

# Brambles

2010 Interim Results

Analyst presentation

17 February 2010



# Tom Gorman

Chief Executive Officer

# FIRST-HALF RESULTS

- Solid financial discipline
  - Cash flow
  - Balance sheet
  - Overhead reduction
- Sales negatively impacted by economic weakness
  - USA
  - Western Europe
- Winning business in all markets today
- Continuing long-term investment
  - Better Everyday in CHEP USA
  - Growth markets

# FIRST-HALF RESULTS (CONTINUED)

- Safety performance
  - Ongoing improvements
  - Zero Harm
- New leadership team
- Well-placed to return to growth
  - Leveraged to economic recovery
  - Brambles initiatives

# GROUP OVERVIEW

Sales revenue

↓2%

Statutory  
operating profit

↓3%

Statutory EPS

↓8%

Free cash flow  
after dividends

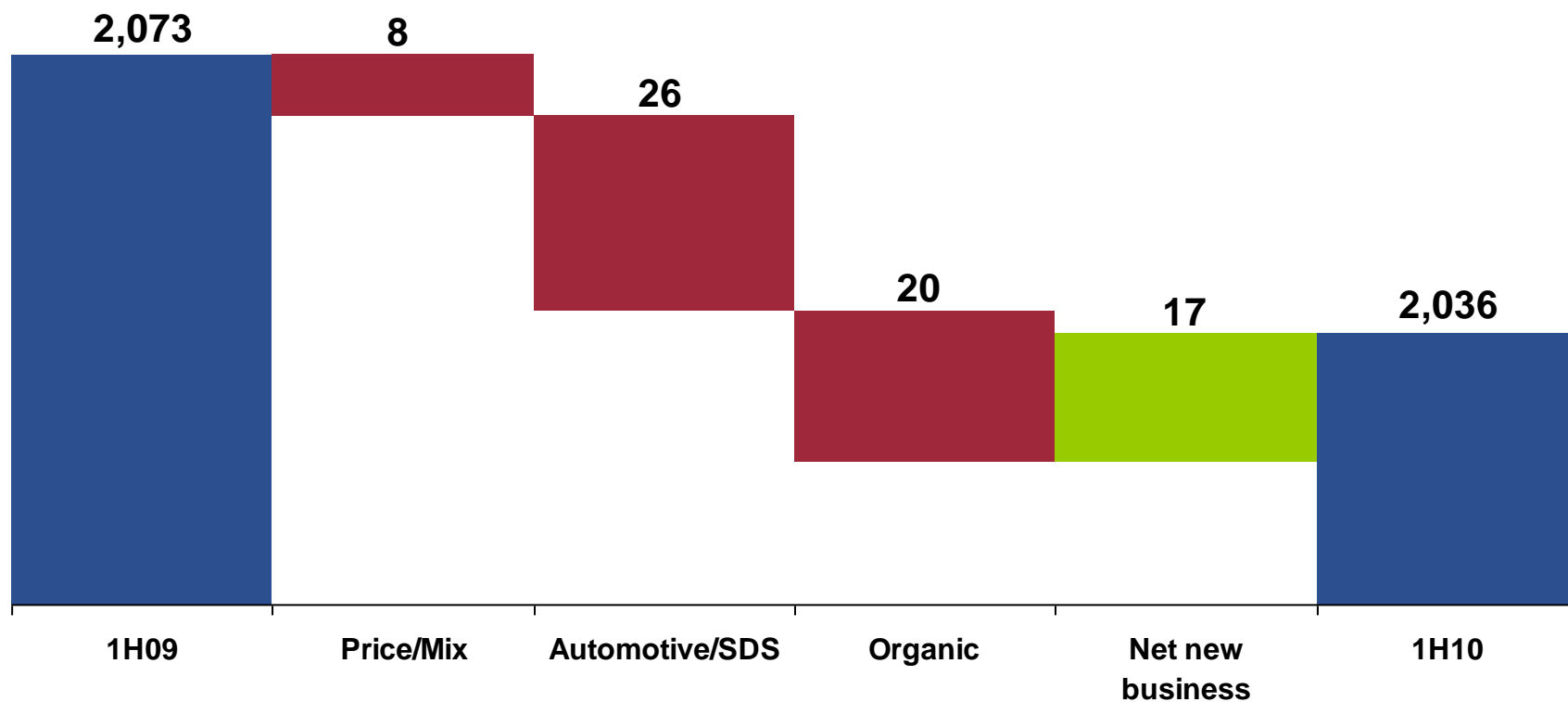
↑US\$224m

- Sales revenue down 2%
  - Subdued business conditions
  - Primarily Automotive and SDS
- Statutory operating profit down 3%
  - Underlying profit down 30%
  - Better Everyday in CHEP USA
- Strong cash flow
- Interim dividend of A12.5¢

Growth % calculated on constant currency basis; free cash flow after dividends is at actual rates

# GROUP SALES REVENUE

US\$m

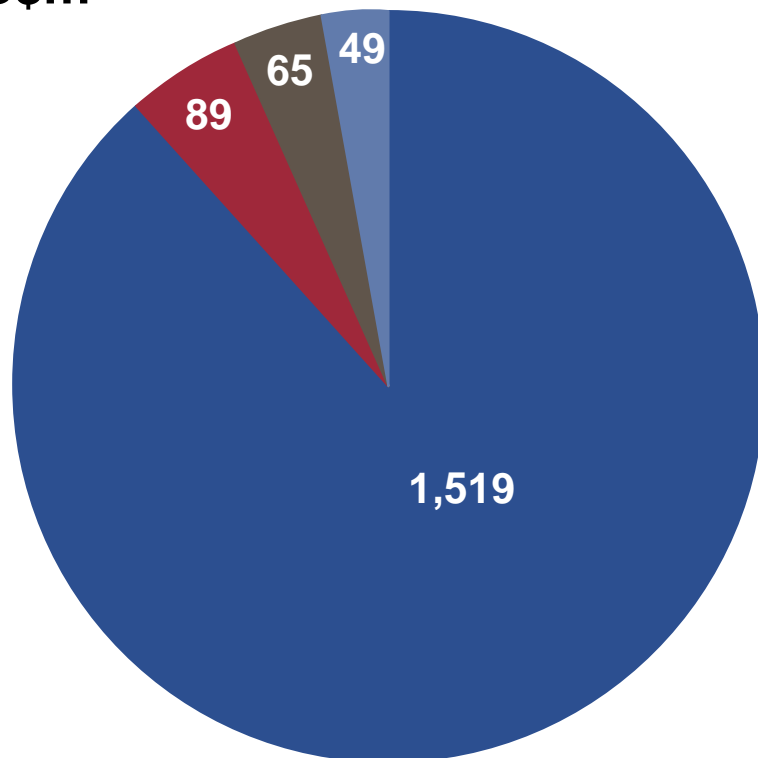


All numbers are calculated at constant currency

# SALES REVENUE BY PRODUCT LINE



US\$m



Growth vs. 1H09

Pallets	↓ 2%
RPC	↑ 15%
Automotive	↓ 17%
Other	↓ 7%

**Pallets** 88%    **RPC** 5%    **Automotive** 4%    **Other** 3%

Growth % calculated on constant currency

# CHEP AMERICAS RESULTS



Sales revenue

↓ 5%

Statutory operating profit

↑ 36%

Underlying profit

↓ 54%

Cash flow from operations

↑ US\$23m

- Sales revenue down 5%
  - CHEP USA sales decline
  - Sales up in CHEP Canada, CHEP Latin America
  - Anticipate CHEP USA pallet issue volumes down 3% for FY10
- Statutory operating profit up 36%
  - No Significant items in 1H10
- Underlying profit down 54%
  - Better Everyday
  - All quality spend included in Underlying profit (excluded in FY09)
  - Volume/price, IPEP, storage
- Cash flow increase reflects capex reduction

Growth % calculated on constant currency basis; cash flow at actual rates



- Rollout progressing on target
  - US\$65m expenditure in line with plan
- Pallet quality and service improvements
  - Positive reaction to new repair specifications
  - Rejections down
- Ease of doing business
  - Portfolio+Plus roll-out on track
  - Simplified invoice launch in FY11
- Strengthen, realign sales and marketing

# CHEP EMEA RESULTS



Sales revenue

↓ 1%

Statutory operating profit

↓ 8%

Cash flow from operations

↑ US\$66m

- Sales revenue down 1%
  - Weak UK and Spain
  - Automotive subdued
  - Offset by new business growth
- Operating profit down 8%
  - Deleveraging costs
  - Restructuring savings
- Cash flow improvement: lower capex

Growth % calculated on constant currency basis; cash flow at actual rates

# CHEP ASIA-PACIFIC RESULTS



Sales revenue

↑ 4%

Statutory operating profit

↓ 6%

Cash flow from operations

↑ US\$59m

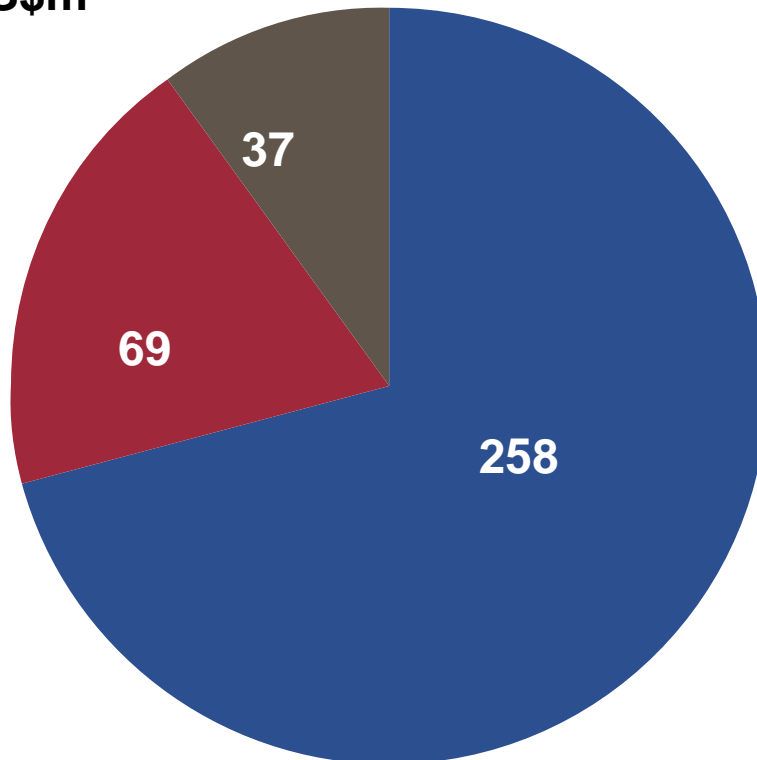
- Sales revenue up 4%
  - CHEP Australia: new platforms offset lower pallet volumes
  - Weak automotive
  - China, India, South-East Asia, New Zealand sales growth
- Operating profit down 6%
- Strong cash flow

Growth % calculated on constant currency basis; cash flow at actual rates

# SALES REVENUE BY PRODUCT LINE



US\$m



<span style="color: blue;">■</span> <b>DMS</b>	<span style="color: red;">■</span> <b>SDS</b>	<span style="color: brown;">■</span> <b>DPS</b>
71%	19%	10%

Growth vs. 1H09

DMS	↑ 4%
SDS	↓ 15%
DPS	↑ 1%

Growth % calculated on constant currency basis

Sales revenue

↓ 1%

Statutory operating profit

in line with prior period

Cash flow from operations

↑ US\$24m

- Sales revenue down 1%
  - Growth in core DMS
  - SDS down 15%
  - Excluding SDS sales up 4%
- Statutory operating profit in line with 1H09
  - Up 16% excluding SDS
  - Benefits of FY09 restructuring

Growth % calculated on constant currency basis; cash flow at actual rates

# Greg Hayes

Chief Financial Officer

# 2010 FIRST-HALF RESULTS

	Actual	Constant		Growth
	1H10 US\$m	1H10 US\$m	1H09 US\$m	%
<b>Continuing operations</b>				
Sales revenue	<b>2,086.1</b>	2,036.2	2,073.2	(2)
Underlying profit	<b>340.2</b>	328.6	469.3	(30)
Statutory operating profit	<b>338.1</b>	326.4	337.6	(3)
Profit before tax	<b>284.1</b>	272.6	273.9	-
Profit after tax	<b>206.7</b>	198.3	195.3	2
Statutory EPS <sup>1</sup> (cents)	<b>14.8</b>	14.2	15.4	(8)
Cash flow from operations	<b>400.3</b>	379.3	220.8	72
Brambles Value Added		71.0	151.4	(53)

<sup>1</sup>Includes discontinued operations  
Growth % calculated on constant currency basis

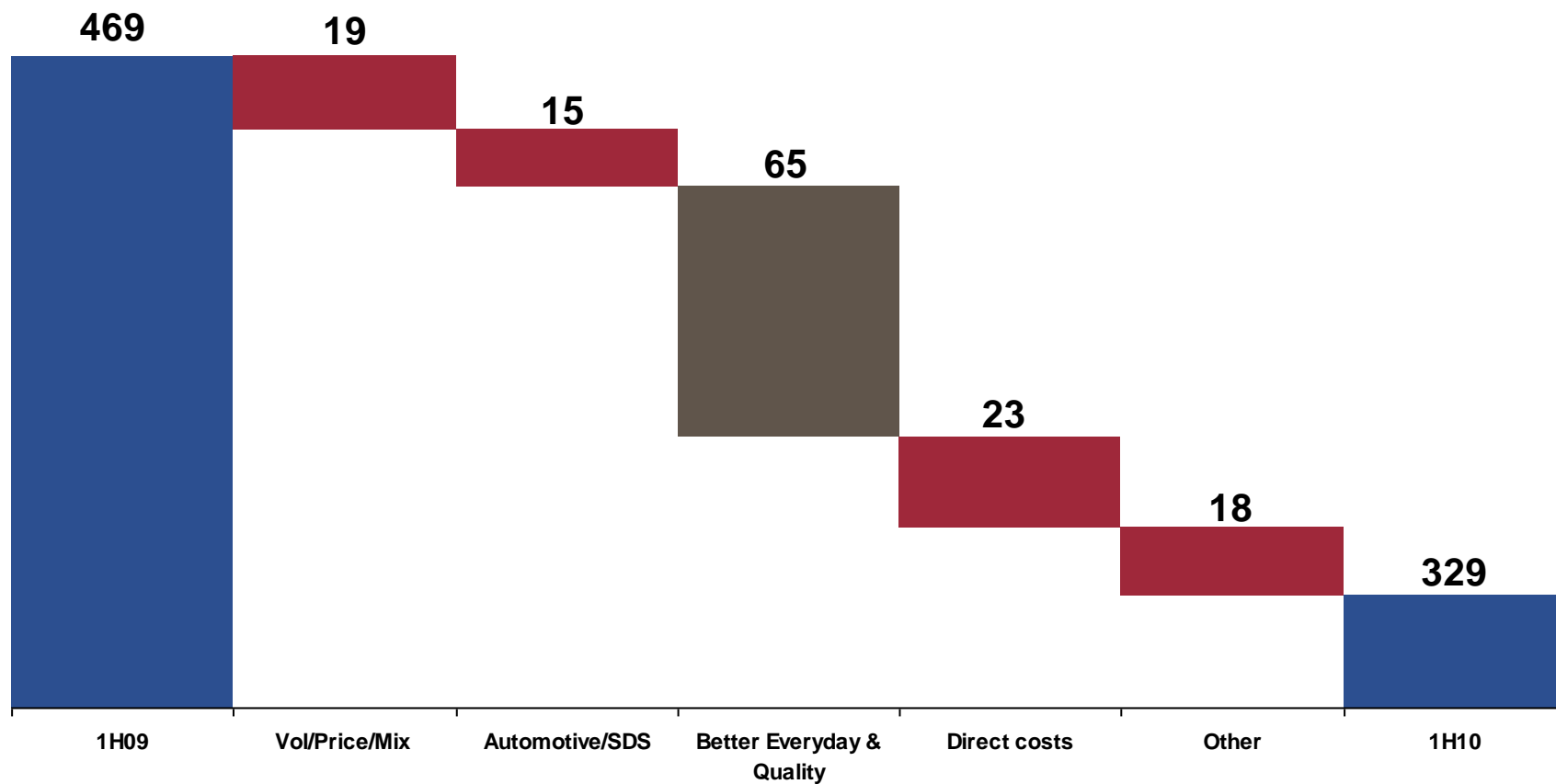
# SIGNIFICANT ITEMS

Actual rates	1H10 US\$m	1H09 US\$m
<b>Underlying profit</b>	<b>340.2</b>	<b>469.3</b>
<b>Items within ordinary activities, but unusual due to size and nature:</b>		
CHEP USA Quality program	-	(34.5)
Walmart net transition impact	-	(20.2)
<b>Items outside the ordinary course of business:</b>		
Accelerated scrapping of surplus pallets	-	(99.0)
Facilities and operations rationalisation	(2.1)	(7.9)
Foreign exchange gain on capital repatriation	-	29.9
<b>Subtotal</b>	<b>(2.1)</b>	<b>(131.7)</b>
<b>Statutory operating profit</b>	<b>338.1</b>	<b>337.6</b>



# GROUP UNDERLYING PROFIT

US\$m



All numbers are calculated at constant currency

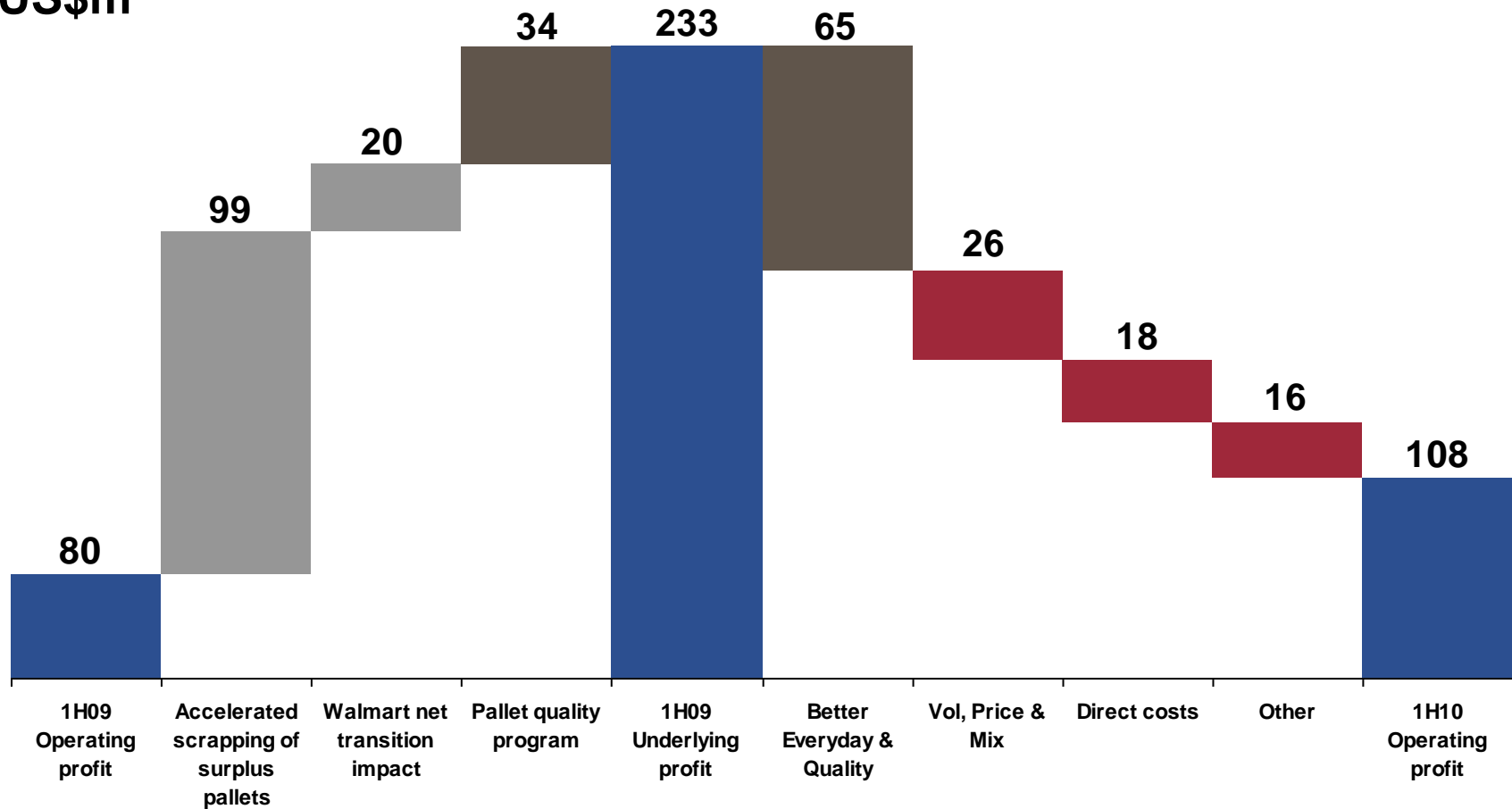
	Actual	Constant		
	1H10 US\$m	1H10 US\$m	1H09 US\$m	Growth %
Americas	756.9	756.3	792.5	(5)
EMEA	770.1	756.2	761.0	(1)
Asia-Pacific	195.0	172.8	166.6	4
<b>Sales revenue</b>	<b>1,722.0</b>	<b>1,685.3</b>	<b>1,720.1</b>	<b>(2)</b>
<b>Statutory operating profit</b>	<b>300.4</b>	<b>288.3</b>	<b>274.2</b>	<b>5</b>
<b>Profit margin (%)</b>	<b>17</b>	<b>17</b>	<b>16</b>	

Growth % calculated on constant currency basis

# CHEP AMERICAS – STATUTORY OPERATING PROFIT



US\$m

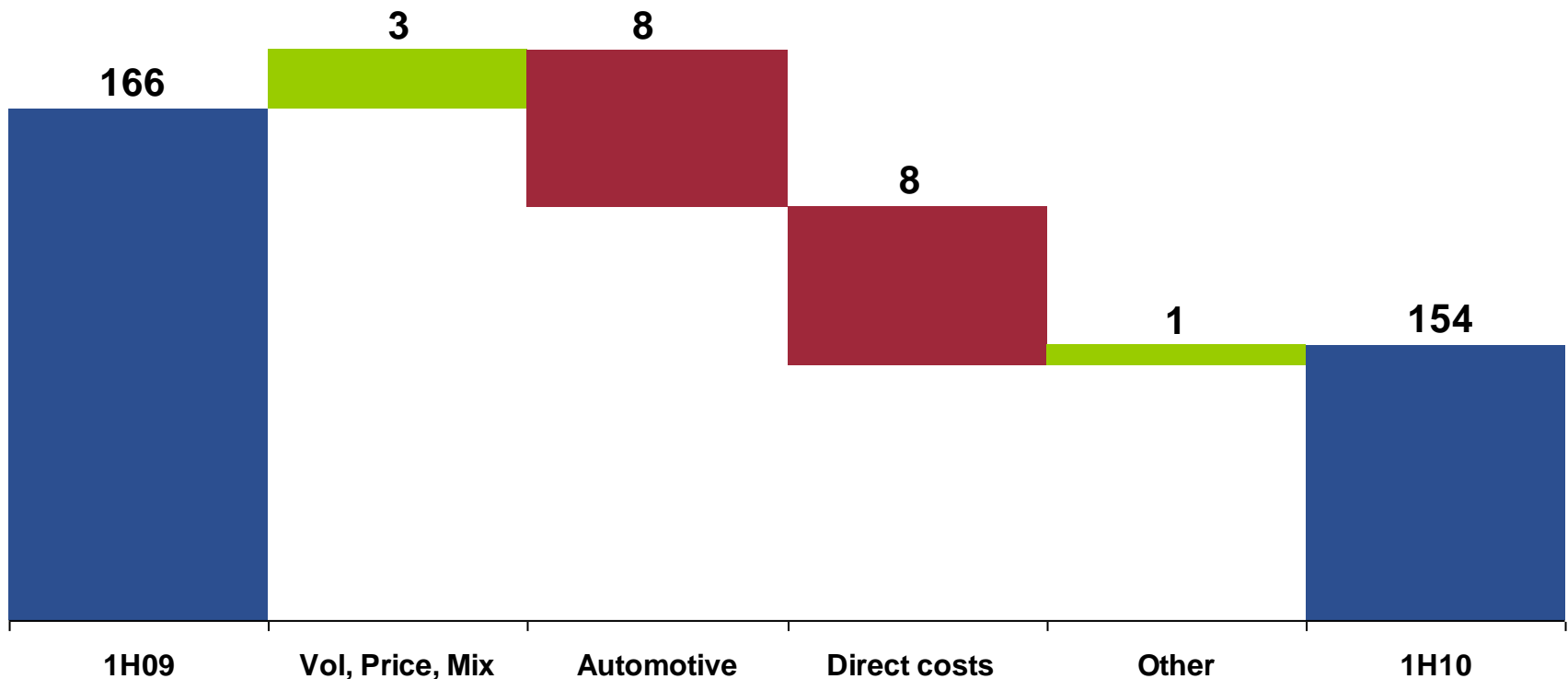


All numbers are calculated at constant currency

# CHEP EMEA – STATUTORY OPERATING PROFIT



US\$m

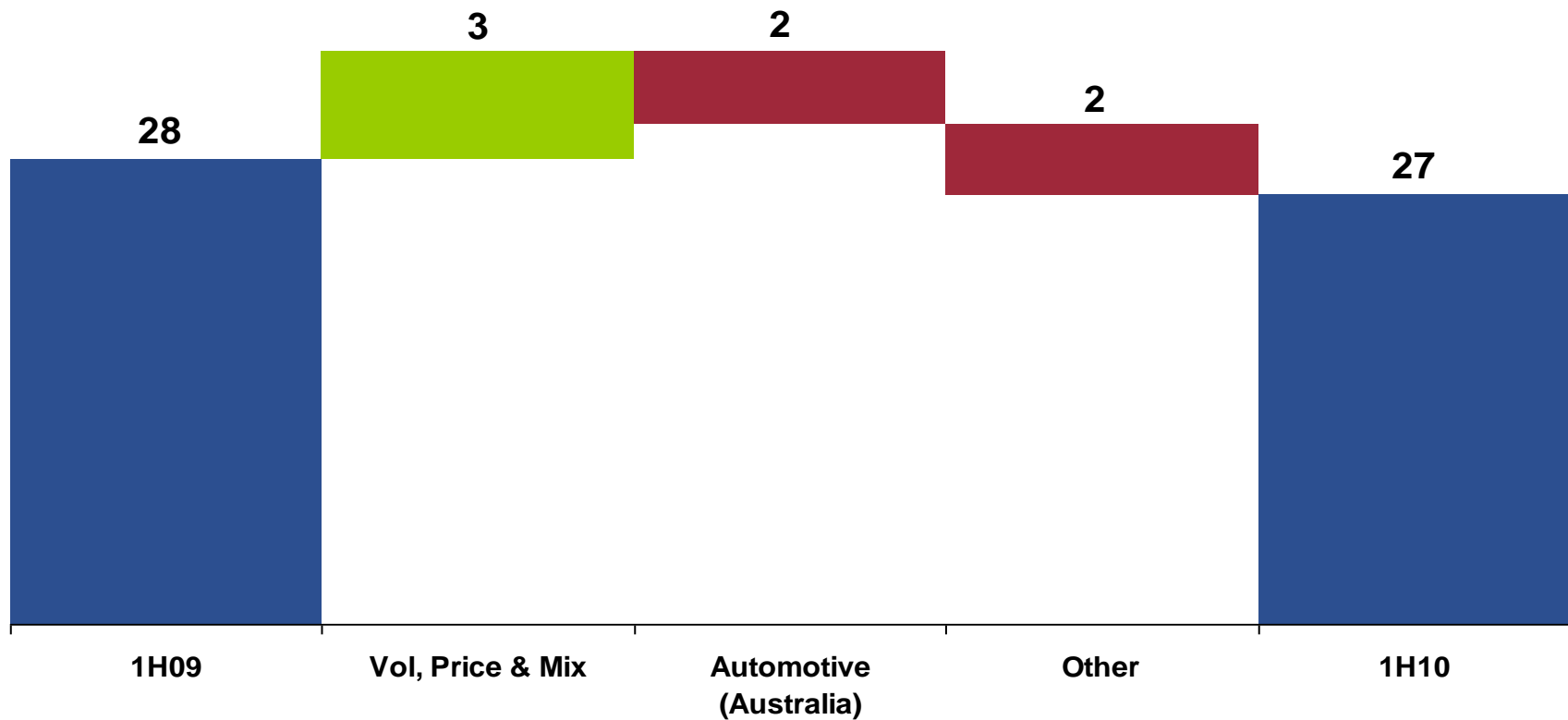


All numbers are calculated at constant currency

# CHEP ASIA-PACIFIC – STATUTORY OPERATING PROFIT



US\$m



All numbers are calculated at constant currency

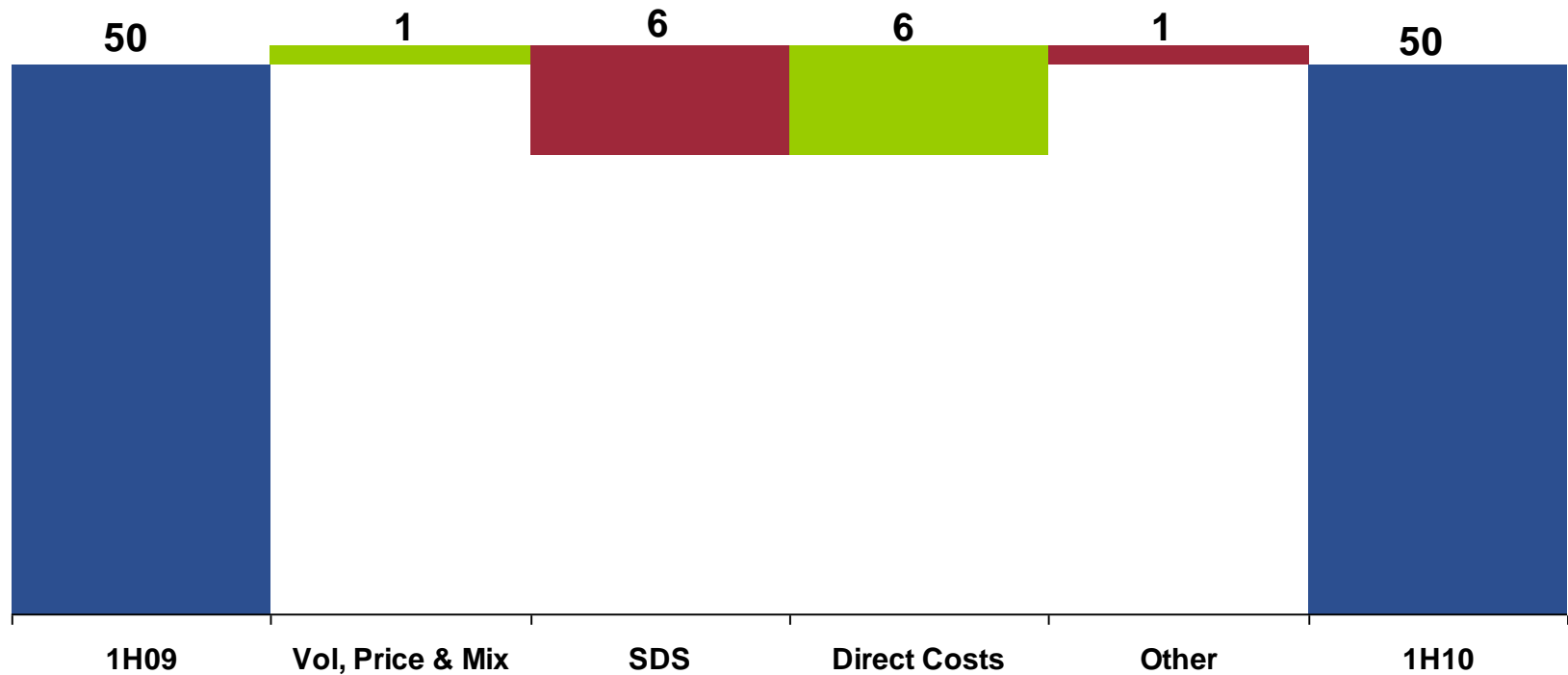
	Actual	Constant		
	1H10 US\$m	1H10 US\$m	1H09 US\$m	Growth %
Americas	161.9	159.9	161.2	(1)
Europe	95.3	94.4	96.8	(2)
RoW	106.9	96.6	95.1	2
<b>Sales revenue</b>	<b>364.1</b>	<b>350.9</b>	<b>353.1</b>	<b>(1)</b>
<b>Statutory operating profit</b>	<b>52.5</b>	<b>49.7</b>	<b>49.5</b>	<b>—</b>
<b>Profit margin (%)</b>	<b>14</b>	<b>14</b>	<b>14</b>	

Growth % calculated on constant currency basis

# RECALL – STATUTORY OPERATING PROFIT



US\$m



All numbers are calculated at constant currency

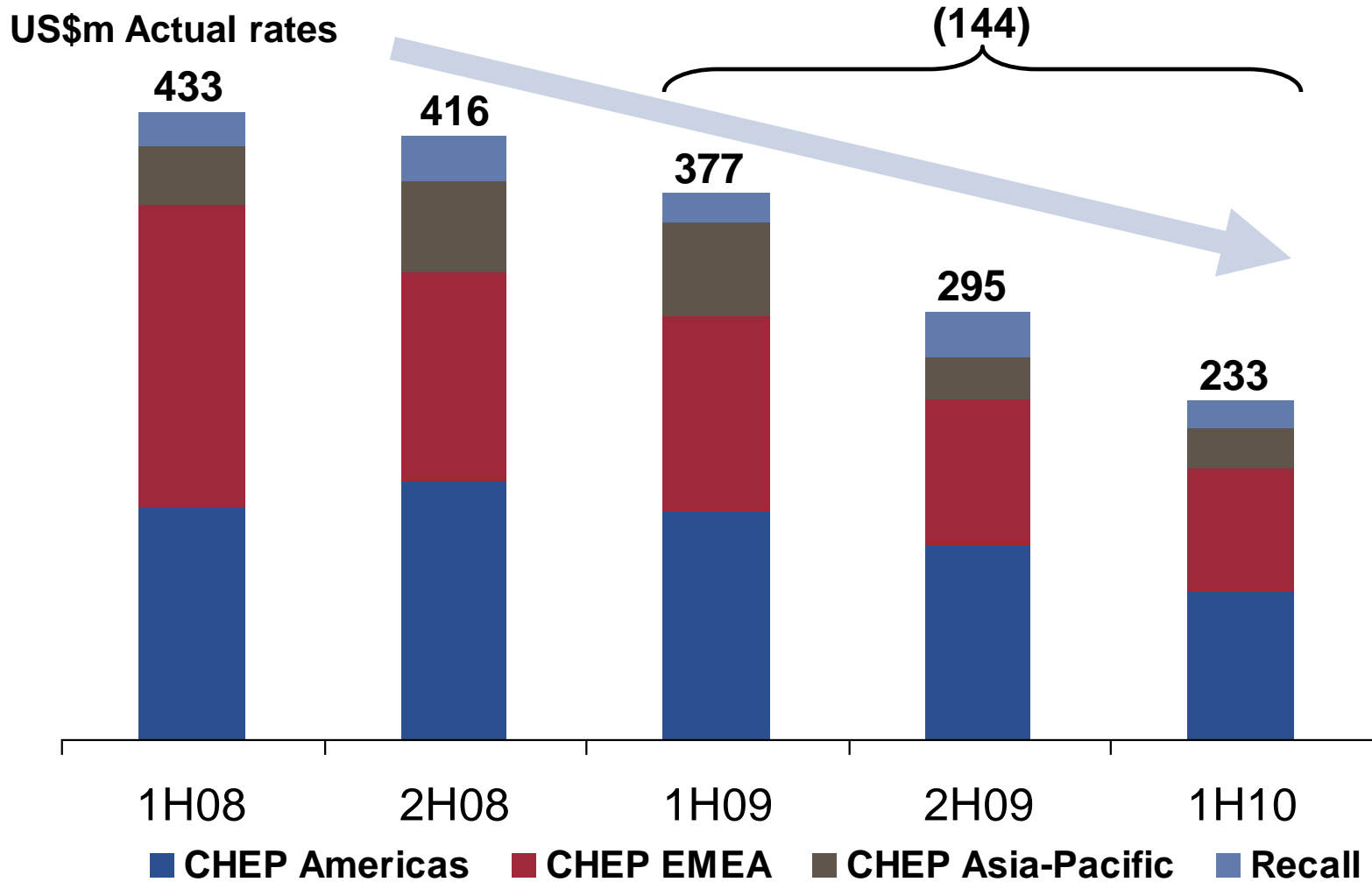
# Cash flow and finance



# STRONG CASH FLOW

US\$m Actual rates	1H10	1H09	Change
<b>EBITDA</b>	<b>562.1</b>	<b>627.4</b>	<b>(65.3)</b>
Capital expenditure	(254.6)	(400.1)	145.5
Proceeds from disposals	43.6	41.2	2.4
Working capital movement	(21.4)	(65.5)	44.1
Irrecoverable pooling equipment provision	60.2	36.5	23.7
Provisions / other	10.4	(18.7)	29.1
<b>Cash flow from operations</b>	<b>400.3</b>	<b>220.8</b>	<b>179.5</b>
Significant items outside ordinary activities	(35.1)	(21.7)	(13.4)
<b>Cash flow from operations after Significant items</b>	<b>365.2</b>	<b>199.1</b>	<b>166.1</b>
Financing costs and tax	(130.6)	(126.5)	(4.1)
<b>Free cash flow</b>	<b>234.6</b>	<b>72.6</b>	<b>162.0</b>
Dividends	(101.3)	(163.2)	61.9
<b>Free cash flow after dividends</b>	<b>133.3</b>	<b>(90.6)</b>	<b>223.9</b>

# CAPITAL EXPENDITURE (PP&E)



# FINANCIAL RATIOS

Actual rates	Dec 09	Jun 09
<b>Closing net debt (US\$m)</b>	<b>2,028.4</b>	<b>2,143.4</b>
<b>Gearing (%)</b>	<b>55.3</b>	<b>60.0</b>
(Net debt/Net debt & equity)		

Actual rates	1H10	1H09	Covenants
<b>EBITDA* / Net finance costs (x)</b>	<b>10.4</b>	<b>9.8</b>	x 3.5 (min)
<b>Net debt / EBITDA* (x)</b>	<b>1.8</b>	<b>1.9</b>	x 3.5 (max)

\* EBITDA is Underlying profit excluding depreciation and amortisation, plus Significant items that are within ordinary activities

# CREDIT FACILITIES & LIQUIDITY

- Ample funding headroom
  - Undrawn committed credit facilities of US\$1,317m
  - Cash balances of US\$118m
- Investment grade credit ratings issued December 2009
  - BBB+ (stable outlook) from Standard & Poor's
  - Baa1 (stable outlook) from Moody's Investor Services

# Tom Gorman

Chief Executive Officer

# OUTLOOK

- Outstanding business models
  - Market position
  - Customer base
  - New business pipeline
  - Long-term growth
- Positioned for improved performance as economic conditions recover

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# CONTACT DETAILS

## Michael Roberts

Vice President, Investor Relations & Corporate Affairs

[michael.roberts@brambles.com](mailto:michael.roberts@brambles.com)

+61 2 9256 5216

+61 418 263 199

## James Hall

Manager, Investor Relations & Corporate Affairs

[james.hall@brambles.com](mailto:james.hall@brambles.com)

+61 2 9256 5262

+61 401 524 645