Open Briefing®

Event Transcript

Company: Brambles Limited
Title: 2017 AGM
Date: 18 October 2017

Start of Transcript

Stephen Johns: Good afternoon, ladies and gentlemen. My name is Stephen Johns, your Chairman; it's my pleasure to welcome you today and to declare the 2017 Brambles AGM open. There are copies of the Notice of Meeting and of the Minutes of our last AGM in the registration area. With your agreement, I propose to take the Notice of Meeting as read. Thank you.

I'd now like to introduce your Directors and Seniors Executives; from my far left, Scott Perkins, Brian Long Chairman of our Audit Committee, Carolyn Kay, our Chief Financial Officer, Nessa O'Sullivan, and our Chief Executive Officer, Graham Chipchase. Then from my far right, George Zoghbi, Tahira Hassan, David Gosnell, Tony Froggatt, the Chairman of the Remuneration Committee, and Robert Gerrard, our Group Company Secretary.

Nessa was appointed during the year and stands for election today. Tahira, Brian and I stand for re-election. All Directors standing for election or re-election have the unanimous and full support of their colleagues on the Board. Also with us today, sitting here in the front row, are Sue Horlin and Eliza Penny from our external auditors, PricewaterhouseCoopers.

We will be holding a poll on all the Resolutions before this meeting and I'll now open the poll. Any shareholders leaving early may place their completed voting cards in the ballot boxes by the exit doors. I'll explain the voting procedure when we reach the formal part of the meeting. After I've spoken, I'll hand over to Graham Chipchase to provide his CEO address, and then Tony Froggatt will review our remuneration policy. After Tony's report, I'll respond to the most frequently asked shareholder questions which we received before today's meeting. I will then take questions from the floor before we move onto the formal items of business. We're webcasting this meeting for the benefit of those shareholders who could not attend in person and we will retain an archive version of that webcast on our website.

Ladies and gentlemen, it's a privilege to address you today as Brambles Chairman. I'd like start my address with an overview of where our Company is today and the environment in which we operate. Brambles is the world's leading provider of logistic solutions through the provision of re-usable platforms such as pallets, crates and containers for shared use by a wide range of participants in supply chains globally. In terms of numbers, we own and manage approximately 590 million pallets, crate and containers which service customers in more than 60 countries. Our operations are supported by Brambles 14,000 employees and our network of over 850 service centres. Our operating model is underpinned by our superior network advantage and industry-leading logistics expertise and we play an integral role in enhancing the safety, efficiency and sustainability of our customers' supply chains.

Today we operate in a challenging environment characterised by increasing competitive intensity, ongoing macroeconomic uncertainty and a customer base navigating the challenges of a rapidly-evolving retail landscape and changing consumer behaviour. In this context I will now address our performance in FY17, which was a very challenging year for Brambles.

We entered FY17 with confidence and strong momentum following a very successfully FY16. Unfortunately, unexpected challenges in our largest business, US Pallets, developed towards the end of the 2016 calendar year. These impacted our overall financial performance and led to the lowering of the Company's FY17 guidance in February 2017. Our CEO, Graham Chipchase, will discuss the FY17 financial performance in more detail in his address. The flow-on effects of these issues on the Group's projects for FY18 and FY19, coupled with the need for greater financial flexibility to enable our businesses to meet the evolving needs of customers and maintain our network advantage, the principle reasons for the Board's decision to withdraw the FY19 financial targets which we originally announced to the market in December 2013. This decision, which was certainly not taken lightly, also recognised the reality of the changing operating conditions and increasingly competitive landscape in our major markets. The Board declared total dividends for the year of AUD0.29 per share in line with 2016. Franking on the final dividend increased to 30%, from 25% for the 2017 Interim Dividend, reflecting a change in the portion of off-shore earnings.

As we move forward we have reason to be confident; the fundamentals of all of our businesses remain strong, and our strategy is the focus on the core drivers of value. As a result, Brambles is well-positioned to face challenges and capitalise on opportunities. We are committed to leveraging our global scale and industry-leading expertise as we collaborate with customers to build the supply chains of the future. We seek to deliver growth and operational excellence in our core pallet RPC and container pooling businesses by focussing on our five core drivers of values, which are, strengthening our network advantage, delivering operational and organisational efficiencies, driving disciplined capital allocation and improved cash generation, innovating to create new value, and developing world-class talent. Graham Chipchase will discuss our strategic priorities in greater depth in his address.

FY17 was also a year of transition and renewal; we welcomed Graham Chipchase and Nessa O'Sullivan to Brambles, with Graham taking over as CEO on 20 February, and Nessa becoming CFO on 17 November 2016. Since joining Brambles, Graham, with the Board's full support, has restructured the Executive Leadership team and outlined the strategic priorities I have previously mentioned.

The new Executive Leadership team reflects a flatter organisational structure, the global nature of our Company, and a greater balance between operational and functional leadership. This team brings together Executives combining decades of experience to Brambles and fresh perspectives. In accordance with our more focussed strategy, Graham in August 2017, announce the intention to divest our North American non-pooling pallets business, CHEP Recycled. This sale process is now underway and we expect it to be completed within the current fiscal year. Previously we had also divested the Aerospace business in November 2016, and finalised our Oil and Gas Joint Venture, Hoover Ferguson Group, in October 2016.

We are very proud of our sustainability achievements during the year and our solid progress towards our 2020 sustainability goals. Starting with safety, the professionalism of our people, and deeply embedded safety culture, have helped us to continue to reduce workplace injuries, down 32%, over the prior year, with no fatalities in our operations during the year. We continue to leverage our industry-leading expertise to help customers reduce costs and deliver on their own sustainability commitments. During the year, the use of our share and reuse business model, coupled with over 200 customer collaboration initiatives, saved 1.6 million trees and eliminated more than 2.5 million tons of CO_2 and 1.4 million tonnes of waste from supply chains around the world.

Looking to our own supply chain, we are pleased with our progress towards our 2020 target of 100% of global timber coming from certified sources. In FY17, the percentage of timber procured from certified sources increased by 2.1 percentage points to 99.1%. Our talent management and learning programs gained great momentum, with 78% increase in training days per employee for the year. In keeping with Brambles strong commitment to inclusion and diversity, our leadership development programs included activities that focussed on understanding the impact of non-inclusive behaviours and unconscious bias in the workplace.

Brambles business model, sustainability program and strong approach to corporate governance are consistently recognised as best practice by leading ratings institutions that benchmark our performance in these areas against other globally listed companies. Most notably, Brambles was recently ranked the top performing company by the Dow Jones Sustainability Index in our industry category for 2017. Further information on our performance against our 2020 sustainability goals is available on Brambles website and in Brambles 2017 Sustainability Review which was published on 27 September. Copies of this review are available in the foyer.

Before addressing Board changes and actions during the year, I'd like to acknowledge shareholders' disappointment of the Company's FY17 performance. This disappointment is reflected in the lower level of shareholder support for some of this year's resolutions to be considered at today's meetings. I want you to understand that the Board also shares your disappointment and is united in overseeing the effective management of the Company on behalf of you, our shareholders.

In light of the FY17 financial and share price performance, the Board exercised its discretion in determining Executive remuneration for the year. Specifically the Board made the decision to not pay any FY17 short-term incentive cash award to the former CEO and the former Group President of CHEP Pallets and to reduce the FY17 cash award for the former Chief Financial Officer. The Board has also approved a number of changes that strengthen Bramble remuneration policy to further align it with the Company's strategy and the interest of shareholders. These changes will be explained in more details by the Chairman of the Remuneration Committee, Tony Froggatt, when he addresses you shortly.

We are fortunate to have a very strong and stable Board of Directors that represents a balance of industry, logistics, finance and international expertise. In addition, we have had an appropriate level of Board renewal, with half of our non-Executive Directors having been appointed during the last four years. Following the CEO transition, Graham was appointed to the Board on 20 February 2017, and Nessa was appointed to the Board on 24 April 2017 in her capacity as CFO. More recently, we announced Christine Cross's retirement as a non-Executive Director, effective 31 August 2017. Christine, who resides in the UK, decided to reduce her travel commitments and focus on her European directorships and consultancy business. On behalf of the Board, I thank her for her valuable contribution over the past three and a half years.

As I mentioned earlier, Tahira Hassan, Brian Long, and I are standing for re-election, in addition, Nessa O'Sullivan, who was appointed to the Board in April this year, is standing for election to the Board. Each of us will address the meeting prior to our respective resolutions being put to a vote.

To conclude I'd like to reiterate that the Board takes its responsibilities and fiduciary duties towards shareholders and their interests very seriously. I would also like to assure you that your Board holds itself accountable for providing appropriate stewardship for the Company. I'd also like to thank all of our employees for their efforts over the past year and you, our shareholders, for your attendance at this year's AGM and for your ongoing support for Brambles.

I'll now hand over to our CEO, Graham Chipchase. Thank you.

Graham Chipchase: Thank you Stephen, good afternoon everybody. As this is my first time addressing you at a Brambles AGM, I want to take this opportunity to outline my vision for Brambles, and the strategic priorities we've identified as the core drivers of value for you, our shareholders, for our customers, and for our employees. But before I do, I'd like to take you through our Fiscal 17 financial performance and our Fiscal 18 first quarter trading update which was announced to the market this morning.

Starting with our Fiscal 17 performance; constant currency sales revenue growth of 6%, reflected growth across all of our operating segments with particularly strong contributions from our IFCO RPC businesses and pallet businesses in Europe and Latin America. While sales revenue growth was solid, underlying profit was broadly flat, as competitive and direct-cost pressures in the US pallets business more than offset earnings growth across our other businesses. These challenges in US pallets also impacted our return on invested capital metric, which declined 2.3 percentage points to 17%. Profit after tax declined 23%, at constant currency, largely due to the US$120 million non-cash impairment of our investment in the HFG joint venture. This impairment reflects the challenging operating conditions in the global oil and gas sector which continues to adversely impact the financial performance of this business.

The US$262 million loss in discontinued operations primarily related to the US$243.8 million non-cash impairment of CHEP Recycled; following the announcement of our intention divest this business during the 2018 Fiscal year. Our balance sheet remains strong. As reflected in our two key financial ratios, net debt to EBITDA of 1.73 times and EBITDA interest cover of 15 times for the year. Both metrics remain within the Company's policy and well within the levels required by our banking covenants. We continue to have significant headroom in our undrawn credit facilities and maintain our solid investment grade rating of BBB+ from Standard and Poor's, and BAA1 from Moody's. Our recent successful EUR500 million, European medium term note issue in September 2017, highlights our ability to access capital markets and issue long-term debt at attractive interest rates to high-quality investors.

Turning to our trading performance in the first quarter of the 2018 Fiscal year, constant currency sales, revenue growth of 6% was solid and in line with our expectation for mid-single digit revenue growth through the cycle. Our pallet and RPC businesses in Europe are expanding strongly and we continue to make good progress in emerging markets, such as Latin America. It's also pleasing to see the momentum established in our US pallets business during the last quarter of Fiscal 17 continued into the first quarter of this year. That said, we continue to operate in a challenging operating and competitive environment with cost pressures across our portfolio, particularly in our US pallets business. In this context, we're focussed on leveraging our global expertise to mitigate network cost inflation and strengthen our competitive advantage.

Our vision remains largely unchanged; we continue to aspire to be the world-leading provider of supply chain logistic solutions, enabling our customers to make supply chains more efficient, safe and sustainable. While we recognise that our customers' primary requirement is for high-quality platforms to be where they need them and when they need them, when we refer to supply chain solutions, I believe it's about our unique market insights and logistics expertise to deliver value-enhancing services and products that meet the rapidly evolving needs of our customers.

Strategically, we have become more focussed on our core pallet RPC and container pooling businesses, as evidenced by the corporate action Stephen mentioned earlier. This includes the recent announcement of our intention to divest the CHEP Recycled business, which is non-core to our business model.

Brambles generates value through a virtuous circle that leverages its network advantage of scale, density and expertise to achieve superior operational efficiencies. These operational efficiencies in turn generate cash flow that could be either returned to shareholders or reinvested in the business to fund growth, innovation and the development of our people. By providing customers with supply chain solutions in over 60 countries, Brambles offers shareholders exposure to geographically diversified earning streams, primarily from the global consumer staple sectors. For you as our shareholders, this offers an investment that displays both inherent defensive qualities and real opportunities for growth.

By focussing on our core drivers of value, which I will outline shortly, we expect to deliver sustainable growth and returns well in excess of the cost of capital. This includes delivering through the cycle sales revenue growth in the mid-single digits, underlying profit growth in excess of sales revenue growth, return on capital invested in the mid-teens, and strong cash generation to fund growth, innovation and shareholder returns.

Before addressing our strategic priorities in detail, I think it's important to set out the operating and competitive landscape in which Brambles operates today. With a predominant exposure to the consumer staple sectors, we operate in the global retail industry which is experiencing a rapidly accelerating pace of change. The emergence of ecommerce, omni-channel formats and hard discount retailers, has challenged established retail business models and placed Brambles manufacturing and retailing customers under increasing margin and cost pressures. In turn, our customers are seeking to recoup costs from their supplies, including CHEP and IFCO.

From a competitive perspective, in every major market in which we operate, we face well-funded, viable pooling competitors, attracted by the industry by healthy returns. Simultaneously we also continue to face competition from single use alternatives, such as cardboard in the RPC businesses and non-proprietary whitewoods recycled pallets in our global pallets businesses. In this operating context, our businesses are facing increasing competition and in some regions structurally higher network costs. We need to actively address these challenges through investment in innovation, a differentiated service offering, superior asset quality and the delivery of additional organisational and operational efficiencies.

It is with this operating and competitive context in mind that we have identified five core drivers of value, which we believe will ensure we maintain our competitive advantage and continue delivering a superior value for our customers, employees and our shareholders. So looking at each driver in turn; our network advantage, which comprises the scale and density of our customer and service centre network, is critical to our value proposition for both customers and investors. We are committed to growing and strengthening our network advantage by investing in platform quality and innovative value enhancing solutions to drive the ongoing conversion of customers to our pooled solutions. Within a challenging, competitive and operating landscape, it is imperative that we focus on delivering operational and organisational efficiencies to offset competitive and structural cost pressures.

In addition to our ongoing efforts to deliver supply chain efficiencies, and optimising our network for changing customer dynamics, we have identified a number of opportunities to leverage our global scale and share best practice throughout the Group to deliver cost savings across our operations. Consistent with our more focussed strategy, we will drive disciplined capital allocation by directing our investment towards our core pallet RPC and container pooling businesses, as well as innovation. Improving our cash flow generation is a key strategic objective for Brambles. Through our increased focus on improving asset utilisation, reducing equipment loss and lowering equipment damage rates, we will seek to generate sufficient cash to fully fund both dividends and reinvestment in the business.

In a world of rapidly accelerating change, innovating to create new value for our customers is core to the sustainability of our business model and competitive advantage. Faced with the expansion of ecommerce and omni-channel retail formats, we need to develop new customer solutions which increase sales, provide greater market insights and improve operational efficiencies for our customers. In the omni-channel space, we have a number of last-mile solutions which encompass a range of fractional pallets that facilitate promotional display and faster replenishment in smaller store formats. In ecommerce, we're in active conversations with key retailers to identify the key opportunity gaps in their supply chains and develop standardised solutions which will improve the efficiency of inbound and outbound product movements.

As always, we also continue to assess new developments in material science so that we remain at the forefront of delivering the highest quality and most durable platforms to our customers. Our investment in technology includes our commitment to allocate US$17 million in Fiscal 18 to our BXB Digital business. BXB Digital is applying technology to collect and transform data into services that track goods, optimise operations and improve supply chain efficiency. As an example, we placed digitised devices in banana crates in South Africa which allowed a customer to monitor, for environmental factors such as air flow and temperature, and to gauge the impacts on banana quality. This trial proved that the use of a banana crate in comparison with cardboard packaging reduced product damage in transit, improved product quality and increased sales.

Lastly, successfully attracting and developing world-class talent is integral to Brambles ongoing success. Our key priorities for our employees are safety, engagement and capability. We have a strong commitment to a zero harm working environment and fostering an inclusive and diverse organisation. We are also committed to encouraging a culture of agility and innovation, where employees can grow their skills and capabilities through comprehensive world-class development programs. In particular, it is fundamental to our business model that our people develop their supply chain logistics expertise. We support this by ensuring that we have programs in place that leverage the Group's historic knowledge and technical knowhow which has been developed over the past 70 years. I firmly believe that if we can ensure our people have the right skills and operate within the right culture, our customers will win and so in turn will our shareholders.

In conclusion, Brambles is a strong business with an inherently sustainable business model that offers shareholders the opportunity for both growth and long-term attractive returns. We have market-leading positions, a clear network advantage, and a high performance culture with a clear focus on delivering value for our customers. Looking forward, we are focussed on delivering our commitments to operational excellence, growth and innovation, within the context of disciplined capital allocation. We expect our focus on our core drivers of value to deliver sustainable growth at returns well in excess of the cost of capital and improved cash generation to fund growth, innovation and shareholder returns.

I'll now hand back to Stephen.

Stephen Johns: Well thank you Graham. I'll now hand over to Tony Froggatt, the Chairman of our Remuneration Committee, to discuss our remuneration policy in more detail. Thank you, Tony.

Tony Froggatt: Thank you Stephen. Good afternoon, ladies and gentlemen. Today I will cover five key topics; how Brambles Executive remuneration is structured, the remuneration outcomes for Fiscal 17 include share-vesting, the key decisions the Board has made in relation to short-term incentive payments, or STIs, the proposed changes to our remuneration policy, and lastly, I'll provide you with an update on our Employee Share plan, MyShare.

Before outlining the executive remuneration structure, I believe it is important to reiterate the key objectives of our Executive remuneration policy. These are to attract and retain the right talent, to reinforce business strategy and to pay out for performance and results and creation of shareholder value. The Chairman and I met with proxy advisors and major shareholders in 2017 to seek feedback on Brambles remuneration policy, including the proposed changes which I will cover later in my presentation.

So how is Executive pay at Brambles structured? There are two categories of remuneration which are fixed and at-risk. As you can see on the slide, more than 75% of Executive remuneration is at-risk, meaning it is only delivered if stretch targets are achieved. The pie chart shows how remuneration would break down in a year where maximum targets were met. Fixed salary and benefits represent 24% of potential; at-risk STIs, which are determined by a combination of financial results and achievement of personal objectives, represents 44% of potential. Half of the at-risk STI is given in cash while the other half converts to shares which are deferred for two years. At-risk long-term incentives, or LTIs, represent 32% of potential and comprise an award of performance shares with payment conditional on meeting stretch results over three years. This year's incentive payments were substantially lower than in prior years reflecting the Company performance and demonstrating that Executives would only be rewarded when required business results are achieved.

Turning to the remuneration outcomes for Fiscal 17, in October 2016, across the leadership team, the average base salary increase was 3%, ranging from 1.5% to 5%, which aligned with our 3% Company-wide average. The former CEO and former CFO received salary increases in October 2016 which reflected the fact that the CEO remained in post until mid-February and was then employed until the end of June 2017, and the CFO was employed until the end of February 2017. Part of their increases reflected the fact that they elected not to receive a pay increase in 2016. Annual incentives, or STIs, were below target level for the year, resulting generally between 21% to 58% of potential bonus, with a number of Executives receiving no STIs.

LTIs awarded in 2014 partially vested in 2017 at 20% with only the sales revenue growth to BVA component vesting. The TSR component did not vest. Taking into account the Company's results during the annual fee review in June 2017, it was decided there would be no increases in the Chairman's fees or NED fees for the 2018 financial year.

I also wanted to address the STI outcomes for the former CEO, CFO and the Head of our global pallets business. Having regard to the overall performance of the Company during Fiscal 17 and the Company's remuneration policy, the Remuneration Committee and Board determined not to pay any STI cash awards for Fiscal Year 17 to the former CEO and former Group President of CHEP Pallets, and to reduce the STI payments for other Executives, including the former CFO. A full review of our remuneration strategy was conducted in April 2017 and recommended a number of changes to our current policy and structure, which I will now outline, starting with the recommended changes to our STI plan from Fiscal Year 18 onwards.

The principle changes have been driven by a move away from the use of Brambles' value-added, or BVA, an economic value-added measure that has been in place since 2002. BVA is a complex measure and has limited relevance to Executives at lower levels of the Brambles organisation. The committee endorsed a proposal to use measures that have a clearer line of sight for all Executives, namely the use of underlying profit for the annual incentive plan. In additional to the replacement of BVA, by an underlying profit measure, the amount of annual bonus that is determined by the achievement of financial objectives, will be increased from 70% to 80%, thus placing a greater emphasis on the achievement of financial results. All Executives will also have a measure based on Brambles Group-free cash flow to emphasise the importance of cash generation to the business.

Turning to the LTI component of our Remuneration structure, we are seeking shareholder approval today for proposed changes to the Brambles Performance Share Plan, as well as Graham Chipchase and Nessa O'Sullivan's participation in the plan. I'd like to emphasise that the changes I am about to outline will take effect from Fiscal Year 18 onwards and will not apply to the existing LTI planned structure of targets for LTI grants that have been made in prior years. As Brambles operates in over 60 countries and more than 90% of our revenue is from locations outside of Australia, we are proposing to include an international comparator index against which TSR will measured, in addition to retaining measurement against the ASX100. This global index is the MSCI World Industrials. In addition, we're also proposing to amend our internal LTI measure, known as the LTI Matrix, from annual sales growth rate to BVA, to annual sales growth rate to return on capital, or ROCE, to provide a greater level of transparency for investors.

This slide summarises the proposed changes to the LTI plan. Please note there will be no changes to the existing LTI plan structure or targets for LTI grants that have been made in prior years. We are also proposing a number of changes to Executive Shareholding requirements to ensure that they reflect market practice and continue to ensure that our Executives build a meaningful stake in the Company. These changes are outlined in the Remuneration Report but the two key changes are that the CEO's shareholding guideline will be increased from 100% to 150% of base salary to be built up over five years, and ELT members will not be permitted to sell shares other than to pay tax requirements until they have achieved 100% of their shareholding requirements.

Brambles is proposing to strengthen its existing claw-back arrangements to broaden the circumstances in which the Board can exercise discretion to cancel STI and LTI share awards which have been granted but which have not vested. These circumstances include; protecting the financial soundness of the Company, to deal with exceptional events which have a material impact on the value of the Company, where there is a material inaccuracy in the assessment of a participant's performance and where a participant has engaged in conduct which adversely effects the financial position or reputation of the Company. These changes will give the Board greater flexibility when making decisions relating to an individual's performance the number of STI and LTI awards to which they should be entitled.

Turning now to our Employee Share Plan, MyShare; MyShare is a globally consistent Employee Share Purchase program which encourages employees to purchase shares in their own Company. Under the plan, employees are able to make a maximum annual post-tax contribution of A$5,000 to purchase Brambles shares. If these acquired shares are held by the employee for two years, they are matched one to one by Brambles. Through MyShare our employees now own 3.65 million Brambles shares.

In conclusion, Brambles Remuneration Strategy continues to support the business strategy. The proposed changes will further strengthen the alignment between Executives and shareholders. Our Remuneration Policy is designed to reward Executives for the creation of shareholder value and, as demonstrated, Executives will only be rewarded where business results are delivered.

Thank you.

Stephen Johns: Thank you Tony. Ladies and gentlemen, before moving to the formal part of the meeting, I'll now answer questions from shareholders. First, I'd like to respond to the main topics in the questions raised by shareholders using the form provided with the Notice of Meeting. We received a number of questions on our Remuneration Policy and our Remuneration Outcomes and I believe Tony has addressed the issues raised by those questions during his report. There are some questions about whether there was any intention to carry out any share buybacks; the Board does monitor our capital structure on a regular basis but we currently have no plans to undertake a buyback program.

We also received questions about our new corporate office in London. To recap, in February this year we announced we would open a London office; the purpose of this was to allow Graham, Nessa and other senior Executives to be closer to the majority of Brambles operations which are conducted in the Northern Hemisphere. Reflecting our listing on the ASX we are maintaining our Australian corporate head office in Sydney. However the size of this office will be reduced to reflect the relocation of staff, or a number of our staff, to London. Our major business units have their own head offices and these are located in the USA, the UK, Germany and here in Sydney.

Finally we received a few questions regarding the election, or re-election of certain Directors, which I will address when we consider the relative item of business.

As I mentioned earlier, Sue Horlin and Eliza Penny, who are sitting in the front row here, from our external auditors, PwC, are available if any shareholder wishes to ask them any questions about the conduct of PwC's audit, their audit report, the Company's accounting policies or the auditor's independence.

Ladies and gentlemen, I'll shortly take questions from the floor. I remind you that only shareholders or their proxies or company representatives are entitled to speak at this meeting. If you'd like to ask a question, please approach the microphone, show your red voting card or yellow non-voting shareholder card, and give the attendant your name. If you are unable to get to a microphone, then please raise your hand and an attendant will bring a microphone to you.

To maximise the opportunity for all shareholders, I request that you ask only one question at a time, and also that if you have questions on remuneration, if you could leave that until the relevant item, which is Item two on the Agenda.

Thank you very much - now open for questions. The microphone over here.

[Unidentified Company Representative]: Mr Chairman, I would like to introduce Miss Mary Curran.

Stephen Johns: Welcome Mary, good to see you again.

Mary Curran: (Australian Shareholders Association, Shareholder) Thank you and good afternoon. My name is Mary Curran, you probably know me, I've spoken at a number of Brambles AGMs. Thank you for the presentation; I'm a long-term sad shareholder in my self-managed super-fund and a volunteer Company monitor for the Australian Shareholders Association, ASA. Today I represent 301 shareholders and approximately 1.4 million shares. I welcome our new CEO and CFO.

My first question is to Mr Chipchase. I should add at this juncture a comment that I am concerned about his second job, namely a non-Executive Director at a global company, AstraZeneca, earning about a million dollars a year. I think we need his full attention here, as Total Shareholder Return, TSR, is dismal. In fact we've had a pallet-full of poor returns. TSR for the year to date is minus 17% and for 10 years, minus 0.8%, and then the news this morning of a possible Class Action. Page 7 of the Annual Report states, and indeed your slides this morning, we should expect long-term value creation and superior shareholder returns. Despite your good words, could you please interpret this statement for me in terms of shareholder return going forward? I note you have the experience as AstraZeneca shares fell 16% in July this year, due to the Mystique drug study. Let's hope there's not too much mystique about pallets and crates. Thank you.

Stephen Johns: Mary, I'll respond to these questions through the Chair and thank you for that. Firstly, as I said in my address, we do recognise that it's been a disappointing year, some of the statistics you mentioned about Total Shareholder Return, we're well aware of and it was also reflected in the Remuneration Outcomes for our senior people. So let me say that over many years up until FY17 we had very good results and good shareholder returns and we certainly hope and expect to return to those in the future years. And as Graham has said in his address, that we've got excellent businesses, they're well placed in their respective markets and we would look for revenue growth around the 5%/6%7% mark with leverage to the bottom line going forward through the cycle. So we are looking for a return to very, very good figures and very good performance.

I'd also just like to point out that whilst this year was a very disappointing one and there's no question about that, and our share price reflects that, we had a 3% reduction in underlying profit but in constant currency, after you take away the foreign exchange, we had a 1% reduction. So we didn't - the context is not one of going from a very profitable Company to a very unprofitable Company; what we did do, we didn't meet our own expectations and we didn't meet the expectations that we had foreshadowed to the broader market.

You raised the question about AstraZeneca. I'm well aware that Graham is a director there. We think that's actually a positive. He has got exposure to a major international public company, he's the chairman of the remuneration committee there, and he has very good insight into all the latest remuneration policies, strategies, and practices in the Northern Hemisphere, and in fact, around the globe.

I think that there can be a lot of arguments as to whether an executive - a senior executive - should take an outside board position, probably not more than one at that, and that's an argument or a discussion which is worth having. I think there can be tremendous learnings for our Company, and the benefits of those experiences he can bring to us, providing it does not in any way impinge on his duties at Brambles, and we have that under very strong agreement, that if for any reason he were unable to fulfil his duties properly at Brambles because of AstraZeneca, he would relinquish that board position. But that's not the case, and I think we get the benefit of his involvement on that board.

Mary Curran: (Australian Shareholders Association, Shareholder) Yes. It just worries me a bit that, obviously, AstraZeneca has had problems of its own, and he may need to devote more time to that. As I said, I'm really keen that this Company is turned around for the shareholders, and that our total shareholder return goes at least into some sort of positive territory, that the shareholders can see some light at the end of the tunnel. I think a lot of work is required. So, I'm hoping he's very fit and ready to do that, because certainly, we need all hands on deck, as far as I'm concerned.

Stephen Johns: Mary, I think we agree with you 100% on that, and we've no doubt - the Board supports Graham in what he does, across the board, and we know that he devotes a tremendous amount of time, effort, and he is doing an excellent job. I think you've seen this morning's trading update - or maybe you haven't - but we had a positive reaction to our first quarter trading update.

We're a very good company. Yes, we need a lot of work from all of our senior executive team, and I can assure you that the Board will be reviewing that very carefully to make sure that happens.

Mary Curran: (Australian Shareholders Association, Shareholder) Yes. Well, I would be delighted personally, because my self-managed super fund, would look a lot healthier. Thank you.

Stephen Johns: Thank you. Are there any other questions?

[Unidentified Company Representative]: Mr Chairman, I'd like to introduce Kerry [Bible].

[Unidentified Audience Member]: Thank you very much for the presentation. I thought it was very clear and easily understandable. You mentioned that you made more profit in the emerging markets, and the US was a disappointment. I presume that you're referring to the [PECO] - I presume it's pronounced that way - where you've lost a lot of business to them, and margins have been squeezed.

So, my question is, are you going to concentrate more on the profitable sectors such as the emerging markets, and more or less give the US market a bit of a side-step?

Stephen Johns: Oh, definitely not. Definitely not.

[Unidentified Audience Member]: Well, you know, if the US is not doing well, and some of the reports said that you've stumbled, and I quote those words, in the US, and you mentioned you were going to strengthen your competitive advantage there - well, you don't seem to have much of a competitive advantage if you've lost a lot of business, and the margins have gone. So, I don't know, why not concentrate on something that's going to make you more money?

Stephen Johns: Kerry, can I just respond to that in a broader sense? We have a number of businesses around the world, in pallets, RPCs - reusable plastic crates - and containers. The US pallet business is our biggest profit and loss, and is very important to us. It's certainly not a market that we would ever think about side-stepping, to use your word.

We had certain issues in that market, challenges in that market, which we've detailed. We talked about those at our half-year presentation, and also at our full-year profits presentation and I think Graham has also alluded to those in detail, some of those, in his speech today.

Yes, we have issues there. PECO is one of our competitors there. It's our main competitor in North America. But it's important to note, and I really want to stress this for all of our shareholders, that Brambles has got a very strong market position in almost every market we're in, and certainly in the US market, we are the strongest player by far. We're the strongest player in the European market, in the United Kingdom market, here in Australia, South Africa.

We have very, very strong positions, but we have competitors in each of those markets, and those competitors are often very good competitors. They've often well-capitalised, and they do look at our very, very strong returns, and they compete for some of our business. We did not lose a huge amount of business to PECO. I'll let Graham make some comments on those in more detail.

Certainly, PECO affected us, and we had to be very competitive to retain business. In fact, we won some business from them by being very competitive, and that's what we've got to do. It's actually good. We're not a monopoly, and we don't want to be a monopoly. We can't be a monopoly, and we have competitors, and we will compete with them, and we will use our advantage. We have many advantages because of our strong market position, with network advantage and the like.

So, looking forward, as I said, and also Graham said, and I'll hand over to him very quickly, we have got good business which are - and the strength of those businesses are well and truly intact. Yes, we had challenges in the last financial year in the US, which we're attending to, and we'll work on those over time and we'll be successful, and we already are. So, I don't have any concerns about that.

The US business is profitable, is very profitable, it just didn't meet our expectations, and we were looking for substantial growth in that business, and that didn't happen in FY17. Graham, do you want to add to that?

Graham Chipchase: Sure. So, I think everything that Stephen's said is absolutely correct about the US. It's a very important and still very profitable market for us. The issue about PECO is, it's partly our fault for being too transparent, maybe. But when we got to the half-year results, and we were talking about them in February, we were trying to explain why the sales growth in the US had slowed down significantly compared to what people and we were expecting. One of the things we talked about was the effect of competition.

Now, PECO have always been there. It just so happened that, in the first half of the year, they were a little bit more aggressive than they had been, and we'd lost a little bit of market share to them.

So, we talked about that, and unfortunately, it probably got a little bit more prominence than it needed to, but that's where we are. What we said at the time was, we can see plenty of opportunities where we can win business back from PECO, but it's going to come in the third and fourth quarter, and when we did our full-year results presentation, we were very clear to the market about the fact that, what we said we were going to win, we had won. So, if you take the two halves together for fiscal 17, we actually ended up winning more business than we lost with PECO. So, their impact in the first half was there, but we've offset it in the second half.

So, going forwards, I think the key thing we wanted to get across was, PECO are going to be there. Competition is - you know, we shouldn't expect there to be no competition. But with PECO, they're a rational competitor, but they're aggressive. I think that's fine. We've got a very good strategy for dealing with them. We make sure that we don't lose business that we don't want to lose, and where there's business on the margins, which maybe, if it gets priced very low, we're okay to lose it, I think that's the right way to behave.

Our strategy in the US, then, is to keep on growing. I think that's why we had a very positive reaction to our results for the first quarter, because again, I think the market at the end of the full year didn't quite believe us when we said, we think we can grow the US market again. The ongoing revenue growth is about 1%. The new business we win is about 3%, so we think we can grow the business at 4%, and that's exactly what we delivered in the first quarter this year, and I think that's - partly, the reaction today is, phew, they actually are saying what they're doing, and they are on top of the issues.

There are issues in the US. We said there were, around cost, but we spent a lot of time at the half year and the full year explaining what they were, explaining which ones would come back and be resolved through time, which ones were here to stay with us, and how we were going to offset them. I think, in time, people will see that we've got our hands around this, and it's not a big issue. But it gets a lot of attention. It's 30% of our business, and it is a big part of our business, so it's not one we're going to back away from.

But we've also got other great opportunities, as you identified. Emerging markets is a very small piece of our total portfolio, but it is growing very fast. This is where we have to take a long-term view of the business. We've got to be in these emerging markets because they will be big markets in the future, and in Brambles, you have to take a long-term view. It takes 10 years to develop a small market, emerging market, into a decent-sized, profitable business. So, we have to take the balanced decision between investing in these long-term plays in emerging markets, and also sustaining our big existing markets like Europe and the US, and I think we do a good job of that.

Stephen Johns: Thank you, Graham. Are there any other questions? No? If there are no questions, we'll now turn to the items of business. All voting items on the agenda will be proposed as ordinary resolutions. I'll now explain the voting procedure.

If you're entitled to vote, you will have been given a red voting card. As stated in the Notice of Meeting, and on the shareholder voting form, I'll be casting any discretionary proxy votes that have been given to me in favour of each of the items of business. The proxy and direct voting position for each resolution will be shown on the screen.

At the conclusion of the meeting, please place your completed voting cards in one of the ballot boxes that are located near the exit doors. We'll announce the poll results to the ASX later today, and then also post them on our website. Aaron Calder of Link Market Services has been appointed returning officer.

Now, the first item of business is to consider and receive the financial report, Directors' report, and auditors' report, for Brambles for the year ended 30 June 2017. Are there any questions on this item? No? Can't see any questions. Thank you. We'll move on now to the remuneration report.

So, the next item of business asks shareholders to adopt the remuneration report for Brambles for the year ended 30 June 2017, and this report is contained in our annual report. You've heard from Tony Froggatt on our remuneration policy, and this included the principal issues raised by shareholders on remuneration. So, are there any other questions on the remuneration report? Mary?

Mary Curran: (Australian Shareholders Association, Shareholder) Probably more comments, really. Okay. ASA has a history of voting against the Brambles remuneration report, and I remain consistent. Last year, I complained bitterly about the lack of basic, transparent information, i.e. what we paid the executives. This year, I'll thank the board for reintroducing this vital information on page 36.

However, plus ca change, plus c'est la meme chose. Mr Gorman has sailed off into the sunset with $8 million worth of shares, which he promptly sold. Doesn't show much confidence in the Company that remunerated him for many years. His pay last year was 88 times the Australian average weekly earnings.

Simply put, the remuneration does not meet the ASA guidelines in various ways. Long-term incentives, LTI, being only three years. Payment of LTI is too much, too quickly, RE 50% vesting if total shareholder return equals the median-ranked companies. Additionally, should TSR be negative, LTI is still payable.

I would also like that the targets seem to move around a lot to suit the executives' pay packet, but not that of the shareholders, and I see little alignment. Mr Chipchase has negotiated a generous package. Given he will be domiciled in London, I wonder if he would consider availing himself of the Boris Bikes. It would be a lot cheaper for the shareholders than the $30,000 car allowance we are paying him annually. His total salary opportunity is approximately $8 million.

Actually, I believe British companies are going to disclose the multiple of the Chief Executive's salary to that of the average worker in his or her company. That's something I would love to see in the annual report in the future, and would be a good initiative for Mr Chipchase and Mr Froggatt to foster.

Board remuneration committees don't seem to be aware that they are handing out huge pays to already highly-paid executives at a time when Australian wages in 2017 actually shrank in real terms after adjusting for inflation. I will be voting my shares, and every proxy share - in fact, I didn't even have one share that voted for your remuneration - against the motion. Thank you.

[Applause]

Stephen Johns: Well, Mary, you raised a number of points there. I'm not sure there was a question there, but there were certainly a lot of statements. We're aware from our previous discussions at annual meetings, and also our discussions outside of the annual meetings, that the ASA doesn't favour some of the elements of our remuneration structure, so - and the main one actually being, I think, four years rather than three years for LTIs.

But, can I also - just that - let Mr Froggatt give a more detailed explanation, but we have comprehensive reviews of our remuneration structure on a three-yearly basis, but we also do it on an annual basis. Our three-year review was carried out this year, and we believe that the elements of our policy and our structure are well-understood by the market, and well-supported by the market in general terms, and some of the issues that you took - some of the points that you took issue with are, generally speaking, well accepted by the market.

We've got the need, and I think Mr Froggatt pointed this out very clearly, that we need to retain and attract - attract and retain the best possible talent. Graham talked about the need to have world-class talent in order to run a global business such as ours. We're in a competitive marketplace, and we have to meet the needs of that marketplace. But we also know that, in - our structure of our policy is not just to attract and retain, but also to align the structure of the policy and the way we pay our people, align that with the interests of shareholders, and we firmly believe that we actually do do that.

You'll have noticed also, and I'm sure you did, that the outcomes of this year were severely affected by the poor, or poorer, or disappointing, should I say, financial performance in FY17. Our former CEO received no cash bonus for the year, and no STI bonus for the year. The head of our Pallets Division received no bonus, even though he was entitled to some of it, or might have been - would have been entitled, under the various financial metrics. Our former CFO received a reduced payout this year.

Our LTIs, which vested in - the previous lot, at about 70% or 75%, vested at about 20% this year, and if you reviewed our - and I know you do look at our remuneration report in great detail - you would have seen that some of the future LTIs are not going to vest very favourably for our executives. I think it's important that, when we look at this year, of FY17, and look at the remuneration outcomes on the LTI side of things, that this is a three-year calculation. So, the executives, or the Company has to perform well over three years in order to achieve any payouts.

So, on the TSR side, there was a zero payout. On the side which involved sales revenue growth and BVA, or return on capital, there was a payout, a diminished payout, because there were two good years and one poor year.

But the hurdles which are set by the Remuneration Committee and endorsed by the Board are based on budgets going forward. So, they are - and there are stretch budgets involved in that as well, so they are not targets which are easily obtainable, which I think you've seen.

For example, the LTI program which is going to mature in FY19, it's almost certainly going to pay out zero, right across the board, if you look at that detail that's in our Rem report.

So, we believe that not only do we do the right thing by doing intensive reviews on a regular basis of what is appropriate in the Australian and global market, we also consult with our major investors around the world, in Australia and offshore. We consult with the proxy firms, and then we form a view as to what's an appropriate remuneration structure and policy in order to, as I say, attract and retain the best people possible with a world-class talent, as well as aligning their interests with those interests of the shareholders.

But Tony, do you have anything else that…

Tony Froggatt: I think you've covered most of it, Chairman. Can I just reiterate, Mary, that - I'm not going to argue on all the points you've made. I think - I don't know whether the CEO's salary is 88 times the average individual in this country, but all I can say is, those - his package has been publicly disclosed and accepted.

I think it's also - I just want to reiterate the fact that over 75% of remuneration is at-risk. So, if you're quoting numbers, you're usually looking at numbers that are at maximum payout. That is not the case, and as Stephen alluded to, there are very - there are tough but achievable objectives that are put together for at-risk, both at STI and at LTI levels, and we adhere to that very strongly.

So, I think, you know, nothing is ever perfect, but we believe that it's a good mix that we have, and I think the fact that people really have to strive to achieve targets in order to get anywhere near their maximum, I think, is the right thing to do in terms of the way we compensate people.

We compensate well, and we only compensate, as Stephen said, when people perform. If they don't perform, as you've seen demonstrated, unfortunately - and I say unfortunately because we all like to see people compensated for doing well, but this year, we took some hard decisions, as a Committee and as a Board, to cut and reduce substantially levels of compensation, because the performance just wasn't there.

Stephen Johns: Thanks, Tony, and I'll just sort of add, Mary, if I might, that later in the meeting, we'll be considering a resolution which contains refinements to the remuneration plan, and that those refinements came out of our review this year, and I believe that they've been well received by the market. I think that they indicate that we take the whole question of remuneration very, very seriously, and want to do the right thing by shareholders, as well as make sure that we get the best people to work for us.

Are there any other questions? No? Well, thank you. The resolution, and the direct voting and proxy position, are now shown on the screen. Please, now, do mark your voting cards for item number two. Let's pause for a few seconds to give you a chance to vote. [Pause] I think we're right now. Thank you.

The next item of business is the election of Nessa O'Sullivan as a Director. Nessa's election is item three as set out in your Notice of Meeting. Nessa was appointed as a Director on 24 April 2017, and as this is her first shareholders' meeting since appointment, she now stands for election.

Nessa's biographical details are set out in both the Notice of Meeting and the annual report, and her election is unanimously supported by her fellow Directors. We have received some questions about Nessa's appointment to the Board. I think one of those came from you, Mary. These have revolved around whether having two executive Directors on the Board might compromise its independence.

Once we appoint a replacement for Christine Cross, there will be 11 Directors on the Board, nine of whom will be independent and non-executive Directors. We do not, therefore, think her appointment will affect the Board's independence. In addition, at each of our meetings there is a standing agenda item for non-executive Directors to meet without executive Directors or senior management present.

So, now I invite Nessa to speak about her re-election.

Nessa O'Sullivan: Great. Thank you, Chairman. Good afternoon, everybody. I'm Nessa O'Sullivan. I joined Brambles late last year, taking on the role of Group CFO in mid-November. In terms of my background, I bring governance, financial, operational, and general management experience. I'm a chartered accountant by profession, and started my career with Pricewaterhouse Coopers. I also have 25 years' industry experience in senior roles with listed consumer goods companies. This includes specific experience in retail and manufacturing in both developed and developing markets.

Senior industry roles have included regional vice president of finance for Yum Brands, which is a US multinational company listed on the New York Stock Exchange. I have also had 10 years' experience with Coca-Cola Amatil, an Australian-listed multinational company, in both finance and operational roles, including five years as the group CFO.

I would be honoured to be elected to the Brambles Board, and to represent your interests as a member of the Board. Thank you.

Stephen Johns: Thank you very much, Nessa. Are there any questions? Yes, Mary?

Mary Curran: (Australian Shareholders Association, Shareholder) Gosh, it looks like no one else has anything to say. It's really disappointing. Thank you, Nessa, and thank you, Chairman, for giving us that explanation, and I'm happy enough with that in some respects, but I would actually like to ask, was Nessa's decision to join Brambles dependent upon her being invited on the Board, and was this a career path decision, and what benefits does she see for the shareholders in this new Brambles policy?

Stephen Johns: Well, thank you. It's not, necessarily, a new policy. In the past, we have had CFOs who've been on the Board. Greg Hayes was the Finance Director. Mike Ihlein was the Finance Director. So, we - and we had Liz Doherty in the Finance Director role. In recent times, the only CFO who hasn't been a Finance Director was Zlatko Todorcevski.

So, can I just say, this - a Board position was not a condition of engaging Nessa. What is the - what was behind this decision was the fact that we think Nessa is fabulous. We think she's been an outstanding success since she joined us. We think this reflects the high esteem in which we hold her, and gives her great seniority.

It also - I think it's important to say this, that even though we're an Australian Company and a very proud one, listed on the ASX, about half of our shareholders are domiciled in the Northern Hemisphere, and it's very, very common - or almost uniformly the case - that in the United Kingdom, the CFO is on the Board.

So, we think that it's an important recognition of our view of Nessa, and that she's been an outstanding success in the year that she's been with us, and we're very happy to have her, and we're also very happy to have her on the Board.

Mary Curran: (Australian Shareholders Association, Shareholder) Right, you've talked me into it. We had an undecided vote for you, Nessa, so you've got it. Well done. Thank you.

Nessa O'Sullivan: Thank you.

Stephen Johns: Well, Mary, that's fantastic. We finally broke through and got your vote. Very, very happy. One day we'll get you the vote for the Rem report as well. Are there any other questions from the other side of the room? Or at the back? No? Alright. Well, thank you. The resolution and the direct vote and proxy position are now on the screen. Would you please now mark your voting card for item number three. [Pause] Right. Are we okay, finished with voting? Thank you.

The next item of business is the re-election of Tahira Hassan as a Director. Tahira's re-election is item four as set out in your Notice of Meeting. Her biographical details are set out in both the Notice of Meeting and the annual report.

Tahira has been subject to an assessment process by the Board, and her re-election is unanimously supported by her fellow Directors. I now invite Tahira to speak briefly on her election, or re-election.

Tahira Hassan: Thank you, Stephen, and good afternoon, ladies and gentlemen. I am grateful for this nomination for re-election, as it has been an honour and privilege to serve on your Board for the last six years. Brambles has a unique and leverageable business model, with a positive momentum for growth. Practical insights into evolving needs of customers, supply chains, and sustainable collaboration with both manufacturers and retails will continue to be fundamental for delivering increased value to shareholders.

Within my international experience of 26 years with Nestle, and 10 years with retailers, I held several supply chain, commercial, and financial roles, leading both strategic and operational business transformation. This also included creating value through M&A transactions, and data-led business improvements.

My professional training as a chartered management accountant, and first-hand exposure to diverse global environments, has been the foundation for this executive career. Hopefully, with this background, I can continue to add practical perspectives on future value creation and solutions to extract more value from supply chains and data assets shared with our customers.

I thank you again, and look forward to your support.

Stephen Johns: Tahira, thank you. I can certainly say, as Chairman of the Company, that Tahira's made a major contribution to our Board, and the way operate, and the way we consider matters over the three or more years that she's been on the Board. Are there any questions? No, I don't think there are. No questions. Well, thank you.

The resolution and the direct vote and proxy position are now on the screen. Please now mark your voting card for item four. [Pause] Thank you. Thank you.

The next item of business is my own re-election as a Director. Before I hand over to Tony Froggatt to chair the meeting for this item, I would like to speak briefly to you about my own re-election.

It's been a privilege to serve as a Director of Brambles since I was first appointed to the Board 13 years ago. As I said in my letter accompanying the Notice of Meeting, given my length of service, I thought it appropriate to outline my future plans to shareholders.

If re-elected, I intend to retire as Chairman, and as a non-executive Director, at the conclusion of my new three-year term. My principal objectives during this period will be to lead a high-performing Board, provide continuity and ongoing support to our new CEO, and facilitate a smooth and successful transition to my successor.

There is a school of thought that non-executive directors may lose their independence after a period of time - often said to be 10 to 12 years - as they might become too close to management. I don't subscribe to this view, as I believe that directors are very able to appropriately manage their relationships with senior management, and I can confidently say to shareholders that I have completely retained my independence during my 13 years of service.

I'd also point out that there have been substantial changes in our senior management team over the last year or so, which should give shareholders additional comfort that I have not become, so-called, too close to management.

My executive career with Westfield is, I think, well known to shareholders. I believe my experience in finance, corporate governance, and business generally, both here in Australia and overseas, has been very valuable in my contributions to the Board, and to the Company more generally.

Brambles is a proud Australian company with a great future, and I would be honoured if I were to be re-elected. Thank you very much, and I'll now hand the chair to Tony.

Tony Froggatt: Thank you, Stephen. Thank you, Stephen. Stephen's re-election is item five, as set out in your Notice of Meeting. You've just heard Stephen outlining part of his biographical details, which are also set out in both the Notice of Meeting and the annual report.

Stephen has been subject to an assessment process by the Board, and his re-election is unanimously supported by his fellow Directors. Can I ask if there are any questions? I think there's someone at the back there.

[Unidentified Company Representative]: I'd like to introduce Stephen [Fonting] to the meeting.

[Unidentified Audience Member]: Thank you.

Tony Froggatt: Hello, Stephen.

[Unidentified Audience Member]: Hi. It seems to me that Mr Johns is in a very awkward position here, because last year, he told us all was well with the Company. Now, he may have thought that was the case in fact, but obviously he didn't know what the reality was, or didn't reveal it. So, he doesn't have my support. Sorry.

Tony Froggatt: I'm not sure whether you're asking a question or you're just making a statement, but thank you for your comments. I mean, clearly, we've all, as Stephen has pointed out, had a - we've had a tough year, which the Board and management take responsibility for, but I just want to say that - and just reiterate that - the Board unanimously supported Stephen's re-election. We do go through a very stringent process of looking at both independence and suitability for the role, and we could think of no one better to do this particular job than Stephen. Thank you for your comments, anyway. Anybody else?

Right. The resolution and direct vote and proxy position are now on the screen. Please now mark your voting card for item five. Thank you. I'll now hand back the chair to Stephen. Thanks.

Stephen Johns: Thank you, Tony. Thank you very much. The next item of business is the re-election of Brian Long as a Director. Brian's re-election is item six, as set out in your Notice of Meeting. His biographical details are set out in both the Notice of Meeting and the annual report.

Brian has been subject to an assessment process by the Board, and his re-election is unanimously supported by his fellow Directors. We have, though, received some questions regarding the Board's support of Brian's re-election given the issues that have arisen at the Commonwealth Bank of Australia, where he is a director.

As a preliminary matter, I am not in a position, nor would it be appropriate, for me to comment on issues relating to the CBA. All non-executive Directors who stand for election or re-election are subject to a performance evaluation. Brian's evaluation was extremely positive, particularly in relation to his performance as Chairman of the Audit Committee, and his overall contribution to the Board, and there was, and is, unanimous support for his re-election.

More generally, Brian had an outstanding career as a senior audit partner at Ernst & Young, has an excellent CV, and is well qualified for any public company board in Australia, or elsewhere. I know that all my fellow Directors consider that Brambles is very fortunate to have a person with his expertise and experience as a member of our Board. I'd now invite Brian to speak briefly on his election.

Brian Long: Thank you, Stephen, and good afternoon, ladies and gentlemen. I've had the privilege of serving as a Director of Brambles since April 2014. In that time, as the Chairman has mentioned, I have been Chairman of the Company's Audit Committee, and through that role I have developed a deep understanding of the Company, its business, its people, its business processes, its control environment, and the risks that the business faces.

The nomination papers, as the Chairman said, set out my past life, and experience as a partner at Ernst & Young, where I was involved in the fields of major corporate transactions, internal control environments, business processes and corporate governance, all of which I believe equips me well to serve as a Director of your Company.

I've both served and are serving on a number of public company, private company, and not-for-profit boards, and I know in business, things don't always go exactly the way we might wish, but it is how we respond to changing circumstances when they arise, as they inevitably do, that is important.

I take this role very seriously, and should you chose to re-elect me as a Director of your Company, you can be assured that I will work tirelessly to protect the interests of the Company, and you as its shareholders. Thank you.

Stephen Johns: Well, thank you, Brian. Are there any questions? I think there aren't any. In that case, we'll move on.

The resolution and direct vote and proxy position are now on the screen. Would you please now mark your voting card for item number six. [Pause]

The next item of business seeks approval for amendments to the Brambles Ltd 2006 performance share plan, as detailed in the Notice of Meeting, and the issue of shares under that plan for all purposes, including for the purpose of the ASX Listing Rule 7.2 Exception 9.

Mr Froggatt described the proposed changes, and the reasons why they are being made, and I alluded to them briefly before as well. Are there any questions? [Pause] If there are none, I'll move on.

The resolution and direct vote and proxy position are now on the screen. Would you please now mark your voting card for item seven. I think we're probably right to move on. Thank you.

The next item of business asks shareholders to improve the Brambles Ltd MyShare plan, and the issue of shares under that plan for all purposes, including for the purposes of ASX Listing Rule 7.2 Exception 9. This is a resolution we put to shareholders every three years. It was previously approved by shareholders at the 2014 AGM, and before that at the 2011 AGM.

The reasons why this resolution is being proposed are set out in detail in the Notice of Meeting. As Tony Froggatt explained during his address, the MyShare plan has been very successful, with more than 4,000 employees around the globe - that's 4,000 out of 14,000 - owning approximately 3.65 million Brambles shares. Are there any questions on this item? If not, thank you.

The resolution and direct vote and proxy position are now on the screen. Please now mark your voting card for item eight.

Thank you. The next item of business asks shareholders to approve the participation by Graham Chipchase until the 2018 annual general meeting in the amended performance share plan for the purpose of ASX Listing Rule 10.14. Are there any questions on this item? No. Thank you.

The resolution and direct voting and proxy position are now on the screen. Would you please now mark your voting card for item nine. Alright. Thank you.

The next item of business asks shareholders to approve the participation by Nessa O'Sullivan until the 2018 annual general meeting in the amended Brambles Ltd 2006 performance share plan for the purpose of ASX Listing Rule 10.16. Are there any questions on this item? If not, I'll move on.

The resolution and direct voting and proxy position are now on the screen. Would you please now mark your voting card for item 10.

The final item of business asks shareholders to approve the participation by Nessa O'Sullivan until 18 October 2020 in the Brambles Ltd MyShare plan for the purpose of Australia - or ASX Listing Rule 10.14. Are there any questions on this item? I believe there are none. Thank you.

The resolution and direct voting and proxy position are now on the screen. Please now mark your voting card for item 11.

You may have noticed, when the proxy votes were shown, that we have received a higher than normal against vote on some of our resolutions, particularly the remuneration report, and both my and Brian Long's re-election. This certainly reflects the disappointment of some of our shareholders with the Board and the performance of the Company in FY17, which I referred to in my earlier prepared address.

So, I want to conclude the meeting, therefore, by once again confirming that the Board understands these concerns, and is very aware that it is accountable for its stewardship of the Company.

So, please remember to place your voting cards in the boxes beside the exits. The polls will remain open for another 10 minutes, and when the poll closes, you'll be notified on the screen behind me. We will announce the result of the poll to the ASX later today.

Ladies and gentlemen, thank you for your attendance today. I remind you that copies of the sustainability report are available in the foyer, and I would recommend that you have a good look at those. We're very proud of them, or the report. So, I now enclose - I now declare the AGM closed, and I do invite you to join us outside for tea and coffee. Thank you very much indeed. Thank you.
[Applause]

End of Transcript