



20 August 2015

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

Via electronic lodgement

Dear Sir/Madam,

BRAMBLES REPORTS STRONG FY15 PROFIT RESULT IN LINE WITH GUIDANCE; EXPANDS GROWTH INVESTMENT IN SUPPORT OF LONGER-TERM OBJECTIVES

Attached is an ASX and Media Release from Brambles Limited on its financial report for the year ended 30 June 2015.

Yours faithfully
Brambles Limited

Robert Gerrard
Company Secretary

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Brambles reports strong FY15 profit result in line with guidance; expands growth investment in support of longer-term objectives

- Sales revenue up 8% at constant currency¹ driven primarily by market-share gains and acquisitions
- At constant currency: operating profit up 8%; Underlying Profit² up 10% reflecting delivery of efficiencies
- Pallets segment profit reflects strong Europe; North American cost pressures remain challenging
- Strong sales and profit growth delivered in Reusable Plastic Crates (RPCs) segment
- Solid contribution from Ferguson Group since September 2014 acquisition despite weak oil and gas sector
- Organic growth investment of US\$1.5 billion to FY19 supports longer-term objectives
- Final dividend of 14.0 Australian cents per share, up 0.5 Australian cents per share on prior final dividend
- Non-underwritten dividend reinvestment plan reactivated to support ongoing growth strategy
- FY16 sales revenue and Underlying Profit guidance: between 6% and 8% growth at constant currency
- FY16 Underlying Profit range of between US\$1,000 million and US\$1,020 million at 30 June 2015 FX rates³

Results Highlights

(Continuing operations)	FY15 result	Growth vs. FY14 (actual FX)	Growth vs. FY14 (constant FX)
Sales revenue	US\$5,464.6M	1%	8%
Operating profit	US\$938.5M	1%	8%
Profit after tax	US\$585.5M	-	7%
Basic earnings per share	US\$37.4¢	-	7%
Underlying Profit	US\$985.8M	3%	10%
Return on Capital Invested ⁴	15.7%	(0.6)pp	(0.5)pp
- Prior to acquisition impacts ⁵	16.6%	0.3pp	0.3pp
Cash Flow from Operations ⁶	US\$728.8M	US\$(99.4)M	
Final dividend per share	AU14.0¢	AU0.5¢	

Brambles generated sales revenue of US\$5,465 million in the financial year ended 30 June 2015 (FY15), up 1%, as the continued strength of the US dollar impacted translated results. At constant currency, sales revenue was up 8%, reflecting market-share expansion and some pricing and volume growth, amid continued muted underlying economic conditions. Acquisitions contributed 2% sales revenue growth at constant currency.

Operating profit was US\$939 million, up 1% (up 8% at constant currency). Underlying Profit, was US\$986 million, up 3% (up 10% at constant currency), reflecting sales growth, as well as mix benefits and the delivery of direct and indirect cost efficiency programs worldwide, which more than offset the impact of higher plant and transportation costs in the US Pallets business.

Return on Capital Invested was 15.7%, down 0.6 percentage points, as acquisitions in the period drove an increase in capital invested. Excluding acquisition impacts, Return on Capital Invested increased 0.3 percentage points to 16.6 per cent, reflecting profit growth.

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¹ Current period results translated into US dollars at the actual monthly exchange rates applicable in the prior comparable period.

² Profit from continuing operations before finance costs, tax and Significant Items.

³ At 30 June 2015 exchange rates, Brambles' FY15 Underlying Profit result of US\$986 million translates to US\$943 million

⁴ Underlying Profit divided by Average Capital Invested.

⁵ Acquisitions made since December 2013 are excluded for purposes of comparison with Brambles December 2013 financial targets.

⁶ Cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

Cash Flow from Operations was US\$729 million, down US\$99 million, as a result of an increase in growth capital expenditure, the biggest drivers of which were customer growth and contract expansions in the European RPCs operations and the impact of modest supply-chain restocking in the US pallets business.

Free Cash Flow after Dividends was US\$45 million, up US\$8 million.

Dividend and Dividend Reinvestment Plan

The Board has declared a final dividend of 14.0 Australian cents per share, payable 8 October 2015 and franked at 30%⁷. The final dividend is in line with the 2015 interim dividend and up 0.5 cents on the 2014 final dividend.

The Board has elected to reactivate the Dividend Reinvestment Plan (DRP), on a non-underwritten basis. A price discount of 1.5% discount will apply to shares issued under the DRP for the 2015 final dividend⁸.

Brambles' Chairman Stephen Johns said: "Reactivating the DRP on a non-underwritten basis provides eligible shareholders who wish to reinvest their dividends with an opportunity to do so, while providing Brambles flexibility in support of its funding strategy and future growth investment needs."

CEO Results Commentary

Brambles' CEO Tom Gorman said: "The sales and profit growth we delivered in FY15 reflect the continued ability of our people and operations to keep delivering growth over and above the rate of growth in the industries we serve. Our consistent growth has come despite economic conditions that remain muted and uncertain, intensifying competitor activity and limited pricing opportunities.

"In addition, there was a solid contribution from the Ferguson Group business acquired in September 2014 despite the sharp downturn in operating conditions in its sector, oil and gas.

"We also benefited in the year from the delivery of direct cost efficiency programs, a disciplined approach to asset deployment, indirect cost reductions, and our ongoing investment in improved control and recovery of our equipment. This enabled us to deliver a higher Group operating margin despite cost pressures in the North American pallets business resulting from high equipment repair and transportation costs."

Expanded Growth Investment and Re-affirmed FY19 Objectives

Mr Gorman said: "We have considerable opportunities to invest in the growth of our network and asset base in line with our commitment to support our customers in making their supply chains more sustainable and more efficient and to drive long-term value for our shareholders through attractive rates of growth and economic return.

"We anticipate capital investment to support growth opportunities will be approximately US\$1.5 billion in total over FY16 to FY19. Key features include: expansion of the US pallet pool to support ongoing supply-chain restocking; the establishment of differentiated RPC offerings in support of major retail partners; the rollout of new pallet platforms to provide better solutions for customers; and further expansion in emerging markets.

"As a result, we anticipate compound annual growth in Average Capital Invested to FY19 will be greater than the 5% we forecast in December 2013. However, we remain committed to our objective to deliver Return on Capital Invested of 20% by FY19, prior to the impact of acquisitions since December 2013.

"These targets will continue to be aided by concerted actions to drive cost efficiency and disciplined allocation of capital across our portfolio of businesses."

IFCO Japan acquisition

In line with the strategy to expand its RPCs business globally, Brambles has acquired the two thirds of IFCO Japan it did not already own in a transaction that places an enterprise value on IFCO Japan of ¥4.84 billion (US\$38.9 million⁹).

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⁷ The unfranked component of the final dividend is conduit foreign income. Consequently, shareholders not resident in Australia will not pay Australian dividend withholding tax on this dividend.

⁸ See Appendix 3A.1 lodged with the ASX on 20 August 2015 for further details.

⁹ Valuation based on USD:JPY exchange rate of 1:124.45 on acquisition closing date of 18 August 2015.

Mr Gorman said: "This transaction offers a strong internal rate of return, with upside potential as we focus on improving sales disciplines and targeting global synergies with Brambles and IFCO." IFCO Japan generated sales revenue of ¥3.01 billion and EBITDA of ¥818 million in the 12 months ended 31 March 2015.

FY16 Outlook

Brambles has provided FY16 guidance for constant-currency sales revenue and Underlying Profit growth in the range of 6% to 8%. The guidance range for Underlying Profit is between US\$1,000 million and US\$1,020 million (at 30 June 2015 foreign exchange rates). Return on Capital Invested is expected to be down slightly, reflecting the short-term impact of increased growth investment and of acquisitions completed in FY15.

Mr Gorman said: "This outlook represents continued delivery of profitable growth despite the tepid nature of global economic recovery and ongoing cost pressures in our North American Pallets business. It also reflects the near-term impact of the increased investment we are making to drive long-term value for customers and shareholders."

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 customers in 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 approximately 1,000 service centres. For further information, please visit www.brambles.com.

Forward-Looking Statements

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

Background Information

(US\$M)	1H15	2H15	FY15	1H14	2H14	FY14
Sales revenue						
Pallets Americas	1,180.6	1,176.9	2,357.5	1,142.4	1,159.5	2,301.9
Pallets EMEA	728.6	651.9	1,380.5	718.8	739.8	1,458.6
Pallets Asia-Pacific	181.4	162.1	343.5	181.0	181.9	362.9
Pallets	2,090.6	1,990.9	4,081.5	2,042.2	2,081.2	4,123.4
RPCs	471.5	446.1	917.6	440.9	454.9	895.8
Containers	233.0	232.5	465.5	186.2	199.1	385.3
Continuing operations	2,795.1	2,669.5	5,464.6	2,669.3	2,735.2	5,404.5
Operating profit						
Pallets Americas	184.2	215.6	399.8	204.6	214.4	419.0
Pallets EMEA	183.4	158.4	341.8	155.8	171.5	327.3
Pallets Asia-Pacific	35.2	35.4	70.6	33.7	42.1	75.8
Pallets	402.8	409.4	812.2	394.1	428.0	822.1
RPCs	67.3	63.5	130.8	58.2	66.1	124.3
Containers	30.2	27.9	58.1	17.8	18.1	35.9
Continuing operations	466.1	472.4	938.5	452.9	476.6	929.5
EBITDA						
Pallets Americas	298.1	333.2	631.3	308.0	333.1	641.1
Pallets EMEA	248.2	219.7	467.9	220.8	238.2	459.0
Pallets Asia-Pacific	56.9	54.8	111.7	55.0	63.5	118.5
Pallets	603.2	607.7	1,210.9	583.8	634.8	1,218.6
RPCs	118.8	114.7	233.5	108.0	117.7	225.7
Containers	62.8	62.9	125.7	39.8	42.4	82.2
Continuing operations	763.4	771.4	1,534.8	718.6	769.8	1,488.4
Depreciation of property, plant and equipment						
Pallets Americas	98.1	98.7	196.8	92.3	94.7	187.0
Pallets EMEA	64.4	59.2	123.6	65.0	67.9	132.9
Pallets Asia-Pacific	20.8	18.8	39.6	20.9	21.2	42.1
Pallets	183.3	176.7	360.0	178.2	183.8	362.0
RPCs	41.1	41.1	82.2	39.0	38.7	77.7
Containers	28.6	29.4	58.0	19.7	20.3	40.0
Continuing operations	253.7	247.6	501.3	237.3	243.5	480.8
Amortisation						
Pallets Americas	9.6	8.4	18.0	9.9	9.2	19.1
Pallets EMEA	0.4	-	0.4	-	-	-
Pallets Asia-Pacific	0.2	0.3	0.5	-	-	-
Pallets	10.2	8.7	18.9	9.9	9.2	19.1
RPCs	10.4	9.4	19.8	10.8	12.9	23.7
Containers	3.6	4.8	8.4	2.1	2.1	4.2
Continuing operations	24.5	23.2	47.7	23.2	24.3	47.5
Underlying Profit						
Pallets Americas	190.4	226.1	416.5	205.8	229.2	435.0
Pallets EMEA	183.4	160.5	343.9	155.8	170.3	326.1
Pallets Asia-Pacific	35.9	35.7	71.6	34.1	42.3	76.4
Pallets	409.7	422.3	832.0	395.7	441.8	837.5
RPCs	67.3	64.2	131.5	58.2	66.1	124.3
Containers	30.6	28.7	59.3	18.0	20.0	38.0
Continuing operations	485.2	500.6	985.8	458.1	502.0	960.1

Background Information (continued)

(US\$M)	1H15	2H15	FY15	1H14	2H14	FY14
Average Capital Invested						
Pallets Americas	2,301.6	2,314.6	2,308.1	2,244.9	2,257.3	2,251.1
Pallets EMEA	1,310.7	1,195.3	1,253.0	1,320.6	1,340.0	1,330.3
Pallets Asia-Pacific	376.7	337.5	357.1	368.7	375.1	371.9
Pallets	3,989.0	3,847.4	3,918.2	3,934.2	3,972.4	3,953.3
RPCs	1,565.1	1,517.3	1,541.2	1,552.2	1,594.2	1,573.2
Containers	769.5	978.7	874.1	417.4	445.0	431.2
Continuing operations	6,278.5	6,303.5	6,291.0	5,831.8	5,947.4	5,889.6
Return on Capital Invested						
Pallets Americas	16.5%	19.5%	18.0%	18.3%	20.3%	19.3%
Pallets EMEA	28.0%	26.9%	27.4%	23.6%	25.4%	24.5%
Pallets Asia-Pacific	19.1%	21.2%	20.1%	18.5%	22.6%	20.5%
Pallets	20.5%	22.0%	21.2%	20.1%	22.2%	21.2%
RPCs	8.6%	8.5%	8.5%	7.5%	8.3%	7.9%
Containers	8.0%	5.9%	6.8%	8.6%	9.0%	8.8%
Continuing operations	15.5%	15.9%	15.7%	15.7%	16.9%	16.3%
Brambles Value Added¹⁰						
Pallets Americas	62.5	100.2	162.7	78.5	102.7	181.2
Pallets EMEA	111.4	99.5	210.9	78.0	90.2	168.2
Pallets Asia-Pacific	15.0	20.1	35.1	12.8	20.3	33.1
Pallets	188.9	219.8	408.7	169.3	213.2	382.5
RPCs	(25.9)	(28.0)	(53.9)	(35.0)	(29.2)	(64.2)
Containers	(16.7)	(32.3)	(49.0)	(7.4)	(6.6)	(14.0)
Continuing operations	125.6	146.4	272.0	115.5	156.7	272.2
Capital expenditure on property plant and equipment (accruals basis)						
Pallets Americas	178.3	201.3	379.6	170.4	173.2	343.6
Pallets EMEA	138.0	118.0	256.0	131.1	141.2	272.3
Pallets Asia-Pacific	31.4	30.2	61.6	28.9	28.5	57.4
Pallets	347.7	349.5	697.2	330.4	342.9	673.3
RPCs	134.0	104.3	238.3	87.2	93.2	180.4
Containers	42.9	58.1	101.0	25.6	28.5	54.1
Continuing operations	524.7	511.9	1,036.6	443.3	464.7	908.0
Cash Flow from Operations						
Pallets Americas	127.9	210.2	338.1	161.4	234.5	395.9
Pallets EMEA	105.1	154.9	260.0	129.2	161.2	290.4
Pallets Asia-Pacific	27.1	44.1	71.2	24.4	44.2	68.6
Pallets	260.1	409.2	669.3	315.0	439.9	754.9
RPCs	13.4	50.1	63.5	59.5	37.8	97.3
Containers	14.4	16.3	30.7	10.3	16.4	26.7
Continuing operations	268.6	460.2	728.8	375.8	452.4	828.2
Number of pallets, RPCs and containers¹¹						
Pallets Americas	120		123	111		115
Pallets EMEA	120		118	116		117
Pallets Asia-Pacific	22		22	21		21
Pallets	262		263	248		253
RPCs	223		238	199		207
Containers	14		14	13		13
Continuing operations	499		515	460		473

¹⁰ At fixed June 2014 exchange rates

¹¹ Shown gross, before provisions