance out of the Americas.

Zlatko Todorcevski - *Brambles Limited - CFO*

Simon, the other thing I would just add to what Tom said is you might recall in the half year we flagged there are about $10 million of costs we'd allocated to the Recall business. So clearly, that fell into discontinued operations and we don't have the opportunity to charge Recall anything going forward, so if you just adjust your numbers for that impact in your FY15.

Simon Mitchell - *UBS - Analyst*

Okay. Just -- Zlatko, just on the corporate reduction -- corporate cost reduction program, you've highlighted $80 million of cost. I just noticed there was - it looks like there was about $25 million of costs taken below the line in the second half, which some of that at least relates to the program. Is that included in the $80 million and would you expect all cost elements of the $80 million to be taken below the line in the future?

Zlatko Todorcevski - *Brambles Limited - CFO*

No. So of the significant items we took in FY14, a portion was for the evaluation of One Better, Simon. But it's not included in the $80 million. The $80million is purely around execution of the program and what we need to realize the benefits so that the piece that we took in FY14 was around a valuation of those opportunities. But I will say that probably the larger component of significant items in FY14 was some of the costs we incurred around the restructure of the service and the network in the US. So that was much larger than One Better evaluation.

Simon Mitchell - *UBS - Analyst*

Okay. Just lastly on Aerospace, Tom, I know you like giving targets and I just -- I was interested in your comments around the discipline of whether to retain that business within the Group or not. Is there a timeframe you have in mind or a hurdle that it needs to achieve?

Tom Gorman - *Brambles Limited - CEO*

No. I don't think there's a specific timeframe. I think for us we really look at the trajectory. Are we building the business the way we anticipate we can build it? Look, I have to say that the gestation period for winning business in aerospace, as we've seen in intercontinental and automotive, it takes a while. I think we have one. We've shown particularly in aerospace an ability to add a major airline each year that we've owned the business, but we need to continue that trajectory, number one.

So that's a top line issue. As we continue to see it, if it continues to go well, obviously we think more positively about the business. If we struggle to deliver that, it -- I don't think it's a surprise to anyone we will view it more negatively.

But the top line has to happen. But we also need to see the underlying performance in a direction where we can see this contributing toward our 20% objective. So there's no timeframe. I mean, we don't have a meeting where we say we're now going to decide things.

We evaluate our businesses continually. Throughout the year, we focus more on strategy than tactics at certain times. But I'd say all of our portfolio businesses are under review continually. So there's no difference there. But Aerospace, it does get visibility, because it is a brand new initiative for us.

It has been a roll up and parts of it have been extremely successful. But as we said here, the top line growth has a little bit -- has been below what we expected. Look, I might just come back on one last comment, just on the growth in the second half. I would just remind you that the Pallet Americas business is an important component of our total corporation.

I mean, it's still roughly, roughly about 20% of the volume of the total business. If you look at the second half growth this year and how much of that was impacted by a very weak third quarter in the US. I think that will help you a little bit get to how we can be guiding to that level of growth in 2015.

Also, if you come back and look at the net new wins, we do think we're coming into the year with a more robust profile in terms of net new wins. So that gives us some confidence we can deliver.

Simon Mitchell - *UBS - Analyst*

Okay. Thank you.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks, Simon. Next question is from Anthony Moulder at Citi.

Anthony Moulder - *Citigroup - Analyst*

Okay. Good morning, all. Just if I can just start on the US business you highlight the margin compression in the pallet management services business. Is that an expectation that you would continue to see as people perhaps or volumes change between the CHEP brand and the PMS brand?

Zlatko Todorcevski - *Brambles Limited - CFO*

Well, what we saw Anthony was really around cost and core acquisition in the period and we did respond with pricing but I think there was obviously a bit of a matching issue there. So the team is responding to what they're seeing in the market and dealing with that but I wouldn't assume anything beyond that.

Anthony Moulder - *Citigroup - Analyst*

Okay. Following on from that how do you then see the leverage of the business to economic recovery or volume recovery? Do you get the sense that with things going better in the US that you will get a lot of volume upside from some of those key customers?

Tom Gorman - *Brambles Limited - CEO*

Yes, look, I'd go back Anthony to what we said earlier. I think that our view is that the third quarter was really the aberration, that the fourth quarter run rate is very much in line with what we saw through the half in the first half, so we continue to expect organic growth in the 1% to 2% range. I think we should be able to deliver that.

As it relates to our Whitewood business or the PMS business as we refer to it, I think I just want to re-emphasise one thing -- we have fundamentally restructure the network in the US and we went at a very aggressive pace to do that. As part of that there were some things that we probably didn't have as strong a grasp on as we should have.

One of those issues also related back to the PMS business and the PMS business is quite a different business. It's the efficiency of acquiring cores, it's getting your pricing right by each region; the team is very focused on that. We are expecting improvement in PMS performance in the year as well.

Anthony Moulder - *Citigroup - Analyst*

Since you mentioned volume expectations, pricing expectations are still within that 1% to 2% range?

Tom Gorman - *Brambles Limited - CEO*

Yes, look, we haven't changed our view on pricing. We're still very much in a position that price is going to be at the lower end of that range.

We're in a competitive marketplace. We're focused on delivering value to our customers and we still see price at the lower end of the range.

Now that's not the PMS business, so that's really the blue business. PMS is quite a different business. That really is a spot market trading business in a way, and it's the efficiency of the acquisition of the cores and then getting your pricing right. So pricing varies more in that space, but in the core pooling business really across the board we still see relatively muted pricing.

Anthony Moulder - *Citigroup - Analyst*

Okay, and the last question if I could: the Pallets EMEA result was particularly strong but also achieved within the same pallet balance, I think $115 million. That's on the back of some higher CapEx in that second half. Do we take from that there is some replacement of the quality in the EMEA business with repairable putting new pallets into that network, taking some of the older ones out?

Tom Gorman - *Brambles Limited - CEO*

No, there's no deliberate action such as you've outlined at all. We're getting growth in Europe so the new pallets that are flowing into that business are flowing in to support their growth.

But look, I think as everybody knows the European is more complex as we show. We have a very high level of asset control in the US. We don't have that same level of control in Europe and we are in fact buying new pallets to replace both loss and a relatively small amount of scrap.

But the damage rate in Europe is actually improving. So our position from a quality perspective in Europe we think is pretty solid but we are growing and unfortunately we do have some leakage in Europe so we are adding new pallets to support growth and to replace the leakage.

The US story is quite different. The control rate ratio in the US is really outstanding. It's the best we've ever seen and that's allowing us to really reduce our new pallet purchases which has a positive impact on return on capital but the negative flow through on the income statement is what you're seeing as that pool is aging.

I would also just reiterate, Anthony, for you and for the others -- and Zlatko mentioned this in his prepared comments -- but again this is a fundamental change to the network. You don't have to go back that many years and we had a commitment to purchase 11 million or 12 million pallets for new customers that we simply didn't need. It was a period where share was declining and we were still adding to the pallet balances.

That is really behind us. As we said now we only have a small amount left and our view is we're going to eliminate that.

So we really fixed that business. It's taken a while to do that and we've had to work cooperatively with our customers but we have a fundamentally different business in the US and the focus on return on capital is real. That'll allow us again to continue to build that business from a position of strength. Better network, better control of our assets, I think all that's quite positive. We just now have to build that into profit growth in the US.

Anthony Moulder - *Citigroup - Analyst*

Very good. Thank you.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks Anthony. Matt Crowe from CBA is next. Please go ahead Matt.

Matt Crowe - *CBA - Analyst*

Good morning everyone. Just further on that, in your strategy to repair rather than buy pallets, I can see the repair intensity or the higher repair cost as I guess the flip side of that but I can see that coming through in the Americas business but it doesn't seem to be any additional repairs costs in Europe. Is the strategy of repair rather than buy mainly a North American strategy or is it across the whole pool?

Tom Gorman - *Brambles Limited - CEO*

I can clearly understand how you come to your question, but I might just reverse it. We don't have a strategy of repair versus buy. So to be clear that's not the strategy.

Our business is really simple: we provide solutions to our customers. They're mobile solutions.

The key to running this business well is to find what you've given the customer. So an asset goes out -- you've got to get it back. Throughout our history we've not always been so great at that.

We're in a position now where we're really improving our asset management, asset control capability. So we start from that mindset.

What that then leads to, it leads to a position where we can reduce our maintenance capital. That I think is shown clearly in the charts that Zlatko talked to.

We have been growing our business but we've kept our maintenance CapEx flat through that period. That means that our assets our working harder, that means a better return to our shareholders. That's the focus.

Now, the flip side of that is that you have to spend more on operating cost to keep that pool at an appropriate quality level. All day long we would trade margin for return on capital.

If we can improve the capital efficiency of our business, we will continue to do that. But there's not a -- we don't set out to say I'll trade one for the other. We set out with the idea of controlling our asset base, and we do a better job of that in the US than we do in Europe at the moment.

But the European business is far more complex. The number of distribution points is much harder. The cross-border flows are much more complex.

But all of the ideas and the best practices that we've been developing around the world are clearly being shared globally, and we are making improvements in Europe. I will say it's just a more complex business but the commitment to improve is exactly the same, you're just seeing better flow through of that strategy in the US at the moment.

Matt Crowe - *CBA - Analyst*

Okay, thanks.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks Matt. Next up is Matt Spence from Merrill Lynch. Thanks Matt.

Matt Spence - *Merrill Lynch - Analyst*

Hi guys, Zlatko, what's the net impact of internalising these service centres on the cost base? Is it material and does that feed into that $45 million increase in cost in pallets Americas?

Zlatko Todorcevski - *Brambles Limited - CFO*

I don't have the cost of internalising Matt, we'll need to come back to you on that. But what's included in the $45 million is some I'd say more inefficient operation as we ran through that transition. That's probably the best way to think about it.

There's no structural increase in the costs on that. Obviously the costs do come through in higher repair and higher transport costs, but the inefficiency -- as Simon said once you bed down those operations and get on top of them you don't see that recurring.

Matt Spence - *Merrill Lynch - Analyst*

Okay, and you said you've internalised 20%. How much further does that go to in pallets Americas?

Tom Gorman - *Brambles Limited - CEO*

No, that's it. I mean really--

Matt Spence - *Merrill Lynch - Analyst*

Okay.

Tom Gorman - *Brambles Limited - CEO*

Yes. The objective -- this again goes back almost four or five years ago and it's my view -- I think it was our view and the Board's view that one of the reasons that the US business got away from us a little bit is that we had outsourced 100% of the capacity. Having started my career in Europe where we control about 20%, we always felt that if we had a certain amount we could do better benchmarking, we would understand better what our third party suppliers are doing. That really is the strategy and we're there now, so we don't see that expanding any further in the Americas market.

Matt Spence - *Merrill Lynch - Analyst*

Yes, okay. Then just one last one on Europe -- you said with the first half results, EMEA, new business wins, were flat. How did that pan out for the full year and would you make any comments on LPR that seem to have won a couple of contracts in the second of 2014?

Tom Gorman - *Brambles Limited - CEO*

Yes, look, I'll make a comment -- and I think Zlatko will probably also add to this -- but I think that what we've said in Europe is that given the improvement in the general organic marketplace we were going to be and continue to be very disciplined about the profitability of our customer base. Clearly in the first half we essentially walked away from business that didn't make economic sense for us.

We don't share these data publicly, but we've seen a significant improvement in the margin structure in the UK business. The biggest impact of this really has been in the UK where we've had a number of customers that frankly were lost customers that as we were growing the business a bit more organically we felt that we were going to price the business appropriately for us in a sustainable way and so we've lost some of that business.

Nobody ever sets out to lose business but to be clear about that but we want business that makes economic sense for us for the long term. So that market share decline and those losses that we've seen we've been able to offset that with better price mix and win in other areas but clearly we have lost some business to LPR in the period.

But the margin impact -- again we don't show these data by country -- but the margin impact in the UK specifically is significant. So I don't -- Zlatko do you want to add to that?

Zlatko Todorcevski - *Brambles Limited - CFO*

Yes, Matt, if you just think net new business wins, we said at the half it was flat. It's about $20 million across Europe, Middle East, and Africa.

As Tom said we don't walk away from business but maybe a different way to think about it is that some of the opportunities that we're now renewing we would have signed a couple of years ago when our pallet balances would have been quite different. When you have excess pallets you look at what the best alternative is and that might be storing them or tearing them down.

We're in a much better position today and the alternatives are in a lot of cases better priced business. So when we price it, we're pricing it more appropriately thinking about those alternatives.

So we have lost some business but I think we're picking up some very attractive business.

Matt Spence - *Merrill Lynch - Analyst*

Okay, thanks.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks Matt. We have Scott Ryall from CLSA up next please Scott.

Scott Ryall - *CLSA - Analyst*

Thank you. Tom, I was wondering if you could give us a sense of the materiality of the difference between remuneration for the Americas pallets team and the EMEA pallets team. I'm just trying to get a sense of -- you've called out pretty clearly the EMEA has been the standout in that respect, notwithstanding the comments about positioning for fiscal 2015, but what rewards come through the pipe for the management who are responsible for those geographies?

Tom Gorman - *Brambles Limited - CEO*

Look, I'm not going to go into the specific numbers but I don't think this will surprise anybody. Our management team and actually down to throughout the organisation structure compensation is a mix of base salary and at risk compensation very similar to what we disclose for the key executives in our annual report. So even though the amounts may differ by individual, everybody has exposure to a variable comp level which is based on the set of objectives that are established at the beginning of the year.

The European team did very well this year, so in terms of their variable compensation I think it'd be fair to assume that they're going to achieve a higher portion of the objectives that we established at the beginning of the year than the Americas team did. In addition our key executives also have a set of personal objectives. They tend to revolve around customer satisfaction, safety, employee engagement, things of that nature, stuff that you wouldn't be surprised with, and that differs by individual business unit.

But I think it's safe to assume that the European team had a very good year. The US team, the results were not where we expected them to be.

But I will say this to be very clear again -- we are extremely proud of what the USA team has done. We have fundamentally reshaped that network.

Now look, should we have slowed down the reshaping of the network at some time during the year? Perhaps we could take criticism for that, but we said we were going to do this, we set about to do it, and the team did a heck of a job.

Now it was distracting, and clearly some things from a cost perspective have more challenge in them than we expected coming into the year. But I am in no way concerned about the commitment of the US team or their capability to get their mind around it.

Scott Ryall - *CLSA - Analyst*

Can I maybe just ask in a slightly different way -- in terms of the variable for the people under the key management in the annual report, what is the rough variable versus fixed ratio?

Tom Gorman - *Brambles Limited - CEO*

Look, I'd have to come back on that specifically. The reason we don't disclose that is because we don't disclose it.

You're now getting into stuff that -- the key management personnel, we're open to having everything relative to our compensation being made public. It's not our position to share every level. I think what you can be absolutely certain of is that if you perform in this Company, if you deliver your objectives, you are compensated for it, and if you miss your objectives compensation is impacted and that happened this year.

Scott Ryall - *CLSA - Analyst*

Okay, all right, good. Then just on slide 7 with respect to the net new business wins in the pallets division, last year you were very key that the net new business wins for fiscal 2014 were down and that was one of the key reasons that you'd had a lower growth run rate in the second half than the first half. The comment was essentially around the fact that you'd won back most of the business from your competitor and there wasn't a huge amount more to do.

This year you've accelerated in the Americas, and I was wondering if you could give us a little bit of colour. I can't find it in your -- you used to give a bit more colour around net new business wins in the divisional disclosure. Could you just give a bit more colour around the step up again in the Americas and whether that's North America, Latin America, what size of customer, where you've been most successful in reaccelerating that please?

Tom Gorman - *Brambles Limited - CEO*

I think you're correct as to what we pointed out a while ago that the really big wins came back when we won back some of the stuff from IGPS. That was very lumpy business, the likes of a ConAgra or a General Mills or a Pepsi.

Those were very big accounts. There are not many of those out there.

But I would say what we've done here are a couple of things: first of all on the small to medium enterprise side we continue to win, so if you look at our number of contracts in the year, it's up over a thousand and it's up a significant percentage versus last year. So small to medium enterprise continue to play a role in our business growth.

I will just say however that with small to medium enterprise, they are more volatile. They do trade back and forth a bit more than the larger accounts. Having said that we still added a lot more SMEs in FY2014 that helps us coming in.

I think the other thing that we've done is we've really reinvigorated our pipeline management so as opposed to identifying one, two, or three key wins, our pipeline is much stronger this year. Kim and her team -- we've made some changes amongst the sales structure and the sales leadership team and our management of the pipeline gives us a lot more confidence coming into the year.

This is across the board in the Americas, so we are seeing positive opportunity in the US. So this is not an Americas that's favoured in any way by Latin America or Canada. We are seeing that growth in the US.

Scott Ryall - *CLSA - Analyst*

Okay. All right, that's all I had, thank you.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks Scott. Andrew Gibson at Goldman Sachs has the next question. Andrew, please go ahead.

Andrew Gibson - *Goldman Sachs - Analyst*

Sure. Okay, so you're saying that the 20% internalisation of plant means that you've done et cetera.

So just thinking about again the EBIT bridge into fiscal 2015, you've called out plan investment increment in financial 2014, marketing costs, et cetera. So are you saying that that's now stabilised so we shouldn't be expecting another incremental jump in those type of costs in 2015?

Tom Gorman - *Brambles Limited - CEO*

That's correct.

Andrew Gibson - *Goldman Sachs - Analyst*

Okay. You also note that you're reducing commitment to -- new pallet commitments per annum. What's the run rate there at the moment?

Tom Gorman - *Brambles Limited - CEO*

I think Zlatko touched on that today. Our commitment is 3 million in the US and I think we've also said that we're targeting to be zero.

I mean, fundamentally we're a pooling company and that means that you have to have fungible assets that move amongst the various parties. When you have a commitment to deliver new, that's not pooling, so we will continue to put new into the system as we grow and as we replace whether it's leakage or the low amount of scraps we have each year, but we don't want to have that as a set commitment to any customer.

Andrew Gibson - *Goldman Sachs - Analyst*

Just finally, you've commented some of the competitive dynamics in Europe, but can you also put a little bit of colour on what you're observing in US pallets but then also in RPCs?

Tom Gorman - *Brambles Limited - CEO*

So in competitive dynamic in -- maybe I'll just start with the RPC space. I think you guys know this well but (Tosker) is our primary competitor in the US.

Some time ago they were recapitalised and they acquired the GP business. They continue to be competitive. We think that they're a strong but rational competitor, I guess is the best way to describe it.

We do battle with them repeatedly but we're continuing to win. Our business growth in the US doubled in the second half, so that's a significant turnaround.

I think as we explained this before, we had a business in the US that was very successful. It came to a point of inflection where we had to look at is the structure right for what we're trying to achieve.

We had resources that were both responsible for retailer sales and grower sales. That's a lot to ask of any individual so we've restructured that. We put someone in charge of the retailer relationships and somebody in charge of the grower relationships.

We also recognised that we had vertical experts, so we had sweet corn experts or we had stone fruit experts or we had tomato experts. But we didn't have them broadly enough in each category. So we've invested in that.

We think all of that is going to pay significant dividends for us, and thus far it is working. So not only through the second half but the commitments that the team has made through the early part of this year, they're on track to deliver those.

So some of this stuff -- opportunity disguises itself often because to quote Henry Ford it's wearing overalls and looks like work. That's all this is. We just have to put our head down and do the job.

We know what to do. We have the intellectual property, we have the capability. We've got to get organised and execute and I think under Wolfgang's leadership in RPC and with Dan running the US business I think the guys are doing that.

Andrew Gibson - *Goldman Sachs - Analyst*

Just in pallets in the US?

Tom Gorman - *Brambles Limited - CEO*

On the pallet side? Yes look, I think that the competition there hasn't changed either.

I mean, it still is PECO. I think PECO -- again I would say the same thing here. We tend to say they're a rational competitor. Don't disguise rational for meaning easy.

They're rational in that they want to build a successful business as do we, but the competition continues. Look, I think that when we're cautious on price it's to do the right thing by the customer for sure, but it's also within a competitive context. We're competing in the case of the pallet business with PECO and that's what really makes us make sure that we're sharpening the pencil and delivering value for our customers.

Andrew Gibson - *Goldman Sachs - Analyst*

Thank you.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Thanks Andrew. The final question is from Carolyn Holmes at JP Morgan. Thanks for waiting Carolyn, please go ahead.

Carolyn Holmes - *JP Morgan - Analyst*

A pleasure, thanks very much. Couple of just quick follow-ups -- can you just maybe run through the strategy with Asia within the pallet business?

You've said that you're obviously looking at the market. If the market is different from how you first entered it you're obviously flexible enough to just change the way you do business. Are there any parts of Asia that you'd say look it's just a bit too hard or can you maybe just run through that strategy again?

Tom Gorman - *Brambles Limited - CEO*

Yes, so just to start with we don't see anything as too hard in Asia. I think the difference in Asia for us really to be very clear is in China, so we're really not talking about any other market but China in this case.

But first of all to start with in the emerging markets, we go into a lot of emerging markets where the economy is already palletised but they're just not pooled. So Central and Eastern Europe they're using pallets, so when we enter that market we're really coming with an idea to share the pallet as opposed to buy and dispose. But it's already palletised.

When you look at India and China that's not the case. So our ability to build our service network and our service offering really requires a modernisation of distribution and a modernisation of retail. So that's the first difference that we really see in India and China.

The difference in China -- and this we haven't had before -- is we've entered an emerging market, number one, it's not palletised yet, but number two we have a competitor from the start and that's quite different. So I think you're aware that China Merchants acquired Loscam. Globally they acquired them they really have a footprint here, Southeast Asia and China and that forces us to think about the business in a different way.

We are keenly focused on building dynamic pooling in that marketplace and that means that we're going to work to establish standards, we're going to work to prove to both retailers and manufacturers that pooling is an advantage to them over buying and disposing, but certain things have to happen. In addition to modern retail, you have to see the price of labour go up, and it is happening in China.

Both labour price increases and availability are real challenges for our customers, so now they think about automating. Automating in this case means they use a fork truck to load and unload trucks. You need to get discipline around truck standards, and that goes to how trucks are overloaded on the road versus meeting the legal requirements, the standard size of the truck, so you can get a standard platform.

These things take very, very long to execute and our view in China is that we don't just want to build a static hire business where we just put assets up there that get put in a warehouse for storage. That has a relatively low return on capital for us and it's not our core business.

So we shifted about two years ago -- two or three years ago to start to focus on dynamic pooling. We've had a lot of success there. We really are pushing that forward.

When you look at our China business in total our wooden pallet business -- which is the business that we want to grow -- is actually growing quite well in China. Our plastic pallet business which is really a business that we want to, in the long run move out of, that business is actually declining. So in total we're pleased with what's happening but there's a bit of a mix effect.

The last component is automotive. We are very pleased with how we're growing the automotive business in both China and India, but in reality those businesses are really pooled businesses. Automotive is a little more advanced in terms of using reusable packaging and reusable containers, so there we are pooling the business between the supply base and the OE manufacturer.

So Asia really for us is a story of two things: it's what's happening in China because we have a competitor and it's what's happening in India where we still don't have a primary competitor but the challenge is around infrastructure, modern distribution, multi-branded retail. All of that stuff is still in front of us in India as well.

Carolyn Holmes - *JP Morgan - Analyst*

Okay, thank you.

You commented in terms of your ability to put through pricing in the lower end of the 1% to 2% per pallets in the USA. Could you just give us a feel now that the European market is starting to pick up a little bit in terms of the economy just any kind of push back in terms of the ability to put through price increases, or do we assume it's going to be a similar type of thing as we've said in the USA as a low end of the 1% to 2%. Also just touch on Asia-Pacific as well.

Tom Gorman - *Brambles Limited - CEO*

Sure. It's very similar actually in Europe but for slightly different reasons. So our business model in Europe actually allows for indexing, price indexing. And the index is driven by country with three building blocks, and the building blocks include diesel fuel prices, timber prices, and labour. Across Europe we've not seen very much inflationary pressure, and I think you guys would all validate that.

In fact if you look at lumber prices in the US versus Europe it's quite a different story. Housing starts in the US have driven some upward pressure on lumber but we've not seen that in Europe.

Broadly speaking diesel fuel prices have been relatively muted -- okay they're spiking at the moment -- but relatively muted. Labour cost pressures in Europe really are very low.

So that has more to do with the index in Europe than it does strictly the competitive position. So that's why we're seeing it at the lower end.

Carolyn Holmes - *JP Morgan - Analyst*

So that's cost -- more of an inflation plus?

Tom Gorman - *Brambles Limited - CEO*

It is yes. I will say the difference in Europe is you have this index. It gives you the opportunity to have the commercial discussion with the customer.

So, and we generally get more pricing in Europe when it's index based. But the indexes are relatively muted at the moment giving no inflationary pressure in Europe.

Carolyn Holmes - *JP Morgan - Analyst*

Okay, cool, and Asia-Pacific?

Tom Gorman - *Brambles Limited - CEO*

Yes, you go ahead Zee.

Zlatko Todorcevski - *Brambles Limited - CFO*

Just on Asia-Pacific Carolyn. It's still within the 1% to 2% range but it's stronger than we saw in the other two markets. So more towards the top end of that range.

Carolyn Holmes - *JP Morgan - Analyst*

Okay. My final question, in the past for pallets America you've given out the sales split between the US, Canada, and PMS. Is it possible to get the same or just get a feel as to what the sales growth in those three divisions were?

Tom Gorman - *Brambles Limited - CEO*

All of that is provided in the annual report and that annual report was released today as well, so those data are available.

Carolyn Holmes - *JP Morgan - Analyst*

Okay, thanks.

James Hall - *Brambles Limited - VP, IR & Corporate Affairs*

Well, thank you everyone. That's the - there's no further questions. So that'll be the end of the webcast. Thanks for joining us this morning.