



18 August 2016

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

Via electronic lodgement

Dear Sir/Madam,

**BRAMBLES REPORTS STRONG FY16 RESULT, IN LINE WITH UPGRADED GUIDANCE;
SALES REVENUE MOMENTUM AND PROFIT LEVERAGE EXPECTED TO CONTINUE IN FY17**

Attached is an ASX and Media Release from Brambles Limited on its financial report for the year ended 30 June 2016.

Yours faithfully
Brambles Limited

Robert Gerrard
Company Secretary

Brambles reports strong FY16 result¹, in line with upgraded guidance²; sales revenue momentum and profit leverage expected to continue in FY17

- **Sales revenue growth of 8% at constant currency³**
 - Accelerated growth with new and existing customers in developed market pooled Pallets operations
 - 15% constant-currency growth in emerging market Pallets operations
 - Strong growth momentum with new and existing retailers in the European RPCs business
- **Underlying Profit⁴ of 9% at constant currency**
 - Underlying Profit of US\$1,031 million at 30 June 2015 rates (guidance of US\$1,015-1,035 million)
 - Substantial operating leverage in pooled Pallets operations, particularly in the Americas and Europe
 - RPCs profit driven by strong performance in Europe and contribution from acquisitions
 - Strong performance in Containers, excluding the impact of the Oil & Gas business
- **Statutory profit and cash flow included the impact of one-off items**
 - Statutory operating profit up 5% at constant currency, including Significant Items of US\$78.1 million
 - Cash flow from operations reflected higher capex and included one-time working capital changes
- **Portfolio actions and disciplined capital allocation to deliver long-term value**
 - Growth capex of US\$1 billion from FY17 to FY19 focused on well-established businesses – Pallets and RPCs
 - LeanLogistics divestment and creation of Oil & Gas containers JV – Hoover Ferguson Group (HFG)⁵
- **Guidance for continuing operations:**
 - FY17 Sales revenue growth at constant currency of between 7% and 9%⁶
 - FY17 Underlying Profit growth of between 9% to 11%, equating to a range of between US\$1,055 million and US\$1,075 million at 30 June 2016 foreign exchange rates⁶
 - FY19 targets reaffirmed: constant-currency sales revenue growth in the high-single digits and ROCI of 20%⁷

Results Highlights

(Continuing operations)	FY16 result	Growth vs. FY15	
	(Actual FX)	(Actual FX)	(Constant FX)
Statutory basis			
Sales revenue	US\$5,535.4M	2%	8%
Operating profit	US\$915.1M	(3)%	5%
Profit after tax	US\$557.4M	(5)%	2%
Basic earnings per share	US35.3¢	(6)%	1%
Final dividend per share	AU14.5¢	AU0.5¢	
Non-statutory basis			
Underlying Profit	US\$993.2M	1%	9%
Underlying Profit after tax	US\$623.1M	0%	8%
Underlying earnings per share	US39.5¢	(1)%	7%
Return on Capital Invested (ROCI) ⁸	15.3%	(0.5)pts	(0.2)pts
ROCI, excl. Acquisitions and FX impact since Dec 2013 ⁷	17.2%	0.1pts	0.4pts

¹ All commentary in this release refers to continuing operations. Discontinued operations primarily comprise LeanLogistics which was divested effective 31 May 2016.

² FY16 guidance for constant-currency sales revenue and Underlying Profit growth of 8-10%, equating to Underlying Profit of US\$1,015-1,035M at 30 June 2015 FX.

³ Constant currency is calculated by translating reported period results into US dollars at the actual monthly FX rates applicable in the prior corresponding period.

⁴ A non-statutory measure that represents profit from continuing operations before finance costs and tax and excludes Significant Items.

⁵ Completion is subject to regulatory clearance and customary conditions precedent and is expected to take place during October 2016.

⁶ FY17 guidance is based on FY16 results from continuing operations but excluding the Oil & Gas business which will be deconsolidated and equity accounted upon the creation of the HFG Oil & Gas JV in FY17. At 30 June 2016 FX rates, this translates to FY16 sales revenue of US\$5,419M and Underlying Profit of US\$970M.

⁷ Brambles' FY19 ROCI target of 20% excludes FX impacts and acquisitions made since December 2013 (the date the target was set). As such the Airworld, Braecroft, Ferguson Group, IFCO Japan, Rentapack, Transpac and Empacotecnia acquisitions are excluded from this ROCI calculation.

⁸ Underlying Profit divided by Average Capital Invested (12-month average capital invested calculated as net assets before tax balances, cash and borrowings, but after adjustment for accumulated pre-tax Significant Items, actuarial gains or losses and net equity adjustments for equity-settled share-based payments).

Brambles generated sales revenue of US\$5,535.4 million from continuing operations in the 12 months ended 30 June 2016 (FY16), up 2%, including a negative foreign-exchange translation impact associated with the strength of Brambles' reporting currency, the US dollar, relative to the Group's other reporting currencies.

Constant-currency sales revenue growth of 8% was driven by strong net new business wins, robust like-for-like volume growth and modest pricing gains in developed market pooled Pallets operations. Sales revenue also benefited from strong retailer expansion in the European RPCs business, improved growth momentum in emerging market Pallets operations and the contribution of acquisitions.

Underlying Profit, which excludes Significant Items, was US\$993.2 million, up 1%. Constant-currency growth of 9% reflected: strong sales revenue growth; supply chain efficiencies in pooled Pallets operations in Europe and North America; direct cost efficiencies in the European RPCs business; and Group-wide, indirect cost savings of \$US23 million related to the One Better program. These positive drivers more than offset the impact of increased operating costs in the North American recycled pallets business, short-term network inefficiencies in the North American RPCs business and ongoing industry headwinds in the Oil & Gas business.

Statutory operating profit from continuing operations of US\$915.1 million was down 3% (up 5% at constant currency) and included Significant Items of US\$78.1 million largely relating to the US\$38.0 million impairment of goodwill in the Oil & Gas business and costs associated with the One Better program. Statutory profit after tax from continuing operations of US\$557.4 million was down 5% (up 2% at constant-currency).

Return on Capital Invested was 15.3%, down 0.5 percentage points (down 0.2 percentage points at constant currency) reflecting the impact of capital invested in acquisitions since the start of FY15. Excluding the impact of all acquisitions and foreign exchange movements since December 2013 (the basis on which Brambles is targeting Return on Capital Invested of 20% by FY19), Return on Capital Invested was 17.2%, up 0.1 percentage points (up 0.4 percentage points at constant currency), reflecting improved profitability in the Pallets segment.

Cash Flow from Operations⁹ was US\$513.8 million, down US\$215.7 million on prior year, largely due to higher growth-related capital expenditure and adverse working capital movements. Within working capital, one-time changes to payment processes resulted in lower creditors. Free Cash Flow after dividends was negative at US\$33.4 million; however, this excludes the net proceeds from the divestment of LeanLogistics of US\$100.0 million.

Dividend and Dividend Reinvestment Plan

The Board has declared a final dividend of 14.5 Australian cents per share, in line with the interim dividend and up 0.5 cents per share on the previous final dividend. The final dividend will be franked at 25% and is payable on Thursday 13 October 2016 to shareholders on Brambles register as at 5.00pm on Thursday 8 September 2016. The non-underwritten Dividend Reinvestment Program (DRP) will remain in place for the final dividend; however, commencing with the 2016 final dividend, shares issued under the DRP will no longer attract a discount. In addition, the dilutive impact on earnings per share of the DRP will be neutralised.

Brambles' Chairman, Stephen Johns, said: "The 4% increase in Brambles' total dividends for the 2016 financial year reflects the Board's confidence in the Group's ability to deliver sustainable profit growth and generate cash over the medium to long term."

CEO Results Commentary

Brambles' CEO, Tom Gorman, said: "I am extremely proud of what our Company has achieved this year. We delivered accelerated revenue growth and strong operating leverage, despite macroeconomic uncertainty, industry headwinds and cost pressures in certain markets.

"I am delighted with the strength of our pooled Pallet operations in both developed and emerging markets. Revenue growth was particularly strong in North America, where our market segmentation strategy continues to drive new and existing customers to adopt pooled solutions in their supply chains. Operationally, this business delivered substantial supply-chain efficiencies which largely offset moderate plant and transport cost pressures.

"In Europe, our Pallets business continued to deliver exceptional operating leverage, reflecting the ongoing delivery of supply-chain efficiencies in a low-inflationary environment. Constant-currency revenue growth in emerging markets was 15%.

⁹ Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

"Our North American recycled pallets business faced a number of operating and industry challenges during the year. Despite this underperformance, the business continues to be a key strategic part of our portfolio and we have identified a clear path for improving future performance.

"In our European RPCs business, strong sales revenue growth and supply-chain efficiencies improved profitability, particularly in the second half of the year. While revenue growth in North America continues to be impacted by the loss of Safeway, it was encouraging to see early signs of improved profitability, resulting from specific actions we took to address the challenges facing this business.

"In Containers, solid top line growth and improved profitability was more than offset by challenges in our Oil & Gas business. Excluding our Oil & Gas business, Containers' revenue growth was 8% and Underlying Profit growth was 27%, at constant currency."

Portfolio actions, capital allocation and FY19 targets

Mr Gorman added: "We undertook a number of strategic actions during the 2016 calendar year, including the divestment of LeanLogistics in May 2016 and the announcement of our Oil & Gas Containers joint venture with Hoover, in August 2016. These actions are in line with the ongoing assessment of our portfolio to ensure all businesses can deliver sustainable long-term value.

"Consistent with our commitment to investing for growth and disciplined capital allocation, over US\$400 million of growth capital expenditure was deployed during FY16. This was primarily focused towards our well established, high returning Pallets and European RPCs businesses. Furthermore, we continued to invest in geographic expansion and the scale of our RPCs business through acquisitions in Japan, Chile and Colombia.

"We continue to see considerable opportunities to invest for growth at attractive rates of return, particularly in businesses where we can leverage the strength of existing customer relationships and our network advantage. Going forward, we expect to invest approximately US\$1 billion between FY17 to FY19, primarily in our well-established businesses which serve the FMCG and fresh food sectors.

"We remain committed to our FY19 objectives. We are confident the investment in our network advantage, our disciplined capital allocation and increased operating efficiencies put us in good stead to deliver Return on Capital Invested of 20% by FY19, prior to the impact of acquisitions and FX movements since December 2013."

FY17 Outlook

Brambles has provided FY17 guidance for constant-currency sales revenue growth in the range of 7% to 9% and Underlying Profit growth between 9% and 11%. This translates to Underlying Profit of between US\$1,055 million and US\$1,075 million (at 30 June 2016 FX rates).

Brambles' CEO, Tom Gorman, said: "In FY17, we expect to realise the benefit of the investment we have made to date in operational efficiencies, including the US Pallets durability program, which is expected to more than offset direct cost pressures."

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Brambles Limited (ASX:BXB) is a supply-chain logistics company operating primarily through the CHEP and IFCO brands. Brambles enhances performance for customers by helping them transport goods through their supply chains more efficiently, sustainably and safely. The Group's primary activity is the provision of reusable unit-load equipment such as pallets, crates and containers for shared use by multiple participants throughout the supply chain, under a model known as "pooling". Brambles primarily serves the fast-moving consumer goods (e.g. dry food, grocery, and health and personal care), fresh produce, beverage, retail and general manufacturing industries, counting many of the world's best-known brands among its customers. The Group also operates specialist container logistics businesses serving the automotive, aerospace and oil and gas sectors. Brambles has its headquarters in Sydney, Australia, but operates in more than 60 countries, with its largest operations in North America and Western Europe. Brambles employs more than 14,500 people and owns more than 550 million pallets, crates and containers through a network of more than 850 service centres. For further information, please visit www.brambles.com.

Forward-Looking Statements

Certain statements made in this release are "forward-looking statements" – that is, statements related to future, not past, events. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts but rather are based on Brambles' current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, uncertainties and other factors that are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views of Brambles only as of the date of this release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made – Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or events occurring after the date of this release, except as may be required by law or by any appropriate regulatory authority.

Background Information

(US\$M)	1H16	2H16	FY16	1H15	2H15	FY15
Sales revenue						
Pallets Americas	1,197.4	1,230.4	2,427.8	1,169.1	1,164.3	2,333.4
Pallets EMEA	677.1	666.0	1,343.1	728.6	651.9	1,380.5
Pallets Asia-Pacific	158.3	160.7	319.0	181.4	162.1	343.5
Pallets	2,032.8	2,057.1	4,089.9	2,079.1	1,978.3	4,057.4
RPCs	482.1	509.7	991.8	471.5	446.1	917.6
Containers	224.1	229.6	453.7	233.0	232.5	465.5
Continuing operations	2,739.0	2,796.4	5,535.4	2,783.6	2,656.9	5,440.5
Underlying EBITDA						
Pallets Americas	311.8	335.4	647.2	297.8	331.7	629.5
Pallets EMEA	233.6	238.4	472.0	248.2	219.7	467.9
Pallets Asia-Pacific	50.4	51.2	101.6	56.9	54.8	111.7
Pallets	595.8	625.0	1,220.8	602.9	606.2	1,209.1
RPCs	110.9	125.4	236.3	118.8	114.7	233.5
Containers	54.9	60.1	115.0	62.8	62.9	125.7
Continuing operations (Including Corporate)	745.1	793.9	1,539.0	763.1	769.9	1,533.0
Depreciation of property, plant and equipment						
Pallets Americas	100.2	105.3	205.5	97.9	98.5	196.4
Pallets EMEA	57.5	59.3	116.8	64.4	59.2	123.6
Pallets Asia-Pacific	18.0	18.0	36.0	20.8	18.8	39.6
Pallets	175.7	182.6	358.3	183.1	176.5	359.6
RPCs	43.2	43.9	87.1	41.1	41.1	82.2
Containers	29.6	28.5	58.1	28.6	29.4	58.0
Continuing operations (Including Corporate)	248.9	255.3	504.2	253.5	247.4	500.9
Amortisation of intangibles						
Pallets Americas	6.7	6.9	13.6	8.2	7.3	15.5
Pallets EMEA	0.3	0.4	0.7	0.4	0.0	0.4
Pallets Asia-Pacific	0.2	0.3	0.5	0.2	0.3	0.5
Total Pallets	7.2	7.6	14.8	8.8	7.6	16.4
RPCs	9.4	8.4	17.8	10.4	9.4	19.8
Containers	4.2	4.3	8.5	3.6	4.8	8.4
Continuing operations (Including Corporate)	21.0	20.6	41.6	23.1	22.1	45.2
Underlying Profit						
Pallets Americas	204.9	223.2	428.1	191.7	225.9	417.6
Pallets EMEA	175.8	178.7	354.5	183.4	160.5	343.9
Pallets Asia-Pacific	32.2	32.9	65.1	35.9	35.7	71.6
Total Pallets	412.9	434.8	847.7	411.0	422.1	833.1
RPCs	58.3	73.1	131.4	67.3	64.2	131.5
Containers	21.1	27.3	48.4	30.6	28.7	59.3
Continuing operations (Including Corporate)	475.2	518.0	993.2	486.5	500.4	986.9
Operating profit						
Pallets Americas	198.0	217.5	415.5	185.5	217.6	403.1
Pallets EMEA	175.6	176.2	351.8	183.4	158.4	341.8
Pallets Asia-Pacific	32.1	32.9	65.0	35.2	35.4	70.6
Total Pallets	405.7	426.6	832.3	404.1	411.4	815.5
RPCs	62.5	71.9	134.4	67.3	63.5	130.8
Containers	19.7	(12.0)	7.7	30.2	27.9	58.1
Continuing operations (Including Corporate)	464.6	450.5	915.1	467.4	474.4	941.8
Capital expenditure on property plant and equipment (accruals basis)						
Pallets Americas	225.8	224.0	449.8	178.1	200.3	378.4
Pallets EMEA	141.2	139.7	280.9	138.0	118.0	256.0
Pallets Asia-Pacific	21.1	30.1	51.2	31.4	30.2	61.6
Total Pallets	388.1	393.8	781.9	347.5	348.5	696.0
RPCs	115.4	115.6	231.0	134.0	104.3	238.3
Containers	41.6	40.5	82.1	42.9	58.1	101.0
Continuing operations (Including Corporate)	545.1	550.1	1,095.2	524.5	510.9	1,035.4

(US\$M)	1H16	2H16	FY16	1H15	2H15	FY15
Cash Flow from Operations						
Pallets Americas	98.7	81.0	179.7	129.2	209.6	338.8
Pallets EMEA	122.0	100.4	222.4	105.1	154.9	260.0
Pallets Asia-Pacific	30.7	25.6	56.3	27.1	44.1	71.2
Pallets	251.4	207.0	458.4	261.4	408.6	670.0
RPCs	21.3	32.7	54.0	13.4	50.1	63.5
Containers	12.6	17.1	29.7	14.4	16.3	30.7
Continuing operations	261.9	251.9	513.8	269.9	459.6	729.5
Average Capital Invested						
Pallets Americas	2,322.3	2,418.5	2,370.4	2,261.8	2,275.4	2,268.6
Pallets EMEA	1,231.6	1,265.4	1,248.5	1,310.7	1,195.3	1,253.0
Pallets Asia-Pacific	314.9	332.3	323.6	376.7	337.5	357.1
Pallets	3,868.8	4,016.2	3,942.5	3,949.2	3,808.2	3,878.7
RPCs	1,585.6	1,661.8	1,623.7	1,565.1	1,517.3	1,541.2
Containers	967.2	948.0	957.6	769.5	978.7	874.1
Continuing operations (Including Corporate)	6,388.8	6,584.0	6,486.4	6,238.7	6,264.3	6,251.5
Return on Capital Invested						
Pallets Americas	17.6%	18.5%	18.1%	17.0%	19.9%	18.4%
Pallets EMEA	28.5%	28.2%	28.4%	28.0%	26.9%	27.4%
Pallets Asia-Pacific	20.5%	19.8%	20.1%	19.1%	21.2%	20.1%
Pallets	21.3%	21.7%	21.5%	20.8%	22.2%	21.5%
RPCs	7.4%	8.8%	8.1%	8.6%	8.5%	8.5%
Containers	4.4%	5.8%	5.1%	8.0%	5.9%	6.8%
Continuing operations (Including Corporate)	14.9%	15.7%	15.3%	15.6%	16.0%	15.8%
Brambles Value Added¹⁰						
Pallets Americas	76.7	90.0	166.7	60.0	97.2	157.2
Pallets EMEA	105.6	110.2	215.8	96.1	89.5	185.6
Pallets Asia-Pacific	14.3	13.2	27.5	10.5	15.4	25.9
Total Pallets	196.6	213.4	410.0	166.6	202.1	368.7
RPCs	(35.4)	(24.7)	(60.1)	(26.4)	(27.0)	(53.4)
Containers	(38.3)	(32.2)	(70.5)	(16.0)	(30.5)	(46.5)
Continuing operations (Including Corporate)	107.2	141.1	248.3	107.5	126.0	233.5
Numbers of pallets, RPCs and containers – gross, before Irrecoverable Pooling Equipment Provision (millions of units)						
Pallets Americas	130		136	120		123
Pallets EMEA	123		120	120		118
Pallets Asia-Pacific	22		22	22		22
Total Pallets	275		278	262		263
RPCs	259		274	223		238
Containers	14		15	14		14
Total	548		567	499		515
Numbers of pallets, RPCs and containers – net, after Irrecoverable Pooling Equipment Provision (millions of units)						
Pallets Americas	125		130	114		118
Pallets EMEA	112		115	110		110
Pallets Asia-Pacific	22		22	22		22
Total Pallets	259		267	246		250
RPCs	259		274	223		238
Containers	14		15	14		14
Total	532		556	483		502
Number of pooling equipment purchases (millions of units)						
Pallets Americas	11	10	21	8	9	17
Pallets EMEA	13	12	25	11	10	21
Pallets Asia-Pacific	1	1	2	1	1	2
Total Pallets	25	23	48	20	20	40
RPCs	23	24	47	24	23	47
Containers	1	1	2	1	1	2
Total	49	48	97	45	44	89

¹⁰ At fixed June 2015 exchange rates