Shaping our future

Brambles

Full-year 2019 results presentation

21 August 2019

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Results highlights

Graham Chipchase, CEO

FY19 result

Key messages

- Sales revenue growth of 7%[1] reflecting favourable price realisation and strong volume growth despite slower organic growth, particularly in Europe
- Underlying Profit up 2%[1] as strong revenue growth offset:
  - Group-wide input-cost inflationary pressures; and
  - Continued challenges in CHEP Americas related to changing customer/retailer behaviour, US network capacity constraints, the stringer-to-block pallets transition in Canada and higher cost-to-serve in Latin America
- US accelerated automation, lumber procurement, productivity and pricing initiatives on track to deliver progressive margin benefits through to the end of FY22
- Free Cash Flow after dividends was US$(89.6) million largely due to:
  - Investment of US$73 million in the US automation and lumber procurement initiatives, funded by FY18 asset actions; and
  - Impact of only 11 months of IFCO cash flows
- ROCI of 19.5% remains strong and above the cost of capital
- Final dividend of A14.5¢, franked at 30%. Pro-rata cash return of A29¢[2]
- IFCO sale completed and capital management initiatives underway

[1] At constant currency.
[2] Capital return component of the pro-rata cash return is subject to shareholder approval at 2019 AGM.

IFCO sale complete

Use of proceeds

US$2.4 billion net proceeds[1]

~US$1.65 billion

On-market share buy back

- Commenced in June 2019
- 6 million shares purchased to date at a cost of AU$77m[2]
- Completion expected in FY21

~US$0.3 billion

Capital return and special dividend

- Capital return of 12 AU cents per share, subject to shareholder approval 2019 AGM
- Special dividend of 17 AU cents per share

~US$0.4 billion

Debt reduction

- Net debt to EBITDA is 0.08 times[2]
- Brambles targets net debt to EBITDA of <1.75 times
- Policy to be aligned with new accounting standard AASB 16

[1] After taxes, transaction costs, and balance sheet items, and customary closing adjustments.
[2] As at 30 June 2019.

Dividend policy and capital structure

Move to payout ratio based dividend policy

- Following the sale of IFCO, Brambles' Board reviewed its current progressive dividend policy
- Starting with FY20 interim dividend, Brambles will move to a payout ratio based dividend policy in order to:
  - Align shareholder payments with movements in earnings;
  - Support future growth opportunities; and
  - Maintain a strong balance sheet and investment-grade credit profile
- Targeted payout ratio of 45-60% of Underlying Profit after finance costs and tax
- Dividend per share to be declared in US cents and converted and paid in Australian cents
- Dividend Reinvestment Plan has been suspended, given the ongoing share buy-back programme

Brambles continues to maintain a strong balance sheet and target an investment-grade credit profile

Operating landscape and FY20 outlook

Operating landscape

- Large addressable opportunities in both developed and emerging markets
- Competition in key markets remains strong but rational
- Slowdown in major economies, particularly in Europe including Brexit impact
- Trade wars may lead to a broader global slowdown
- Ongoing global input-cost inflationary pressures, although the rate of transport and lumber inflation is moderating
- Retail landscape continues to evolve with the ongoing growth of e-commerce, omni-channel and increased automation in the supply chain

FY20 financial outlook

- Sales revenue growth[1] to be at the lower end of mid-single digit growth objective taking into account the ongoing slowdown in global economies and the automotive industry; and
- Underlying Profit growth[1], including the impact of AASB 16[2], to be in line with, or slightly above, sales revenue growth

[1] At constant currency.
[2] New Lease accounting standard, effective for Brambles 1 July 2019.

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Financial overview

Nessa O'Sullivan, CFO

2019 financial statements

Accounting standard changes & treatment of IFCO

- **AASB 15: Revenue from contracts with customers**
  - Effective 1 July 2018, issue fees are recognised over the estimated cycle time between the asset being issued and returned to Brambles
  - Income statement and balance sheet for both FY18 and FY19 have been prepared in accordance with AASB 15
  - No impact on cash flow
- **AASB 9: Financial instruments**
  - Effective 1 July 2018, the impact on Brambles is largely around the approach to measure expected losses on trade and other receivables
  - Balance sheet has been prepared in accordance with AASB 9, including the restatement of prior-year comparatives. No impact on cash flow
- **Treatment of IFCO**
  - IFCO has been classified as discontinued operations in FY19
  - Prior year comparatives in the income statement have been restated for the IFCO sale
  - Prior year comparatives in the balance sheet have not been restated for the IFCO sale in accordance with the accounting standards
  - IFCO cash flows are included in the Group FY19 cash flow statement up to the date of divestment, prior year Group cash flow remains unchanged

FY19 result

Summary

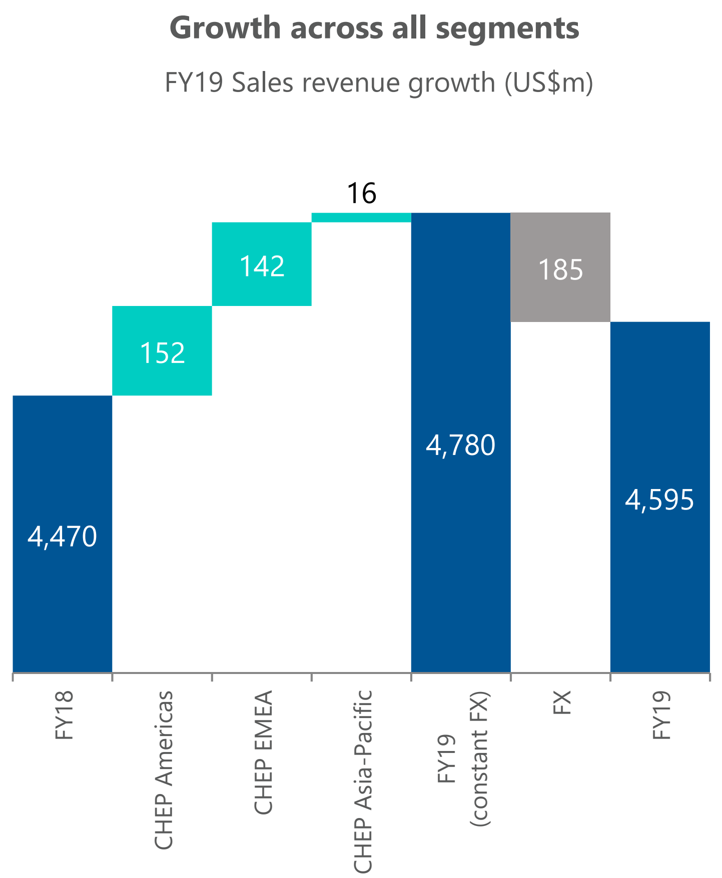
US$m	FY19	Change vs. FY18	
Continuing operations		Actual FX	Constant FX
Sales Revenue	**4,595.3**	**3%**	**7%**
Underlying Profit	**803.7**	**(3)%**	**2%**
Significant Items	(62.8)		
Operating Profit	**740.9**	**(5)%**	**-**
Net finance expenses	(88.5)	14%	10%
Tax expense	(198.3)	(63)%	(68)%
Profit after tax - Continuing	**454.1**	**(18)%**	**(13)%**
Profit from discontinued ops[1]	1,013.6		
Profit after tax	**1,467.7**	**112%**	**120%**
Effective tax rate - Underlying (%)	29.0%	1.6pts	1.1pts
Statutory EPS	**92.1**	**112%**	**119%**
Underlying EPS	**31.9**	**(3)%**	**2%**

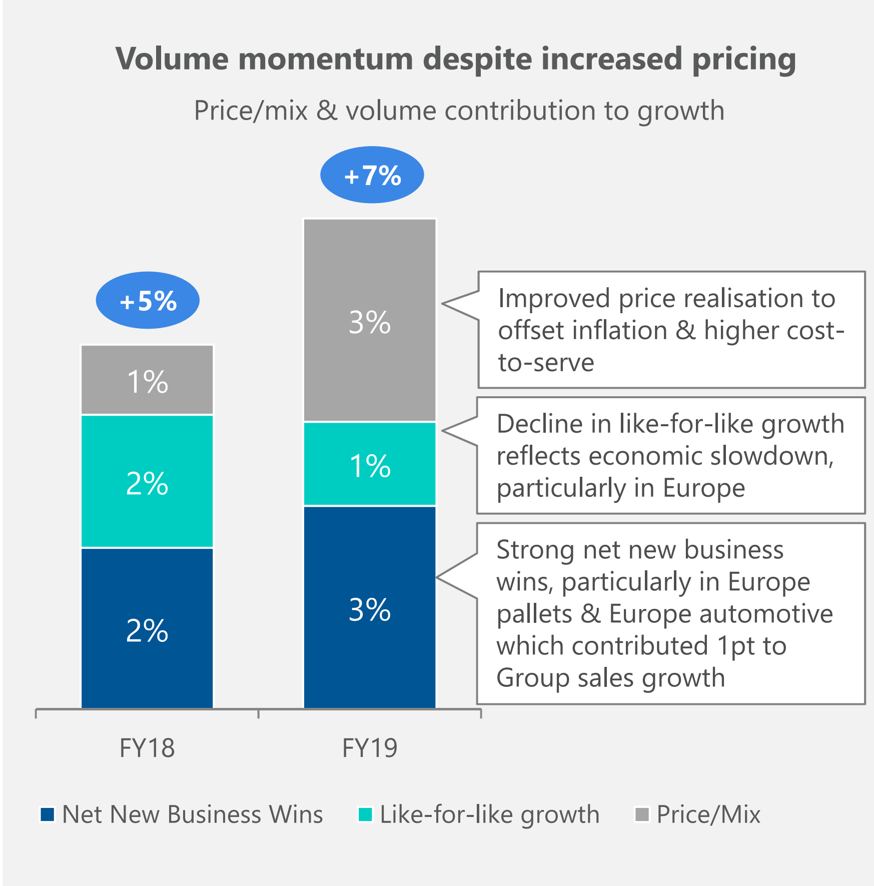
- **Sales growth +7%**, exceeding objective of mid-single digit revenue growth
- **Underlying Profit +2%** sales contribution to profit and productivity gains partly offset by cost inflation and other cost challenges in CHEP Americas
- **Significant Items** include US$945.7m post-tax gain on sale of IFCO in discontinued operations & US$62.8m pre-tax expense in continuing operations – details on slide 23
- **Net finance expense reduced** largely due to FY18 refinancing and lower debt balances.
- **Tax expense increase** reflects the cycling of the prior year one-off US tax benefit (US$65m) and introduction of US BEAT[2] tax in FY19
- **Underlying effective tax rate increased to 29%** following the introduction of US BEAT tax in FY19

[1] Discontinued operations includes IFCO post-tax gain on divestment of US$945.7 million and IFCO profit after tax.
[2] US Base Erosion and Anti-Abuse Tax, applicable to Brambles' US operations from 1 July 2018.

FY19 sales growth

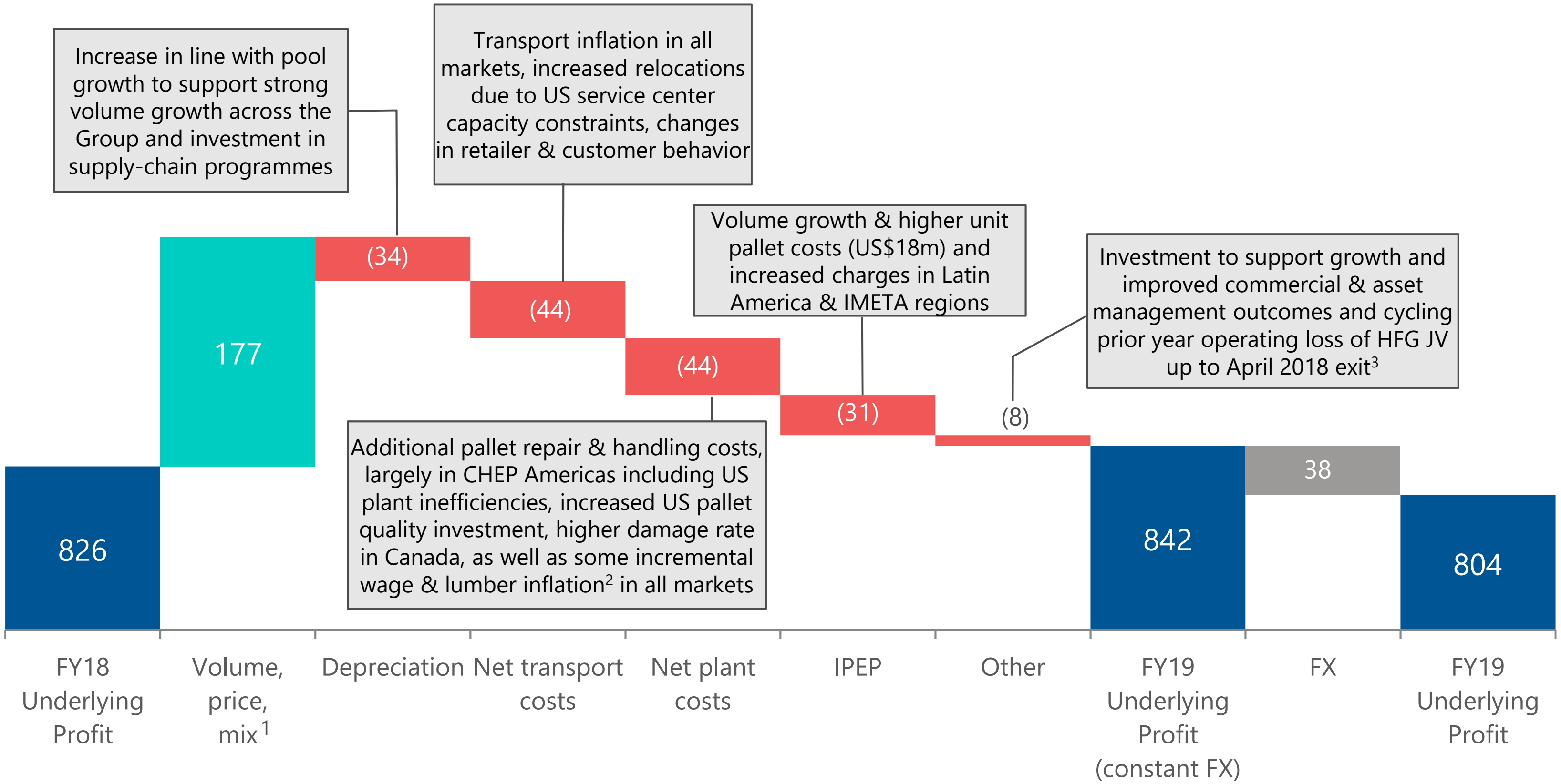
Strong volume growth & improved price realisation across the Group





Group profit analysis (US$m)

Sales contribution partly offset by inflation and other cost pressures



[1] Sales growth net of volume-related costs (excluding depreciation and IPEP)
[2] Lumber inflation impact largely reflected in capital expenditure
[3] From an EPS perspective, benefit of lower losses in ULP offset by lower interest income following repayment of HFG shareholder loan

Market cost inflation

Inflationary cost pressures persist

Input-cost inflation trends

FY18

Inflationary pressures and pricing actions weighted to 2H18

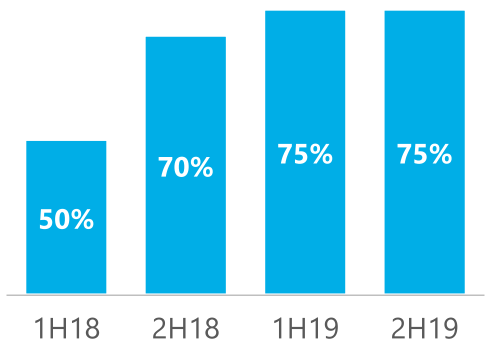
- **Transport & lumber:** Inflation in all markets, rate of inflation accelerated
- FY18 net inflation impact on ULP US$(19)m
- FY18 lumber impact on capex: US$(21)m

FY19

Full-year impact of cost inflation with higher recovery of costs through price

- **Transport:** Inflation in all markets, rate of inflation moderating in 2H19
- **Lumber:** deflation in the US, moderating inflation in Europe.
- FY19 net inflation impact on ULP US$(10)m
- FY19 lumber impact on capex: US$(8)m

Cost recovery mechanisms[1]



Europe price indexation in revenue

- Covers labour, lumber & fuel inflation
- 100% contract coverage, reset annually on 1 July

USA surcharges netted against costs

- Covers transport & lumber inflation

FY20 expectations

Transport (opex)

- Inflation to continue in all markets with the rate of inflation moderating in line with industry trends

Lumber (capex & opex)

- Moderate US inflation expected to return following deflation in the FY19
- Europe inflation to continue, albeit at a lower rate

Other (opex)

- Increasing wage inflation given unskilled labour shortage in most markets
- Increasing property inflation reflecting higher demand for industrial warehouse space in most regions

[1] Cost inflation recovery through indexation and surcharges in US & European pallet businesses

CHEP Americas

Cost challenges, including inflation, partially offset by higher price

(US$m)	FY19	Change vs. FY18 Actual FX	Change vs. FY18 Constant FX
US	1,651.1	5%	5%
Canada	265.0	1%	5%
Latin America	312.8	6%	17%
Pallets	2,228.9	5%	7%
Containers	58.9	10%	10%
Sales revenue	**2,287.8**	**5%**	**7%**
Underlying Profit	**298.4**	**(11)%**	**(9)%**
Margin	***13.0%***	***(2.4)pp***	***(2.2)pp***
ROCI	***15.4%***	***(2.2)pp***	***(2.2)pp***

FY19 performance reflects:

- Strong sales revenue growth of 7% reflects price and volume growth across the region:
  - US price growth +3% (effective pricing[1] +4%);
  - US volume growth +2%; and
  - Pricing growth and volume expansion in Canada and Latin America pallets businesses
- Margin decline reflects input-cost inflation, cost pressures in US Pallets, higher costs in Canada due to stringer-to-block transition and increased costs in Latin America – refer to slide 14 and 15 for more details
- ROCI decline reflects lower earnings and higher investment to support volume growth & supply chain initiatives in the region

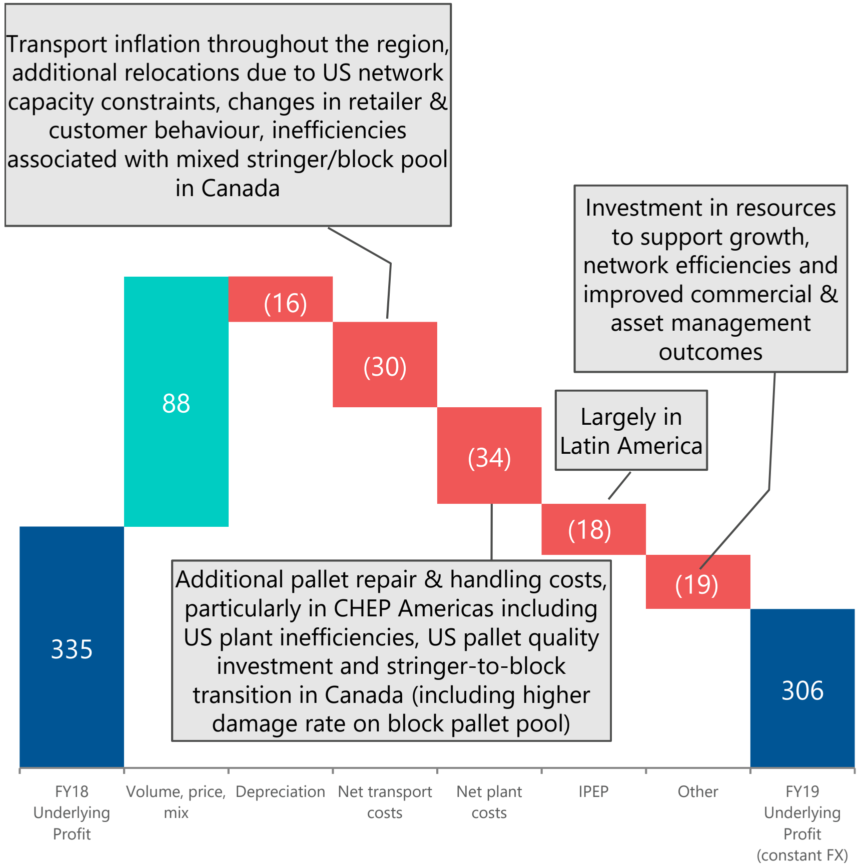
FY20 considerations:

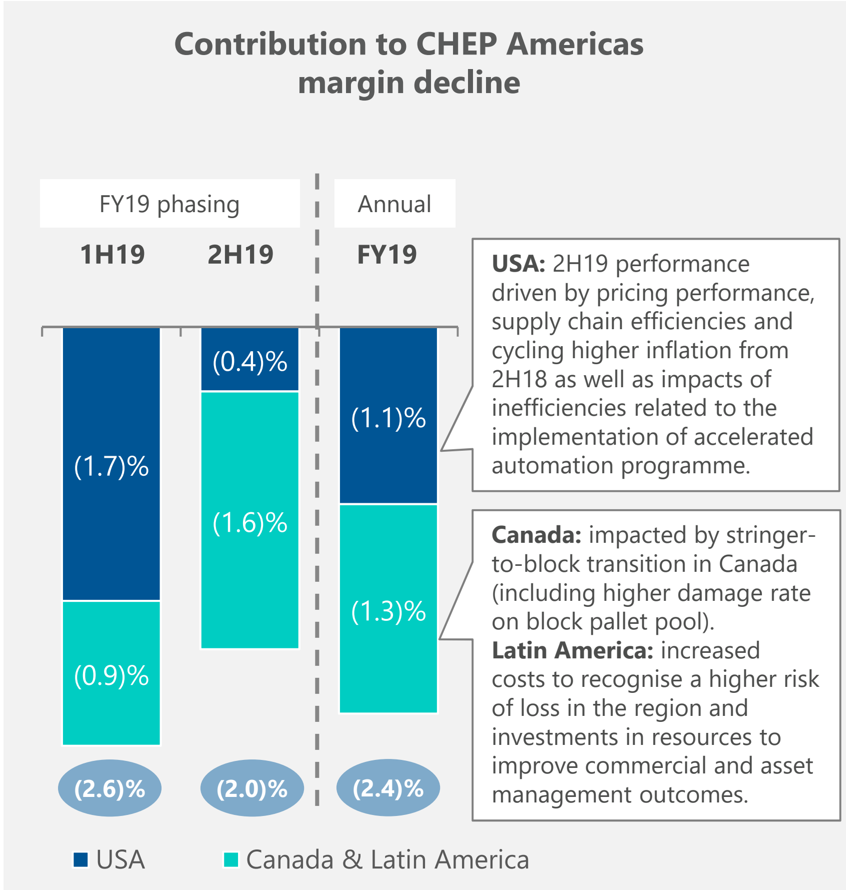
- ~1 point improvement in US Pallet margins in line with commitment to progressively deliver margin improvement by FY22
- Ongoing cost headwinds in Canada associated with running two pallet pools and reflecting the inherently higher damage rate of block pallets

[1] Including surcharges which are recognised as an offset to costs.

CHEP Americas

Underlying Profit decline driven by cost pressures across all businesses





Latin America

Increased pricing and improved asset efficiency delivered in FY19

Context

- History of long cycle times in the region reflecting developing nature of market:
  - Geography/transport distances;
  - Lower network density; and
  - Fewer controls over customer and retailer behaviour
- Despite increasing network density, cycle times continued to increase:
  - Increased costs recognised in FY18 Underlying Profit and Significant Items to account for higher cost-to-serve; and
  - Leadership changes and detailed review in 1H19

FY19 actions to improve outcomes

✓ **3-yr commercial & asset plan developed**

✓ **New leadership team and enhanced asset management & commercial capability:**
  - Asset control transformation including improved use of analytics to support activity
  - Increased asset collections direct from stores and from higher risk channels
  - Market mapping to identify new collection points and establish commercial relationships

✓ **Pricing** to recover higher costs and improve asset accountability in supply chain

✓ **Increased market collection activity delivered improved insights into collection risks:**
  - Active management to reduce flows into higher risk channels
  - US$11m IPEP expense in Underlying Profit reflecting revised assessment of collection risk relating to FY19 flows
  - US$21m in Significant Item expense relating to historical flows

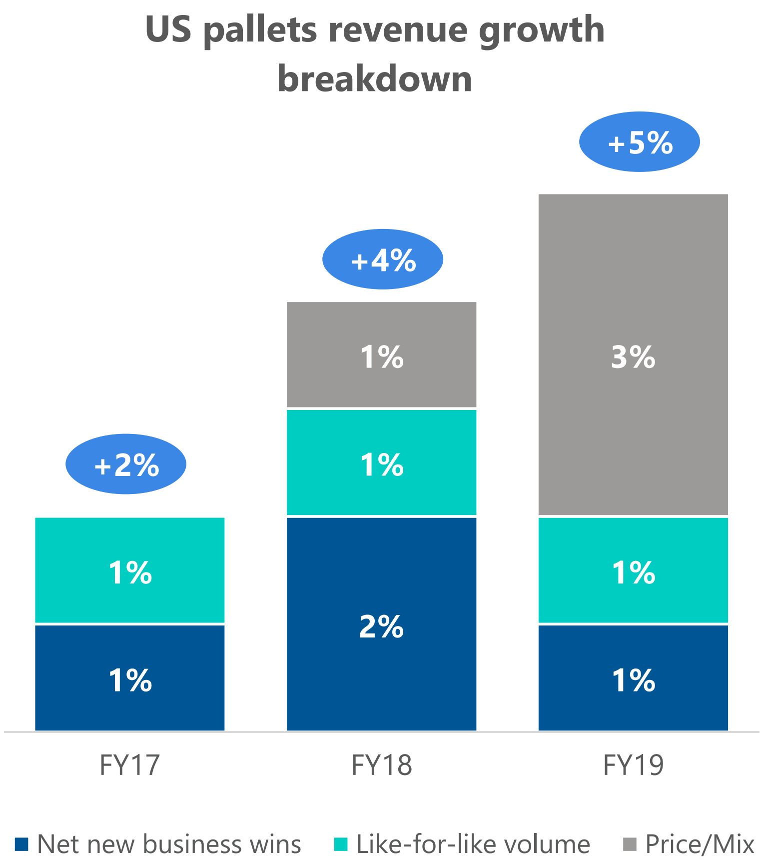
Outcomes delivered

✓ **Plan delivering improved outcomes**
  - Enhanced asset controls and commercial, asset management & finance capability
  - Increased pricing well above inflation to support cost recovery contributing ~8% Latin America sales growth
  - Record level of asset collections in FY19 driven by new collection engine
  - Material improvement in pooling capex to sales ratio demonstrating lower capital intensity

✓ **Progressive improvements planned over next three years**

US pallets revenue

Improved price realisation and solid volume growth



FY19 revenue growth components:

- **Price/mix growth of 3%:** effective price, which includes transport and lumber surcharges recognised as an offset to direct costs, increased 4% in FY19
- **Like-for-like volume growth of 1%** was driven by the grocery and beverage sectors despite a moderation in growth in 2H19
- **Net new business wins of 1%:** largely driven by new customer contracts won early in 2H19

US pallets margins

Initiatives on track to deliver 2-3pt margin improvement[1] by FY22

Pressures

- Cost inflation
- Retailer driven cost increases
- Network capacity & supply chain efficiency

Mitigating actions | **Phasing of margin improvement**

Mitigating actions	Progress	FY20	FY21	FY22
Supply chain cost out	• Annual transport and network optimisation exercise undertaken during the Year			
Pricing/ surcharges	• Continue to renegotiate contract terms and pricing to insulate against inflation and capture higher cost-to-serve • Effective price increase of 4% in FY19			
Procurement initiatives	• Implementation of lumber strategy is on track to deliver cost benefits to lumber repair & capex			
Automation programme	• 20 sites automated to date • Automated sites performing in line with expectations • On track to deliver program objectives over FY20, FY21 & FY22			

Margin improvement phasing: Annual increase of ~1pt[2] in FY20, FY21 & FY22

[1] Margin improvement from 1H18 levels, excluding the impact of AASB 15 and AASB 16 accounting changes.
[2] Improvement from FY19 level.

US automation programme update

3-year automation plan remains on track

Overview of project

- ~US$160m capital investment from FY19-FY21, ~5-year payback
- Capital investment to be fully funded by the proceeds from the sale of CHEP Recycled and the HFG JV (US$252m)
- 50+ plants to be automated
- Automation penetration to reach 85%
  - Current US automation level ~50%

Progress to date

- Plant automation project launched in 2H18
- Progress on track
- FY19 automation objectives met:
  - 20 sites automated to date;
  - Automated sites delivering in line with investment case; and
  - 17 sites identified for automation in FY20

CHEP EMEA

Strong financial result despite macro-economic headwinds

(US$m)	FY19	Change vs. FY18 Actual FX	Constant FX
Europe	1,353.2	1%	5%
IMETA[1]	205.7	2%	14%
Pallets	1,558.9	1%	7%
RPCs + Containers	290.2	6%	13%
Sales revenue	**1,849.1**	**2%**	**8%**
Underlying Profit	**441.8**	**(1)%**	**5%**
Margin	***23.9%***	***(0.6)pp***	***(0.7)pp***
ROCI	***24.9%***	***(1.5)pp***	***(1.7)pp***

FY19 performance reflects:

- Revenue +8% driven by strong volume growth and improved price realisation across the region
- Underlying Profit margins impacted by:
  - Higher transport costs due to third-party freight inflation and Brexit-related inefficiencies;
  - Increased pallet repair and handling costs, partly offset by efficiencies; and
  - Higher IPEP charges reflecting higher unit pallet costs and higher losses in the IMETA[1] region
- ROCI remains strong despite inflationary cost pressures, Brexit-related inefficiencies and increased investment to support volume growth & new market development

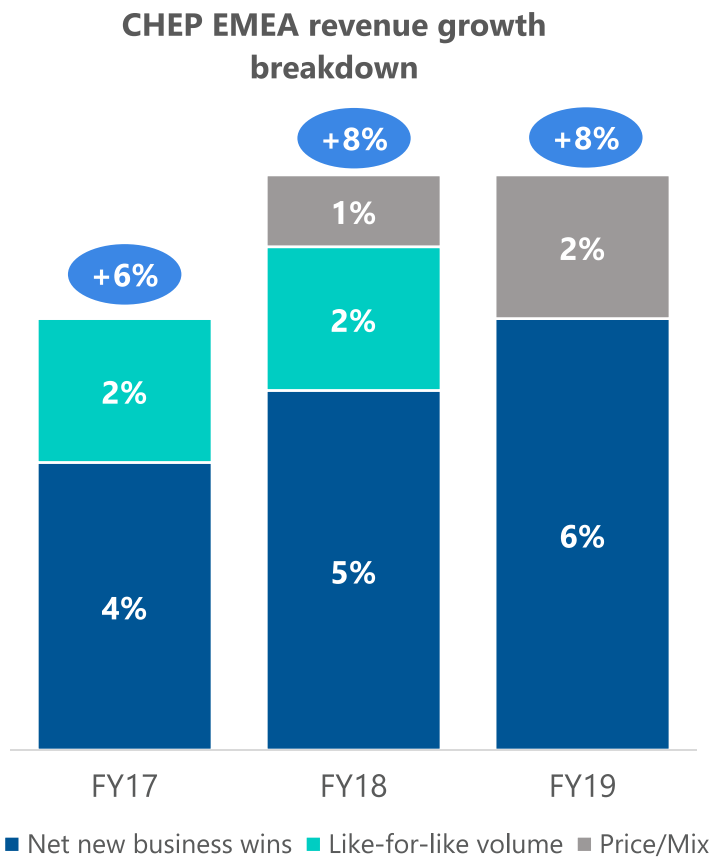
FY20 considerations:

- Sales growth impacted by slowdown in like-for-like volumes in Europe as well as broader industry slowdown in the Automotive sector
- Impacts of Brexit uncertain

[1]India, Middle East, Turkey and Africa.

EMEA sales growth

Slowing economic conditions impacting organic sales growth



FY19 revenue growth components:

- **Price/mix growth of 2%** reflecting the inflationary cost environment throughout the region
- **Like-for-like volumes flat to FY18** with a slowdown in Europe Pallets & Automotive like-for-like volumes in 2H19
- **Net new business wins of 6%:**
  - Volume growth from new customers and lane expansion with existing customers in European pallets +5% and IMETA 4%; and
  - Automotive accounted for 2pts of EMEA growth and 1pt of Group sales growth, driven by large contract win in FY18

FY20 considerations:

- Like-for-like volume growth to continue to be impacted by broader economic uncertainty – particularly in Europe pallets and automotive businesses
- The rate of net new business growth expected to be lower, particularly in the Automotive business
- Pricing growth to reflect inflationary cost environment

CHEP Asia-Pacific

Strong Underlying Profit and ROCI performance

	FY19	Change vs. FY18	
(US$m)		Actual FX	Constant FX
Pallets	343.2	(3)%	4%
RPCs + Containers	115.2	(5)%	2%
Sales revenue	**458.4**	**(4)%**	**3%**
Underlying Profit	**118.3**	**6%**	**14%**
Margin	***25.8%***	***2.3pp***	***2.4pp***
ROCI	***27.9%***	***2.4pp***	***2.8pp***

FY19 performance reflects:

- Sales revenue growth of 3% reflecting solid pricing and volume growth in the Australian pallets business
- Underlying Profit leverage & margin expansion driven by sales mix benefits, effective cost control & fixed cost leverage as well as a number of one-offs, including:
  - One-off government infrastructure grant in Asia;
  - Favourable asset recovery outcomes;
- Strong ROCI outcomes driven by Underlying Profit performance

FY20 considerations:

- Revenue and profit progress despite headwinds from large RPC contract loss in Australia
- Reduction in Margin & ROCI to reflect the cycling of the one-off government infrastructure grant and increased investments to support new business growth across the region

Significant Items

IFCO-related items and asset provision in Latin America

US$m	Pre-tax charge FY19	Tax	Post-tax charge FY19	Comments
Discontinued Operations	**959**	**(14)**	**946**	
IFCO gain on sale	959	(14)	946	• Proceeds received on 31 May 2019
Continuing Operations	**(63)**	**9**	**(54)**	
IFCO-related restructuring and other costs	(30)	6	(24)	• Organisational changes US$8m and asset write-offs US$22m relating to the IFCO sale
Early debt repayment funded by IFCO sale proceeds	(12)	-	(12)	• IFCO sales proceeds allocated to early repayment of a US$500m US 144A bond (coupon 5.35%). • Related cash outflow and associated interest cost savings will both be recognised in FY20
Risk assessment of losses in Latin America	(21)	3	(18)	• Provision reflects updated assessment of asset recovery risk relating to historic asset flows with FY19 related charges reflected as an expense to underlying earnings. • Details of the review undertaking in FY19 and actions being implemented to mitigate these higher costs are outlined in slide 15
Total Significant Items	**896**	**(5)**	**892**	

Cash flow

Free cash flow performance reflects US supply chain investments

(US$m, actual FX)	FY19	FY18	Change
EBITDA	**1,288.0**	**1,290.4**	**(2.4)**
Capital expenditure (cash basis)[1]	(989.4)	(935.6)	(53.8)
US supply chain investments[2]	(73.0)	(17.0)	(56.0)
Proceeds from joint venture loan	-	150.0	(150.0)
Proceeds from sale of PP&E	102.5	103.7	(1.2)
Working capital movement	(13.2)	46.1	(59.3)
IPEP expense	127.1	101.9	25.2
Other	(10.2)	(14.7)	4.5
Cash Flow from Operations	**431.8**	**724.8**	**(293.0)**
Significant Items and discontinued operations	124.6	141.8	(17.2)
Financing costs and tax	(317.9)	(312.2)	(5.7)
Free Cash Flow	**238.5**	**554.4**	**(315.9)**
Dividends paid	(328.1)	(352.0)	23.9
Free Cash Flow after dividends	**(89.6)**	**202.4**	**(292.0)**

Performance reflects timing difference of proceeds from FY18 asset actions & reinvestment in FY19:

- Cash flow from Operations decline of US$293 million includes:
  - HFG JV loan repayment of US$150m in FY18;
  - US$56m of incremental investment in high returning US supply chain programmes[2], funded from the exit of underperforming assets;
  - US$30m reversal of 2H18 working capital benefits advised to the market at the FY18 results; and
  - US$18m of Brexit-related capital expenditure
- Free Cash Flow after dividends includes the impact of IFCO cash contribution for 11 months, partially offset by lower cash dividend payments due to a weaker AUD

FY20 considerations:

- FY19 final dividend payable in Oct 2019 remains flat at AU$14.5c despite no IFCO cash flow contribution
- AASB 16 to improve reported cash flow – refer to slide 28 for details

[1] Capital expenditure excluding US supply chain investments on US accelerated automation and lumber procurement.
[2] US supply chain investments in US accelerated automation and lumber procurement pre-funded by FY18 asset actions.

Cash flow

Normalised positive free cash flow in both FY18 and FY19

Adjustment	(US$m, actual FX)	FY19	FY18
	Free Cash Flow after dividends (reported)	**(90)**	**202**
	Normalisation adjustments:		
1	Proceeds from HFG joint venture loan	-	(150)
1	US supply chain efficiency investments	73	17
1	Timing difference between exit of low-returning businesses and re-investment into high-returning US supply chain efficiency programs	**73**	**(133)**
2	Adjust for timing of working capital movements	30	(30)
	Positive normalised Free Cash Flow after dividends in FY18 & FY19	**13**	**39**

Adjustment details

1	Adjust for timing differences between the receipt of funds from the exit of low returning businesses including US$150m HFG shareholder loan proceeds received in FY18 and the investment of those proceeds in high-returning supply chain efficiency programs totalling US$73m in FY19.
2	Adjust for the US$30m working capital timing with benefits in FY18 that reversed in FY19 as highlighted to the market at the FY18 results.

Capital expenditure

Investment to fund growth & supply chain programmes

	Change vs. FY18 (constant FX)	
Total PP&E Capex of US$1.1 billion	**+US$91m**	**+9%**
FY19 Pooling Capex **Pooling capex/sales ration: 20.4%** *down from 20.7% in FY18*	**+US$54m**	
Volume growth	+US$33m	
Automotive/new market development	+US$30m	
Lumber inflation	+US$8m	
Brexit	+US$18m	
(Efficiencies)/Other	+US$(34)m	
FY19 Non-Pooling Capex	**+US$37m**	

FY19 Pooling Capex

- Additional capex to support higher Brexit-related retailer stocking levels
- Lumber inflation impacts on unit pallet costs of US$8 million largely reflect increases in 1H19 2H19 benefitted from declines in US lumber prices
- Asset efficiency improvements largely in the US Pallets

FY19 Non-Pooling Capex

- Includes US$73 million investment in US supply chain programmes (including accelerated automation)

FY20 considerations

- Expected reduction in pooling capex/sales ratio with improvements in asset efficiency, excluding any Brexit related changes
- Investments in US supply chain programmes expected to remain at current levels & broadly in line with the programme presented to the market in 2018

IFCO sale

Proceeds from divestment and FY20 financial implications

Proceeds

Proceeds received of U$2.4b (after costs & net of cash)

- US$450m repayment of revolving bank debt
- US$54m (A$77m) of share-buybacks completed as at 30 June 2019
- US$1.9b placed on deposit including A$2.1b in Australia
- US$0.5b early repayment of US 144A bond on 5 July 2019

Net debt

FY20 net debt impacted by:

- Capital return US$0.3b in October 2019 (subject to shareholder approval)
- On-market share buyback of up to US$1.65b to be completed progressively throughout FY20 and FY21
- Financial profile after capital management actions to maintain investment-grade credit ratings: BBB+ and Baa1

Net interest

FY20 net interest expense impacted by:

- Lower interest expense - early repayment of US 144A bond
- Interest income - funds on deposit in Australia
- Interest expense to progressively increase in line with increase in net debt as capital management actions reduce funds
- FY20 net interest expense ~US$90-$100m

Balance sheet

IFCO sale provides added financial flexibility

	June 19	June 18
Net debt	US$98m	US$2,308m
Average term of committed facilities	4.0 years	4.5 years
Undrawn committed facilities	US$1.6b	US$1.6b

	FY19	FY18[1]
EBITDA/net finance costs	14.6x	15.0x
Net debt/EBITDA	0.08x	1.46x

- FY19 net debt reduction reflects application of IFCO sale proceeds

  Note: cash deposits expected to progressively reduce to fund capital management over the next 14-18 months
- Net debt/EBITDA well within financial policy of <1.75x
  - Financial policy to be adjusted for AASB16 which is expected to add US$740-$760 million of lease liabilities to the balance sheet in FY20
- Investment-grade credit ratings maintained: Standard & Poor's BBB+ and Moody's Baa1

US$1.95 billion in capital management to be undertaken whilst maintaining a conservative balance sheet and investment-grade credit ratings

[1] As reported in the FY18 financial statements.

AASB 16: Leases

FY20 impact of new accounting standard adoption

- Applicable from 1 July 2019 it requires a lessee to recognise all qualifying leases on the balance sheet in the form of a lease liability and right-of-use asset
- Straight-lined operating lease expense will be replaced by depreciation on right-of-use asset and interest on lease liability – refer to note 1 of the financial statements for further details
- Modified retrospective approach to be adopted and comparative periods will not be restated

FY20 Indicative pre-tax impact of AASB 16 on the Income Statement, Balance Sheet, Cashflow and ROCI

Income statement	Underlying Profit	+US$25m	Additional depreciation charge of US$115m Replaces operating lease charge US$(140)m Segment ULP impact: Americas ~US$15m; EMEA ~US$5m APAC ~US$5m;
	Net interest expense	US$(30)m	Additional interest expense on lease liabilities
Cashflow statement	Cash flow from operations	+US$140m	Operating lease payments of ~US$140m are removed from cash flow from operations
	Free cash flow	+US$110m	~US$140m of lease payments removed from free cash flow and interest component of lease payments of US$30m included
	Cash flow form financing activities	US$(110)m	Remaining ~US$110m of lease payments treated as repayment of financing liability
Balance sheet	Net assets	US$(100)m	Lease liability of US$740 – US$760 million (not included in average capital invested) Lease asset of US$640 – US$660 million (included in average capital invested and impacts ROCI)
Return on capital invested		(1.5-2.0)pts	Reduction due to capitalisation of leases

FY20 outlook

Including impact of AASB 16, Brambles expects:

- Sales revenue growth to be at the lower end of its mid-single digit growth objective, at constant FX, taking into account the ongoing slowdown in global economies and automotive industry;
- Underlying Profit growth in line with, or slightly above, sales revenue growth, at constant FX;
- Underlying Effective Tax Rate of approximately 30%; and
- Net interest expense of ~US$90-$100 million:
  - Interest savings reflecting the benefit of early redemption of US 144A bond and lower net debt are offset by the impact of AASB 16 and other funding impacts

3

Strategy update

Graham Chipchase, CEO

Our purpose

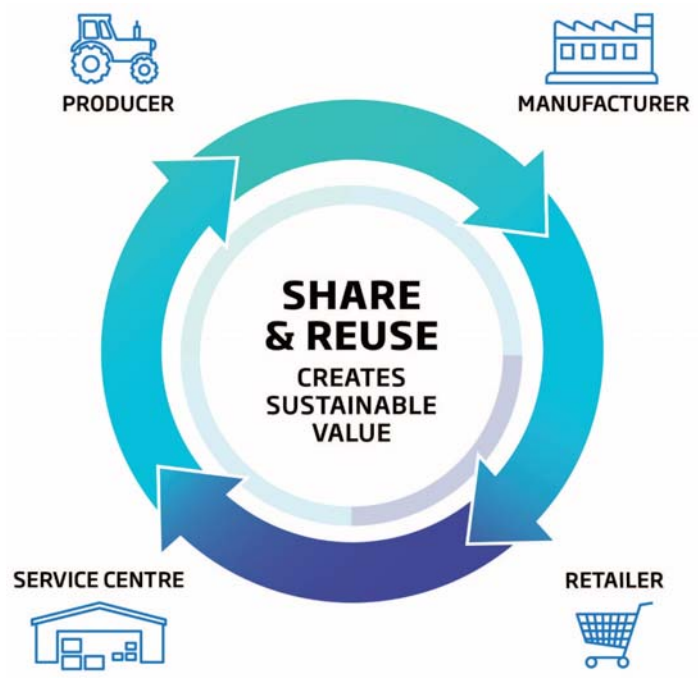
Brambles' purpose is to connect people with life's essentials every day

Our assets form the invisible backbone of the global supply chain

Through its share and reuse model, Brambles moves more goods to more people than any other organisation

The world's biggest brands trust us with the products that matter

The scale and density of our network means we can be more agile and responsive to our customers' changing needs



Our sustainable circular model defines what we do and who we are

Consistent strategic priorities

Grow and strengthen our **network advantage**

Deliver **operational and organisational efficiencies**

Drive disciplined **capital allocation** and improved **cash generation**

Innovate to **create new value**

Develop **world-class talent**

Delivering, through the cycle:

- Sustainable growth at returns well in excess of the cost of capital:
  - Mid-single digit revenue growth[1];
  - Underlying Profit leverage[1]; and
  - Strong ROCI
- Sufficient cash generation to fund growth, innovation and shareholder returns:
  - Dividends to be funded from Free Cash Flow

[1] At constant currency.

Progress against strategic agenda

Significant progress made – now ready for the next phase of growth

Fixing the fundamentals

- Global best practices in procurement, automation, transport
- Business structure, leadership talent
- Portfolio rationalisation

Invest for excellence

Re-investing divestment proceeds

- Plant automation
- Global procurement
- Lumber supply

Deliver

Operational and commercial performance

- Pricing and inflation recovery
- Increased network capacity
- Improved quality, reliability and customer satisfaction

Shaping our Future

New opportunities as a focused company to:

- Transform our value proposition;
- Enhance customer experience; and
- Simplify the way we run the company

External market dynamics

Changing environment creates challenges and opportunities

- Shifting landscape in core industries
  - Ongoing evolution of retail: rise of e-commerce and omni-channel
  - Major FMCG players facing growth of private label, small and local brands
  - Automotive OEMs[1] restructuring and adapting portfolio to electric vehicles
- Macro-economic uncertainty
  - Volatility in key input costs: lumber, labour, transport
  - Trade uncertainty: US and China, Brexit
- Increasing importance of sustainability and social licence to operate
  - Consumer pressure for sustainable products and supply chains
  - Regulatory and investor requirements increasing transparency

Our business is inherently sustainable, so we are well positioned to help our customers

[1] Original equipment manufacturer.

Growth opportunities

Positioned for sustainable growth over short, medium and long term

1 Enhance the core

- Organic growth + share gain in core developed markets
- Expanding new lanes – e.g. First/Last Mile Solutions, Automotive
- Innovation in technology, operations and customer service

2 Extend the core

- Expansion in developing markets – e.g. Latin America, Middle East, China, India
- New products and platforms – e.g. plastic/hybrid pallets, new fractional platforms
- Additional services – e.g. customer goods visibility, supply chain illumination

3 Create future models

- Reshaping the pooling model for the connected digital era
- Data and insight-based offerings for existing and new customers
- Partnering with customers to design the future of supply chains

Underpinned by long-term growth drivers

- Consumption of consumer staples
- Growth and urbanisation in developing markets
- Modernisation of supply chains
- Rising importance of sustainability

Creating new sources of value

Customer collaboration

Partnering with customers to tackle shared supply chain challenges

Innovation

Developing a portfolio of innovative products and services

"Plant of the future"

Using advanced technology to drive a step change in our operations

Scaling digital

Applying digital technology across Brambles to translate data into value

Customer collaboration

Zero Waste World

Through Zero Waste World, we are partnering with customers to meet shared supply chain challenges

Eliminating waste

Helping customers:

- Migrate to reusable packaging solutions
- Reduce food waste
- Create net positive supply chains

Eradicating empty transport miles

Connecting our customers to:

- Reduce empty miles
- Tackle transport price inflation
- Reduce environmental impact

Cutting out inefficiency

Working with customers to:

- Address supply chain bottlenecks
- Improve demand forecasting
- Improve the security of food supply and data

FY19 savings from our pooling solutions[1]

1.3m tonnes of waste

2.0m tonnes of CO_2

The estimated opportunity[2]

3.3 billion tonnes of CO_2 from waste and loss in the food supply chain

US$270 billion savings opportunity

See https://brambles.com/zero-waste-world/ for more information and some of our external partners

[1] Brambles calculations assured by KPMG
[2] Source: Food and Agriculture Organization of the UN; BCG

Innovative products and services

New products, platforms & services to meet customers’ evolving needs

Innovative products

New European Quarter Pallet

- Blue Click™ functionality
- 100% recyclable and certified carbon neutral platform
- Patented double stacking capability
- Digital-ready for proximity marketing

Innovative platforms

Lightweight and durable materials

- Plastic pallets
- Hybrid pallets

- Successful trials of plastic 48x40 pallets with Costco in US
- Large scale pilots planned in Costco’s well controlled supply chain

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Innovative services

Collaborative Transport Solutions

- Momentum building with large customers
- 62.7m kilometres and 53,700 tonnes of CO_2 saved so far[1]
- Underpinned by BXB Digital technology and lane matching algorithms

[1] Brambles calculations assured by KPMG

Scaling digital

Accelerating deployment of digital technology to create value for Brambles and our customers

Progress in FY19

- ✓ Launched BRIX tracking and analytics platform for internal/external use
- ✓ Large-scale tracking of full-size pallets in US; asset efficiency pilots in Europe; and customer pilots in ANZ
- ✓ Promotions tracking trials with Ferrero Canada
- ✓ Tracking of high value goods in the agricultural sector

Focus for FY20

- Evaluating options for larger-scale asset efficiency tracking
- Upgrading individual asset tracking on Kegstar kegs (in development)
- Exploring opportunities to apply AI/ML[1] – e.g. to simplify customer declarations, sales and operations planning

[1] Artificial intelligence and machine learning.

“Plant of the future”

Using technology to increase operational efficiency

Automated platform conditioning flow

Roll out underway:

Automated and integrated pallet sorting and element removal; augmented reality for directed repairs

In discovery phase:

Automated elemental reassembly

✓ *Increased plant throughput and improved pallet consistency*

Technology enabled plant management

Roll out underway:

Planning, transportation and yard management solutions to increase efficiency

Paperless plant inbound/outbound process flow, with minimal manual intervention

✓ *Part of our wider efforts to remove the admin burden for customers*

Enhanced operations planning

In discovery phase:

Applying AI/ML for enhanced demand forecasting, transport optimisation and identification of ISPM-15 compliant pallets

✓ *Will enable us to anticipate customer demands and adapt in real time*

Summary

- Strong progress against core strategic agenda
- Well positioned for sustainable growth over short, medium and long term
- Setting ambitious direction to capitalise on the opportunities for Brambles as a focused global business
- Partnering with customers to remove waste and inefficiencies from global supply chains
- Further details to be shared at Investor Day in May 2020


Shaping
our future
Brambles

4

appendix

Appendix 1

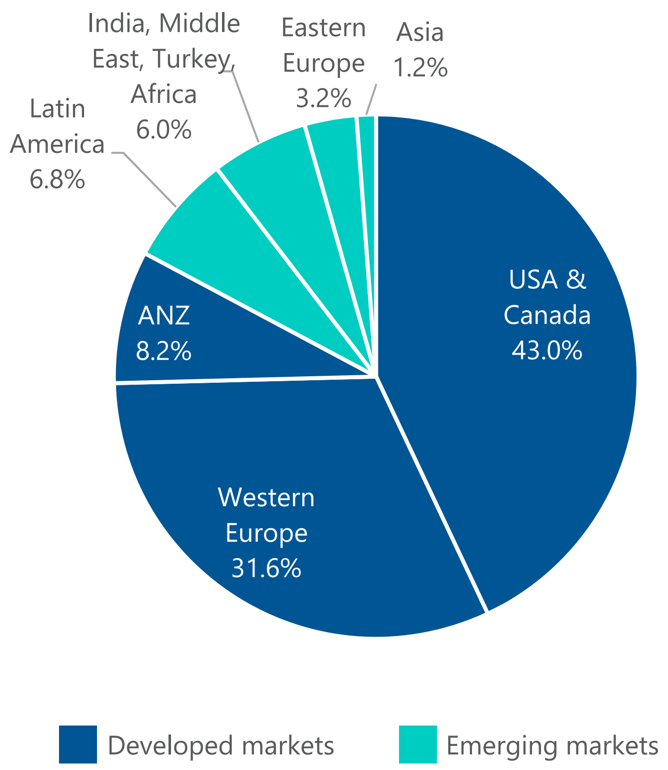
ESG Recognitions

SUSTAINALYTICS	Leader" Top 1% of companies analysed	• Sustainalytics is the leading independent global provider of ESG and corporate governance research and ratings to investors • Data is used widely by many investors for risk management and comprehensive valuations
MSCI	Top 10% of companies analysed globally achieving the MAXIMUM AAA RATING	• MSCI's ESG Indexes provide investors with transparency into ESG and values alignment • MSCI's data is used extensively for in-house valuations
CDP DISCLOSURE INSIGHT ACTION	Brambles was one of 6 global leaders achieving Forest A list status in 2017	• CDP suite of ESG surveys (Climate Change, Forests & Supply Chain) are considered comprehensive on specific issues with high quality inputs
MEMBER OF Dow Jones Sustainability Indices In Collaboration with RobecoSAM	Second position in industry category, placing us in the 95% percentile for 2018	• BXB first place in 2017, result improved again in 2018 • DJSI / RobeccoSam was rated as the highest quality ESG analysis by investors and public company's
BARRON'S	Rated Brambles as the 2nd most sustainable international company, in 2019	• Barron's is a highly regarded financial magazine covering US financial markets. Published by Dow Jones & Company and affiliated with the Wall Street Journal
FTSE4Good	Brambles is a constituent of the FTSE4Good index 2014, 2015, 2016, 2017 and 2018	• The FTSE4Good Index is part of London Stock Exchange Group and aims to drive better standards in sustainable investment

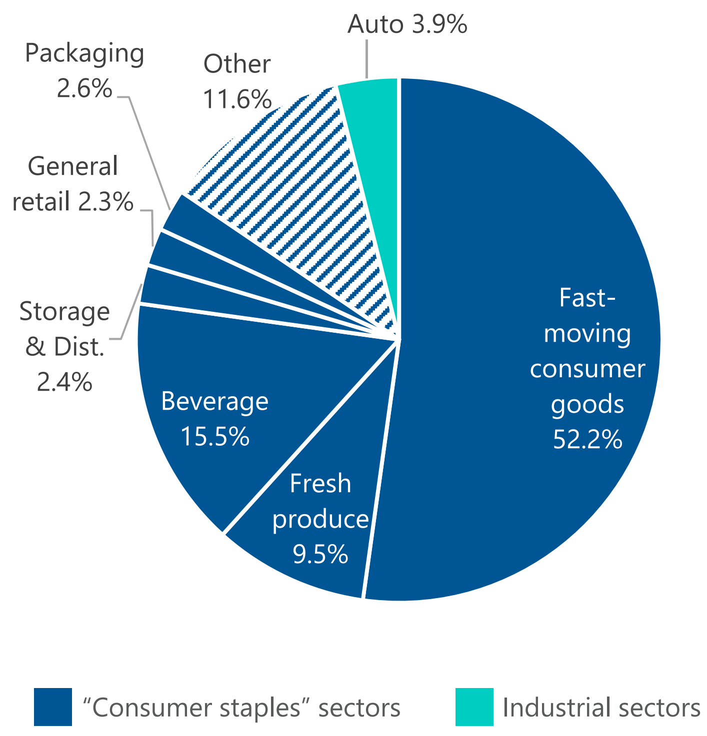
Appendix 2

Brambles: Sales revenue by region and sector

FY19 sales revenue by region



FY19 sales revenue by sector



Appendix 3

Detailed reconciliation of Underlying Profit to statutory earnings

Continuing operations	Operating Profit		Tax		Profit after tax		Earnings Per Share	
(US$m, actual FX)	FY19	FY18	FY19	FY18	FY19	FY18	FY19	FY18
Underlying Profit	**803.7**	**826.1**	**(207.3)**	**(198.2)**	**507.9**	**524.5**	**31.9**	**33.0**
– Restructuring and integration costs	(41.8)	(12.1)	6.5	2.7	(35.3)	(9.4)	(2.2)	(0.6)
– Loss on disposal of assets	(21.0)	-	2.5	-	(18.5)	-	(1.2)	-
– USA tax reform	-	-	-	65.2	-	65.2	-	4.1
– Changes to accounting estimates and methodology	-	(35.3)	-	8.5	-	(26.8)	-	(1.7)
Total Significant Items	**(62.8)**	**(47.4)**	**9.0**	**76.4**	**(53.8)**	**29.0**	**(3.4)**	**1.8**
Statutory Earnings - Continuing	**740.9**	**778.7**	**(198.3)**	**(121.8)**	**454.1**	**553.5**	**28.5**	**34.8**
Profit from discontinued operations	1,072.4	155.0	(58.0)	(14.3)	1,013.6	139.2	63.6	8.7
Statutory Earnings	**1,813.3**	**933.7**	**(256.3)**	**(136.1)**	**1,467.7**	**692.7**	**92.1**	**43.5**

Appendix 4

Major currency exchange rates[1]

USD exchange rate:		USD	EUR	GBP	AUD	CAD	ZAR	MXN	BRL	PLN	NZD
Average	FY19	1.0000	1.1404	1.2943	0.7145	0.7555	0.0706	0.0517	0.2589	0.2660	0.6712
	FY18	1.0000	1.1950	1.3465	0.7726	0.7855	0.0779	0.0533	0.3002	0.2818	0.7111
As at	30 Jun 19	1.0000	1.1372	1.2673	0.7005	0.7637	0.0706	0.0522	0.2618	0.2674	0.6702
	30 Jun 18	1.0000	1.1564	1.3076	0.7348	0.7545	0.0726	0.0507	0.2589	0.2651	0.6752

[1] Includes all currencies that exceed 1% of FY19 Group sales revenue, at actual FX rates.

Appendix 5

FY19 currency mix

(US$m)	**Total**	**USD**	**EUR**	**AUD**	**GBP**	**CAD**	**MXN**	**ZAR**	**PLN**	**BRL**	**NZD**	**Other[1]**
Sales revenue	**4,595**	1,716	1,052	360	352	268	196	180	80	59	55	277
FY19 share	**100%**	37%	23%	8%	8%	6%	4%	4%	2%	1%	1%	6%
FY18 share	**100%**	36%	23%	8%	8%	6%	4%	4%	2%	1%	1%	7%
Net debt[2]	**98**	610	1,131	(1,909)	34	35	140	86	(16)	(2)	12	(23)

[1] No individual currency within 'other' exceeds 1% of FY19 Group sales revenue at actual FX rates.
[2] Net debt shown after adjustments for impact of financial derivatives. Net debt includes US$411 million of term deposits in AUD with a maturity greater than 3 months.

Appendix 6

Credit facilities and debt profile

Maturity	Type	Committed facilities	Uncommitted facilities	Debt drawn	Headroom
			(US$b at 30 June 2019)		
<12 months	Bank/144A[1]	0.5	0.2	0.5	0.2
1 to 2 years	Bank	0.6	-	-	0.6
2 to 3 years	Bank	0.5	-	-	0.5
3 to 4 years	Bank	0.2	-	-	0.2
4 to 5 years	Bank/EMTN[2]	0.9	-	0.6	0.3
>5 years	144A/EMTN[2]	1.1	-	1.1	-
Total		**3.8**	**0.2**	**2.2**	**1.8**

[1] US$500m 144A bond repaid 5 July 2019.
[2] European Medium Term Notes.

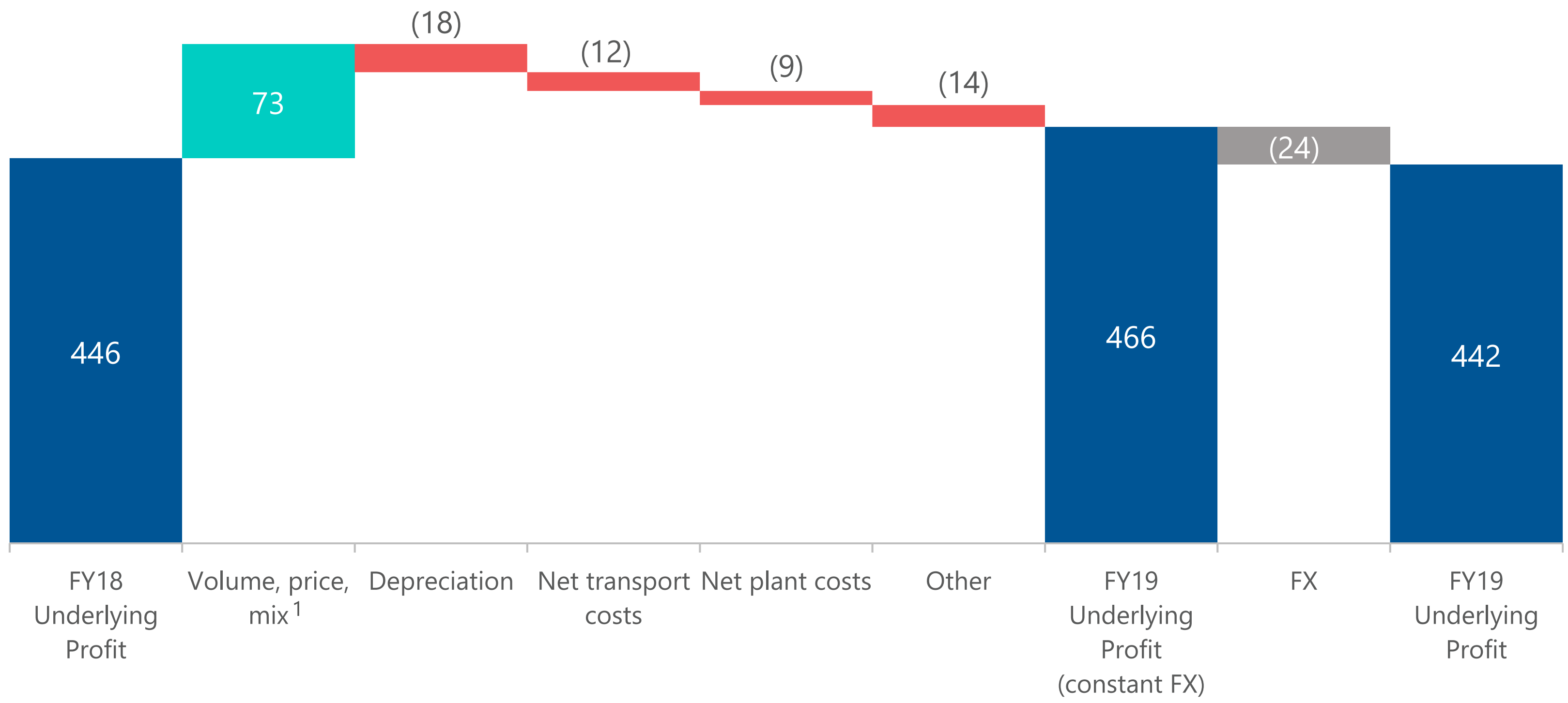
Appendix 7

Net plant and transport costs/sales revenue

	Net plant cost/sales revenue		Net transport cost/sales revenue	
	FY19	**FY18**	**FY19**	**FY18**
CHEP Americas	38.9%	38.4%	24.0%	23.4%
CHEP EMEA	23.5%	23.1%	20.9%	20.9%
CHEP Asia-Pacific	34.7%	35.2%	12.7%	12.5%
Group	**32.3%**	**32.0%**	**21.6%**	**21.3%**

Appendix 8a

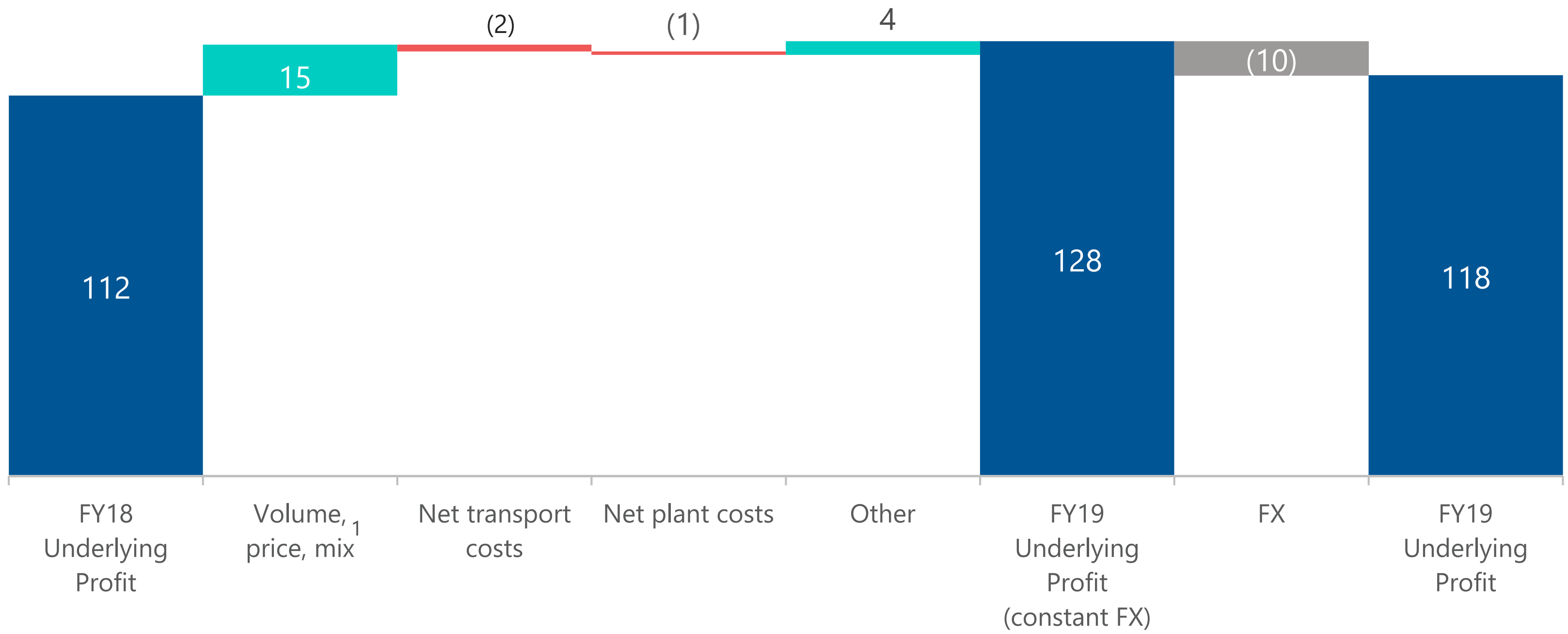
CHEP EMEA: Underlying Profit analysis (US$m)



[1] Sales growth net of volume-related costs (excluding depreciation).

Appendix 8b

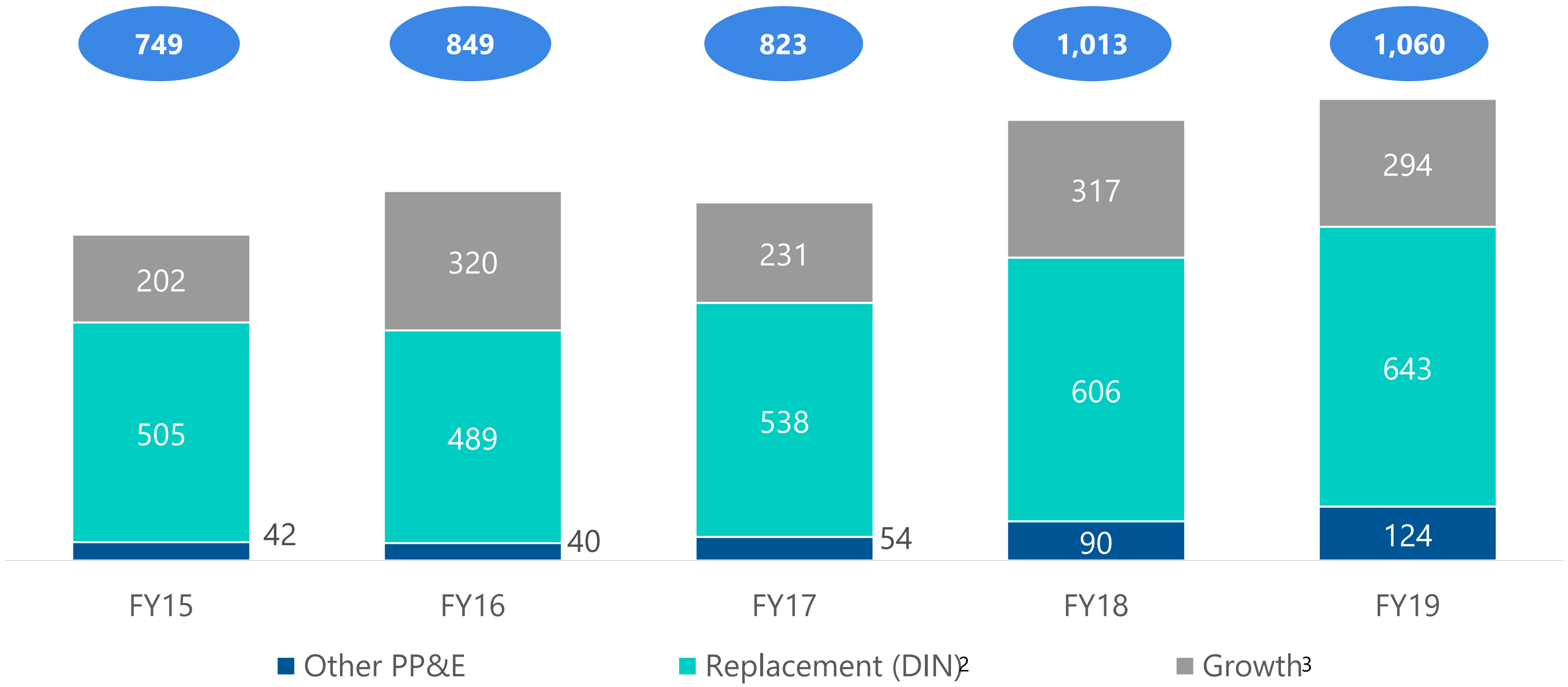
CHEP Asia-Pacific: Underlying Profit analysis (US$m)



[1] Sales growth net of volume-related costs (excluding depreciation).

Appendix 9

Capital expenditure on Property, Plant and Equipment (Accruals basis, US$m)[1]



[1] FY15-FY18 capex number have been restated for the IFCO divestment.
[2] Replacement capex is the sum in a period of Depreciation expense, IPEP and the Net book value of compensated assets and scraps (disposals).
[3] Growth capex includes investments for availability of pooling equipment for new and existing product lines, as well as the impact of changes in cycle times.

Appendix 10

Glossary of terms and measures

Except where noted, common terms and measures used in this document are based upon the following definitions:

Actual currency/FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period.
Average Capital Invested (ACI)	Average Capital Invested (ACI) is a 12-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustment for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments.
Compound Annual Growth Rate (CAGR)	The annualised percentage at which a measure (e.g. sales revenue) would have grown over a period if it grew at a steady state.
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes intangible assets, investments in associates and equity acquisitions. It is shown gross of any fixed asset disposals proceeds. Growth capex includes the impact of changes in cycle times as well as investments for availability of pooling equipment for existing and new product lines. – Replacement capex = DIN – Growth Capex is total pooling capex less DIN.
Cash Flow from Operations	Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

Appendix 10

Glossary of terms and measures

Except where noted, common terms and measures used in this document are based upon the following definitions:

Net new business	The sales revenue impact in the reporting period from business won or lost in that period and over the previous financial year, included across reporting periods for 12 months from the date of the win or loss, at constant currency.
Operating profit	Statutory definition of profit before finance costs and tax; sometimes called EBIT (Earnings before interest and tax).
Organic growth	The change in sales revenue in the reporting period resulting from like–for-like sales of the same products with the same customers.
Return on Capital Invested (ROCI)	Underlying Profit divided by Average Capital Invested.
RPC	Reusable plastic/produce crates or containers, used to transport fresh produce.
Sales revenue	Excludes revenues of associates and non-trading revenue.
Significant Items	Items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: - Outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or - Part of the ordinary activities of the business but unusual due to their size and nature.
Underlying Profit	Profit from continuing operations before finance costs, tax and Significant Items.

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