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Brambles

18 February 2019

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 2018

Attached is a release to the Exchange from Brambles Limited on its financial report for the half-year ended 31 December 2018.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

18 February 2019
ASX & Media Release

Brambles’ 1H19 result: Continued strong revenue growth across all segments

- **Sales revenue increased 7% at constant currency**[1] reflecting ongoing volume momentum across all segments and improved price realisation in both developed and emerging markets.
- **Underlying Profit**[2] **and Operating profit both increased 1% at constant currency** as the sales contribution to profit was largely offset by cost headwinds including inflationary cost pressures in major markets and higher cost-to-serve, particularly in the CHEP Americas region.
- **US accelerated automation, productivity and pricing initiatives remain on track** to deliver progressive margin benefits.
- **Profit after tax decreased 25% at constant currency** due to the cycling of a US$103.2 million non-cash tax benefit recognised in 1H18 as a result of US tax reform.
- **Free Cash Flow after dividends of US$(93.3) million** was US$63.9 million below the prior year. Excluding the US$31.0 million investment in US supply chain efficiency programmes[3] which was funded by FY18 asset actions, Free Cash Flow was US$32.9 million below prior year largely due to the US$30 million reversal of FY18 working capital timing benefits disclosed to the market at the FY18 result.
- **Return on Capital Invested**[4] **of 18.0%** was broadly in line with 1H18 reflecting earnings performance and increased investments to support growth and supply chain initiatives.
- **Interim dividend of AU14.5 cents per share, franking of 65% reflects one-off increase** due to the acceleration of Australian tax payments.
- **IFCO separation process:** As announced in August 2018, to ensure optimal shareholder value is achieved, Brambles is pursuing a separation of IFCO via a dual track demerger and sale process. Brambles expects the separation to be completed during calendar year 2019.

Results Highlights

	1H19 result	Change vs. 1H18	
	(Actual FX)	(Actual FX)	(Constant FX)
Statutory basis			
Sales revenue (continuing)	US$2,856.4m	3%	7%
Operating profit (continuing)	US$498.9m	(3)%	1%
Profit after tax	US$319.8m	(27)%	(25)%
Basic earnings per share	US20.2¢	(27)%	(25)%
Interim dividend per share	AU14.5¢		
Non-statutory basis			
Underlying Profit	US$504.4m	(3)%	1%
Cash Flow from Operations	US$237.4m	US$(73.8)m	
Free Cash Flow after dividends	US$(93.3)m	US$(63.9)m	
Underlying Profit after finance costs and tax	US$326.7m	(4)%	(1)%
Underlying earnings per share	US20.5¢	(4)%	(1)%
Return on Capital Invested (ROCI)	18.0%	(0.4)pts	(0.3)pts

[1] Constant currency is calculated by translating reported period results into US dollar at the actual monthly FX rates applicable in the prior corresponding period.
[2] A non-statutory measure that represents profit from continuing operations before finance costs, tax and Significant Items.
[3] US supply chain efficiency programmes include the accelerated automation programme and other procurement initiatives.
[4] Underlying Profit multiplied by two divided by the 6-month average of capital invested; capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustments for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments.

Sales revenue of US$2,856.4 million increased 7% at constant currency. Growth was largely driven by expansion with new and existing customers across CHEP pallet operations, the EMEA automotive business and the European IFCO RPC business. Price realisation in the pallet businesses across North America, Europe, Latin America and Australia was strong during the half.

Underlying Profit of US$504.4 million increased 1% at constant currency as the strong sales contribution to profit, inflation-related pricing actions and productivity gains were largely offset by inflationary cost pressures and the continuation of the cost challenges in CHEP Americas highlighted at the FY18 result. These challenges relate to higher transport costs, network inefficiencies associated with capacity constraints, costs associated with the conversion from stringer to block pallets in Canada and ongoing higher cost-to-serve in Latin America.

Return on Capital Invested of 18.0% declined 0.3 percentage points at constant currency reflecting the Underlying Profit performance outlined above, capital expenditure to support growth, increased investment in US supply chain efficiency programmes and the impact on Average Capital Invested[5] associated with the exit of the HFG joint venture in 2H18.

Cash Flow from Operations of US$237.4 million decreased US$73.8 million on the prior year. This decrease was largely due to the impact of items disclosed at the FY18 result, including the reversal of US$30 million of FY18 working capital timing benefits and a US$31 million investment in US supply-chain efficiency programmes which was funded by proceeds from FY18 portfolio asset actions. Cash Flow from Operations also reflected US$29 million of additional capital expenditure to support strong growth in the EMEA automotive business and US$11 million of investment to support increased Brexit-related retailer stocking.

Free Cash Flow after dividends decreased US$63.9 million on prior year reflecting the Cash Flow from Operations performance, lower cash dividend payments due a weaker Australian dollar and higher cash interest payments despite a reduction in interest expense. The higher cash interest payments were offset by lower Significant Items outflows in the period.

Dividend

The Board has declared an interim dividend of 14.5 Australian cents per share with franking of 65%, up from 30% franking of both the 2018 interim and final dividends. The increased level of franking on the interim dividend reflects an acceleration of Australian tax payments. The franking of the 2019 full-year dividend is expected to return to approximately 30%, consistent with prior periods. The unfranked component of the interim dividend is conduit foreign income. Consequently, non-resident shareholders will not pay Australian dividend withholding tax on this dividend. The 2019 interim dividend is payable on 11 April 2019 to shareholders on Brambles' register at 5.00pm on 7 March 2019. The ex-dividend date is 6 March 2019.

The non-underwritten Dividend Reinvestment Plan (DRP) will remain in place for this dividend and will attract a zero discount. Brambles will continue to neutralise any dilutive impact on earnings per share of the DRP through the transfer of existing shares to participating shareholders, via on-market purchases.

As previously announced in August 2018, as part of the IFCO separation Brambles is undertaking an evaluation of its capital structure and dividend policy to ensure it is optimal for supporting future growth and shareholder returns while still maintaining a strong investment grade balance sheet and credit profile. Brambles will update the market on the outcomes of this evaluation as part of its 2019 Full-Year results announcement. Brambles intends to maintain its progressive dividend policy for its 2019 full-year dividend.[6]

CEO Commentary

Brambles' CEO, Graham Chipchase said: "We delivered a solid 1H19 performance despite ongoing cost pressures and increasingly challenging macro-economic conditions across our major markets.

"Volume growth across the Group was strong at 5% and is a testament to the inherent benefits of our share and reuse business model across the entire supply chain. Notwithstanding strong rates of new customer conversions in

[5] A six-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustments for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments.

[6] The actual amount of the 2019 full-year dividend (and any future dividends), consistent with Brambles' current dividend policy will, however remain subject to Brambles financial performance, cash requirements during the period and any unforeseen circumstances.

most markets, we noted a moderation in like-for-like volume growth during the second quarter, particularly in Western and Southern Europe where economic conditions were most challenging during the period.

"In response to sustained levels of elevated cost inflation in most major markets, our businesses implemented surcharges and exercised contractual indexation clauses to offset three-quarters of the inflationary cost increases experienced during the period. Our teams continue to focus on aligning contractual terms and pricing with the prevailing cost-to-serve in each region.

"In addition to pricing initiatives, we continue to look at our own operations and identify opportunities across functions and regions, as well as globally, to improve our performance, enhance the way we operate and increase the value we provide our customers.

"The Brambles Executive Leadership Team is working together to optimise, modernise and simplify the way we do business with the objective of addressing short and medium-term challenges and to position Brambles for continued success in the 2020s and beyond."

Outlook

The Group expects to deliver sustainable growth and returns well in excess of the Company's cost of capital, underpinned by the following financial objectives:

- Sales revenue growth in the mid-single digits, primarily driven by growth with existing customers, the ongoing conversion of new customers to pooled solutions and expansion across geographies;
- Underlying Profit growth in excess of sales revenue growth through-the-cycle, driven by the progressive delivery of operational, organisational and capital efficiencies; and
- The delivery of strong Return On Capital Invested and sufficient cash generation to fund growth, innovation and shareholder returns.

Key considerations for FY19:

- Cash generation is expected to improve in 2H19, notwithstanding funding investment in growth and business improvement projects;
- FY19 constant-currency Underlying Profit growth is expected to show modest improvement over the prior year, with increased price realisation and the delivery of cost efficiencies largely offset by ongoing global input-cost inflation; and
- Our global automation, productivity and supply chain cost out programmes remain on track to progressively deliver margin benefits and improved business outcomes over the medium term.

Further Information

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Brambles Limited (ASX: BXB) Under the CHEP and IFCO brands Brambles helps move more goods to more people, in more places than any other organisation on earth. Its pallets, crates and containers form the invisible backbone of the global supply chain and the world's biggest brands trust Brambles to help them transport their goods more efficiently, sustainably and safely. As pioneers of the sharing economy, Brambles created one of the world's most sustainable logistics businesses through the share and reuse of its platforms 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. The Group employs approximately 11,000 people and own approximately 630 million pallets, crates and containers through a network of more than 850 service centres. Brambles operates in more than 60 countries with its largest operations in North America and Western Europe. For further information, please visit www.brambles.com

Summary of Key Metrics

US$m			Change	
(Continuing operations)	**1H19**	**1H18**	**Actual FX**	**Constant FX[1]**
Sales revenue	**2,856.4**	**2,770.5**	**3%**	**7%**
Underlying Profit[2]	**504.4**	**518.1**	**(3)%**	**1%**
Significant Items[3]	(5.5)	(4.7)		
Operating profit	**498.9**	**513.4**	**(3)%**	**1%**
Net finance costs	(44.4)	(52.7)	16%	10%
Tax expense	(133.1)	(20.9)	(537)%	(567)%
Profit after tax from continued operations	**321.4**	**439.8**	**(27)%**	**(25)%**
Loss from discontinued operations	(1.6)	(2.7)		
Profit after tax	**319.8**	**437.1**	**(27)%**	**(25)%**
Average Capital Invested[4]	5,590.2	5,645.9	(1)%	2%
Return on Capital Invested[5]	18.0%	18.4%	(0.4)pts	(0.3)pts
Weighted average number of shares (m)	1,593.3	1,590.6		
Basic earnings per share	**US20.2¢**	**US27.6¢**	**(27)%**	**(25)%**

Sales revenue from continuing operations of US$2,856.4 million increased 7% at constant currency, in line with the Group's expectation for revenue growth in the mid-single digits.

Volume growth was strong across the Group reflecting expansion with new and existing customers across CHEP pallet operations, the EMEA automotive business and IFCO RPCs in Europe. Price realisation improved during the half, particularly in the CHEP Americas and CHEP EMEA pallet businesses. IFCO pricing was below prior year due to a higher mix of lower revenue/lower cost-to-serve customers following new business wins in Europe. In IFCO North America, solid price growth was offset by volume declines during the period.

Underlying Profit which excludes Significant Items, was US$504.4 million, up 1% at constant currency as the strong sales contribution to profit, inflation-related pricing actions and productivity gains were largely offset by inflationary cost pressures and the ongoing cost challenges in CHEP Americas outlined below.

Transport inflation continued to increase across the US and Europe in response to transport availability constraints and higher fuel costs. Despite some easing during the period, lumber costs remained above prior-year levels and further volatility is anticipated in the second half of FY19. Wage inflation also remained elevated across most markets impacting both direct and overhead costs in 1H19.

In addition to input-cost inflation, the result also reflects a continuation of cost challenges in CHEP Americas:

- In the US, the pallets business experienced higher transport, storage and plant costs due to inefficiencies associated with network capacity constraints, impacts of changes in retailer and customer behaviour and increased investment in US pallet quality. While these cost increases are being addressed by accelerated automation and procurement programmes, the benefits of these initiatives are weighted to FY20, FY21 and FY22.
- In Canada, the pallets business incurred additional costs due to the conversion from stringer to block pallets highlighted to the market in FY18; and
- In Latin America, the developing nature of the business and supply chains in the region coupled with high levels of inflation and economic uncertainties continued to drive a higher cost-to-serve during the period. The cost-to-serve in the region reflects higher levels of capital expenditure and other costs related to longer cycle times and higher loss rates given the developing nature of the local network. The business is implementing pricing and asset control initiatives to improve asset efficiency and cost recovery in the region.

Operating profit of US$498.9 million was up 1% at constant currency and included Significant Items expense of US$5.5 million relating to the separation of the IFCO RPC business.

Profit after tax from continuing operations of US$321.4 million decreased 25% at constant currency largely due to the cycling of a US$103.2 million one-off, non-cash tax benefit associated with the US tax reform recognised in 1H18.

The effective tax rate for 1H19 on Underlying Profit was 29.0% compared to 27.1% for 1H18. The increase was largely due to the impact of the US tax reform relating to foreign payments, effective from 1 July 2018.

Net finance costs of US$44.4 million decreased by US$8.3 million reflecting the lower coupon rate on the €500 million European medium-term note (EMTN) issued in 1H18, lower debt balances following the HFG Joint Venture (JV) and CHEP Recycled divestments in 2H18 and the cycling of higher interest costs in 1H18 associated with the pre-funding of the EMTN which matured in April 2018.

Basic earnings per share was US20.2 cents, down 25% at constant currency reflecting the same factors as profit after tax.

Average Capital Invested (ACI) was US$5,590.2 million, up 2% at constant currency due to higher capital expenditure to support volume growth, Brexit-related increases in retailer stocking and supply chain programmes. This increased investment was partly offset by a reduction in ACI following the exit of the HFG JV and the repayment of the HFG shareholder loan in 2H18.

Return on Capital Invested was 18.0%, down 0.3 percentage points at constant currency reflecting the Underlying Profit performance outlined above, capital expenditure to support growth, increased investment in US supply chain efficiency programmes and the impact on ACI associated with the exit of the HFG JV in 2H18.

[1] Calculated by translating reported period results into US dollars at the actual monthly exchange rates applicable in the prior corresponding period.
[2] A non-statutory measure that represents profit from continuing operations before finance costs and tax and excludes Significant Items.
[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] A six-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustments for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments.
[5] Underlying Profit multiplied by two and divided by Average Capital Invested.

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Cash Flow Reconciliation

US$m	1H19	1H18	Change
Underlying Profit	504.4	518.1	(13.7)
Depreciation and amortisation	291.5	283.1	8.4
Underlying EBITDA[6]	**795.9**	**801.2**	**(5.3)**
Capital expenditure (cash basis)	(615.9)	(569.2)	(46.7)
Proceeds from sale of PP&E	55.3	69.7	(14.4)
Working capital movement	(49.9)	(22.2)	(27.7)
IPEP expense	53.8	46.2	7.6
Other	(1.8)	(14.5)	12.7
Cash Flow from Operations	**237.4**	**311.2**	**(73.8)**
Significant Items	(3.6)	(14.4)	10.8
Discontinued operations	(1.7)	1.5	(3.2)
Financing costs	(39.8)	(29.0)	(10.8)
Tax expense	(119.2)	(120.7)	1.5
Free Cash Flow[7]	**73.1**	**148.6**	**(75.5)**
Dividends paid	(166.4)	(178.0)	11.6
Free Cash Flow after dividends	**(93.3)**	**(29.4)**	**(63.9)**

Cash Flow from Operations of US$237.4 million, decreased US$73.8 million and included a US$31 million investment in US supply-chain efficiency programmes which was funded by proceeds from portfolio asset actions in FY18. Excluding the impact of this investment, Cash Flow from Operations decreased US$42.8 million largely due to the reversal of US$30 million working capital timing benefits disclosed to the market at the FY18 result and lower first-half asset compensations in CHEP Asia-Pacific and IFCO.

Capital expenditure (cash basis) of US$615.9 million increased US$46.7m on the prior year reflecting investments to support growth and supply chain initiatives. On an accruals basis, capital expenditure increased US$73.3m at constant currency, reflecting:

- A US$51 million increase in pooling capital expenditure driven by investments to support volume growth, particularly in the EMEA automotive business, and US$11 million of additional capital expenditure to support Brexit-related retailer stocking. This increased investment was partially offset by a US$24 million benefit from asset efficiency improvements, particularly in the US Pallets and IFCO Europe RPC businesses; and
- A US$22 million increase in non-pooling capex, largely due to the US accelerated automation programme partially offset by lower spend across the Group.

Free Cash Flow after dividends decreased US$63.9 million over the prior year reflecting the Cash Flow from Operations detailed above and lower cash dividend payments due to a weaker Australian dollar. Higher interest payments were offset by lower Significant Items outflows during the period.

Despite a US$8 million decrease in interest expense during the period, cash interest payments increased US$10.8 million due to the timing of interest payments associated with €500 million EMTN which matured in 2H18 and was refinanced in 1H18.

Net Debt & Key Ratios

US$m	Dec 2018	Jun 2018	Change
Current debt	89.3	91.2	(1.9)
Non-current debt	2,517.5	2,397.1	120.4
Gross debt	**2,606.8**	**2,488.3**	**118.5**
Less cash	(199.6)	(180.2)	(19.4)
Net debt	**2,407.2**	**2,308.1**	**99.1**
Key ratios	**1H19**	**1H18**	
Net debt to EBITDA	1.51x	1.69x	
EBITDA interest cover	17.9x	15.2x	

Net debt was US$2,407.2 million as at 31 December 2018, up US$99.1 million from 30 June 2018 reflecting the Free Cash Flow deficit after dividends in the current period.

Net debt to EBITDA decreased from 1.69 times at 31 December 2017 to 1.51 times at 31 December 2018 which is well below our financial policy to target a net debt to EBITDA ratio of less than 1.75 times. This decrease was largely due to a reduction in net debt following the receipt of the funds in 2H18 from the repayment of the HFG shareholder loan and proceeds from the sale of the CHEP Recycled business.

Net interest cover increased from 15.2 times to 17.9 times reflecting a US$8.3 million decrease in net finance costs outlined on page 4 of this document.

Segment Analysis

CHEP Americas

US$m			Change	
	1H19	1H18	Actual FX	Constant FX
Sales revenue	**1,140.8**	**1,097.4**	**4%**	**6%**
Underlying Profit	**168.2**	**190.0**	**(11)%**	**(9)%**
Average Capital Invested	1,905.8	1,877.3	2%	4%
Return on Capital Invested	**17.7%**	**20.2%**	**(2.5)pp**	**(2.5)pp**

Sales revenue

Pallets sales revenue was US$1,112.3 million, up 6% at constant currency driven by strong price realisation and solid volume growth across the region.

US pallets revenue of US$831.7 million increased 5% and comprised:

- Pricing growth of 3% primarily reflecting pricing actions in response to increased levels of input-cost inflation. Effective price, which includes the impact of transport and lumber inflation-related surcharges recognised as an offset to costs, increased 5%.
- Like-for-like volume growth of 1% largely driven by growth with customers in the beverage and grocery sectors; and
- Net new business growth of 1% driven by current period and prior year contract wins in the SME, grocery and beverage sectors.

Canada pallets sales revenue was US$135.2 million, up 5% at constant currency reflecting strong pricing growth and solid net new wins.

Latin America pallets sales revenue of US$145.4 million increased 14% at constant currency, reflecting strong volume growth with new and

[6] Earnings before interest, tax, depreciation and amortisation: calculated as Underlying Profit after adding back depreciation and amortisation.
[7] Cash Flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.

existing customers in Mexico and Central America and strong price growth across the region.

Containers sales revenue was US$28.5 million, up 21% at constant currency reflecting strong like-for-like volume growth in both the IBC and automotive businesses.

Profit

Underlying Profit was US$168.2 million, down 9% at constant currency due to continued elevated levels of input-cost inflation, increased cost-to-serve due to changes in customer and retailer behaviour, network inefficiencies driven by capacity constraints and increased repair costs associated with increased US pallet quality investment.

In constant-currency terms, volume, price and mix contributions to profit of US$39 million were more than offset by:

- Net transport cost increases of US$22 million, largely in the US pallets business due to sustained levels of high transport inflation and additional transport miles associated with both changing customer behaviour and network capacity constraints;
- Net plant cost increases of US$11 million due to higher pallet repair and handling costs associated with inflation, investments in US pallet quality and the transition from stringer to block pallets in Canada;
- Depreciation expense increases of US$7 million, in line with growth of the pool; and
- Other cost increases of US$17 million driven by a higher cost-to-serve in Latin America and investment in resources across the Americas region to support network efficiencies and improved commercial outcomes.

These cost increases are being addressed by a number of pricing, supply chain and asset efficiency initiatives in the US and Latin America with expected benefits weighted to FY20, FY21 and FY22.

Return on Capital

Return on Capital Invested was 17.7%, down 2.5 percentage points at constant currency reflecting lower profitability in the region and increased capital investment to support growth and US supply chain initiatives, including the accelerated automation programme.

CHEP EMEA

US$m			Change	
	1H19	1H18	Actual FX	Constant FX
Sales revenue	**931.4**	**887.2**	**5%**	**9%**
Underlying Profit	**227.3**	**222.8**	**2%**	**5%**
Average Capital Invested	1,736.9	1,633.0	6%	11%
Return on Capital Invested	**26.2%**	**27.3%**	**(1.1)pp**	**(1.4)pp**

Sales revenue

Pallets sales revenue of US$787.6 million increased 7% at constant currency primarily driven by strong volume growth and solid price realisation across the region.

Europe pallets sales revenue of US$687.3 million increased 6% at constant currency and comprised:

- Net new business growth of 4% reflecting contract wins in both the current and prior period, with particularly strong contributions from the beverage and grocery sectors across Southern Europe and Central & Eastern Europe;
- Price increases of 1% largely reflecting contractual price indexation; and
- Like-for-like volume growth of 1% was modest across the region reflecting broader macro-economic conditions.

Within Europe:

- Southern Europe pallets (comprising Iberia, Italy and Greece) sales revenue was US$196.6 million, up 6% in constant currency;
- Central & Eastern Europe pallets (including Germany, Poland and the Nordics) sales revenue was US$176.9 million, up 11% in constant currency;
- Northern Europe pallets (comprising UK and Ireland) sales revenue was US$168.1 million, up 4% at constant currency; and
- Western Europe pallets (comprising France and Benelux) sales revenue was US$145.9 million, up 2% in constant currency.

Africa, India & Middle East pallets sales revenue was US$100.3 million, up 12% at constant currency reflecting strong price and volume growth in the region.

RPC and Containers businesses contributed US$143.8 million, up 24% at constant currency largely due to strong volume growth with new and existing customers in the European automotive business and Kegstar.

Profit

Underlying Profit of US$227.3 million increased 5% at constant currency as the sales volume, price and mix contribution to profit of US$39 million was partially offset by:

- Net transport cost increases of US$9 million largely due to third-party transport inflation in Europe;
- Net plant cost increases of US$6 million as the impact of lumber cost inflation and higher pallet repair and handling costs were only partially offset by efficiency savings;
- Depreciation expense increases of US$6 million driven by growth of the pool; and
- Other cost increases of US$6 million primarily due a higher cost-to-serve across the region and additional resources to support the delivery of growth and strategic initiatives.

Return on Capital

Return on Capital Invested of 26.2% decreased 1.4 percentage points at constant currency due to lower Underlying Profit margins and higher ACI reflecting capital expenditure to support volume growth, increased investment in the EMEA automotive business and higher unit pallet prices in Europe due to lumber inflation.

CHEP Asia-Pacific

US$m			Change	
	1H19	1H18	Actual FX	Constant FX
Sales revenue	**228.9**	**238.1**	**(4)%**	**3%**
Underlying Profit	**57.2**	**58.9**	**(3)%**	**5%**
Average Capital Invested	423.1	438.2	(3)%	2%
Return on Capital Invested	**27.0%**	**26.9%**	**0.1pp**	**0.6pp**

Sales revenue

Pallets sales revenue was US$172.7 million, up 3% at constant currency predominantly reflecting like-for-like volume growth and modest pricing gains in Australia.

RPC and Containers sales revenue of US$56.2 million increased 1% at constant currency. Growth includes a successful contract renewal in the New Zealand RPC business and volume growth in the South-East Asian automotive businesses.

Profit

Underlying Profit of US$57.2 million increased 5% at constant currency as the sales contribution to profit, the receipt of a one-off government infrastructure grant in the Asia region and the benefit of asset recovery outcomes more than offset transport and wage inflation.

Return on Capital
Return on Capital Invested was 27.0%, up 0.6 percentage points at constant currency largely driven by Underlying Profit margin improvement in the Australian pallets business.

IFCO

US$m			Change	
	1H19	**1H18**	**Actual FX**	**Constant FX**
Sales revenue	**555.3**	**547.8**	**1%**	**5%**
Underlying Profit	**72.6**	**69.3**	**5%**	**9%**
Average Capital Invested	1,540.4	1,567.5	(2)%	1%
Return on Capital Invested	**9.4%**	**8.8%**	**0.6pp**	**0.7pp**

Sales revenue
Sales revenue of US$555.3 million increased 5% at constant currency largely driven by strong volume growth across Europe, Latin America and Asia and solid price growth in North America. This growth was partially offset by a revenue mix change in Europe reflecting an increased proportion of lower revenue/lower cost-to-serve customers following new business wins in the UK. Lower volumes in North America reflected the exit from unprofitable contracts and crate availability constraints during peak harvest periods.

Regional contributions were as follows:

- Europe sales revenue of US$402.0 million, up 7% at constant currency;
- North America sales revenue of US$113.6 million, down 5% at constant currency; and
- Other regions (comprising South America and Asia) sales revenue of US$39.7 million, up 13% at constant currency.

Profit
Underlying Profit of US$72.6 million increased 9% at constant currency driven by the sales contribution to profit, the delivery of transport efficiencies in the European business and a US$2 million net benefit associated with movement in provisions. This was partly offset by cost inflation and network inefficiencies in North America due to lower volumes.

Return on Capital
Return on Capital Invested was 9.4%, up 0.7 percentage points at constant currency largely driven by capital efficiencies and margin improvements in Europe.

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Background Information

US$m	1H19	1H18	2H18	FY18
Sales revenue				
CHEP Americas	1,140.8	1,097.4	1,081.9	2,179.3
CHEP EMEA	931.4	887.2	928.7	1,815.9
CHEP Asia-Pacific	228.9	238.1	237.0	475.1
IFCO	555.3	547.8	550.0	1,097.8
Continuing operations	2,856.4	2,770.5	2,797.6	5,568.1
Underlying EBITDA				
CHEP Americas	294.4	310.9	268.5	579.4
CHEP EMEA	312.7	304.1	308.1	612.2
CHEP Asia-Pacific	81.8	84.9	79.0	163.9
IFCO	126.7	123.8	124.6	248.4
Corporate	(19.7)	(22.5)	(33.7)	(56.2)
Continuing operations	795.9	801.2	746.5	1,547.7
Depreciation of property, plant and equipment				
CHEP Americas	120.7	115.7	118.2	233.9
CHEP EMEA	83.8	80.0	84.5	164.5
CHEP Asia-Pacific	24.3	25.6	25.9	51.5
IFCO	46.9	47.3	53.1	100.4
Corporate	0.4	0.4	0.3	0.7
Continuing operations	276.1	269.0	282.0	551.0
Amortisation of intangibles				
CHEP Americas	5.5	5.2	5.7	10.9
CHEP EMEA	1.6	1.3	0.8	2.1
CHEP Asia-Pacific	0.3	0.4	0.3	0.7
IFCO	7.2	7.2	7.6	14.8
Corporate	0.8	-	-	-
Continuing operations	15.4	14.1	14.4	28.5
Underlying Profit				
CHEP Americas	168.2	190.0	144.6	334.6
CHEP EMEA	227.3	222.8	222.8	445.6
CHEP Asia-Pacific	57.2	58.9	52.8	111.7
IFCO	72.6	69.3	63.9	133.2
Corporate	(20.9)	(22.9)	(34.0)	(56.9)
Continuing operations	504.4	518.1	450.1	968.2
Operating profit				
CHEP Americas	168.2	188.1	106.2	294.3
CHEP EMEA	227.3	221.5	221.3	442.8
CHEP Asia-Pacific	57.2	58.8	52.6	111.4
IFCO	72.6	69.3	100.6	169.9
Corporate	(26.4)	(24.3)	(36.6)	(60.9)
Continuing operations	498.9	513.4	444.1	957.5

Brambles

US$m	1H19	1H18	2H18	FY18
Capital expenditure on property plant and equipment (accruals basis)				
CHEP Americas	264.6	237.6	275.1	512.7
CHEP EMEA	250.4	204.2	224.4	428.6
CHEP Asia-Pacific	32.8	33.3	37.6	70.9
IFCO	88.5	116.8	63.2	180.0
Corporate	0.6	0.5	(0.2)	0.3
Continuing operations	636.9	592.4	600.1	1,192.5
Cash Flow from Operations				
CHEP Americas	70.0	91.9	127.2	219.1
CHEP EMEA	65.8	114.7	196.0	310.7
CHEP Asia-Pacific	35.9	45.5	65.3	110.8
IFCO	97.2	77.4	81.4	158.8
Corporate	(31.5)	(18.3)	111.3	93.0
Continuing operations	237.4	311.2	581.2	892.4
Average Capital Invested				
CHEP Americas	1,905.8	1,877.3	1,916.7	1,897.0
CHEP EMEA	1,736.9	1,633.0	1,746.4	1,689.7
CHEP Asia-Pacific	423.1	438.2	437.4	437.8
IFCO	1,540.4	1,567.5	1,600.7	1,584.1
Corporate	(16.0)	129.9	51.9	90.9
Continuing operations	5,590.2	5,645.9	5,753.1	5,699.5
Return on Capital Invested				
CHEP Americas	17.7%	20.2%	15.1%	17.6%
CHEP EMEA	26.2%	27.3%	25.5%	26.4%
CHEP Asia-Pacific	27.0%	26.9%	24.1%	25.5%
IFCO	9.4%	8.8%	8.0%	8.4%
Continuing operations	18.0%	18.4%	15.6%	17.0%
Number of pallets, RPCs and containers – net, after Irrecoverable Pooling Equipment Provision (millions of units)				
CHEP - Americas				
- Pallets	140	142		139
- Other	1	1		1
Total CHEP Americas	141	143		140
CHEP - EMEA				
- Pallets	134	125		126
- Other	22	18		20
Total CHEP EMEA	156	143		146
CHEP Asia-Pacific				
- Pallets	25	23		24
- Other	7	6		6
Total CHEP Asia-Pacific	32	29		30
IFCO - RPCs	304	294		294
Total	633	609		610
Number of pooling equipment purchases (millions of units)				
CHEP - Americas				
- Pallets	11	11	12	23
- Other	-	-	-	-
Total CHEP Americas	11	11	12	23
CHEP - EMEA				
- Pallets	15	14	11	25
- Other	2	1	3	4
Total CHEP EMEA	17	15	14	29
CHEP Asia-Pacific				
- Pallets	1	1	1	2
- Other	1	-	1	1
Total CHEP Asia-Pacific	2	1	2	3
IFCO - RPCs	21	25	12	37
Total	51	52	40	92