Brambles Limited
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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 in accordance with Listing Rule 4.2A is the consolidated financial report, directors' report and auditors' review report for Brambles Limited for the half-year ended 31 December 2018.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

Brambles

Results for Announcement to the Market

Brambles Limited
ABN 89 118 896 021
Appendix 4D

Consolidated financial report for the half-year ended 31 December 2018

Six months ended 31 December	2018 US$m	2017 US$m	% change (actual FX rates)	% change (constant FX rates)
Statutory Results				
Continuing operations after Significant Items[1]:				
Sales revenue	**2,856.4**	2,770.5	3 %	7 %
Operating profit	**498.9**	513.4	(3)%	1 %
Profit before tax	**454.5**	460.7	(1)%	2 %
Profit after tax[2]	**321.4**	439.8	(27)%	(25)%
Discontinued operations - loss after tax	**(1.6)**	(2.7)		
Profit for the period attributable to members of the parent entity	**319.8**	437.1	(27)%	(25)%
Basic EPS (US cents) - includes discontinued operations	**20.1**	27.5	(27)%	(25)%
Continuing operations before Significant Items[1]:				
Sales revenue	**2,856.4**	2,770.5	3 %	7 %
Underlying Profit	**504.4**	518.1	(3)%	1 %
Profit after tax	**326.7**	339.5	(4)%	(1)%
Basic EPS (US cents)	**20.5**	21.3	(4)%	(1)%
Interim dividend[3] (Australian cents)	**14.5**	14.5		

[1] Refer Note 5 for Significant Items.

[2] The first half 2018 profit after tax included the US$103.2 million tax benefit recognised within Significant Items relating to the US tax rate change (refer Note 5).

[3] The 2019 interim dividend is 65% franked and its record date is 7 March 2019.

Commentary on these results is set out in Brambles' Half-Year Results announcement dated 18 February 2019.

Brambles

Consolidated Financial Report

for the half-year ended 31 December 2018

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Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2018

	Note	First half 2019 US$m	First half[1] 2018 US$m
Continuing operations			
Sales revenue	3	**2,856.4**	2,770.5
Other income		**77.1**	58.6
Operating expenses	4	**(2,434.6)**	(2,307.7)
Share of results of joint venture		**-**	(8.0)
Operating profit		**498.9**	513.4
Finance revenue		**8.5**	15.9
Finance costs		**(52.9)**	(68.6)
Net finance costs		**(44.4)**	(52.7)
Profit before tax		**454.5**	460.7
Tax expense[2]		**(133.1)**	(20.9)
Profit from continuing operations		**321.4**	439.8
Loss from discontinued operations	9	**(1.6)**	(2.7)
Profit for the period attributable to members of the parent entity		**319.8**	437.1
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension plans		**(2.4)**	0.7
Income tax benefit/(expense) on items that will not be reclassified to profit or loss		**0.5**	(1.2)
		(1.9)	(0.5)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries		**(79.1)**	36.6
Other comprehensive (loss)/gain for the period		**(81.0)**	36.1
Total comprehensive income for the period attributable to members of the parent entity		**238.8**	473.2
Earnings per share (cents)	6		
Total			
- basic		**20.1**	27.5
- diluted		**20.0**	27.4
Continuing operations			
- basic		**20.2**	27.6
- diluted		**20.1**	27.6

1 Refer Note 2B for details regarding restatement as a result of changes to accounting standards.

2 The first half 2018 tax expense included the US$103.2 million tax benefit recognised within Significant Items relating to the US tax rate change (refer Note 5).

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Brambles

Consolidated Balance Sheet

as at 31 December 2018

	Note	December 2018 US$m	June[1] 2018 US$m
Assets			
Current assets			
Cash and cash equivalents		**199.6**	180.2
Trade and other receivables		**1,291.0**	1,247.0
Inventories		**63.7**	60.3
Other assets		**65.2**	70.9
Total current assets		**1,619.5**	1,558.4
Non-current assets			
Other receivables		**51.2**	50.4
Property, plant and equipment		**5,313.9**	5,139.7
Goodwill and intangible assets		**999.4**	1,022.8
Deferred tax assets		**30.1**	38.2
Other assets		**19.1**	18.1
Total non-current assets		**6,413.7**	6,269.2
Total assets		**8,033.2**	7,827.6
Liabilities			
Current liabilities			
Trade and other payables		**1,987.3**	1,954.3
Borrowings		**89.3**	91.2
Tax payable		**52.7**	61.8
Provisions		**45.3**	65.9
Total current liabilities		**2,174.6**	2,173.2
Non-current liabilities			
Borrowings		**2,517.5**	2,397.1
Provisions		**16.4**	12.6
Retirement benefit obligations		**28.6**	29.7
Deferred tax liabilities		**433.7**	434.9
Other liabilities		**1.7**	1.7
Total non-current liabilities		**2,997.9**	2,876.0
Total liabilities		**5,172.5**	5,049.2
Net assets		**2,860.7**	2,778.4
Equity			
Contributed equity	8	**6,231.0**	6,218.5
Reserves		**(7,335.3)**	(7,253.7)
Retained earnings		**3,965.0**	3,813.6
Total equity		**2,860.7**	2,778.4

[1] Refer Note 2B for details regarding restatement as a result of changes to accounting standards.

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Brambles

Consolidated Cash Flow Statement

for the half-year ended 31 December 2018

	Note	First half 2019 US$m	First half 2018 US$m
Cash flows from operating activities			
Receipts from customers		**3,321.1**	3,410.4
Payments to suppliers and employees		**(2,521.5)**	(2,607.3)
Cash generated from operations		**799.6**	803.1
Interest received		**2.6**	8.6
Interest paid		**(42.4)**	(37.6)
Income taxes paid on operating activities		**(119.2)**	(120.7)
Net cash inflow from operating activities		**640.6**	653.4
Cash flows from investing activities			
Payments for property, plant and equipment		**(615.9)**	(570.9)
Proceeds from sale of property, plant and equipment[1]		**55.3**	69.7
Payments for intangible assets		**(6.9)**	(3.6)
Acquisition of subsidiaries, net of cash acquired		**-**	(4.0)
Net cash outflow from investing activities		**(567.5)**	(508.8)
Cash flows from financing activities			
Proceeds from borrowings		**1,196.6**	1,309.0
Repayments of borrowings		**(1,059.2)**	(1,125.4)
Net outflow from derivative financial instruments		**(7.2)**	(2.5)
Proceeds from issues of ordinary shares		**0.3**	-
Dividends paid	7	**(166.4)**	(178.0)
Net cash (outflow)/inflow from financing activities		**(35.9)**	3.1
Net increase in cash and cash equivalents		**37.2**	147.7
Cash and deposits, net of overdrafts, at beginning of the period		**171.3**	112.7
Effect of exchange rate changes		**(10.7)**	-
Cash and deposits, net of overdrafts, at end of the period[2]		**197.8**	260.4

1 Includes compensation for lost pooling equipment of US$54.7 million for first half 2019 (first half 2018: US$64.9 million).

2 Cash and deposits of US$197.8 million at 31 December 2018, includes cash and cash equivalents of US$199.6 million and is net of overdrafts of US$1.8 million.

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2018

	Note	Contributed equity US$m	Reserves US$m	Retained earnings US$m	Total US$m
Half-year ended 31 December 2017					
Closing balance as at 30 June 2017 as previously reported		6,201.1	(7,152.8)	3,798.4	2,846.7
Opening balance adjustment on application of AASB 15 & 9		-	-	(331.3)	(331.3)
Revised opening balance as at 1 July 2017		6,201.1	(7,152.8)	3,467.1	2,515.4
Profit for the period		-	-	437.1	437.1
Other comprehensive income/(loss)		-	36.6	(0.5)	36.1
Total comprehensive income		-	36.6	436.6	473.2
Share-based payments:					
- expense recognised		-	7.9	-	7.9
- shares issued		-	(11.9)	-	(11.9)
- equity component of related tax		-	0.3	-	0.3
Transactions with owners in their capacity as owners:					
- dividends declared	7	-	-	(183.1)	(183.1)
- issues of ordinary shares, net of transaction costs		11.9	-	-	11.9
Closing balance as at 31 December 2017		6,213.0	(7,119.9)	3,720.6	2,813.7
Half-year ended 31 December 2018					
Closing balance as at 30 June 2018 as previously reported		**6,218.5**	**(7,255.8)**	**4,199.3**	**3,162.0**
Opening balance adjustment on application of AASB 15 & 9	2B	**-**	**2.1**	**(385.7)**	**(383.6)**
Revised opening balance as at 1 July 2018		**6,218.5**	**(7,253.7)**	**3,813.6**	**2,778.4**
Profit for the period		**-**	**-**	**319.8**	**319.8**
Other comprehensive loss		**-**	**(79.1)**	**(1.9)**	**(81.0)**
Total comprehensive (loss)/income		**-**	**(79.1)**	**317.9**	**238.8**
Share-based payments:					
- expense recognised		**-**	**9.9**	**-**	**9.9**
- shares issued		**-**	**(12.5)**	**-**	**(12.5)**
- equity component of related tax		**-**	**0.1**	**-**	**0.1**
Transactions with owners in their capacity as owners:					
- dividends declared	7	**-**	**-**	**(166.5)**	**(166.5)**
- issues of ordinary shares, net of transaction costs	8	**12.5**	**-**	**-**	**12.5**
Closing balance as at 31 December 2018		**6,231.0**	**(7,335.3)**	**3,965.0**	**2,860.7**

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018

Note 1. Basis of Preparation

These financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) and its subsidiaries (Brambles or the Group) for first half 2019.

References to 2019 and 2018 are to the financial years ending on 30 June 2019 and 30 June 2018 respectively.

These interim financial statements are a general purpose financial report and have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* which ensures compliance with International Financial Reporting Standard IAS 34: Interim Financial Reporting.

These interim financial statements do not include all of the notes that would normally be included in an annual financial report. The interim financial statements should be read in conjunction with Brambles' 2018 Annual Report and public announcements made by Brambles during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements and all comparatives have been prepared using consistent accounting policies, as set out in Brambles' 2018 Annual Report, except for revenue and financial instruments which have been impacted by the application of the new accounting standards (refer Note 2B).

As Brambles is a company of a kind referred to in ASIC Corporations Instrument 2016/191, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars. Amounts in cents have been rounded to the nearest tenth of a cent.

On 24 August 2018, Brambles announced that following a strategic review of its portfolio, it will pursue a separation of its IFCO RPC business through a demerger with IFCO becoming a separately listed company. Brambles is also pursuing a dual track process whereby an outright sale of the IFCO RPC business is being considered. As at 31 December 2018, IFCO is classified as a continuing operation in accordance with applicable accounting standards.

Comparative information has been restated for the new accounting standards (refer Note 2B), and has been reclassified, where appropriate, to enhance comparability.

Note 2. Other Information

A) New Accounting Standards and Interpretations Not Yet Adopted

AASB 16 *Leases* is applicable to Brambles from 1 July 2019. It requires a lessee to recognise all qualifying leases on the balance sheet in the form of a lease liability and right-of-use asset. Upon application of AASB 16, key balance sheet metrics such as gearing and finance ratios, and profit or loss metrics such as earnings before interest, tax, depreciation and amortisation (EBITDA) will be impacted. The consolidated cash flow statement will also be impacted as payments for the principal portion of the lease liability will be presented within financing activities. Brambles is in the process of computing the estimated lease liability and right-of-use assets to be recognised on transition, including modelling the impact of the two transition methods, and implementing a new system. This process will be finalised during 2019, followed by consideration of broader business impacts, ready for implementation on 1 July 2019. Considerable progress has been made to assess the impact of AASB 16. Estimates are being prepared for 30 June 2019 and will be disclosed in the full year financial statements.

B) Changes to Accounting Standards

New and amended accounting standards relevant to Brambles effective from 1 July 2018 are:

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and liabilities, introduces a new expected credit loss model for the calculation of impairment of financial assets and establishes new rules for hedge accounting. For all eligible trade and other receivables, Brambles has applied the simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance. To measure the expected credit losses, trade and other receivables are grouped based on region and aging. Customers with heightened credit risk are provided for specifically based on historical default rates and forward looking information. A lifecycle allowance is calculated for the remaining trade and other receivables balance based on historical bad debts, a provision matrix and forward looking information. Where there is no reasonable expectation of recovery, balances are written-off. This has increased the allowance for doubtful debts marginally due to historically low levels of bad debt. AASB 9 has not had an impact on the measurement and derecognition of other financial assets or liabilities, or the accounting for hedging relationships.

AASB 15 *Revenue from Contracts with Customers* establishes an explicit and robust framework for revenue recognition. It is based on the principle that revenue is recognised when control of a good or service transfers to a customer, either over time or at a point in time, depending on when performance obligations are satisfied.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 2. Other Information – continued

B) Changes to Accounting Standards – continued

Brambles has one revenue stream which is the provision of pooling equipment to customers for a period of time. Several fees are charged to customers including issue, transfer, transport and daily hire. The predominant billing structure for these fees is either a bundled upfront fee upon issue of pooling equipment to customers, or on a daily hire basis based on the number of days the pooling equipment is used in the field by a customer. Other fees such as transport and transfer fees are billed when the activity occurs.

Under the previous accounting standard AASB 118 *Revenue,* revenue was recognised when the risks and rewards of ownership transferred to the customer. Thus, bundled upfront fees were recognised on issue of pooling equipment to customers, daily hire fees were recognised over time and other fees were recognised when the activity occurred. Upon application of AASB 15, the services provided by Brambles are deemed a single performance obligation relating to the provision of an end-to-end pooling solution and the performance obligation is satisfied over time. The issue and daily hire activities are not considered distinct services. Revenue previously recognised on issue is deferred and recognised as revenue across the estimated period that the pooling equipment is utilised by customers, referred to as the cycle time. Revenue based on the daily hire model continues to be recognised over time. Consideration that is variable and uncertain continues to be recognised when the activity occurs.

Brambles has adopted the full retrospective approach to implement AASB 15 and AASB 9. The comparative period is restated and the cumulative effect on initial application has been adjusted through opening retained earnings at 1 July 2017. AASB 15 and AASB 9 do not have any impact on the consolidated cash flow statement. The impact on the consolidated balance sheet and consolidated statement of comprehensive income is disclosed on pages 9 and 10.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 2. Other Information – continued

B) Changes to Accounting Standards – continued

Consolidated Balance Sheet impact on application

	As reported 30 June 2018 US$m	AASB 9 & 15 Adjustments US$m	Restated 30 June 2018 US$m
Assets			
Current assets			
Trade and other receivables[1]	1,257.9	(10.9)	**1,247.0**
Other current assets	311.4	-	**311.4**
Total current assets	1,569.3	(10.9)	**1,558.4**
Non-current assets			
Total non-current assets	6,269.2	-	**6,269.2**
Total assets	7,838.5	(10.9)	**7,827.6**
Liabilities			
Current liabilities			
Trade and other payables[2]	1,465.6	488.7	**1,954.3**
Other current liabilities	218.9	-	**218.9**
Total current liabilities	1,684.5	488.7	**2,173.2**
Deferred tax liabilities[3]	550.9	(116.0)	**434.9**
Other non-current liabilities	2,441.1	-	**2,441.1**
Total non-current liabilities	2,992.0	(116.0)	**2,876.0**
Total liabilities	4,676.5	372.7	**5,049.2**
Net assets	3,162.0	(383.6)	**2,778.4**
Equity			
Contributed equity	6,218.5	-	**6,218.5**
Reserves	(7,255.8)	2.1	**(7,253.7)**
Retained earnings	4,199.3	(385.7)	**3,813.6**
Total equity	3,162.0	(383.6)	**2,778.4**

[1] Adjustment to the allowance for doubtful debts as a result of the impact of AASB 9 *Financial Instruments.*

[2] Adjustment to deferred revenue as a result of the impact of AASB 15 *Revenue from Contracts with Customers.*

[3] Adjustment to deferred tax as a result of the impact of AASB 9 and AASB 15.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 2. Other Information – continued

B) Changes to Accounting Standards – continued

Consolidated Statement of Comprehensive Income impact on application

	As reported First half 2018 US$m	AASB 15 Adjustments US$m	Restated First half 2018 US$m
Continuing operations			
Sales revenue[1]	2,746.1	24.4	**2,770.5**
Other income and expenses	(2,257.1)	-	**(2,257.1)**
Operating profit	489.0	24.4	**513.4**
Net finance costs	(52.7)	-	**(52.7)**
Profit before tax	436.3	24.4	**460.7**
Tax benefit/(expense)[2]	13.6	(34.5)	**(20.9)**
Profit/(loss) from continuing operations	449.9	(10.1)	**439.8**
Loss from discontinued operations	(2.7)	-	**(2.7)**
Profit/(loss) for the period attributable to members of the parent entity	447.2	(10.1)	**437.1**
Other comprehensive gain for the period	42.1	(6.0)	**36.1**
Total comprehensive income for the period attributable to members of the parent entity	489.3	(16.1)	**473.2**
Earnings per share (cents)			
Total			
- basic	28.1	(0.6)	**27.5**
- diluted	28.0	(0.6)	**27.4**
Continuing operations			
- basic	28.3	(0.7)	**27.6**
- diluted	28.2	(0.6)	**27.6**

[1] In first half 2019 the impact of AASB 15 is a US$34.0 million increase to sales revenue as a result of the reduction in deferred revenue from 2018.

[2] Tax expense of US$(34.5) million has been recognised to reflect a) US$(7.6) million tax expense on the increased profit; and b) US$(26.9) million tax expense being the impact of the USA tax rate change on deferred tax assets relating to AASB 15 deferred revenue. The impact of the USA tax rate change has been offset against the previously reported US$130.1 million one-time non-cash tax benefit recognised within first half 2018 Significant Items (refer Note 5).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 2. Other Information – continued

C) Foreign currency

The principal exchange rates affecting Brambles were:

		A$:US$	€:US$	£:US$
Average	**First half 2019**	**0.7231**	**1.1520**	**1.2929**
	First half 2018	0.7802	1.1844	1.3254
Period end	**31 December 2018**	**0.7044**	**1.1440**	**1.2690**
	30 June 2018	0.7348	1.1564	1.3076

Note 3. Segment Information

Brambles' segment information is provided on the same basis as internal management reporting to the CEO.

Brambles has five reportable segments:

- CHEP North America and Latin America (CHEP Americas);
- CHEP Europe, Middle East, Africa and India (CHEP EMEA);
- CHEP Australia, New Zealand and Asia, excluding India (CHEP Asia-Pacific)- each primarily containing pallet and container pooling businesses in that region operating under the CHEP brand;
- IFCO - reusable plastic crates (RPCs) pooling businesses operating under the IFCO brand; and
- Corporate - corporate centre including BXB Digital and Hoover Ferguson Group (HFG) that was divested in April 2018. HFG is included in the first half 2018 comparative.

Segment performance is measured on sales revenue, Underlying Profit, Cash Flow from Operations and Return on Capital Invested (ROCI). Underlying Profit is the main measure of segment profit. A reconciliation between Underlying Profit and operating profit is set out on page 13.

Segment sales revenue is measured on the same basis as in the consolidated statement of comprehensive income and in line with the new accounting standard AASB 15 *Revenue from Contracts with Customers* effective to Brambles from 1 July 2018 (refer Note 2B). Under the new accounting policy, revenue generated from the provision of pooling equipment to customers is recognised over the cycle time. Revenue is measured based on the amount of consideration Brambles expects to be entitled in exchange for transferring promised goods or services to a customer, net of consideration payable to customers or third parties, duties and taxes paid.

Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the period was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the consolidated balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, borrowings and tax balances are managed centrally and are not allocated to segments.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 3. Segment Information – continued

	Sales revenue		Cash Flow from Operations[1]	
	First half 2019 US$m	First half 2018 US$m	First half 2019 US$m	First half 2018 US$m
By operating segment				
CHEP Americas	**1,140.8**	1,097.4	**70.0**	91.9
CHEP EMEA	**931.4**	887.2	**65.8**	114.7
CHEP Asia-Pacific	**228.9**	238.1	**35.9**	45.5
IFCO	**555.3**	547.8	**97.2**	77.4
Corporate	**-**	-	**(31.5)**	(18.3)
Continuing operations	**2,856.4**	2,770.5	**237.4**	311.2
By geographic origin				
Americas	**1,279.1**	1,240.5		
Europe	**1,206.0**	1,159.3		
Australia	**180.6**	187.7		
Other	**190.7**	183.0		
Total	**2,856.4**	2,770.5		

[1] Cash Flow from Operations is cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

Cash Flow from Operations for first half 2019 include outflows relating to the US automation project which was pre-funded by disposal proceeds received in 2018.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 3. Segment Information – continued

	Operating Profit[2]		Significant Items before tax[3]		Underlying Profit[3]	
	First half 2019 US$m	First half 2018 US$m	First half 2019 US$m	First half 2018 US$m	First half 2019 US$m	First half 2018 US$m
By operating segment						
CHEP Americas	**168.2**	188.1	**-**	(1.9)	**168.2**	190.0
CHEP EMEA	**227.3**	221.5	**-**	(1.3)	**227.3**	222.8
CHEP Asia-Pacific	**57.2**	58.8	**-**	(0.1)	**57.2**	58.9
IFCO	**72.6**	69.3	**-**	-	**72.6**	69.3
Corporate	**(26.4)**	(24.3)	**(5.5)**	(1.4)	**(20.9)**	(22.9)
Continuing operations	**498.9**	513.4	**(5.5)**	(4.7)	**504.4**	518.1

[2] Operating profit is segment revenue less segment expense and excludes net finance costs and tax.

[3] First half 2019 Significant Items relate to IFCO separation costs. Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items (refer Note 5). It is presented to assist users of the financial statements to better understand Brambles' business results.

Underlying Profit for the Corporate segment includes the following:

	First half 2019 US$m	First half 2018 US$m
Corporate costs	**(14.3)**	(10.7)
BXB Digital	**(6.6)**	(4.2)
HFG joint venture results	**-**	(8.0)
	(20.9)	(22.9)

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 3. Segment Information – continued

	Return on Capital Invested[4]		Average Capital Invested[5]	
	First half 2019 US$m	First half 2018 US$m	First half 2019 US$m	First half 2018 US$m
By operating segment				
CHEP Americas	**17.7%**	20.2%	**1,905.8**	1,877.3
CHEP EMEA	**26.2%**	27.3%	**1,736.9**	1,633.0
CHEP Asia-Pacific	**27.0%**	26.9%	**423.1**	438.2
IFCO	**9.4%**	8.8%	**1,540.4**	1,567.5
Corporate[6]			**(16.0)**	129.9
Continuing operations	**18.0%**	18.4%	**5,590.2**	5,645.9

[4] Return on Capital Invested (ROCI) is Underlying Profit multiplied by two to calculate an annualised amount, divided by Average Capital Invested. ROCI is not disclosed for the Corporate segment as it is not deemed a relevant measure for this segment. ROCI for continuing operations includes the Corporate segment.

[5] Average Capital Invested (ACI) is a monthly average of capital invested in the period. Capital invested is calculated as net assets before tax balances, cash and borrowings, but after adjustments for pension plan actuarial gains and losses and net equity-settled shared-based payments.

[6] ACI for the Corporate segment for first half 2018 included the US$150.0 million loan to HFG, US$14.0 million in relation to the investment in HFG, and US$40.6 million deferred consideration receivable from First Reserve, offset by pension plan actuarial gains and losses and net equity-settled share based payments of US$59.3 million. HFG was divested on 12 April 2018 and the proceeds from the shareholder loan to HFG were received. In first half 2019 the only joint venture related balance is deferred consideration receivable from First Reserve of US$43.1 million, which is offset by pension plan actuarial gains and losses and net equity-settled share based payments of US$53.9 million.

	Capital expenditure[7]		Depreciation and amortisation	
	First half 2019 US$m	First half 2018 US$m	First half 2019 US$m	First half 2018 US$m
By operating segment				
CHEP Americas	**264.6**	237.6	**126.2**	120.9
CHEP EMEA	**250.4**	204.2	**85.4**	81.3
CHEP Asia-Pacific	**32.8**	33.3	**24.6**	26.0
IFCO	**88.5**	116.8	**54.1**	54.5
Corporate	**0.6**	0.5	**1.2**	0.4
Continuing operations	**636.9**	592.4	**291.5**	283.1

[7] Capital expenditure on property, plant & equipment is on an accrual basis.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 3. Segment Information – continued

	Segment assets		Segment liabilities	
	December 2018 US$m	June 2018 US$m	December 2018 US$m	June 2018 US$m
By operating segment				
CHEP Americas	**2,580.2**	2,505.5	**641.6**	655.3
CHEP EMEA	**2,228.0**	2,114.9	**453.5**	470.3
CHEP Asia-Pacific	**522.0**	518.1	**82.1**	86.2
IFCO	**2,393.3**	2,375.7	**862.3**	805.8
Corporate	**72.0**	76.2	**39.8**	46.6
Total segment assets and liabilities	**7,795.5**	7,590.4	**2,079.3**	2,064.2
Cash and borrowings[8]	**199.6**	180.2	**2,606.8**	2,488.3
Current tax balances	**8.0**	18.8	**52.7**	61.8
Deferred tax balances	**30.1**	38.2	**433.7**	434.9
Total assets and liabilities	**8,033.2**	7,827.6	**5,172.5**	5,049.2
Non-current assets by geographic origin[9]				
Americas	**2,949.6**	2,889.1		
Europe	**2,652.6**	2,571.7		
Australia	**303.1**	304.2		
Other	**468.0**	457.9		
Total	**6,373.3**	6,222.9		

[8] €150.0 million of loan notes have been hedged with interest rate swaps for fair value risk. In accordance with AASB 9 *Financial Instruments* , the carrying value of the notes has been increased by US$11.6 million (June 2018: US$11.5 million) in relation to changes in fair value attributable to the hedged risk. There is no impact from the change in accounting standard.

The fair values of all financial instruments held on the balance sheet as at 31 December 2018 equal the carrying amount, with the exception of loan notes, which have a carrying amount of US$2,181.0 million and an estimated fair value of US$2,201.3 million. Financial assets and liabilities held at fair value are estimated using level 2 estimation techniques, whereas loan notes are estimated using both levels 1 and 2 estimation techniques. Further information on the estimation methodology is included within Brambles' 2018 Annual Report.

Cash includes US$14.1 million (June 2018: US$11.5 million) of cash in Zimbabwe which is subject to government currency controls which currently restrict the ability to repatriate funds.

[9] Non-current assets exclude financial instruments of US$10.3 million (June 2018: US$8.1 million) and deferred tax assets of US$30.1 million (June 2018: US$38.2 million).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 4. Operating Expenses - Continuing Operations

	First half 2019 US$m	First half 2018 US$m
Employment costs	**364.6**	355.8
Service suppliers:		
- transport	**668.9**	620.1
- repairs and maintenance	**478.7**	445.6
- subcontractors and other service suppliers	**315.4**	323.2
Raw materials and consumables[1]	**111.1**	104.8
Occupancy	**74.8**	75.9
Depreciation of property, plant and equipment	**276.1**	269.0
Irrecoverable pooling equipment provision expense	**53.8**	46.2
Amortisation of intangible assets	**15.4**	14.1
Net foreign exchange gains	**(0.2)**	(2.7)
Other	**76.0**	55.7
	2,434.6	2,307.7

[1] Used primarily for the repair of pooling equipment.

Note 5. Significant Items - Continuing Operations

Significant Items are 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 (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or
- part of the ordinary activities of the business but unusual due to their size and nature.

Significant Items are disclosed to assist users of the financial statements to better understand Brambles' business results.

	First half 2019 US$m			First half 2018 US$m		
	Before tax	Tax	After tax	Before tax	Tax	After tax
Items outside the ordinary course of business:						
- IFCO transaction costs[1]	**(5.5)**	**0.2**	**(5.3)**	-	-	-
- USA tax rate change[2]	**-**	**-**	**-**	-	103.2	103.2
- restructuring and integration costs[3]	**-**	**-**	**-**	(4.7)	1.8	(2.9)
Significant Items from continuing operations	**(5.5)**	**0.2**	**(5.3)**	(4.7)	105.0	100.3

[1] Professional fees incurred to 31 December 2018 associated with the planned divestment of IFCO through a demerger or sale.

[2] The USA Government passed the Tax Cuts and Jobs Act in January 2018, which contains significant tax reform measures including a decrease in the USA federal corporate tax rate from 35% to 21%. Consequently, Brambles recognised a one-time non-cash benefit of US$103.2 million to income tax expense during the first half 2018 representing the estimated reduction in Brambles USA's net deferred tax liability.

[3] In first half 2018, restructuring and integration costs primarily included costs relating to the completion of the One Better program.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 6. Earnings Per Share

	First half 2019 US cents	First half 2018 US cents
Earnings per share		
- basic	**20.1**	27.5
- diluted	**20.0**	27.4
From continuing operations		
- basic	**20.2**	27.6
- diluted	**20.1**	27.6
- basic, on Underlying Profit after finance costs and tax	**20.5**	21.3
From discontinued operations		
- basic	**(0.1)**	(0.1)
- diluted	**(0.1)**	(0.2)

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted earnings per share to the extent to which they are dilutive.

	First half 2019 Million	First half 2018 Million
A) Weighted Average Number of Shares During the Period		
Used in the calculation of basic earnings per share	**1,593.3**	1,590.6
Adjustment for share rights	**3.7**	4.4
Used in the calculation of diluted earnings per share	**1,597.0**	1,595.0

	First half 2019 US$m	First half 2018 US$m
B) Reconciliations of Profits used in Earnings Per Share Calculations		
Statutory profit		
Profit from continuing operations	**321.4**	439.8
Loss from discontinued operations	**(1.6)**	(2.7)
Profit used in calculating basic and diluted EPS	**319.8**	437.1
Underlying Profit after finance costs and tax		
Underlying Profit (Note 3)	**504.4**	518.1
Net finance costs	**(44.4)**	(52.7)
Underlying Profit after finance costs before tax	**460.0**	465.4
Tax expense on Underlying Profit	**(133.3)**	(125.9)
Underlying Profit after finance costs and tax	**326.7**	339.5
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	**326.7**	339.5
Significant Items after tax (Note 5)	**(5.3)**	100.3
Profit from continuing operations	**321.4**	439.8

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 7. Dividends

A) Dividends Paid During the Period

	Final 2018
Dividend per share (in Australian cents)	**14.5**
Cost (in US$ million)	**166.4**
Payment date	**11 October 2018**

Dividends paid during the period of US$166.4 million (first half 2018: US$178.0 million) per the consolidated cash flow statement differs from the amount recognised in the consolidated statement of changes in equity of US$166.5 million (first half 2018: US$183.1 million) due to the impact of foreign exchange movements on the Australian dividend payment between the dividend record and payment date.

The impact of the Dividend Reinvestment Plan (DRP) for the dividend payments made in first half 2019 and 2018 were neutralised by way of on-market share buy-backs.

B) Dividend Declared after 31 December 2018

	Interim 2019
Dividend per share (in Australian cents)	**14.5**
Cost (in US$ million)	**163.4**
Payment date	**11 April 2019**
Dividend record date	**7 March 2019**

As this dividend had not been declared at 31 December 2018, it is not reflected in these financial statements.

Note 8. Issued and Quoted Securities

	Share rights	Ordinary securities	
	Number	Number	US$m
At 1 July 2018	**7,138,001**	**1,591,901,323**	**6,218.5**
Issued during the period	**2,848,964**	**1,613,193**	**12.5**
Exercised during the period	**(1,581,322)**	**-**	**-**
Lapsed during the period	**(961,855)**	**-**	**-**
At 31 December 2018	**7,443,788**	**1,593,514,516**	**6,231.0**

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2018 – continued

Note 9. Discontinued Operations

On 9 January 2018, Brambles entered into an agreement to sell CHEP Recycled, with the completion of the sale occurring on 14 February 2018. The results of CHEP Recycled have been presented in discontinued operations in first half 2018. The total operating loss for first half 2019 relates to provision adjustments for CHEP Recycled.

Financial information for discontinued operations is summarised below:

	First half 2019 US$m	First half 2018 US$m
Total operating loss for the period[1]	**(1.5)**	(4.4)
Finance costs	**-**	(0.1)
Loss before tax	**(1.5)**	(4.5)
Tax (expense)/benefit	**(0.1)**	1.8
Loss for the period from discontinued operations	**(1.6)**	(2.7)

[1] Operating result includes US$nil depreciation and amortisation expense (first half 2018: US$4.5 million).

Significant Items outside the ordinary course of business relating to discontinued operations recognised during first half 2019 are US$nil and were US$(3.0) million for first half 2018, which primarily included professional fees associated with the divestment of CHEP Recycled.

Note 10. Net Assets Per Share

	December 2018 US cents	December 2017 US cents
Based on 1,593.5 million shares (first half 2018: 1,591.1 million shares):		
- Net tangible assets per share	**116.8**	108.3
- Net assets per share	**179.5**	176.8

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets (including intangible assets relating to CHEP Recycled at 31 December 2017), by the number of shares on issue at period end.

Net assets per share is calculated by dividing total equity attributable to the members of the parent entity by the number of shares on issue at period end.

Note 11. Contingencies

As disclosed in events after balance sheet date in the 2018 Annual Report, Brambles was served with class action proceedings filed in the Federal Court by Slater & Gordon and Maurice Blackburn, on behalf of certain shareholders. Whilst there have been some interlocutory matters which have taken place since the proceedings were commenced, there has been no material development in these actions to date.

There have been no material changes to contingencies as set out in the Brambles' 2018 Annual Report. As the outcomes of these matters remain uncertain, contingent liabilities exist for any potential amounts payable.

Note 12. Events After Balance Sheet Date

Except as outlined in the Directors' Report or elsewhere in these consolidated financial statements, there have been no other events that have occurred subsequent to 31 December 2018 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

Directors' Declaration

In the opinion of the Directors of Brambles Limited:

(a) the financial statements and notes set out on pages 2 to 19 are in accordance with the Australian Corporations Act 2001, including:

(i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

(ii) giving a true and fair view of the consolidated financial position of Brambles Limited as at 31 December 2018 and of its performance for the half-year ended on that date;

(b) there are reasonable grounds to believe that Brambles Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

S P Johns
Chairman

G A Chipchase
Chief Executive Officer

Sydney
18 February 2019

Independent auditor's review report to the members of Brambles Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Brambles Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2018, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Brambles. The Group comprises the Company and the entities it controlled from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2018 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Brambles Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Brambles Limited is not in accordance with the *Corporations Act 2001* including:

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pwc

1. giving a true and fair view of the Group's financial position as at 31 December 2018 and of its performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Susan Horlin
Partner

Sydney
18 February 2019

Eliza Penny
Partner

Sydney
18 February 2019

Directors' Report

The Directors present the interim results of the consolidated entity consisting of Brambles Limited and the entities it controlled at the end of, or during, the half-year ended 31 December 2018 (Brambles).

Names of Directors

The Directors of Brambles Limited in office during the half-year and up to the date of this report are as follows:

S P Johns (Independent Non-executive Chairman)

G A Chipchase (Executive Director, Chief Executive Officer)

G El Zoghbi (Independent Non-executive Director)

E Fagan (Independent Non-executive Director)

A G Froggatt (Independent Non-executive Director)

D P Gosnell (Independent Non-executive Director)

T Hassan (Independent Non-executive Director)

S C H Kay (Independent Non-executive Director) – retired effective from 23 October 2018

B J Long (Independent Non-executive Director)

N O'Sullivan (Executive Director, Chief Financial Officer)

S R Perkins (Independent Non-executive Director)

Review of Operations and Results

The principal activities of Brambles during the six months ending 31 December 2018 (1H19) were the provision of supply-chain logistics solutions, focused on the provision of reusable pallets, crates and containers, of which Brambles is a leading global provider. Brambles' supply-chain logistics services comprised four operating business segments:

- The pallet and container pooling business managed under the CHEP brand operates its business within the following three segments: CHEP North America and Latin America (CHEP Americas); CHEP Europe, Middle East, Africa and India (CHEP EMEA); CHEP Australia, New Zealand and Asia, excluding India (CHEP Asia-Pacific); and
- The reusable plastic containers (RPC) pooling business managed under the IFCO brand (IFCO RPCs).

During August 2018, Brambles announced that it was pursuing a separation of IFCO RPCs via a dual track demerger and sale process to ensure optimal shareholder value was achieved. Brambles expects the separation to be completed during the 2019 calendar year by way of a sale or demerger.

Some of the results referred to in this report are expressed on a "constant currency" basis. This means that they are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations. All other figures are presented on an "actual" basis, which means the results are translated into US dollars at the applicable actual monthly exchange rates for each period. In this report, comparisons are to the six month period ending 31 December 2018 (1H18) unless otherwise stated.

Brambles' sales revenue from continuing operations for 1H19 was US$2,856.4 million, an increase of 7% at constant currency, in line with the Brambles' expectation for revenue growth in the mid-single digits. Volume growth was strong across Brambles reflecting expansion with new and existing customers across the pallet operations of all CHEP business segments, the CHEP 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 RPCs 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 RPCs North America business, solid price growth was offset by volume declines during 1H19.

Brambles' operating profit for 1H19 was US$498.9 million, up 1% at constant currency and included Significant Items expense of US$5.5 million relating to the separation of the IFCO RPC business.

Brambles' Underlying Profit which excludes Significant Items, for 1H19 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 USA and Europe in response to transport availability constraints and higher fuel costs. Despite some easing during 1H19, lumber costs remained above prior-year levels and further volatility is anticipated in the second half of the financial year ending 30 June 2019. Wage inflation also remained elevated across most markets impacting both direct and overhead costs in 1H19.

Directors' Report – continued

In addition to input cost inflation, the 1H19 results also reflect a continuation of the cost challenges in CHEP Americas:

- In the USA, the pallet 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 the financial years ending 30 June 2020 and 30 June 2021.
- In Canada, the pallets business incurred additional costs due to the conversion from stringer to block pallets highlighted to the market during the financial year ending 30 June 2018 (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.

Brambles' net finance costs for 1H19 were US$44.4 million, a decrease of 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 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.

Brambles' profit after tax from continuing operations for 1H19 was US$321.4 million, a decrease of 25% at constant currency largely due to the cycling of a US$103.2 million one-off, non-cash tax benefit associated with US tax reform recognised in 1H18.

Brambles' 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 US tax reform relating to foreign payments, effective from 1 July 2018.

CHEP

The CHEP operating business segments' results for 1H19 were as follows.

CHEP Americas 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. 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. 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 resulting from the US quality programme commenced in FY18.

CHEP EMEA 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. 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 the Kegstar keg pooling business. 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, plant, depreciation and other cost increases.

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

IFCO RPCs

The IFCO RPCs operating business segment's results for 1H19 were as follows.

Sales revenue in IFCO RPCs 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

Directors' Report – continued

wins in the UK. Lower volumes in North America reflected the exit of unprofitable contracts and crate availability constraints during peak harvest periods. 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 US$2 million net benefit associated with movement in provisions.

Auditor's Independence Declaration
The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 26 and forms part of this report.

This report is made in accordance with a resolution of the Directors.

S P Johns
Chairman

G A Chipchase
Chief Executive Officer

18 February 2019

Auditor's Independence Declaration

As lead auditor for the review of Brambles Limited for the half-year ended 31 December 2018, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brambles Limited and the entities it controlled during the period.

S. Horl

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
18 February 2019

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