

CHEP OPERATIONS REVIEW

ORLANDO, FLORIDA
26 OCTOBER 2007



Brambles

INFORMATION SYSTEMS AT CHEP

DONNA SLYSTER SVP, IS and CIO



Brambles

CHEP's WORLD CLASS SYSTEMS

HANDLING THE WORLD'S
MOST IMPORTANT PRODUCTS.
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- **Integrated Software Platform**
 - SAP & Business Warehouse
 - Portals
 - Siebel
 - Manugistics
 - Factory Management System / ePASS
 - RFID
- **Supply Chain Scope**
 - Almost 1M trading partners globally
 - >320K EDI files per month
 - >90 Terabytes of data
- **Focus areas**
 - Real time actionable data
 - Supply chain collaboration & monitoring
 - Global process standardization & automation



POSITIONED TO SUPPORT GROWTH

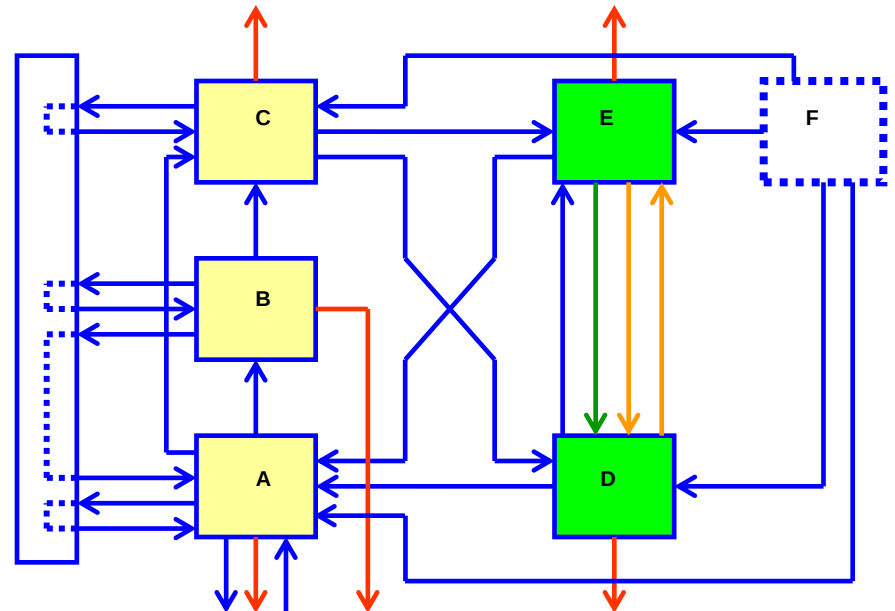
CHEP's WORLD CLASS SYSTEMS

SAP & BUSINESS WAREHOUSE

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Handles transactional processing for Finance, Sales & Distribution, Logistics, Asset Tracking (Stocks and Flows), Operations, Purchasing, Pricing and Invoicing

- *Single SAP system globally*
- *Robust business warehouse*
- *Workflow tools (SRM & ECM)*
- *Warehouse management*
- *Sample benefits:*
 - *Activity Based Pricing*
 - *600k stock locations*
 - *1.75M sales orders /wk*
 - *2 day close*



SAP IS THE FOUNDATIONAL SYSTEM FOR BUSINESS MONITORING AND OPTIMIZATION

CHEP's WORLD CLASS SYSTEMS

Portals – Actionable Information 24 X 7

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PORTFOLIO PLUS:

*Place orders, report movements, view online reports and invoices
and perform Customer Agreed Transactions (CAT)*

- 40k+ Customers globally
- 47% of Orders
- 31% of Movements
- *Enabler for European GM and Ford contract renewals*
- *Deployed Portfolio-Lite in China*

**MAKING CHEP EASIER TO DO
BUSINESS WITH EVERDAY**

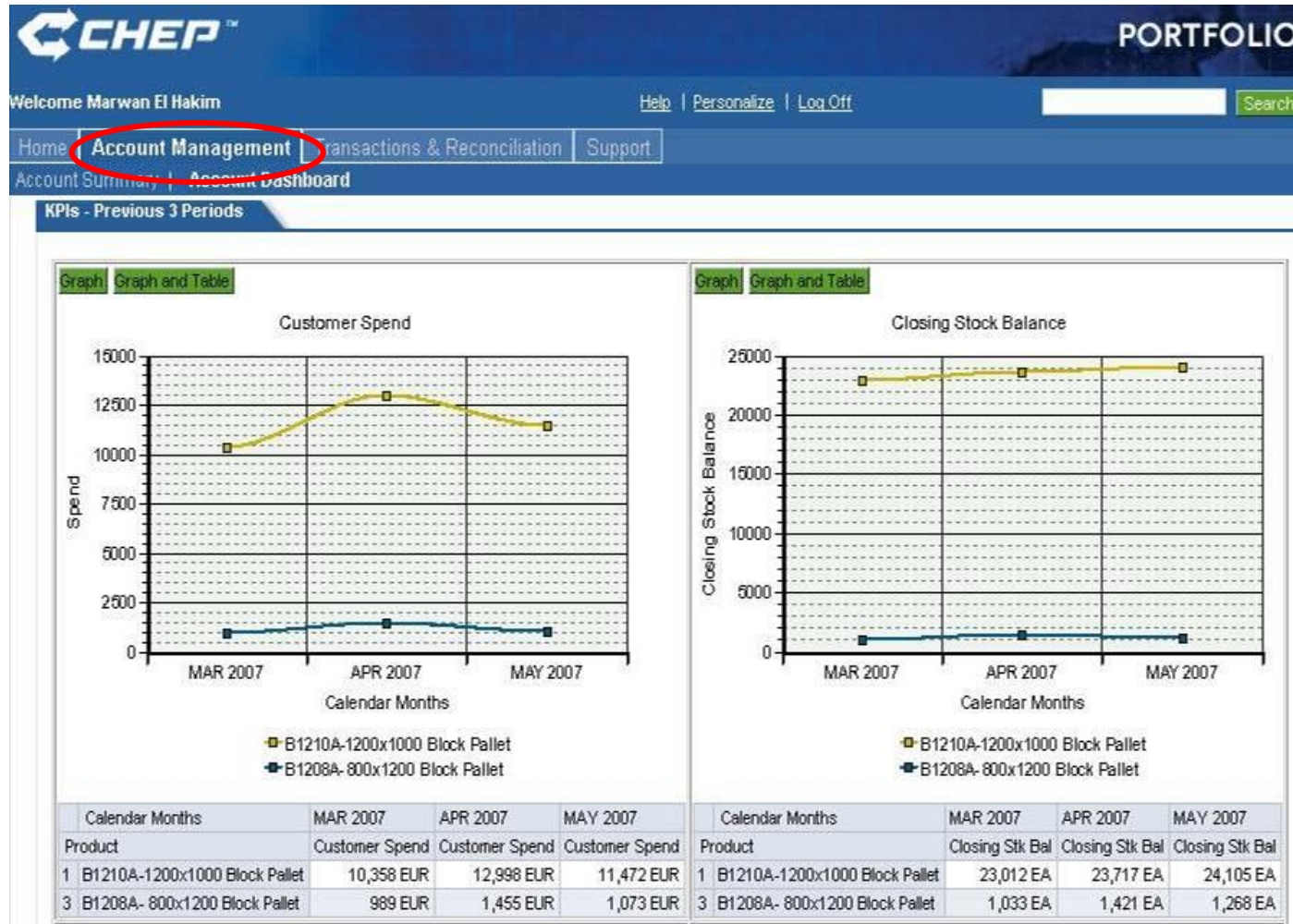
The screenshot shows the CHEP Portfolio Plus web portal. At the top, it says 'Welcome Jason Varitek' with links for 'Help', 'Personalize', and 'Log Off'. Below this is a navigation bar with 'Home' and 'Orders and Transactions*'. Under 'Orders and Transactions*', there are links for 'Transaction Capture', 'Order Equipment', 'Reports', and 'Administration'. The main content area is titled 'Enter Transaction'. It includes a 'Reporting Location' dropdown menu set to '6400201324 - ACI Operations NZ Ltd - AUCKLAND'. Below this is a 'CHEP Docket Number' input field. There are radio buttons for 'Shipped To' (selected) and 'Received From'. The 'Shipped To' section has a 'Previously Used Codes' dropdown and a 'Global IDs' dropdown with a 'Search Locations / Add My Code' link. The 'Received From' section has an 'Other Party' input field. Below these are fields for 'Reference *', 'Other Reference', 'Shipment Date *' (set to 10/7/2007), and 'Effective Date *' (set to 10/7/2007). There are also fields for 'Transporter' and 'Transporter ID'. The 'Equipment Moved' section has an 'Add Equipment' button and a 'Remove' button. Below this is a table with 'Equipment *' and 'Quantity *' columns. The first row shows '1 - CHEP Pallet NZ' with a quantity of 1. At the bottom, there are 'Submit' and 'Clear' buttons.



PORTFOLIO PLUS - FUTURE RELEASE

Account Dashboard: Latest position & 3 month KPIs

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PORTFOLIO PLUS – FUTURE RELEASE

Account Summary: Master data, *Invoices*, Customer Care

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CHEPTM

Welcome Marwan El Hakim

Home | Portfolio Support Admin | **Account Management** | Support

Account Dashboard | **Account Summary**

Detailed Navigation

- Master Data
- Invoicing**
- Customer Care

Related Links

- Credit & Collections

Portal Favorites

- Contact Info
- Home Page News links
- Maintenance
- Updates folder

Open Invoices

Account Number: 123456789
Account Name: Acme Company
Address: PO Box 4321

	Invoice Number	Inv
Most Recent	4400666342	3
2	4300047507	2
3	4400663211	2
4	4400662233	1
5	4400660757	0

CHEP.UK
WEYBRIDGE BUSINESS PARK
ADDLESTONE ROAD, ADDLESTONE
SURREY KT15 2UP
General Tel. No. => +44 (0) 161 872 8171
For Customer Service => +44 (0) 161 786 0500
FAX => +44 (0) 161 873 7550

INVOICE	
Account Number:	1234567890
Invoice Date:	23.06.2007
Invoice Period:	17.06.2007 to 23.06.2007
Number of Days:	7
Credit Control:	1000600113
Customer PO Number:	PALLET CONT 2.4
Customer Care:	Denise Gillett
Enquiries:	0161 786 0500

INVOICE NUMBER	4400663211	TOTAL AMOUNT DUE	£	139,804.61
	Product 1, B1210A 1200x1000 Block Pallet	Product 2, B0806B 600x800 Block Pallet	Product 8, B0806A 800x600 Block Pallet	Total
	Unit	Net Amount	Unit	Net Amount
1234567890 - ACME COMPANY				
Issue	54,831	42,328.76		
Daily Hire	1,661,803	8,491.80		
Transfer	55,476	35,075.71	-77	-2.39
Movements	61,245	72,514.08		
Transport		10,263.54		
Sub-Total		168,673.89		-2.39



Customer Relationship Management: Call Center, Sales Funnel Tracking (Miller Heiman), and Account Audit Tracking

- *Used globally by sales team*
- *Improved customer responsiveness*
- *Reduced the sales cycle & improved the close ratio*
- *Enabled standardized processes (audit)*
- *Enabled activity based pricing*

The screenshot shows the Siebel CRM interface for creating a BlueSheet. A 'How To Create a BlueSheet' pop-up window is visible on the left, providing instructions and a list of fields to be completed. The main window displays the 'BlueSheet Form' with various fields for customer information, sales objectives, and account details. The form is organized into sections like 'Global Id', 'Address', 'Sales Objective', and 'Opportunity Id'. The 'Opportunity Id' field is populated with 'A-1 0BJ33'. The 'Sales Rep' is set to 'RIVERAR'. The 'Prod/Service' field is set to 'Est. Close Date: M'. The 'Sales Method' is set to 'M'. The 'Funnel Position' is set to 'Next Action/Status:'. The 'Failure Reason' is set to 'Competition:'. The 'My Position vs. Compet.' field is set to 'Competition:'. The 'Description' field is empty.

ALL THINGS BEGIN WITH THE CUSTOMER

CHEP's WORLD CLASS SYSTEMS

Manugistics

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Enables sophisticated optimization of service center & logistical spend to meet customers needs on time and at the lowest possible cost.

- ***Continual strategy modelling to optimize for new customers, TPMs and service centers***
- ***Daily planning based on customer demand, stock levels, plant capabilities and transport costs (450k Demand Forecasting Units per week)***
- ***30k transportation loads tendered per week***
- ***Operational savings \$15M per year***
- ***CAPEX savings \$8.5M one time***



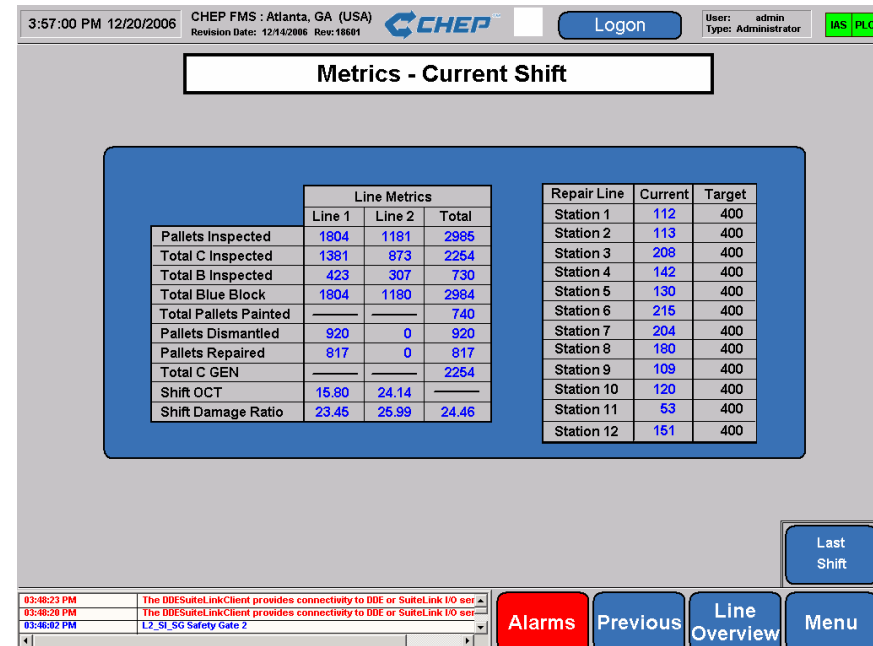
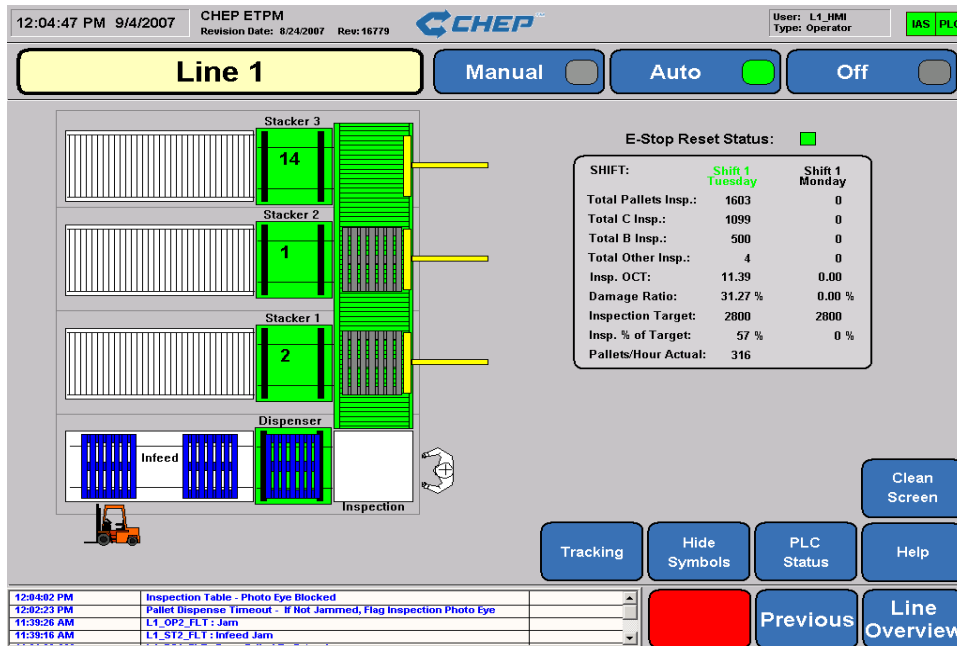
**OPERATIONAL EXCELLENCE
IS OUR STANDARD**



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Factory Management System

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- Provides real time plant data collection, metrics, monitoring & reporting
- Installable at service centers and TPM locations
- 33 FMS installations globally

**ON TIME PRODUCTION IS CRITICAL FOR
ON TIME CUSTOMER DELIVERY**



EPASS will deliver a best in class lean supply chain process that reduces operational lead time, eliminates waste and achieves transaction information.

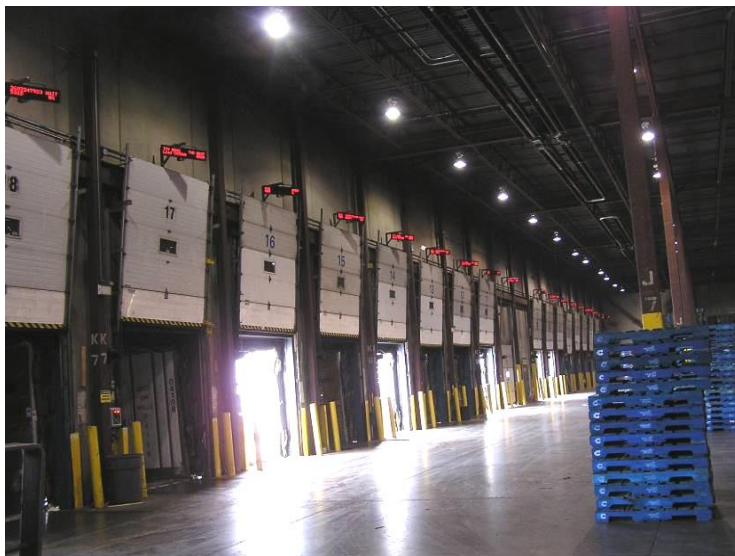
- **Functionality**
 - Appointment scheduling
 - Dock and yard management
- **Key Elements**
 - Portal appointment scheduling
 - Check-in/out kiosks
 - Bar Code scanning
 - Dock door marquees
 - Vehicle mounted terminals (VMT)
 - Waiting area status board
 - Handheld services



**INCREASING EFFICIENCY FOR
OUR CUSTOMERS AT OUR PLANTS**

EPASS Inside the Plant

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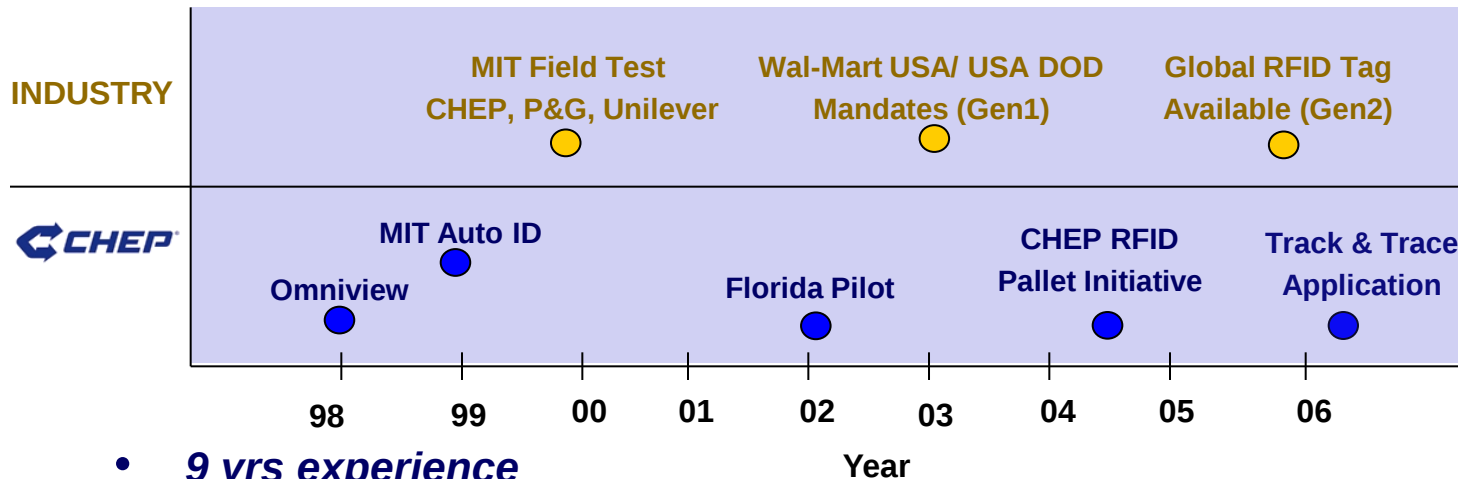
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	Delivery #		
Door Number	D	0	3			3	6	0	5	6	7	4	5	3	1		U	N	L	D	Status		
Vehicle ID	V	E	H			J	B	H	T	5	6	7	8	9	0				5	5	%	% Complete	
Time in Yard	T	I	Y			0	0	3	5					T	A	D		0	0	2	2	Minutes at Dock	
Remaining time	L	O	A	D																0	0	1	5



CHEP's WORLD CLASS SYSTEMS

RFID Technology Leadership

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**As the supply
chain adopts
RFID,
CHEP is ready**

- **9 yrs experience**
- **Patented 3 way tag**
 - Tags: \$0.26 installed
- **Reader portals: \$4,300 each**
- **Have 4 track & trace customers live + pilots**
- **100% tagging in China will drive better asset productivity and customer satisfaction**
 - Fewer lost pallets
 - Better reports for customers



GLOBAL SCALE

Delivering Superior Customer Service

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- **World Class Scalable Solutions**
- **Operational Excellence**
 - *IS initiatives return > \$15M BVA*
- **Customer Satisfaction**
 - *Actionable information, Supply chain monitoring, and tools*
 - *Making CHEP easier to do business with*



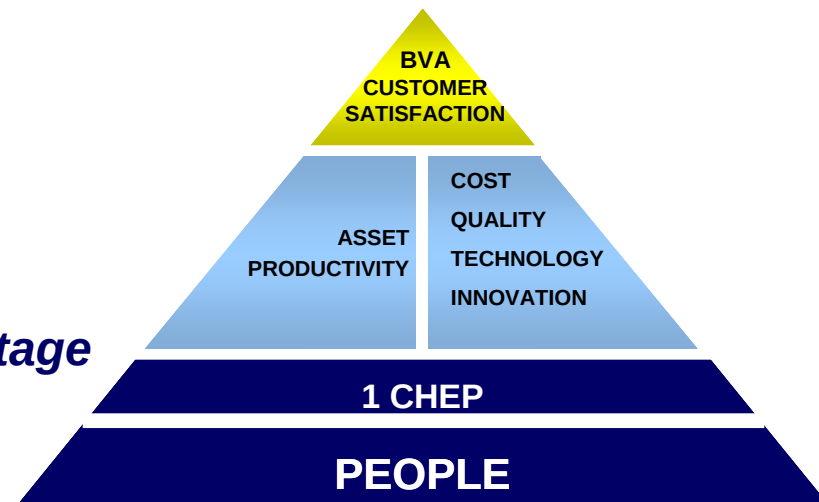
**CHEP IS UNIQUELY POSITIONED TO
PROVIDE SUPPLY CHAIN SOLUTIONS
TODAY AND FOR THE FUTURE**

CHEP SYSTEMS TECHNOLOGY

We run it as a business

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- **Basic assumptions**
 - Meet business requirements
 - Deliver on time everyday
 - Operate at the right cost
- **Real focus: adding competitive advantage**
 - BVA improvement
 - Enhancing our customer experience
 - Increasing our value proposition everyday



**SYSTEMS TECHNOLOGY WILL CONTINUE TO
BE A COMPETITIVE ADVANTAGE FOR CHEP**

CHEP USA

NETWORK OPTIMIZATION

RAMON GENEMARAS – SVP, SUPPLY CHAIN



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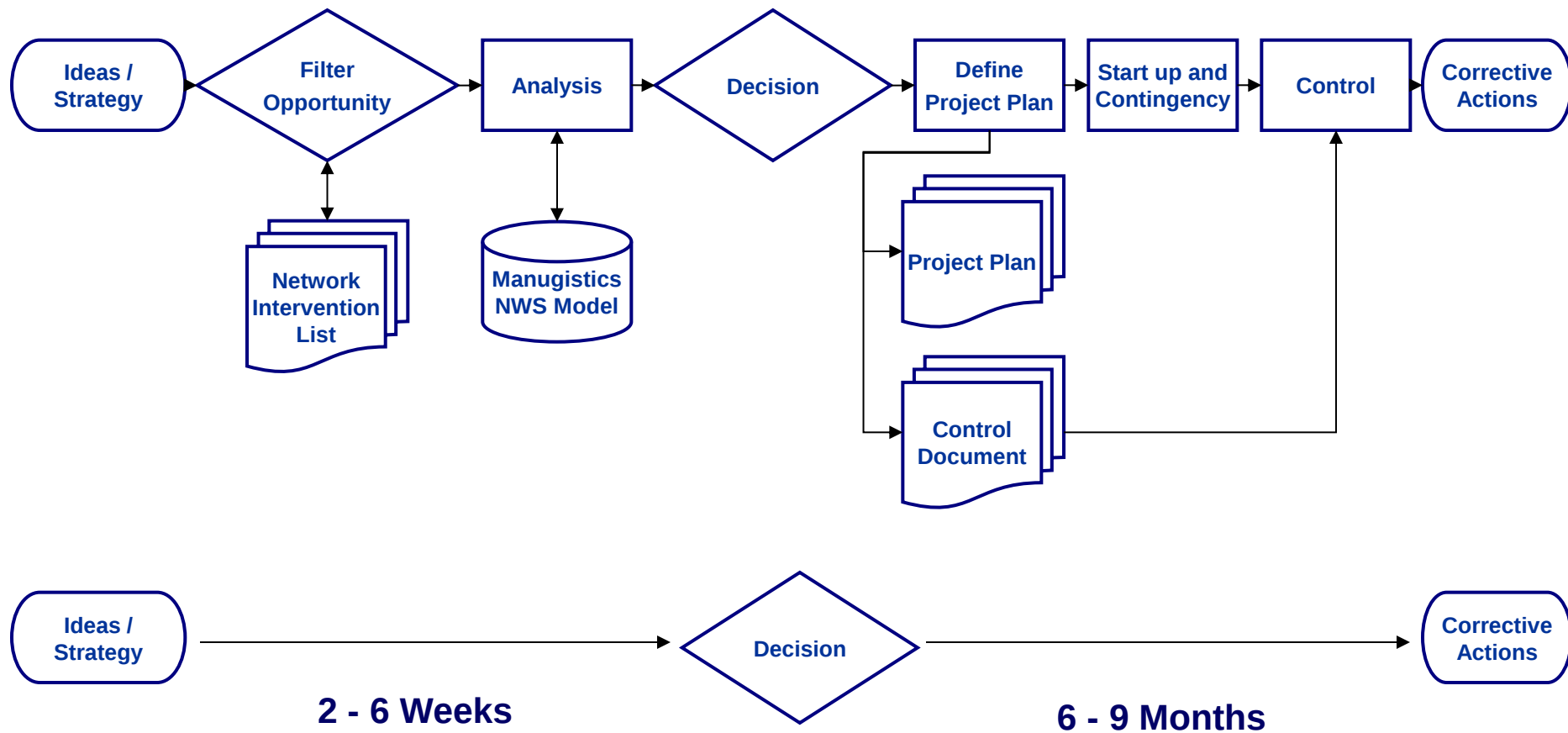
- ***Meet customers' expectations***
 - *Enable growth*
 - *On time delivery*
 - *Quality & cost efficiency*
- ***Drive network flexibility and adaptability to customer demands***
 - *Location, scale and mix of operating facilities*
- ***Achieve supply chain cost efficiency by optimizing:***
 - *Transport*
 - *Service Centers*
 - *ETPMs/DTPMs*

- **Idea generation**
 - Customers and suppliers
 - Cross functional
 - All people, all levels
- **Identify variables**
 - Economic dynamics (Transport Cost, Fuel, Supply/Demand)
 - Building lease renewals
 - ETPM, DTPM opportunities
 - Annual validation of Plant volumes and capacity requirements
- **Filtering**
 - SCO Steering Committee prioritize ideas

- ***Growth Plans***
 - *New Distribution Centers & production sites*
 - *New product lines or lane expansions*
 - *Acquisitions and consolidations*
- ***Supply Chain Improvement Programs***
 - *Customers' network optimization*
 - *Relocation or remix of existing DCs*
 - *Cycle and inventory reductions*
 - *Trailer fleet reduction*
 - *Environmental sustainability*

PROCESS MAP

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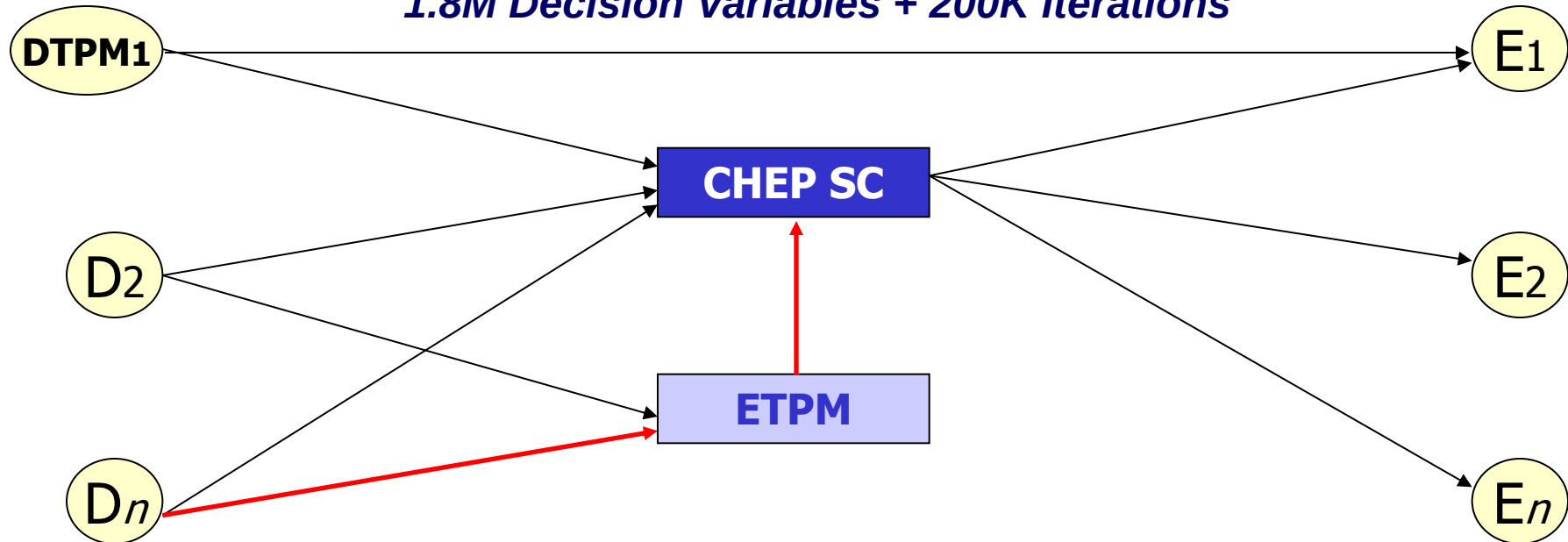
- **CHEP Network**
 - *21,000 Customer locations between Ds and Es*
 - *330,000 Transport lanes possibilities*
 - *195 pallet processing centers (SC, ETPM, DTPM)*
 - *Best operational cost adjusted for regional labor*
- **1.8M Decision Variables**
- **Why More Variables**
 - *Circular, continuous vs. One way finite supply chain*
 - *Large customer / Supplier base*

MANUGISTICS PLANNING MODULE

Validate Entire Network With One Change

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1.8M Decision Variables + 200K Iterations



Modeling Process

- Incorporate change
- Update cost and volume
- Run model
- Analyze output

Node Optimum

- Service Center
- ETPM
- DTPM

Cost Optimum

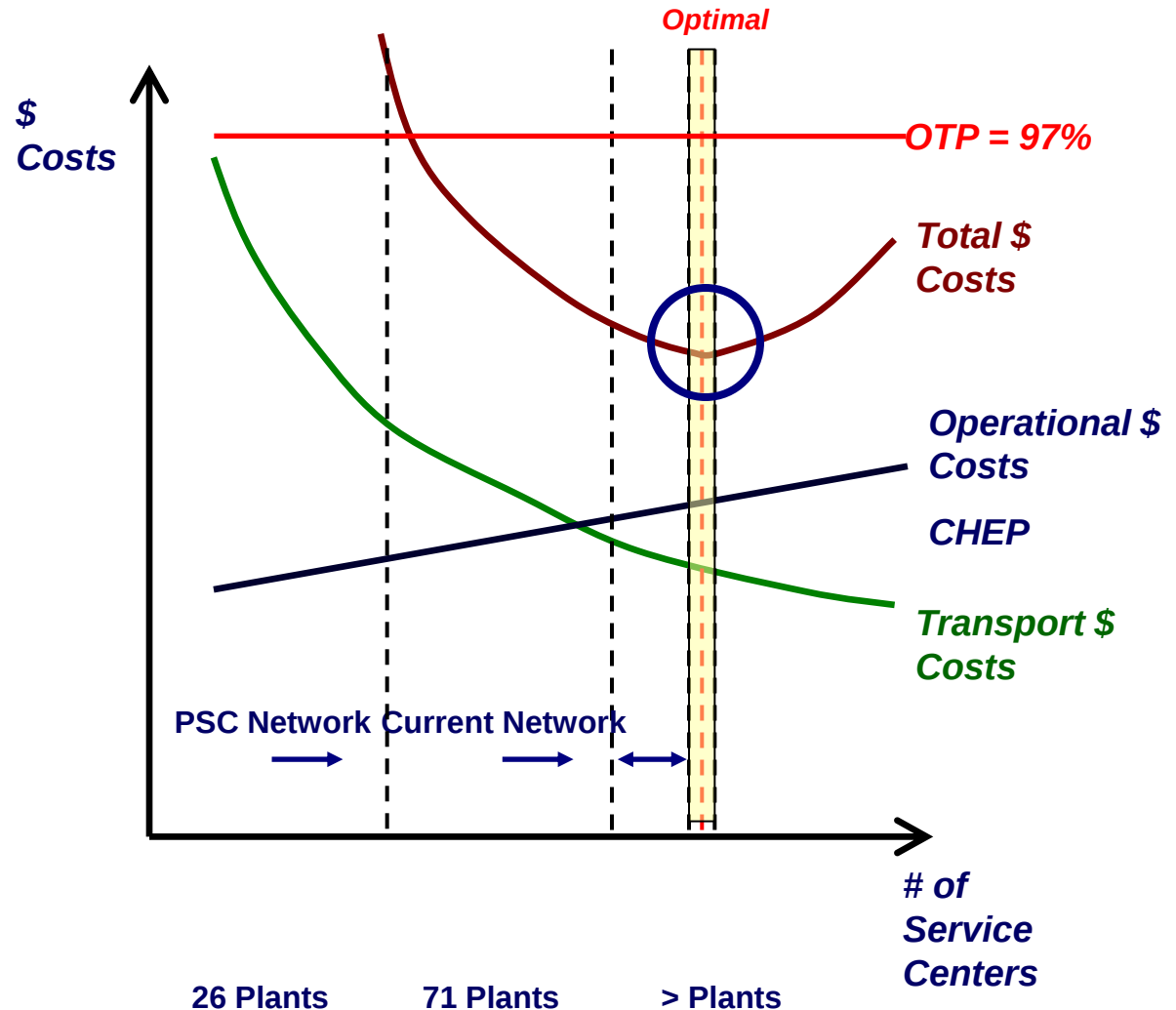
- Volume throughput
- Transportation cost
- Operations cost
- Route optimization

MINIMIZE SUPPLY CHAIN COSTS

(Transport + Service Centre)

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- *Isolate change and compare network solution*
- *Cross functional discussion*
- *Ensure lower overall Supply Chain cost is achieved*
- *Make Go / No Go Decision*



OPTIMIZATION EXAMPLE

Central and Southern California

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Fresno, CA

- *Historically sourced from Northern or Southern CA*
- *Heavy demand in Fresno and Salinas Market*
- *Reduction in miles while Improving service*
- *Validated savings +\$1.2M*

Los Angeles, CA

- *Model suggested 3 Plants in LA*
- *Signed ETPM and DTPM in LA eliminating need for 3 Plants*
- *Benefits include mileage reduction, lower operating costs and reduced Activity Based cost*
- *Validated savings estimated +1.0M in FY08*



- **Inputs**
 - *Cost benefits and revenue impacts*
 - *Volumes requirement*
 - *Growth, customer satisfaction, quality implications*
- **Outputs**
 - *Annual estimated savings*
 - *Confirmation of equipment needs and cost*
 - *Start date, sign up with customer*
 - *Risks and opportunities*
- **Steering Committee Review**
 - *Logistics, Plant Operations, Planning, TPM group, Finance, Supply Chain, SCO Team, Sales*
 - *Go / No Go decision*

IMPLEMENTATION TIMETABLE

Average of 24 weeks

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- **Site Sizing and Selection** (~16 weeks)
 - *Market analysis and building lease negotiations*
 - *Tenant Improvements, Permits, & Certificate of Occupancy*
(For DTPM/ETPM locations this phase only 4 weeks)
- **Select Equipment and Plant Operator** (~20 weeks)
 - *Gain CAPEX approval, order and install equipment*
 - *Sign Operating Agreement with 3rd Party Operator*
- **Site Start Up** (~5 weeks)
 - *Plant Operator recruits staff*
 - *Complete operator and safety training*
 - *Execute Ramp Up plan*

CHEP USA PLANT NETWORK

Total of 41 nodes to be added in 2 years

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	<i>FY06 to FY08e Nodes Additions</i>
<i>SC Plants</i>	<i>13</i>
<i>DTPM</i>	<i>4</i>
<i>ETPM</i>	<i>24</i>
<i>TOTAL</i>	<i>41</i>

BENEFITS

- ***Strategic site positioning surrounding our customers***
- ***Significant reduction in Average Haulage Distance***
- ***Lower distances driving environmental sustainability gains***
- ***Improved operating costs and efficiencies***
- ***Solid improvements on quality and on-time delivery***

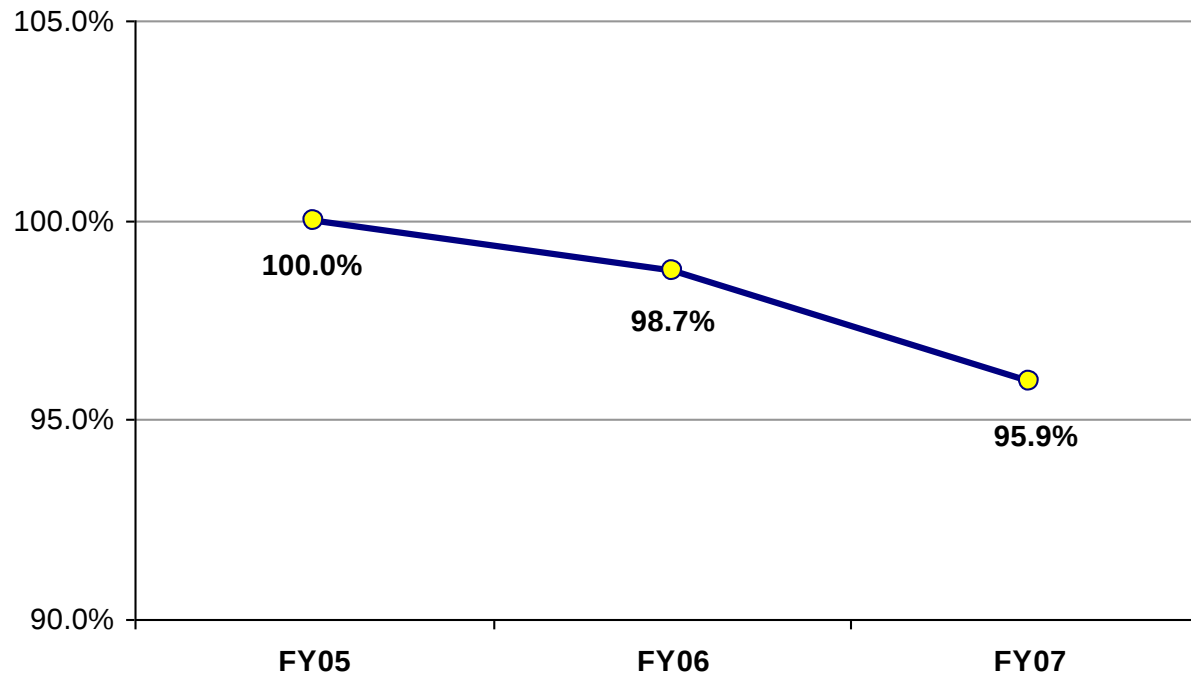


TOTAL SUPPLY CHAIN COST

THE REAL MEASURE OF SUCCESS

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Supply Chain Cost per Issue (Indexed to FY05 Base)



- *Network Optimization is the heart and soul of Supply Chain Excellence*
- *The complexity and dynamic nature of our business requires highly sophisticated information tools and process*
- *ETPM and DTPM have significantly improved the network optimization possibilities*
- *Dedicated Supply Chain teams ensure flawless execution to deploy 20 new nodes per year*
- *The intellectual equity developed by our teams have transformed the Network Optimization Process into a core competency for CHEP*

INNOVATION & TECHNOLOGY LEADERSHIP

MATT PHELPS - SENIOR VICE PRESIDENT, PROCESS
TECHNOLOGY AND PRODUCT ENGINEERING



Brambles

Dedicated Innovation Center

State of the art equipment

***New product testing and
development***

***Customer testing and product
benchmarking***

***Remote access by customers
globally 24/7***

42 customer projects in FY07

CHEP Engineers in each region

Varied backgrounds:

- Military

- Automotive

- Plastics

- Packaging

Six Sigma trained



- ***Important partnerships – Open door policy***
 - *With customers*
 - *Application engineers and industry trade groups*
 - *With suppliers: open door policy*
 - *With CHEP functions*
 - *Operations*
 - *Marketing*
 - *Asset Productivity*
 - *Logistics*
 - *With CHEP global leadership*
 - *Quarterly priority setting*
 - *BVA focused project list*

OUTCOMES

Perfect Plants

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- **Best practice sharing started three years ago**
- **Harvested 49 years of company experiences**
- **Resulted in Generation 1 plant design**
 - *Deployed in 28 locations globally*
- **Efficient stack painting**
- **Automatic Digital Inspection (ADI)**
 - *Patent pending*
 - *Superior inspection accuracy*
 - *Customer specific damage data*
- **Improved safety**
- **Lower repair cost per pallet**

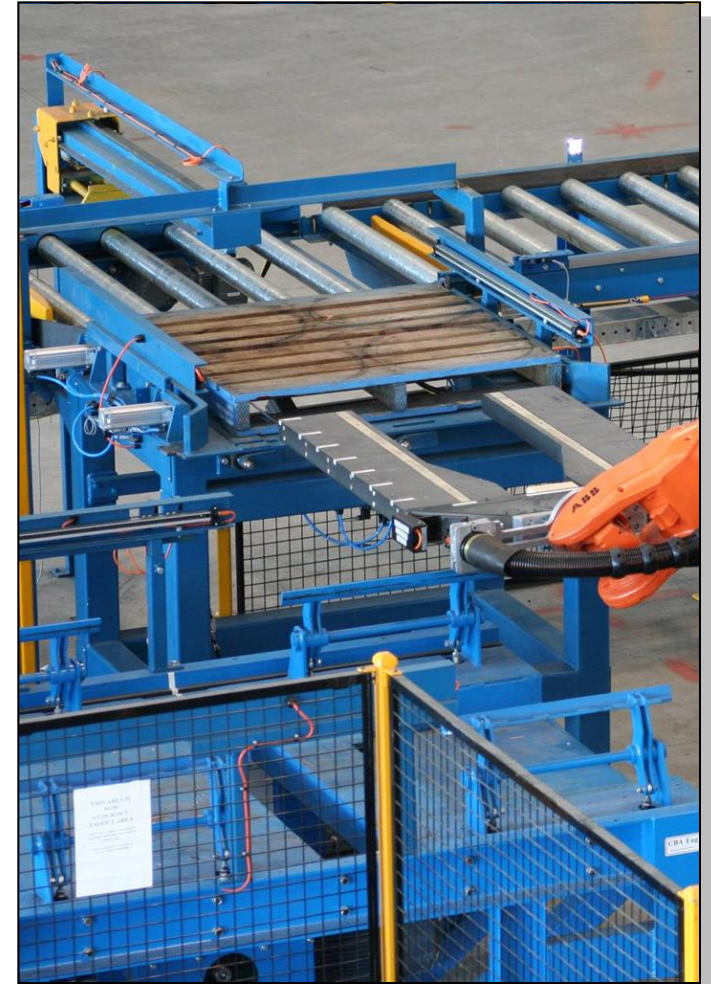


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Generation 2

- **Highly automated**
- **Australia**
 - Operating at Erskine Park
 - Next plant in design phase
- **Europe**
 - Prototype machines in trial
 - Deployment in FY08

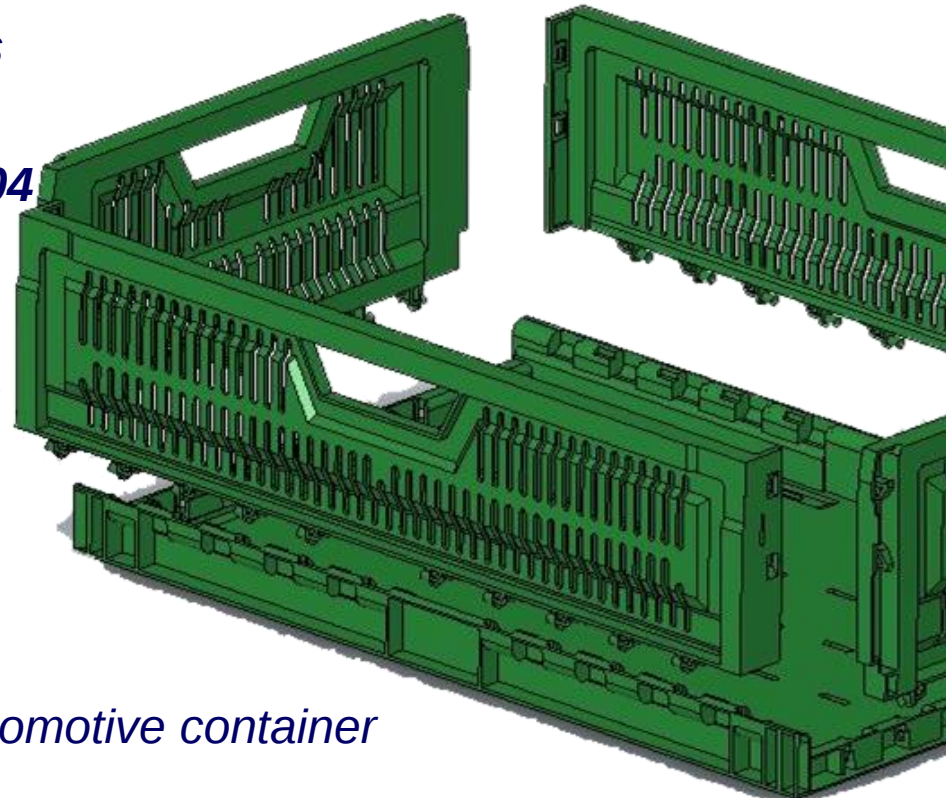


OUTCOMES

Global container

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- **Global hunt for best suppliers, technology**
- **Adopt lessons learned from CHEP's past**
 - Best folding ratio
 - Most durable hinges and latches
 - Most product friendly
- **Resulting container launched 2004**
 - Lower cost, better volume, less weight, shorter height
- **Technology applied everywhere...**
 - New container goes to:
 - Australia
 - Mexico
 - New Zealand
 - Best features going into new automotive container



OUTCOMES

Blue Guardian

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- ***New impact guard for forklifts***
 - *Started with obscure industry item*
 - *Improved by CHEP for durability, cost, safety*
- ***Redirects impact energy to center block or stringer***
- ***Protects products and pallets***
 - *40% reduction to lead board damage*
- ***Over 10,000 units to be deployed around the world in FY08***



Before CHEP

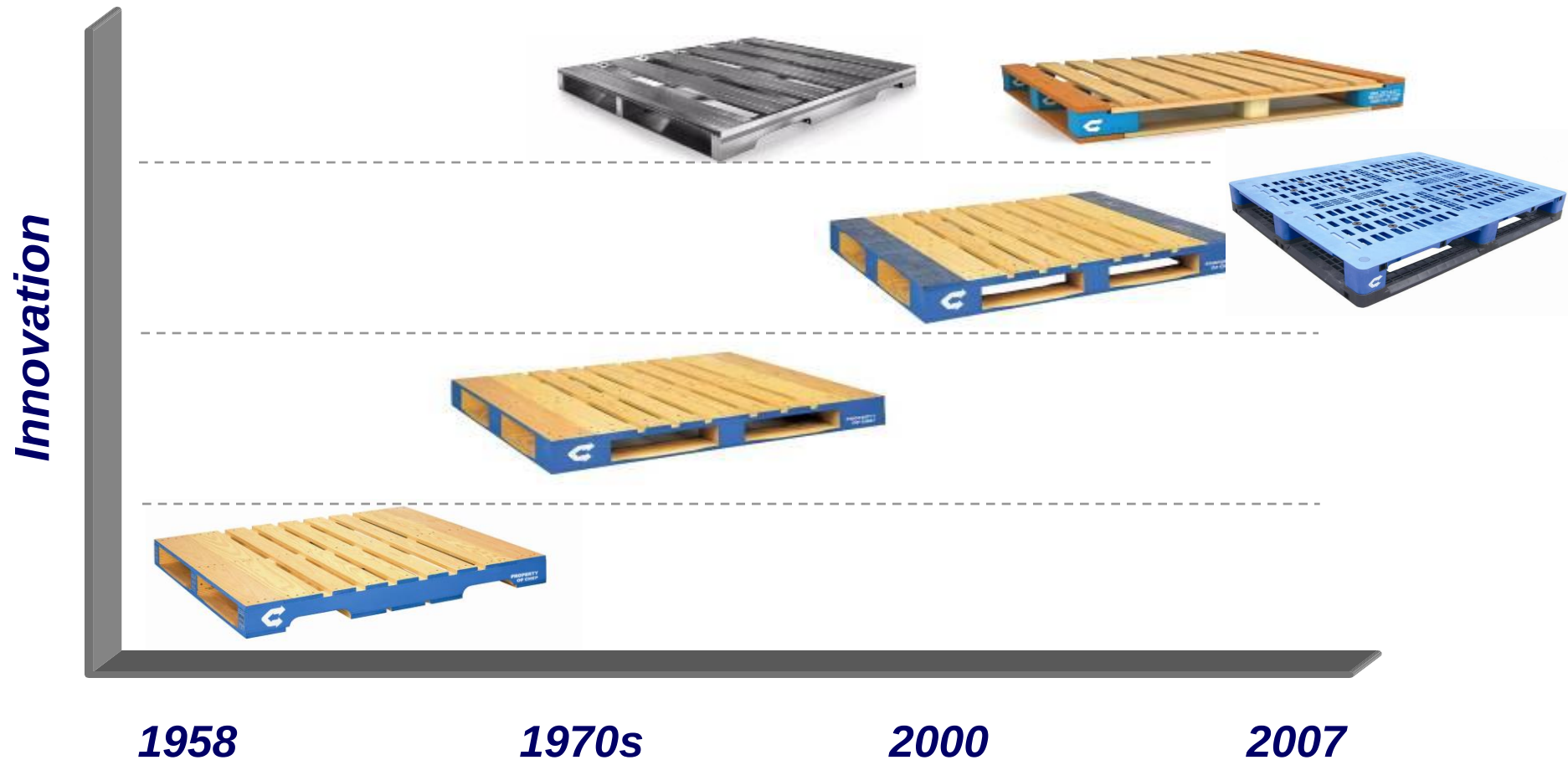
- ***“White wood” stringer design***
- ***Inconsistent quality***
- ***Low top deck coverage***
- ***2-way/limited 4-way entry***
- ***Limited product protection***



OUTCOMES

Pallet innovation

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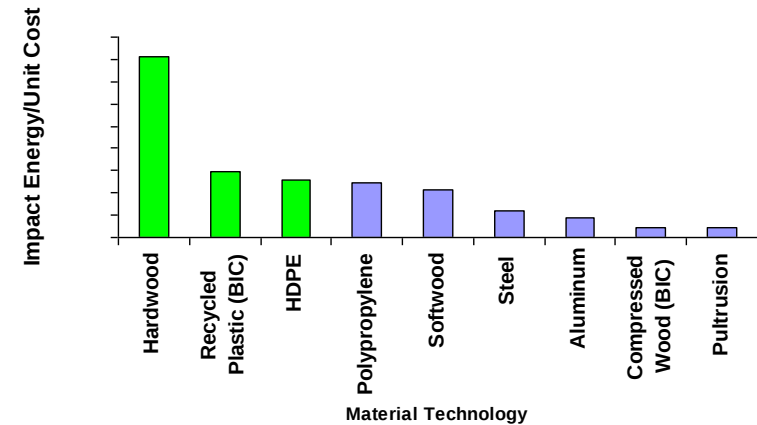


OUTCOMES

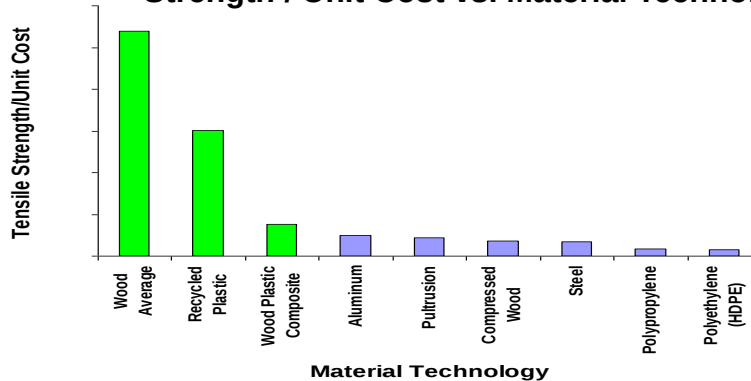
Hybrid pallet

- *Use materials where they perform best*
 - Stiffness
 - Impact resistance
 - Compression
 - Strength

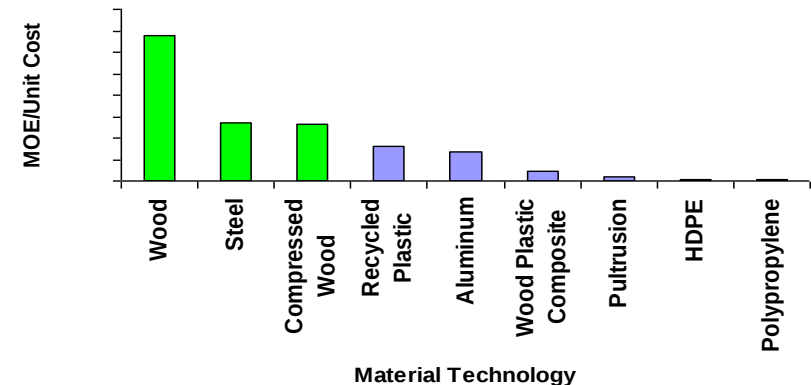
Charpy Impact / Unit Cost vs. Material Technology



Strength / Unit Cost vs. Material Technology



Stiffness / Unit Cost vs. Material Technology



OUTCOMES

Hybrid pallet planned for 2008

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- **Stepped corner blocks**
 - Allows thicker lead board
 - Distributes force throughout pallet
- **Top deck**
 - Smaller gaps
 - Better corner support
 - Clinch nails
 - Screw for repair
- **Composite block materials**
 - >200% increased nail retention
 - >150% improved impact performance
 - Significantly reduces aging degradation (no splitting)



OUTCOMES

China Plastic pallet

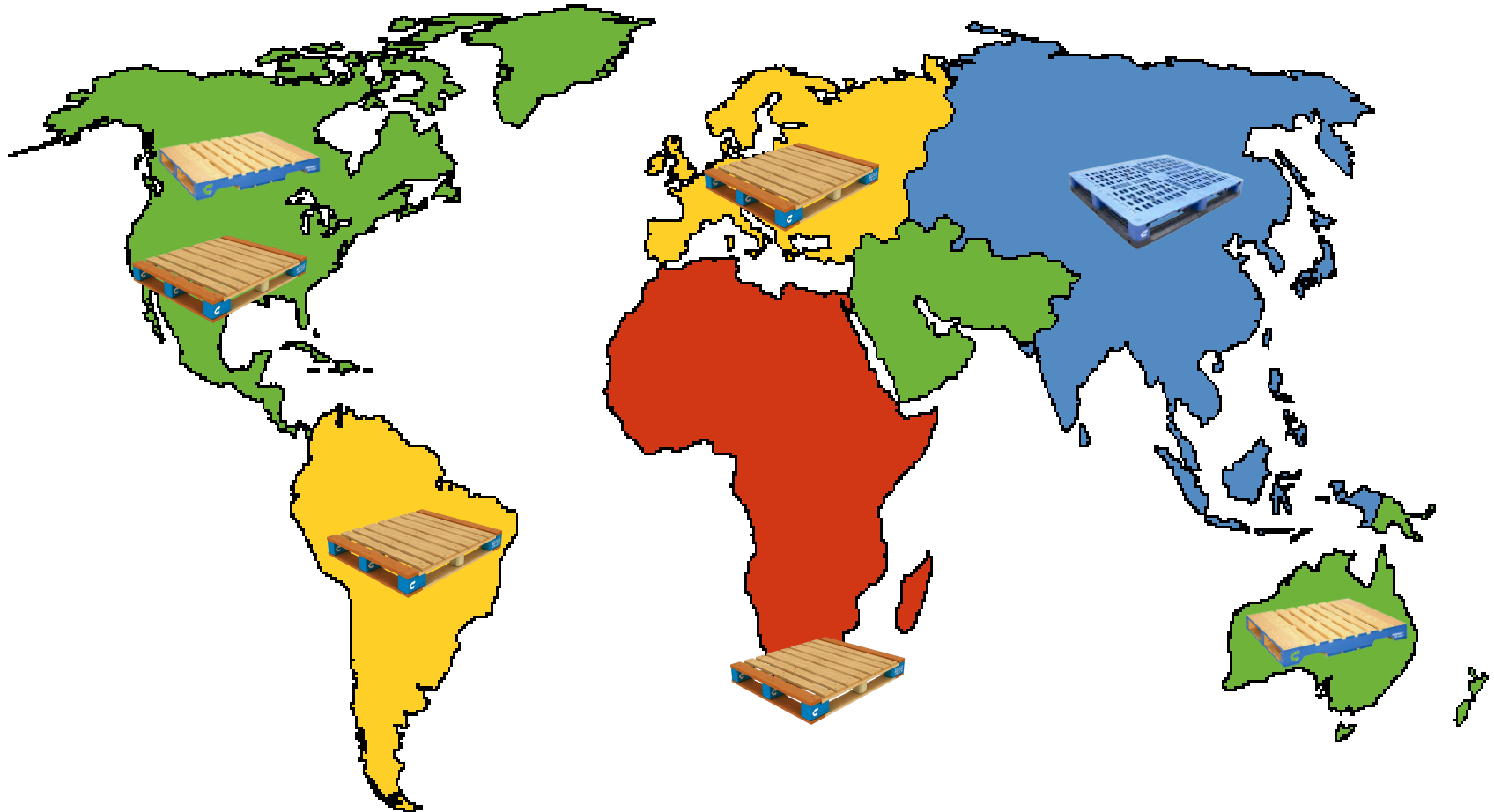
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- *Uses a hybrid combination of materials to deliver superior value to CHEP and our customers*
- *Polyethylene top deck – impact strength*
- *Polypropylene bottom deck –stiffness*
- *PP/EVA snap pins - toughness*
- *Steel tubing - stiffness*
- *Elastamer grommets - friction*



BETTER PALLETS AROUND THE WORLD

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- **Progress so far**
 - *Global infrastructure drives innovation for CHEP and our customers*
 - *Perfect Plants - Generation 1*
 - *Best in class wooden and plastic pallets*
 - *Best in class folding containers*
- **Continuous improvement**
 - *Perfect Plants - Generation 2 and beyond*
 - *Hybrid pallet technology global deployment*
 - *New container designs to power growth*

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Contact details

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