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22 February 2016

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

Via electronic lodgement

Dear Sir / Madam

Brambles reports results for the half-year ended 31 December 2015

Attached is a release to the Exchange from Brambles Limited on its financial report for the half-year ended 31 December 2015.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

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22 February 2016
ASX & Media Release

Brambles

Brambles 1H16 Underlying Profit[1] up 10% at constant currency[2] on strong Pallets performance; FY16 sales and Underlying Profit guidance lifted

- **Sales revenue up 8%** at constant currency, driven by new business wins, sales mix and like-for-like volume growth in Pallets globally, and expansion with new and existing retailers in European RPCs
- **Strong profit growth** reflects margin improvement in Pallets operations worldwide:
  - Statutory operating profit up 12% at constant currency
  - Statutory profit after tax up 14% at constant currency
  - Underlying Profit (which excludes Significant Items[3]) up 10% at constant currency
- **Disciplined capital allocation** across the portfolio:
  - Growth capital expenditure primarily supporting well-established Pallets and European RPCs businesses
  - Lower new investment elsewhere: total FY16 growth capex to be below US$500 million previously forecast
  - Focus on all business units' ability to deliver satisfactory scale and returns
- **Interim dividend increased** to 14.5 Australian cents per share, up 0.5 Australian cents, 25% franked[4]:
  - Non-underwritten Dividend Reinvestment Plan to remain in place at 1.5% discount
- **Guidance increased** for FY16 sales revenue and Underlying Profit growth:
  - Growth now expected of 8%-10%, at constant currency, compared with previous range of 6%-8%
  - New guidance translates to Underlying Profit of US$1,015-1,035 million at 30 June 2015 exchange rates[5]

Results Highlights

	1H16 result		Growth vs. 1H15	
(Continuing operations)	**(Actual FX)**	**(Constant FX)**	**(Actual FX)**	**(Constant FX)**
Statutory basis				
Sales revenue	US$2,752.2M	US$3,026.0M	(2)%	8%
Operating profit	US$462.7M	US$521.0M	(1)%	12%
Profit after tax	US$290.9M	US$325.4M	2%	14%
Basic earnings per share	US18.5¢	US20.7¢	1%	13%
Interim dividend per share	A14.5¢		A0.5¢	
Non-statutory basis				
Underlying Profit	US$473.8M	US$532.4M	(2)%	10%
Underlying Profit after tax	US$296.3M	US$330.7M	(2)%	10%
Underlying earnings per share	US18.8¢	US21.0¢	(3)%	9%
Return on Capital Invested (ROCI)[6]	14.7%	15.2%	(0.8)pts	(0.3)pts
ROCI, excl. acquisitions since Dec 2013[7]	16.1%	16.6%	0.1pts	0.6pts

Brambles generated sales revenue of US$2,752 million in the six months ended 31 December 2015 (1H16), down 2%, as a result of the translational impact of the strengthening of Brambles' reporting currency, the US dollar, relative to other currencies of operation.

[Commentary continues on next page.]

[1] A non-statutory measure that Brambles uses as a key internal performance indicator. It represents profit from continuing operations before finance costs and tax and omits Significant Items, thereby providing a clearer indication of profit trends over time. Underlying Profit is clearly reconciled to statutory operating profit in the segment note on page 10 of Brambles' 1H16 financial statements.
[2] Calculated by translating reported period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.
[3] 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; or part of the ordinary activities of the business but unusual because of their size and nature.
[4] The unfranked component of the interim dividend is conduit foreign income. Consequently, shareholders not resident in Australia will not pay Australian dividend withholding tax on this dividend.
[5] At 30 June 2015 exchange rates, Brambles' FY15 Underlying Profit of US$986 million translates to US$943 million and the 1H16 Underlying Profit of US$474 million translates to US$491 million.
[6] Underlying Profit, annualised, and divided by Average Capital Invested (defined in footnote 4 on page 4).
[7] In December 2013, Brambles set an objective to achieve ROCI of 20% by FY19, prior to the impact of any future acquisitions or divestments. As such, the following acquisitions made since December 2013 – Airworld, Braecroft, Ferguson Group, IFCO Japan, Kegstar, Rentapack and Transpac – are excluded from ROCI for the purpose of comparison.

At constant currency, sales revenue was up 8%. The largest contributors to growth were: strong new business wins in the Pallets operations, in particular in the USA pooling operations; increased like-for-like volumes and sales mix benefits in the developed market Pallets operations; and retailer expansion in European RPCs.

Underlying Profit, which is a non-statutory measure of operating profit that excludes Significant Items, was US$474 million, down 2%. At constant currency, Underlying Profit was up 10%, primarily reflecting incrementally positive margins on sales growth and improved cost performance in the Pallets business. Underlying Profit after tax was US$296 million, down 2% (up 10% at constant currency).

Return on Capital Invested was 14.7%, down 0.8 percentage points (down 0.3 percentage points at constant currency) reflecting the impact on capital invested of acquisitions since the start of 1H15. Excluding the impact of all acquisitions since December 2013 (the basis at which Brambles is targeting Return on Capital Invested of 20% by FY19), Return on Capital Invested was 16.1%, up 0.1 percentage points (up 0.6 percentage points at constant currency).

Cash Flow from Operations[8] was US$260 million, down US$8 million. Although underlying EBITDA increased strongly at constant currency, supporting increased growth capital expenditure, it was insufficient to offset fully the translational impact of non-US dollar earnings. Free Cash Flow[9] after dividends was positive at US$37 million.

Growth capital expenditure was US$203 million, driven by investment in Pallets and European RPCs but lower levels of new investment elsewhere. Brambles now anticipates total growth capital expenditure for FY16 will be lower than the US$500 million previously forecast as a result of lower investment in Containers and North American RPCs.

Dividend

The Board has declared an interim dividend of 14.5 Australian cents per share, up 0.5 Australian cents on each of the 2015 interim and final dividends, franked at 25% and payable on Thursday 14 April 2016 to shareholders on Brambles' register at 5pm on Friday 11 March 2016. The non-underwritten Dividend Reinvestment Plan (DRP) will remain in place for this dividend, at a discount of 1.5%.

Brambles Chairman Stephen Johns said: "The Board's decision to increase the dividend reflects these strong first-half results and our view of the robustness of Brambles' medium to long-term capacity for both profit growth and cash generation. We expect to maintain the franking rate of 25% through FY17. The retention of the non-underwritten, discounted DRP reflects our short-term funding needs. For future dividends, subject to financing requirements, it is our current intention to offer the DRP with no discount and to neutralize any dilutive impact on earnings per share by buying back an equal number of Brambles shares to any we issue."

CEO Commentary

Brambles' CEO Tom Gorman said: "We are very pleased with this first-half result, which reflects our strategy of investing in our strong network position to drive growth, as well as the delivery of indirect cost and supply chain efficiencies and a lessening of some external cost pressures.

"We continue to see considerable opportunities to invest for growth at attractive rates of return, where we can leverage the strength of our existing customer relationships, intellectual property and embedded network scale. As such, we continue to anticipate growth capital expenditure during FY17 to FY19 of approximately US$1 billion.

"In Pallets, we are leveraging our market-leading portfolio of solutions to generate continued new business wins, while pricing and like-for-like volume growth trends have continued to improve in developed markets. Constant-currency sales revenue growth in emerging markets of 16%, remains robust despite some economic uncertainty.

"The strong profit growth in Pallets reflected sales mix benefits on new business, the continued delivery of direct cost efficiencies, the delivery of overhead savings under the One Better business improvement program, and the lessening of plant and transport cost pressures in the USA.

"In RPCs, the ongoing adoption of our solutions by existing and new retailers continues to enable us to expand our market leadership position, in particular in Europe and Australia. In North America, we remain focused on achieving increased penetration and scale.

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

[9] Cash Flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.

"Our Containers business units are experiencing mixed market conditions. The Intermediate Bulk Containers, Automotive, Aerospace and Catalysts & Chemical Containers businesses delivered increased sales. However, Ferguson's result was impacted by the severe downturn in conditions in the oil and gas sector.

"We are focused on the effective and efficient deployment of capital across our entire portfolio and continue to evaluate all our business units relative to their ability to deliver the returns and scale we require within a timeframe acceptable to shareholders."

FY16 Outlook

Mr Gorman said: "Brambles is benefiting from the strength of our value proposition to customers, the disciplined execution of our long-term growth strategy and the focused delivery of efficiencies. Although macro-economic conditions remain uncertain, we are on course for a strong result in FY16 and are confident in the robustness of our longer-term outlook.

"As a result of the strong first half and continued momentum in January, we now expect to achieve constant-currency sales revenue and Underlying Profit growth in FY16 of between 8% and 10%, compared with our previous guidance range of 6% to 8% growth. The new range translates to Underlying Profit of between US$1,015 million and US$1,035 million at 30 June 2015 foreign exchange rates, up from the previous range of US$1,000 million to US$1,020 million.

"We now anticipate net finance costs will be lower than previously forecast, at between US$115 million and US$120 million, at 30 June 2015 foreign exchange rates, down from our earlier range of US$120 million to US$125 million. We continue to expect an effective tax rate of 29%.

"Although Return on Capital Invested is likely to be lower in FY16 than FY15 as a result of recent acquisitions and currency translation impacts, we continue to anticipate a constant-currency increase in Return on Capital Invested prior to the impact of acquisitions made since December 2013 and remain committed to our objective of achieving 20% Return on Capital Invested by FY19."

Further Information

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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 14,000 people and owns more than 500 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.

Brambles

Summary of Key Metrics

US$M			Change	
(Continuing operations)	1H16	1H15	Actual FX	Constant FX[1]
Sales revenue	2,752.2	2,795.1	(2)%	8%
Operating profit	462.7	466.1	(1)%	12%
Significant Items[2]	(11.1)	(19.1)		
Underlying Profit[3]	473.8	485.2	(2)%	10%
Average Capital Invested[4]	6,429.1	6,278.5	2%	12%
Return on Capital Invested[5]	14.7%	15.5%	(0.8)pts	(0.3)pts
Brambles Value Added[6]	103.5	103.8		(0.3)
Cash Flow from Operations[7]	260.3	268.6	(8.3)	11.4

Note on currency
Brambles generates sales in multiple currencies and reports its results in US dollars, its largest currency of operation. Because actual results are therefore affected by differences in foreign exchange translation rates from period to period, the Group focuses its analysis of sales and profit on "constant currency", calculated by translating reported period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.

During the six months ended 31 December 2015 (1H16), Brambles' results reflected particular strength in the US dollar relative to the Group's other currencies of operation (which represented 60% of sales revenue and consisted most significantly of the euro, British pound, Australian dollar and Canadian dollar).

Sales revenue was US$2,752.2 million, down 2%. At constant currency, sales revenue was up 8%, in line with the longer-term objective for average annual growth in the "high single digits". Constant-currency growth in 1H16 was driven by: strong new business wins, solid like-for-like volume growth and modest pricing gains in the Pallets segment, as well as strong conversions with existing and new retail partners in the European region of the RPCs segment. Acquisitions since 1 July 2014 (including an additional two months of contribution from Ferguson Group, which was acquired in September 2014) contributed 1% constant-currency sales revenue growth.

Underlying Profit was US$473.8 million, down 2%. At constant-currency, Underlying Profit was up 10% primarily reflecting: sales growth; positive sales mix and direct cost efficiencies in the pallet-pooling operations worldwide; and indirect cost efficiencies under the One Better program. These drivers more than offset the impact of increased depreciation from growth investment and cost inflation. Acquisitions since 1 July 2014 contributed negligibly to Underlying Profit growth, as the positive contribution from Rentapack and IFCO Japan was insufficient to offset the impact on Ferguson of the deterioration in oil and gas sector conditions.

Average Capital Invested was US$6,429.1 million, up 2%. At constant currency, Average Capital Invested was up 12%, reflecting the impact of acquisitions since the start of 1H15 and growth capital expenditure to support business expansion. Excluding the acquisition impacts, Average Capital Invested increased 6% at constant currency.

Return on Capital Invested was 14.7%, down 0.8 percentage points (down 0.3 percentage points at constant currency), reflecting the increase in Average Capital Invested. Excluding the impact of acquisitions since December 2013 (when Brambles set a target for Return on Capital Invested of 20% by FY19 prior to the impact of future acquisitions), Return on Capital Invested was 16.1%, up 0.1 percentage points (up 0.6 percentage points at constant currency).

Cash Flow from Operations was US$260.3 million, down US$8.3 million, reflecting the translational impact of non-US dollar earnings and increased capital expenditure. Of total capital expenditure of US$553.4 million, approximately US$203 million was to fund growth programs, approximately US$307 million was to replace irrecoverable or scrapped pooling equipment and approximately US$35 million was for other plant investment. At constant currency, strong profit growth and disciplined working capital management were more than adequate to fund the capital expenditure.

Brambles Value Added, a measure of economic profit calculated at constant 30 June 2015 exchange rates, was US$103.5 million, down US$0.3 million. This outcome primarily reflected a strong contribution from profit growth in all three of the Pallets regions. This largely offset the impact of declines: in RPCs, from increased capital invested, primarily resulting from acquisitions; and in Containers, from reduced Underlying Profit and increased capital invested resulting from acquisitions.

Dividend

The Board has declared an interim dividend for 2016 of 14.5 Australian cents per share (25% franked), up 0.5 Australian cents on each of the 2015 interim and final dividends. The 2016 interim dividend is payable on 14 April 2016 to shareholders on the Brambles register at 5pm on 11 March 2016. The ex-dividend date is 10 March 2016.

The Dividend Reinvestment Plan remains in place on a non-underwritten basis for this dividend in support of the Group's ongoing funding needs, with a discount of 1.5%.

The unfranked component of the interim dividend is conduit foreign income. Consequently, shareholders not resident in Australia will not pay Australian dividend withholding tax on this dividend.

[1] Calculated by translating reported period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.

[2] 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; or part of the ordinary activities of the business but unusual because of their size and nature.

[3] A non-statutory measure that Brambles uses as a key internal performance indicator. It represents profit from continuing operations before finance costs and tax and omits Significant Items, thereby providing a clearer indication of profit trends over time. Underlying Profit is clearly reconciled to statutory operating profit in the segment note on page 10 of Brambles' 1H16 financial statements.

[4] A six-month average of capital invested. Capital invested is 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.

[5] Underlying Profit, annualised, and divided by Average Capital Invested.

[6] Represents the value generated over and above the cost of the capital used to generate that value. Calculated at 30 June 2015 foreign exchange rates as: Underlying Profit; plus Significant Items that are part of the ordinary activities of the business; less Average Capital Invested adjusted for accumulated pre-tax Significant Items that are part of the ordinary activities of the business and multiplied by 12%.

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

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Profit Reconciliation

US$M			Change	
(Continuing operations)	1H16	1H15	Actual FX	Constant FX
Underlying Profit	473.8	485.2	(2)%	10%
Significant Items	(11.1)	(19.1)		
Operating profit	462.7	466.1	(1)%	12%
Net finance costs	(54.5)	(59.1)	8%	(1)%
Tax expense	(117.3)	(120.9)	3%	(12)%
Profit after tax	290.9	286.1	2%	14%
Weighted average number of shares (M)	1,573.0	1,564.1		
Basic earnings per share (US cents)	18.5	18.3	1%	13%

The difference between Underlying Profit of US$473.8 million and operating profit of US$462.7 million is Significant Items, which were US$(11.1) million, a reduction of US$8.0 million, reflecting a reduction in acquisition costs and a gain recognised on the purchase of IFCO Japan. Significant Items of US$(6.2) million were recognised in the Corporate segment, primarily in relation to the One Better program. As a result of the decrease in Significant Items, the constant-currency increase in operating profit of 12% was greater than the increase in Underlying Profit of 10%.

Net finance costs were US$54.5 million, down 8%, primarily reflecting the impact of the stronger US dollar on euro-denominated borrowings. The modest constant-currency increase in net finance costs of 1% reflected a relatively moderate increase in average net debt.

Tax expense was US$117.3 million, down 3%. The greater reduction in tax expense than in operating profit reflected changes in regional profit mix (and related currency translation impacts) as well as reduced net tax expense on Significant Items. The effective tax rate was 29%, consistent with the Group's forecast for FY16.

As a result of the relatively flat net finance costs, growth in profit after tax was 2% (14% at constant currency) to US$290.9 million. Underlying Profit after tax was US$296.3 million, down 2%, (up 10% at constant currency).

Basic earnings per share was 18.5 US cents, up 1% (up 13% at constant currency). The slightly lower rate of growth than for profit after tax reflected the issuance of new shares, primarily under the Dividend Reinvestment Plan. Underlying earnings per share was down 3% (up 9% at constant currency).

Net Debt & Key Ratios

US$M	Dec 2015	Jun 2015	Change
Current debt	243.1	127.5	115.6
Non-current debt	2,652.5	2,727.6	(75.1)
Gross debt	2,895.6	2,855.1	40.5
Cash	(237.7)	(166.2)	(71.5)
Net debt	2,657.9	2,688.9	(31.0)
Key ratios	**1H16**	**1H15**	
Net debt to EBITDA	1.78x	1.86x	
EBITDA interest cover	13.7x	12.9x	

Net debt was US$2,657.9 million at 31 December 2015, down US$31.0 million from 30 June 2015. This reflected an increase in cash, as a result of the reactivation, on a non-underwritten basis, of the Dividend Reinvestment Plan for the 2015 final dividend.

In October 2015, the Group issued US$500 million of notes into the US 144A bond market, with a coupon of 4.125% and a 10 year maturity. The proceeds were used to repay US dollar bank loans.

Consistent with the reduction in net debt, the ratio of net debt to EBITDA and EBITDA interest cover improved during the period. The Company expects net debt to EBITDA within its financial policy target of no more than 1.75 times by the end of FY16. Undrawn committed facilities were US$1.4 billion at 31 December 2015.

Cash Flow Reconciliation

US$M	1H16	1H15	Change
Underlying Profit	473.8	485.2	(11.4)
Depreciation and amortisation	271.2	278.2	(7.0)
Underlying EBITDA[8]	745.0	763.4	(18.4)
Capital expenditure (cash basis)	(553.4)	(521.2)	(32.2)
Proceeds from sale of PP&E	48.8	38.3	10.5
Working capital movement	(11.0)	(27.4)	16.4
IPEP expense	40.4	42.1	(1.7)
Other	(9.5)	(26.6)	17.1
Cash Flow from Operations	260.3	268.6	(8.3)
Significant Items	(19.0)	(26.3)	7.3
Discontinued operations	(0.8)	(0.9)	0.1
Financing costs	(27.8)	(38.0)	10.2
Tax expense	(88.9)	(88.9)	-
Free Cash Flow[9]	123.8	114.5	9.3
Dividends paid	(87.0)	(186.2)	99.2
Free Cash Flow after dividends	36.8	(71.7)	108.5

Cash Flow from Operations was US$260.3 million, down US$8.3 million, reflecting the translational impact of the strong US dollar and the increase in capital expenditure. Free Cash Flow after dividends was US$36.8 million, reflecting reduced dividends paid as a result of the weaker Australian dollar (in which dividends are paid) and the reactivation, for the 2015 final dividend, of the Dividend Reinvestment Plan, which generated US$68.3 million of cash.

[8] Earnings before interest, tax, depreciation and amortisation: calculated as Underlying Profit after adding back depreciation and amortisation.

[9] Cash Flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.

Segment Analysis

Pallets Americas

US$M			Change	
	1H16	1H15	Actual FX	Constant FX
Sales revenue	1,210.6	1,180.6	3%	7%
Operating profit	196.1	184.2	6%	14%
Significant Items	(7.4)	(6.2)		
Underlying Profit	203.5	190.4	7%	14%
Average Capital Invested	2,362.6	2,301.6	3%	7%
Return on Capital Invested	17.2%	16.5%	0.7pp	1.2pp
Brambles Value Added	73.0	56.3		16.7
Cash Flow from Operations	97.1	127.9	(30.8)	(25.3)

Sales
Sales revenue in Pallets Americas was US$1,210.6 million, up 3%. Constant-currency growth was 7%, reflecting strong net new business wins[10] in all key regions of the pallet-pooling business as well as solid like-for-like volume growth and improved pricing conditions.

North America sales revenue was US$1,081.7 million, up 5% (up 7% at constant currency). Net new business wins in the pallet-pooling operations contributed 3% constant-currency growth, reflecting several key wins during the period, as well as strong progress with the market segmentation strategy, which drove conversions of large numbers of smaller customers in the US grocery sector, most of which has previously been using non-pooled "white wood" pallets.

Like-for-like volume growth contributed approximately 1% constant-currency growth, despite weak underlying growth in the broader grocery sector. This performance reflected robust customer retention, resilient volumes in the meat sector, and strong sales to the beverage sector as a result of strong private-label water growth and higher than normal temperatures in late summer and early autumn. Pricing improved in all business units, in particular the Recycled operations.

Within North America:

- USA pooled pallet sales revenue was US$727.4 million, up 7% (up 7% at constant currency);
- USA recycled pallet sales revenue was US$224.1 million, up 5% (up 5% at constant currency);
- Canada sales revenue was US$130.2 million, down 10% (up 7% at constant currency); and

Latin America sales revenue was US$115.7 million, down 14%. At constant currency, sales revenue was up 11%, reflecting pricing growth amid a higher inflation environment; like-for-like volume growth of 3%, primarily with key accounts in Mexico and Chile; and 2% growth from net new business wins. Overall sales revenue growth was very strong in all countries except Brazil, where constant-currency growth was 1% amid a weak economic backdrop.

LeanLogistics sales revenue was US$13.2 million, up 15% (up 16% at constant currency) reflecting the contribution of contract wins.

Profit
Underlying Profit was US$203.5 million, up 7% (up 14% at constant currency), reflecting: sales growth, sales mix benefits, network and scale efficiencies related to new business growth and targeted direct cost efficiency programs. These factors more than offset the impact of increased depreciation, which was in line with growth investment; transport inflation pressures, which moderated relative to FY15 but were still present; and minor increases in total plant costs.

Operating profit was US$196.1 million, up 6% (up 14% at constant currency). Significant Items of US$(7.4) million primarily related to the One Better business improvement program and the US rollout of the CHEP Pallets brand refresh program.

Return on Capital
Return on Capital Invested was 17.2%, up 0.7 percentage points (up 1.2 percentage points at constant currency). Brambles Value Added was US$73.0 million, up US$16.7 million. The increases resulted from the strong growth in Underlying Profit, primarily reflecting the incrementally positive margins achieved on sales revenue growth.

Cash Flow
Cash Flow from Operations was US$97.1 million, down US$30.8 million, primarily reflecting increased capital expenditure to support growth and – to a lesser extent – to replenish plant stock in the US pooled pallet operations in response to increased cycle times resulting from customers' inventory build. Total capital expenditure was US$226.0 million, up US$47.7 million.

Pallets EMEA

US$M			Change	
	1H16	1H15	Actual FX	Constant FX
Sales revenue	677.1	728.6	(7%)	6%
Operating profit	175.6	183.4	(4)%	10%
Significant Items	(0.2)	-		
Underlying Profit	175.8	183.4	(4)%	10%
Average Capital Invested	1,231.6	1,310.7	(6)%	9%
Return on Capital Invested	28.5%	28.0%	0.5pp	0.3pp
Brambles Value Added	105.6	96.1		9.5
Cash Flow from Operations	122.0	105.1	16.9	26.0

Sales
Sales revenue in Pallets EMEA was US$677.1 million, down 7%. At constant currency, growth was 6%, reflecting: robust like-for-like volume growth; continued net new business wins; and the acquisition of the Braecroft milling and pallet manufacturing business in South Africa.

Europe sales revenue was US$596.8 million, down 8%. At constant currency, sales revenue was up 4%, reflecting:

- A like-for-like volume growth contribution of 2%, primarily with major customers in developed European economies, where underlying consumer demand was solid, in part reflecting strong beverage volumes during the summer months;
- Net new business wins (contributing 1% sales revenue growth), as continued market-share expansion throughout continental Europe was more than adequate to offset the impact of prior-year contract losses in the UK; and
- Improved sales mix and minor pricing indexation gains amid a low inflationary environment.

Within Europe:

- Mid Europe[11] sales revenue was US$179.7 million, down 9% (up 5% at constant currency);

[10] 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.

[11] Mid Europe comprises Germany, Italy, the Benelux region, Scandinavia, Switzerland and Austria.

Brambles

- UK & Ireland sales revenue was US$176.0 million, down 8% (down 2% at constant currency);
- Iberia sales revenue was US$112.3 million, down 10% (up 5% at constant currency);
- France sales revenue was US$75.0 million, down 10% (up 5% at constant currency); and
- Central & Eastern Europe sales revenue was US$53.8 million, down 1% (up 17% at constant currency).

Africa, India & Middle East sales revenue was US$80.3 million, up 5%. At constant currency, growth was 26%, driven by: strong like-for-like volume growth of 10%, reflecting activity with major customers in South Africa; the acquisition of Braecroft, which contributed 10% growth; and annual price increases in line with the inflationary environment in South Africa.

Profit
Underlying Profit was US$175.8 million, down 4%. At constant currency, Underlying Profit was up 10%, reflecting sales growth, sales mix benefits and the delivery of direct cost efficiencies sufficient to offset the impact of higher depreciation.

Operating profit was US$175.6 million, down 4% (up 10% at constant currency). Significant Items were US$(0.2) million.

Return on Capital
Return on Capital Invested was 28.5%, up 0.5 percentage points (up 0.3 percentage points at constant currency), reflecting continued strong profitability across the region. Brambles Value Added was US$105.6 million, up US$9.5 million.

Cash Flow
Cash Flow from Operations was US$122.0 million, up US$16.9 million, primarily as profit growth and relatively stable capital expenditure of US$141.2 million (up US$3.2 million) more than offset the negative impact of currency translation impacts.

Pallets Asia-Pacific

US$M			Change	
	1H16	1H15	Actual FX	Constant FX
Sales revenue	158.3	181.4	(13)%	5%
Operating profit	32.1	35.2	(9)%	11%
Significant Items	(0.1)	(0.7)		
Underlying Profit	32.2	35.9	(10)%	9%
Average Capital Invested	314.9	376.7	(16)%	(2)%
Return on Capital Invested	20.5%	19.1%	1.4pp	2.2pp
Brambles Value Added	14.3	10.5		3.8
Cash Flow from Operations	30.7	27.1	3.6	8.4

Sales
Sales revenue in Pallets Asia-Pacific was US$158.3 million, down 13%. At constant currency, sales revenue was up 5%, comprising: 4% like-for-like volume growth, driven primarily by wooden and plastic pallet growth with key customers in Australia and strong growth in the wooden pallet business in China; modest pricing increases in Australia; and modest market-share expansion throughout Asia.

Within Asia-Pacific:

- Australia & New Zealand sales revenue was US$135.9 million, down 14% (up 5% at constant currency); and
- Asia sales revenue was US$22.4 million, down 2% (up 7% at constant currency).

Profit
Underlying Profit was US$32.2 million, down 10%. At constant currency, Underlying Profit was up 9% reflecting sales growth, pricing and sales mix benefits and the delivery of efficiencies, which offset direct cost increases.

Operating profit was US$32.1 million, down 9% (up 11% at constant currency). Significant Items were US$(0.1) million.

Return on Capital
Return on Capital Invested was 20.5%, up 1.4 percentage points (up 2.2 percentage points at constant currency), broadly reflecting the same trends as a profit growth. Brambles Value Added was US$14.3 million, up US$3.8 million.

Cash Flow
Cash Flow from Operations was US$30.7 million, up US$3.6 million, as a reduction in capital expenditure of U$10.3 million (to US$21.1 million) more than offset the impact of currency translation on profit.

RPCs

US$M			Change	
	1H16	1H15	Actual FX	Constant FX
Sales revenue	482.1	471.5	2%	15%
Operating profit	62.5	67.3	(7)%	9%
Significant Items	4.2	-		
Underlying Profit	58.3	67.3	(13)%	2%
Average Capital Invested	1,585.6	1,565.1	1%	11%
Return on Capital Invested	7.4%	8.6%	(1.2)pp	(0.7)pp
Brambles Value Added	(35.4)	(26.4)		(9.0)
Cash Flow from Operations	21.3	13.4	7.9	9.7

Sales
Sales revenue in RPCs was US$482.1 million, up 2%. Constant-currency sales revenue was up 15%, primarily reflecting the continued expansion of RPC programs with existing retail partners, as well as growth with new retail partners in Europe. In addition, like-for-like volume growth was solid and there were modest pricing gains in all major markets. The acquisitions of Rentapack (Chile) and IFCO Japan contributed 4% constant-currency growth.

Europe sales revenue was US$301.7 million, down 1%. At constant currency, Europe sales revenue was up 13%, reflecting very strong growth with existing retail partners, including REWE in Germany, The Co-operative Food in the UK and DIA in Spain, and with new retail partners, most significantly Intermarché in France.

North America sales revenue was US$98.4 million, up 5% (up 5% at constant currency), as strong growth with key retail partners including Walmart, Kroger, Loblaw’s and HEB offset the impact of significantly reduced volumes with Safeway as a result of its takeover by Albertson’s and subsequent reversion to the use of cardboard boxes within its supply chain.

Sales revenue in other regions totalled US$82.0 million, up 12% (up 38% at constant currency), reflecting the acquisitions of Rentapack and IFCO Japan (which contributed a combined 25% sales revenue growth at constant currency) as well as continued expansion in Argentina, Australia, South Africa and Brazil.

Profit
Underlying Profit was US$58.3 million, down 13%. At constant currency, Underlying Profit was up 2%. Strong sales revenue growth elsewhere was impacted: in North America, by short-term network inefficiencies created by the loss of volumes with Safeway and

expansion with other retailers, as well as other transport cost increases; and, in Europe, by higher depreciation in line with growth investment.

Operating profit was U$62.5 million, down 7% (up 9% at constant currency). Significant Items of US$4.2 million primarily reflected a fair value gain recognised on the acquisition of 100% of IFCO Japan.

Return on Capital
Return on Capital Invested was 7.4%, down 1.2 percentage points (down 0.7 percentage points at constant currency), reflecting the weak Underlying Profit and increased Average Capital Invested because of the acquisitions of Rentapack and IFCO Japan. Brambles Value Added of US$(35.4) million was down US$9.0 million.

Cash Flow
Cash Flow from Operations was US$21.3 million, up US$7.9 million primarily reflecting a reduction in capital expenditure of US$18.6 million (to US$115.4 million) as a result of lower investment in North America.

Containers

US$M			Change	
	1H16	1H15	Actual FX	Constant FX
Sales revenue	224.1	233.0	(4)%	7%
Operating profit	19.7	30.2	(35)%	(24)%
Significant Items	(1.4)	(0.4)		
Underlying Profit	21.1	30.6	(31)%	(20)%
Average Capital Invested	967.2	769.5	26%	38%
Return on Capital Invested	4.4%	8.0%	(3.6)pp	(3.4)pp
Brambles Value Added	(38.3)	(16.0)		(22.3)
Cash Flow from Operations	12.6	14.4	(1.8)	1.0

Sales
Sales revenue in Containers was US$224.1 million, down 4%. At constant currency, sales revenue was up 7%, reflecting growth in the Intermediate Bulk Containers, Automotive, Aerospace and Catalyst & Chemical businesses, plus an additional two-month contribution from Ferguson (acquired in September 2014), offsetting a decline in Ferguson's like-for-like sales.

Automotive sales revenue was US$68.8 million, down 7%. At constant currency, sales revenue was up 5% as strong new business growth in the Americas and Europe more than offset the impact of a decline in Asia-Pacific driven by customers' reduction of Australian manufacturing operations.

Intermediate Bulk Containers sales revenue was US$62.8 million, down 5%. At constant currency, sales revenue was up 9%, reflecting strong growth from market-share gains in both the Pallecon (liquid goods) and Transpac (dry goods) businesses in Europe and Pallecon in North America.

Oil & Gas sales revenue was US$52.8 million, down 1%. At constant currency, sales revenue was up 10%, reflecting the additional two months' Ferguson ownership and increased customer maintenance activity at refineries in the Catalyst & Chemical business. There was a 38% decline (32% decline at constant-currency) in Ferguson's like-for-like sales revenue in line with the reduction in expenditures by customers in the offshore oil and gas sector following the recent heavy fall in oil prices.

Aerospace sales revenue was US$39.7 million, up 1%. At constant currency, sales revenue was up 7%, primarily reflecting the rollout of the Cathay Pacific pooling contract.

Profit
Underlying Profit was US$21.1 million, down 31% (down 20% at constant currency), as sales revenue growth was insufficient to offset short-term margin pressures reflecting industry trends in Ferguson, as well as minor cost increases elsewhere.

Operating profit of US$19.7 million was down 35% (down 24% in constant currency). Significant Items of US$(1.4) million related to Ferguson integration costs.

Return on Capital
Return on Capital Invested was 4.4%, down 3.6 percentage points (down 3.4 percentage points at constant currency), reflecting increased Average Capital Invested as a result of the Ferguson acquisition, as well as the decline in Underlying Profit. Brambles Value Added was US$(38.3) million, down US$22.3 million.

Cash Flow
Cash Flow from Operations was US$12.6 million, down US$1.8 million, reflecting reduced profit offset by a US$1.3 million reduction in capital expenditure (to US$41.6 million).

Brambles

Background Information

(US$M)	1H16	1H15	2H15	FY15
Sales revenue				
Pallets Americas	1,210.6	1,180.6	1,176.9	2,357.5
Pallets EMEA	677.1	728.6	651.9	1,380.5
Pallets Asia-Pacific	158.3	181.4	162.1	343.5
Pallets	2,046.0	2,090.6	1,990.9	4,081.5
RPCs	482.1	471.5	446.1	917.6
Containers	224.1	233.0	232.5	465.5
Continuing operations	2,752.2	2,795.1	2,669.5	5,464.6
Underlying EBITDA				
Pallets Americas	311.7	298.1	333.2	631.3
Pallets EMEA	233.6	248.2	219.7	467.9
Pallets Asia-Pacific	50.4	56.9	54.8	111.7
Pallets	595.7	603.2	607.7	1,210.9
RPCs	110.9	118.8	114.7	233.5
Containers	54.9	62.8	62.9	125.7
Continuing operations (Including Corporate)	745.0	763.4	771.4	1,534.8
Depreciation of property, plant and equipment				
Pallets Americas	100.5	98.1	98.7	196.8
Pallets EMEA	57.5	64.4	59.2	123.6
Pallets Asia-Pacific	18.0	20.8	18.8	39.6
Pallets	176.0	183.3	176.7	360.0
RPCs	43.2	41.1	41.1	82.2
Containers	29.6	28.6	29.4	58.0
Continuing operations (Including Corporate)	249.2	253.7	247.6	501.3
Amortisation of intangibles				
Pallets Americas	7.7	9.6	8.4	18.0
Pallets EMEA	0.3	0.4	-	0.4
Pallets Asia-Pacific	0.2	0.2	0.3	0.5
Total Pallets	8.2	10.2	8.7	18.9
RPCs	9.4	10.4	9.4	19.8
Containers	4.2	3.6	4.8	8.4
Continuing operations (Including Corporate)	22.0	24.5	23.2	47.7
Underlying Profit				
Pallets Americas	203.5	190.4	226.1	416.5
Pallets EMEA	175.8	183.4	160.5	343.9
Pallets Asia-Pacific	32.2	35.9	35.7	71.6
Total Pallets	411.5	409.7	422.3	832.0
RPCs	58.3	67.3	64.2	131.5
Containers	21.1	30.6	28.7	59.3
Continuing operations (Including Corporate)	473.8	485.2	500.6	985.8
Operating Profit				
Pallets Americas	196.1	184.2	215.6	399.8
Pallets EMEA	175.6	183.4	158.4	341.8
Pallets Asia-Pacific	32.1	35.2	35.4	70.6
Total Pallets	403.8	402.8	409.4	812.2
RPCs	62.5	67.3	63.5	130.8
Containers	19.7	30.2	27.9	58.1
Continuing operations (Including Corporate)	462.7	466.1	472.4	938.5
Capital expenditure on property plant and equipment (accruals basis)				
Pallets Americas	226.0	178.3	201.3	379.6
Pallets EMEA	141.2	138.0	118.0	256.0
Pallets Asia-Pacific	21.1	31.4	30.2	61.6
Pallets	388.3	347.7	349.5	697.2
RPCs	115.4	134.0	104.3	238.3
Containers	41.6	42.9	58.1	101.0
Continuing operations (Including Corporate)	545.3	524.7	511.9	1,036.6

Brambles

(US$M)	1H16	1H15	2H15	FY15
Cash Flow from Operations				
Pallets Americas	97.1	127.9	210.2	338.1
Pallets EMEA	122.0	105.1	154.9	260.0
Pallets Asia-Pacific	30.7	27.1	44.1	71.2
Pallets	249.8	260.1	409.2	669.3
RPCs	21.3	13.4	50.1	63.5
Containers	12.6	14.4	16.3	30.7
Continuing operations (Including Corporate)	260.3	268.6	460.2	728.8
Average Capital Invested				
Pallets Americas	2,362.6	2,301.6	2,314.6	2,308.1
Pallets EMEA	1,231.6	1,310.7	1,195.3	1,253.0
Pallets Asia-Pacific	314.9	376.7	337.5	357.1
Pallets	3,909.1	3,989.0	3,847.4	3,918.2
RPCs	1,585.6	1,565.1	1,517.3	1,541.2
Containers	967.2	769.5	978.7	874.1
Continuing operations (Including Corporate)	6,429.1	6,278.5	6,303.5	6,291.0
Return on Capital Invested				
Pallets Americas	17.2%	16.5%	19.5%	18.0%
Pallets EMEA	28.5%	28.0%	26.9%	27.4%
Pallets Asia-Pacific	20.5%	19.1%	21.2%	20.1%
Pallets	21.1%	20.5%	22.0%	21.2%
RPCs	7.4%	8.6%	8.5%	8.5%
Containers	4.4%	8.0%	5.9%	6.8%
Continuing operations (Including Corporate)	14.7%	15.5%	15.9%	15.7%
Brambles Value Added				
Pallets Americas	73.0	56.3	95.0	151.3
Pallets EMEA	105.6	96.1	89.5	185.6
Pallets Asia-Pacific	14.3	10.5	15.4	25.9
Pallets	192.9	162.9	199.9	362.8
RPCs	(35.4)	(26.4)	(27.0)	(53.4)
Containers	(38.3)	(16.0)	(30.5)	(46.5)
Continuing operations (including Corporate)	103.5	103.8	123.8	227.6
Number of pallets, RPCs and containers – gross, before Irrecoverable Pooling Equipment Provision (millions of units)				
Pallets – Americas	130	120		123
Pallets - EMEA	123	120		118
Pallets - Asia-Pacific	22	22		22
Pallets	275	262		263
RPCs	259	223		238
Containers	14	14		14
Total	548	499		515
Number of pallets, RPCs and containers – net, after Irrecoverable Pooling Equipment Provision (millions of units)				
Pallets - Americas	125	114		118
Pallets - EMEA	112	110		110
Pallets - Asia-Pacific	22	22		22
Pallets	259	246		250
RPCs	259	223		238
Containers	14	14		14
Total	532	483		502
Number of pooling equipment purchases (millions of units)				
Pallets - Americas	11	8	9	17
Pallets - EMEA	13	11	10	21
Pallets - Asia-Pacific	1	1	1	2
Pallets	25	20	20	40
RPCs	23	24	23	47
Containers	1	1	1	2
Total	49	45	44	89