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PRESENTATION

Tom Gorman - *Brambles Limited - CEO*

Well, good morning everyone. I'm Tom Gorman, I'm the CEO of Brambles, and I'd like to thank you for joining us this morning. I'm going to start today's presentation with an overview of the key issues and a summary of the highlights of our 2012 results. Greg, our CFO, will then walk you through the financial results in more detail before I return to the stage and discuss the context and the outlook for the future.

So firstly, let's get into the business update. One of the key messages for today is that we have met our profit guidance. Our underlying results of $1.01 billion at actual exchange rates translates to $1.061 billion at 30 June 2011 foreign exchange rates, and that amount is in the range of our guidance, and if you recall we gave our guidance at June 2011 exchange rates. Now to give you an idea of how much currency has moved in 12 months, please note that at 30 June 2012 foreign exchange rates, our results would be about $90 million and that number would total $972 million, and mostly this is because of the weakness in the Euro relative to the US dollar. This is relevant to our guidance which I will come to shortly.

The second key message for us today is that despite the weak economic environment, we expect to keep growing and we are going to continue to invest to deliver that growth. We will keep developing and improving our businesses and we will keep investing in the expansion of our pooling solutions operations. That means expanding in new and underpenetrated segments, rolling out new products and services, and of course entering new countries. We are forecasting underlying profit in FY13 in the range of $1.01 billion to $1.07 billion. Now this forecast again is at 30 June 2012 foreign exchange rates. Our guidance represents growth of 4% to 10% on the FY12 results, which as I said previously, was $972 million, again at a common exchange rate of 30 June 2012.

On the next slide I'll discuss the 2012 highlights in a bit more detail. Our underlying profit for the year was within the range we forecast 12 months ago which we tightened, if you might recall, at the half-year result in February. We achieved constant currency sales revenue growth in all segments, which was in line with our guidance and we delivered our specific sales targets in RPCs, Containers and emerging markets, our three focus areas for growth. We delivered our efficiencies as forecast as well, and these came from the new global Pallet structure, from integrating IFCO and of course from streamlining Recall. Our business improvement program in the US which we refer to as Better EveryDay continued to deliver improved customer outcomes and to deliver the planned efficiencies. What we didn't do last year was sell Recall but our decision to cancel the divestment process in June was predominantly a result of deteriorating capital markets conditions increasing the execution risk on the transaction.

It was always our view and remains our view today that a strong and profitable business such as Recall should only be divested if a transaction that represented value and certainty for shareholders was available. I'll now comment briefly on the headline numbers in our results. Our key financial outcomes shown on the slide -- shown on this slide for our recorded results are at actual foreign exchange rates and prior to any adjustments for the acquisitions that we have made over the past year. Greg's commentary will adjust for these acquisitions and also adjust for currency. When either Greg or I use the term, dollars, from here on we are talking in terms of US dollars, of course unless otherwise noted. As you can see from this slide our growth momentum was strongly positive in 2012. Sales revenue was up 20% in the period to more than $5.6 billion. Operating profit was up 16% to $939 million and underlying profit, which excludes significant items, was up 18% to $1.01 billion.

Basic earnings per share, which is also shown on an underlying profit basis, was up 16% to $0.421. We held our dividend at AUD0.26 for the year on an expanded equity base after the rights issue with AUD0.13 per share declared for each of the interim and final dividends. The franking rate for the final dividend is up to 30% and that's an increase from 20%. A major driver for our performance continues to be our ability to win new business. The next slide will now show our market share improvement by segment. Those of you that have been following us for any length of time will know that we use a measure called net new business wins to illustrate the contribution of market share growth to our sales in any given period. We use the concept of net annualised new business to illustrate the value of new business won on an ongoing basis.

Now, these figures are presented pro forma for any acquisitions and what I mean by that is that the growth that we're showing is growth that we have generated since acquiring the businesses. As this slide shows, our new business growth was again very strong in the 2012 financial year contributing $184 million in the year. Now, the annualised value of $314 million is almost 6% of our total 2012 sales revenue. Highlights include the growth in the Americas region of the Pallet segment which reflects win-backs of key customers in the USA such as PepsiCo, a substantial contract win in Canada with Coca-Cola, and of course continued growth in our Latin American markets.

I'd now like to walk you through the results highlights of each of our operating segments. I'll start with the Americas region. Now, the Americas region, the Pallet segment, we have remained committed to our plan which we announced over three years ago and that plan is now delivering strongly with growing momentum in terms of sales, customer engagement and return on both sales and capital. Sales revenue was up sharply in the year and that was primarily a result of some great customer wins including Pepsi and other win-backs from IGPS, good growth in Canada and our continued profitable expansion in Latin America. Our Pallet services acquisitions, which is IFCO Pallet Management Services in the US and Paramount Pallet in Canada, have been integrated smoothly and are providing us not only with stronger asset management expertise but also opportunities to cross sell and to offer our customers a more complete service proposition.

Now, key wins in the second half included the Coke Canada contract that I mentioned on the last slide, the win-backs from IGPS, and this includes Sunny Delight in the US, apple sauce and fruit juice company, Mott's, in the US as well and strong wins across the PMS business. The sales growth, and that is along with our delivery of the Better EveryDay program, the operations and logistics efficiencies that we're delivering as well as the network optimisation synergies between the CHEP and IFCO operations, all this together means that we are delivering strong increases in profits and margins. I'm very pleased to report a strong increase in return on capital invested in the Americas and this came through particularly in the second half of the year. This improvement reflected not only increased profitability but also some modest -- but I have to say encouraging --improvements in asset control that we are now achieving as a result of the various targeted programs the team in the US has been running.

Now, let me turn our attention to Europe, Middle East and Africa and again I'll talk about the Pallets segment of that region. This still remains a more challenging part of the world for CHEP as a result of both economic conditions in Western Europe and the cost of growing the business in new markets in this region. Despite this, however, and despite the weaker Euro we still delivered a modest increase in sales revenue in 2012 with Western Europe sales revenue stable despite the volatility and the particular weakness that we're seeing in our second largest market, which is Spain. At the same time we continue to deliver strong growth in the developing market regions of Central and Eastern Europe and Middle East, Africa.

In line with our announcement that we would enter seven new Central and Eastern European countries in the year, in July we finalised a contract with Procter & Gamble in those regions. This is not included in the wins that we recorded in the FY12 year. Now, meanwhile, some of our biggest names in -- some of the biggest names in consumer goods, names such as Colgate-Palmolive and Henkel, are the latest to join our system in our fast-growing Turkish business. We also won our first business in Estonia recently and we continue to add major customers in the mid-Europe region that includes Germany and Scandinavia. Although underlying profit was down 9% for the year in EMEA as a result of the cost pressures which we discussed at the first half, there was an improvement in margins in the second half versus the first half as a result of the actions that we have taken to generate those efficiencies. That is also in line with the information that we shared with you at the half-year.

As we indicated at the Investment Market Briefing in Zurich which we held in March, we are committed to delivering a 200 to 300 basis point improvement in underlying profit margins by the end of the 2014 financial year. We are committing to that margin improvement despite the fact that the growth programs that we are pursuing in EMEA in many cases require considerable upfront investment and are therefore not initially as profitable as the highly developed operations in countries such as the UK and Spain. Now, in those countries like for like volume and pricing growth is considerably more challenging at the present.

Moving on to Asia-Pacific. The Asia-Pacific Pallets business delivered a robust result with solid performance in Australia and New Zealand and continued strong growth in our Asian operations. Some of our key second-half business wins are listed on the slide including the Swire Coca-Cola bottling plant in China and a number of leading food, consumer goods and logistics companies throughout the Asia region. Our underlying profit result with relatively modest growth reflects both the margin differential between the mature businesses in Australia and New Zealand and the faster growing businesses in Asia and also reflects the non-recurrence of some one-off gains that occurred in the prior corresponding period in Australia. Our China operations were profitable in the fourth quarter and that, too, is in line with our guidance. Let me now move away from the Pallets business and talk to you about RPCs, Containers and Recall. RPCs delivered a 15% pro forma constant currency sales revenue growth that we forecast. Although given the weaker Euro this growth translated to 13% at actual exchange rates.

The statutory growth numbers are extremely high and these are high as a result of the fact that Brambles only owned the IFCO business for three months in the 2011 financial year and obviously '12 has a full year of the IFCO results. As Karl Pohler discussed at the Investment Market Briefing which was held in Zurich in March, there are really three key drivers for our business growth. These include filling out additional product lines for the retailers that we already serve, entering or expanding in new product or underpenetrated regions and thirdly providing new products. We are experiencing continued strong progress with our North American expansion, in particular with retailers such as Kroger and Safeway in the US and Loblaw's in Canada. We added new business in the second half with a number of leading European retailers as shown on this slide. Pro forma underlying profit growth was 16% in the year.

Now, onto Containers. The Containers business is a mix of businesses with different levels of maturity, different levels of profitability and different growth expectations. Total sales revenue growth was 18%, which included the contribution of a number of acquisitions. Now, these acquisitions were also the main driver of the doubling of the sales revenue that we delivered in our new Containers businesses and that includes CHEP Aerospace Solutions, the US intermediate bulk Container operations and our US automotive operations. These businesses are generating strong sales growth and we will continue to invest in growing them for the long term albeit the US automotive business is growing a little bit more slowly than we had originally expected. Our pre-existing Container businesses, which have strong profitability, continue to perform solidly.

In Europe we are still growing as our automotive operations expands eastward and adds additional complex assembly customers in segments outside of automotive. These segments primarily are in the white goods space. It was a challenging year for the Australian Containers operation as a result of some industry issues in the automotive sector here while CCC had relatively low levels of customer activity and that contributed to a flat result for the CCC business. I'll now close with some comments on Recall and then I'll hand off to Greg. Now, while the divestment process for Recall attracted a lot of attention in the period I am very pleased to report that our Recall team continues to deliver extremely professionally for our customers.

That translated to another solid increase in sales revenue with both new business wins and like for like volume increases contributing. We delivered the cost efficiencies that we set out to achieve at the start of the year and that translated to a very strong increase in underlying profit. There was a fall in paper prices during the year and there was also some declines in volumes which did impact the secure destruction services business. The $174 million profit result which is shown translates to $182 million at 30 June 2011 FX rates, and this is within the guidance range that we shared with the market 12 months ago. Let me now hand off to Greg to discuss the results in more detail. Thank you.

Greg Hayes *- Brambles Limited - CFO*

Thank you, Tom and welcome, everybody. Let me begin with an overall summary and consistent with prior year results sessions unless otherwise stated I'll be using constant currency comparisons to explain the growth year-on-year.

In addition, you'll note that we have one important presentational change. In our half-year accounts we disclosed Recall as a discontinued operation because of the intention at the time to sell the business. As we have retained Recall it's now presented within continuing operations for the full year. Now, from this slide you can see sales revenue from continuing operations for Brambles for the year was up 22% partly as a result of acquisitions. On a pro forma basis, assuming we owned these acquired businesses for all of the corresponding period sales revenue was up 7%. All regions delivered increased sales a large part of which came from the $184 million of new business wins which Tom's already mentioned. This contributed 3.5% or about half of the pro forma sales revenue growth.

The impact of wins in the second half of the year of $128 million was a pleasing improvement on the $56 million in the first half, demonstrating our accelerating growth and our continued ability to win new business in uncertain economic times. Now, organic sales grew strongly in RPCs and Containers but was relatively low across the Pallet segment especially in the developed markets. Underlying profit, which excludes significant items, was up 20% or 11% on a pro forma basis. Now, this profit outcome reflects the contribution of hard sales across all businesses. Margin improvements in the Americas region of the Pallet segment reflected the continued reduction of net costs associated with the Better EveryDay program. Efficiency savings have also been achieved as part of our global Pallets and operations initiatives and the IFCO integration.

At the group level the improvement in the Americas Pallets was offset by inflationary pressures in Western Europe Pallets and the cost of investing in future growth in emerging markets, RPCs and Containers. Recall delivered a strong profit improvement primarily because of efficiencies created following restructuring that occurred at the start of last financial year. Across all of Brambles, profit before tax increased 17%. Interest expense was $25 million higher than the prior year primarily because of funding costs for the IFCO transaction that occurred in March 2011 while profit after tax increased by 23%. Now, the effective tax rate of 27% was lower than the prior corresponding period because of an improved tax outcome in our CHEP China business and in the Netherlands.

Now, this waterfall chart shows that sales revenue grew 22% on a constant currency basis from $4.7 billion to $5.7 billion. Now, we are showing $678 million of pro forma sales revenue in the prior corresponding period and $22 million in FY12 to make it easier to illustrate the elements that make up our 7% pro forma constant currency sales revenue growth. Now, that $678 million reflects a full year of IFCO and the smaller acquisitions we made in the last two years or the $22 million is annualising the results of the smaller acquisitions we made this year, being Paramount Pallet and Driessen services. Now, pricing and mix rose a little more than 1%, impacted by the continued subdued conditions in our more mature markets and minimal price growth in RPCs and Containers. Having said that, this was an improvement on what we have seen in recent years.

Organic growth of 2% was primarily driven by the IFCO RPCs business which has been expanding with existing customers in both the US and Europe. Organic growth in our largest Pallet markets of the US and Western Europe was subdued. The US achieved minor organic growth while Western Europe organic sales fell 2% because of the struggling economies. Net new business wins, as we've already seen, contributed 3.5% of our pro forma sales growth with all segments and regions contributing. Now, looking at Pallet sales in total, across our group they increased 15% on the prior comparable period. Not surprisingly, the inclusion of IFCO Pallet Management Services in the US contributed 8% of this growth and Paramount Pallet sales 1%. On a pro forma basis America's sales grew 7%.

CHEP USA delivered 5% growth with strong new business wins, as Tom has discussed, and on a pro forma basis including Paramount in both years Canada delivered 6% growth. Latin America continued to perform strongly, delivering 18% growth. Organic volume was up 2% largely driven by the growth in Pallet management services Canada and Latin America. In EMEA sales were up 4%. Now, within this result Western Europe was up 2%, Central and Eastern Europe up 37% and Middle East and Africa up 14%. EMEA organic volumes fell 1% as declines in volumes in Spain, in particular, more than offset volume growth in other developed European countries. Central and Eastern Europe organic volumes grew 10% and Middle East and Africa grew by 5%.

In the Asia-Pacific Pallets business sales were up 7% mainly as a result of growth in the fast-moving consumer goods sector, in our emerging Asian operations. Australia and New Zealand achieved a modest 4% sales growth. I'll now turn and look at the profitability in each of the Pallet regions and I'll start with the Americas region. Now, to assist comparability we have included the EBIT reported by IFCO Pallet Management Services in the 2011 financial year as pro forma reduced by the amortisation we have since incurred as a result of the acquired intangible assets. Overall in the Americas operating profit increased 21% on a pro forma basis.

Operating profit margins when adjusted for Pallet Management Services improved by 2% to over 20% (technical difficulty). Now, there is an appendix which details that calculation. Volume, price and mix contributed $76 million of additional profit while the Better EveryDay program delivered $32 million of efficiencies in line with our expectations. The global Pallet efficiencies achieved the expected $10 million of savings and the integration of IFCO Pallet Management Services achieved its first $5 million of efficiencies. Direct costs increased $40 million principally related to higher transportation costs in addition to higher costs for lumber, asset recovery, retailer reimbursements and depreciation. The $5 million of emerging market expansion relates to our increased investments in Latin America. Now significant items represent the cost of restructuring the Americas business during this financial year associated with the relocation of the Americas head office from Orlando to Atlanta.

Now, moving on to EMEA, operating profit from Pallets fell compared with the 2011 financial year despite an increase in sales which (inaudible) $36 million of volume price in mixed benefit. As per previous guidance we spent an additional $10 million in the year investing in the quality of the Pallet pool which is ageing on average as growth has slowed. It should be noted that there is no incremental quality spend forecast in the 2013 year. As we said at the half-year results the EMEA business has experienced a number of inflationary pressures which it was not able to fully offset through efficiencies or pass on to customers in pricing amid a challenging economic and competitive environment. Now, during the second half of the year we did achieve an increased level of efficiencies which sets us up well for future savings and margin improvement which we expect will materialise fully during financial year 2014.

As you can see from the chart there was $27 million of cost inflation for the full year which included $18 million for lumber and fuel. There was also $4 million of indirect salary inflation. Now, we continue to invest in the Central and Eastern Europe and Middle East and Africa business units in the period. The $7 million of expansion costs shown here includes the costs required to establish that growth. Other costs are mainly reduced Pallet compensations in the year resulting from improved audit outcomes across out customer portfolio. Now, significant items reflect the costs of changes to the CHEP South Africa pension scheme which we disclosed at the first half.

So then moving on to Asia-Pacific there was a 7% sales growth contributing $15 million of growth in a volume price and mix. There was a $6 million increase in cost inflation related to fuel and salaries and again we invested $4 million in the emerging markets of Asia to support the growth in that region. Now, the $7 million of other incremental costs mainly relates to one-off insurance recoveries during the 2011 financial year related to the floods at the beginning of 2011 in Queensland, which we showed in this category last year, and this was partially offset by cost efficiencies achieved this financial year. Now, if we can move on to the RPC segment we can see sales revenue increased from $310 million to $760 million mainly because of the contribution from IFCO. On a pro forma basis including results for IFCO in the corresponding period sales rose a solid 15% as Tom has indicated in line with our previous guidance.

All the IFCO regions contributed to this growth as IFCO increased its penetration with the existing customers, continued to convert new retailers from disposable solutions to RPCs, and introduced new products. The CHEP ANZ and CHEP South Africa RPC businesses also continued to grow healthily. Underlying profit on a pro forma basis increased 15% (sic -- see slides 19%) and margins remained at 17% despite an increase in logistics reimbursement costs to retailers. Now, on this slide we show a pro forma profit comparison for RPCs. Operating profit in the 2011 financial year which, included just a three month contribution from IFCO, was $28 million. The pro forma adjustment incudes the pre-acquisition IFCO EBIT in 2011 which we have adjusted for the amortisation expense we are now incurring related to non-goodwill intangibles.

The depreciation expense for the year was comparable to the pro forma for the previous year. It should be noted that during the year we have worked through aligning the IFCO depreciation policy in all regions to be consistent with that of CHEP. This created some fluctuations in the expense between the first and second half, however the full-year expense is indicative of the run rate you should now expect for 2013. As you can see from the chart the 15% sales growth achieved in the business contributed $33 million of profit. Following the integration of the CHEP Europe RPCs business within IFCO the $5 million of synergy efficiencies that we signalled has been achieved. With indirect costs there has been an increase in logistics reimbursement to retailers and also an increase in depreciation expense from the growing pool.

Other costs include small increases in personnel costs and allocations of support costs from Brambles HQ. Significant items which relate to costs incurred in both years associated with the integration of the IFCO business with CHEP have fallen $9 million.

Now moving onto Containers, the sales revenue here grew 5% on a pro-forma basis. Growth in the automotive sector reflected strong organic growth in Europe, in particular in Germany and the UK. Sales in the catalyst and chemical Container business were flat with many customers delaying major shutdowns. The newly acquired intermediate bulk Container business in the US and our new aerospace solutions operations have contributed strongly to the sales growth in Brambles. Operating profit in the Containers segment was down 11%.

Now this slide on profitability for the Containers business is not on a pro-forma basis due to the complexities of showing a meaningful trend when combining many different acquisitions, so we've left it at actual. Sales growth across the Containers businesses delivered $9 million of additional volume, price and mix. This was offset by additional direct costs incurred in relation to fuel increases, additional pooling equipment relocations in Europe and depreciation on the larger pools. We invested $8 million for future expansion in this business. This included the cost of a new management team for global Containers and the aerospace solutions division.

Now moving on to Recall, this business achieved a 4% sales growth with improvement in all regions, reflecting ongoing growth in the storage of physical and digital information. Carton volumes grew 4% with expansion from new business wins in all markets and organic growth in the Americas. Growth in Recall's rest of the world region was low as it was impacted by a reduction in document management solutions activity in Australia in particular. Secure destruction services sales were down 6% on the prior year due to lower paper prices and lower volumes in the Americas. We've included a chart on paper prices as we ordinarily do for North America in the appendix for your use.

Underlying profit improved 19% due to sales growth and cost savings resulting from restructuring activities that occurred at the beginning of the year. The underlying profit margin improved two percentage points on a constant currency basis to around 21%. Now significant items include the cost of restructuring activity in July and August last year.

Now this is a waterfall chart showing the components of Recall's operating profit. The primary moves being the aforementioned significant items and the savings that resulted. Volume, price and mix more than offset the higher direct costs due to property expenses and depreciation on a larger property portfolio and IT investments. Other costs increased slightly.

I'll now discuss cash flow for the year, which is shown at actual foreign exchange rates. Operating cash flow from continuing operations at $591 million was $134 million lower than 2011, principally because of a $185 million increase in capital expenditure, increased working capital and a reduction in provisions which more than offset the increase in our EBITDA for the year.

Now in line with previous guidance, capital expenditure increased to support growth. CHEP's Pallet CapEx remained at similar levels to 2011 and included growth CapEx, mainly to support expansion in the emerging markets. RPC's CapEx increased by $166 million due to the full year impact of IFCO and its continued investment for future growth. CapEx also increased in Containers to support growth. Now we expect CapEx to remain at similar levels in 2013 financial year at close to $1 billion.

Working capital increased $108 million in the year. This was an increase of $93 million compared with the movement in 2011 when there was little movement in working capital balances. The majority of the increased working capital in the year was in the Pallets business and it was as a result of lower creditor days outstanding in response to the tough economic conditions for our suppliers, and this is something we discussed at the first half year results. Creditor days in CHEP at 30 June 2012 were 61 compared to 68 in the prior corresponding period. We expect the increase in working capital in 2013 however to return to similar levels as 2011. It is important to note here that we have not seen any increase in bad debts in the period.

Now the irrecoverable pooling equipment expense fell slightly this year due to an encouraging reduction in Pallet losses in CHEP USA, and this resulted largely from our decision to reduce transfers to retailers who do not participate in the CHEP program.

The cash outflow in the provisions or other category reflects an increase in the bonus payments reflecting the improved 2011 financial performance, increased expenditure on software development and the settlement of some outstanding litigations for which we had previously provided. Now again, we expect that reductions in provisions will reduce in 2013 to levels similar to 2011.

Tax paid increased $17 million because of the growth in the business while interest paid fell since 2011. We included $48 million of costs associated with repaying IFCO's high yield debt. Dividends paid increased on the prior year because of the suspension of the dividend reinvestment plan, which was in place in the prior corresponding period, and there was also an increase in the 2011 final dividend and an impact from the stronger Australian dollar. We expect free cash flow in 2013 to improve significantly on that achievement of 2012.

Now this slide shows capital expenditure over recent years and we note here that this is on an accruals basis which excludes the timing of payments. Clearly in 2010 we had something of a one-off reduction in Cap-Ex, as a result of the lingering impacts on our growth rate of the global financial crisis. But what I want to emphasise about the 2011 and 2012 financial years, and our forecast for the 2013 financial year on the right, is that the increase in CapEx is entirely linked to growth projects. And that despite modest growth in the developed market Pallets business, CapEx is stable in that part of the business.

We've also included the elements of CapEx that we have identified for growth in emerging Pallet markets, RPCs and Containers on this chart, and you can see that in yellow. Now we incurred $240 million of CapEx in these areas this year, which is in line with our previous guidance for $550 million over the 2012 and 2013 financial years combined. Now we continue to expect $300 million of growth CapEx in financial year 2013 out of a total of around $1 billion of CapEx for the year. The increase in growth CapEx in 2013 reflects an expected increase to support further growth in Containers.

Now I'll now talk briefly about our balance sheet, which we strengthened during the year. As you can see from the chart, net debt at June 2012 was $2.7 billion, down about $300 million from the prior year, mainly because of the receipt of AUD326 million from the institutional component of the rights issue that occurred in June 2012. We received a further AUD113 million after year end as the proceeds from the retail component of the rights issue.

Now the impact on net debt from the negative free cash flow in the year was offset by the strong US dollar at June 2012, compared with June 2011. Net debt to EBITDA, which is the principle metric that we manage our debt portfolio by, was 1.7x. That's down from 2.2x last year, reflecting our lower level of debt and bringing us back within our target range. EBITDA interest cover reduced slightly to 10.3x largely because of the increase in interest expense. Exposure to interest rate movements is limited as about 50% of the Group debt is at fixed rates.

Now total committed credit facilities stood at $4 billion at 30 June with $1.2 billion undrawn, and the average duration of our debt portfolio was 3.7 years at the 30th of June. So thanks very much, and I'll now hand back to Tom.

Tom Gorman *- Brambles Limited - CEO*

Well thanks very much for that Greg. Before we wrap up today's presentation, what I'd like to do is take an opportunity to place a little bit more context around our outlook for FY13. I think there are three key points to note. The first is the continued resilience of our established operations. This is really for us driving a robust sales performance despite, frankly, the very weak economic conditions in many of our major developed markets. We are also continually working to make our operations more efficient against significant cost pressures and conditions in which do not support widespread pricing increases.

The second point that I'd like to make is our commitment to invest today to drive returns in the future. We will continue to make these investments to develop long term growth opportunities, whether in new countries or in new segments, and we are also investing to improve our asset management practices across the globe.

The third point is obvious, but I believe it's worth restating. And that is, that investment in the future does not come without cost today. The initial cost for our growth programs may be higher than what is often viewed as free growth that comes when conditions are more positive in our developed markets. Similarly, the task of improving our asset management is in fact complex, and in the short term this too requires added operating costs. But we are making progress on this front, and the eventual pay off in terms of capital efficiency is truly compelling.

Now let me talk in a little bit more detail about the context and outlook for each of our operating segments. The Pallet segments for the purpose of this discussion are split into the developed markets and the emerging markets. In the developed markets, we continue to expect new business wins in all regions, as we in fact saw in FY12. We will also continue to deliver our efficiencies. In FY13 we have another $10 million each of incremental operations and logistics savings, and savings from the IFCO integration synergies, and this as I said is on track for us to deliver in FY13.

There is also a final $28 million reduction in the cost of delivering the Better EveryDay program in CHEP USA. And we are in fact on track to deliver this as well. In Western Europe, we have made some initial progress in streamlining our business and making it more efficient. We are very focused on ramping up the delivery of those efficiencies in the FY13 year. To deliver to our objective of 200 to 300 basis point improvement in underlying profit margin by the end of FY14. But we do expect the realisation of those efficiencies to be weighted toward the FY14 year.

We also continue to monitor and take steps to mitigate the instability pertaining to currency and sovereign risk across Europe. We continue to sweep cash out of at risk countries and it's important for all of you to remember that our European revenue base is predominantly consumer staples, and that our assets are fungible across continental Europe. Without question, if conditions deteriorate further in a major country of CHEP's operations, such as Spain, then we will have to manage that challenge. But we are not over exposed, and we are taking the right steps to manage those risks today.

Now throughout the developed markets Pallets operations, we are also increasing our focus on asset management. Now following some initial success that we've had in the USA, from managing recyclers in a different manner, and from leveraging our white-wood footprint to reduce flows to non-participating distributors. These programs have contributed, as I mentioned earlier, to a modest reduction in losses in the US, which is why the IPEP expense was lower in 2012. At this point in time we have multiple initiatives underway, but it is really too early to commit to material ongoing improvements or to set public targets.

Capital efficiency in pooling operations is a very complex issue. In addition to reducing leakage or increase in turns, there are myriad other considerations, such as the cost of storing and transporting assets, the impact of new Pallets being used for imported goods, and some residual requirements that we have in the US for new Pallets for a few of our customers.

Nonetheless, we are investing prudently in driving improvement in this area. Now again, while that means somewhat higher operating costs in the short term, we are absolutely confident that this is the right strategy for the long term improvement of our core business.

I now would like to share with you some data on the developed markets Pallets operations, and I think that this would be helpful to put it in this context. What this slide shows is that as a rule we are growing our sales in our developed market Pallet operations over and above the rate of private consumption growth in each region. It also shows that what we are -- how we are achieving that is our ability to keep winning new business, and in fact as I've said previously, to grow our market share.

This has been a common trend over many years, the trend for us to expand faster than the rate of underlying consumption, because of our market share growth. However, as I have said already in the absence of stronger economic growth, this market share growth costs us a bit more in the short term compared with the growth that comes from our existing customers selling more of their products and our ability to obtain larger price increase than we are currently generating.

But I believe that these data highlight the resilience of our business. The attractiveness of the growth opportunities that exist, even in some of our more mature markets, and how well positioned we are for the time, as I've mentioned earlier, when economies do improve. Add to this the growth opportunities that exist in our pooling solution operations in the developing markets, as well as the opportunities we have with other products, and I will discuss both of these issues on the next three slides.

I believe what you have here is a very compelling picture of both the resilient underlying opportunities, as well as the strong new opportunities ahead of us. The one market in which we did not expand faster than the rate of consumption was Australia and New Zealand, whereas I think most of us in this room are aware that we are experiencing quite an impact from the mining boom trends, and that trend does in fact skew some of the economic data.

Now, let me move from the developed markets to our emerging markets in the Pallet business. As you can see on this chart on the left, what this chart shows is that emerging markets now represent 15% of our CHEP Pallet operations worldwide, and this is done at 30 June '11 FX rates.

Now assuming that we meet our 15% sales revenue growth target this financial year, the compound annual growth rate in emerging market sales revenue will be 16.5% over five years as the bar chart on the lower right shows, with all four of our growth regions -- Middle East, Africa, Latin America, Central and Eastern Europe and Asia, growth strongly. Our profitability varies here by business unit, with Middle East, Africa and Latin America containing the established and profitable South Africa and Mexico operations respectively. But Central and Eastern Europe and Asia are also profitable and margins are improving in those regions.

As you have seen from the mix of customers that we are adding in these regions, our expansion is coming with major customers, such as Proctor and Gamble and Colgate Palmolive, which strengthens our relationship with these customers in markets that are immensely important to them for strategic reasons.

Now let me move to the RPC segment. Our RPC business unit is a simple and very positive story. We're on track to deliver another year of 15% constant currency sales revenue growth. The drivers of that growth remain increased penetration with existing retailers, increased roll out of new products such as the banana, berry and egg crates, which are shown on this slide, and we're also getting an increased presence in the under-penetrated regions, and most notably, this is in North America. As we grow, we expect long term improvements in profitability from an increase in scale and efficiencies.

Now moving onto the outlook for Containers. As with the FY12 result, Containers is a less simple picture as a result of the mixture of size and maturity of our various businesses in this business unit. The appointment this May of Jason Rabbino as the first Group President for this segment will assist us in developing a greater level of focus. In FY13 we expect a further doubling of the combined sales revenue of our new businesses, and again those include aerospace and Americas IBC and automotive. Albeit the growth that we get in the American automotive business will be somewhat behind our initial expectations.

We expect continued resilience and high levels of profitability from our established operations, those being the EMEA and ANZ auto and IBC operations and the CCC business in the US. But the outlook for FY13 is one of continued low margins, as we are in fact increasing our development costs in order to support the future growth that we want. We will continue to assess strategically both on acquisition opportunities in Containers as well, although these are likely to remain relatively small. This is a long term play for Brambles, and we are committed to stay the course, as we believe that we can continue to deliver growth and we can deliver strong returns over time.

Let me now move our focus to Recall. With Recall for the coming year, we expect modest growth at underlying profit margins broadly in line with the improved performance that we delivered in 2012. This is a period of consolidation for the business, to some extent, but we will continue to manage the business for ongoing improved return on investment. There is no plan to ramp up our CapEx aggressively in the year. We expect CapEx to be in line with the 2011 levels at about $80 million. But we will make the investments necessary to support the profitable growth of Recall.

I'll now make some closing comments to place some context around our guidance, which as always is subject to unforeseen events and ongoing economic uncertainty. We expect continued constant currency sales revenue growth from all of our operating segments. We expect underlying profit to be in the range of $1.01 billion to $1.07 billion and again this is at 30 June 2012 foreign exchange rates, and on a like-for-like exchange rate, this is a 4% to 10% increase on the 2012 results of $972 million.

This growth rate reflects both the continued resilient sales increases that we expect to generate and the investments we are making in growing in improving our businesses around the globe. In FY13 we anticipate the incremental impact of that investment versus the investments we made for growth in FY12, will be around $25 million. We expect net finance costs to be lower in FY13 to about $125 million because of lower average debt levels and lower effective interest rates. We expect an effective tax rate for the year of about 28%.

Next financial year in 2014, we expect continued sales and profit growth, with an improved Group margins, as our new businesses continue to leverage the investments we are making today and we continue to deliver further efficiencies in our developed businesses.

So now to summarise. We have delivered results in line with our expectations for the 2012 financial year and we have committed to further growth in 2013 and 2014 despite the ongoing weakness and uncertainty in our main operating markets. We have delivered a strong turnaround in our largest operations, which is the CHEP USA Pallet business, and we are taking steps to drive further efficiencies throughout business and around the globe.

We are investing strongly in growing and improving the business, and we believe this investment will deliver improved returns for our shareholders over time. I'd like to thank you very much for joining us today, and I think it's now appropriate that we open for questions.

QUESTION AND ANSWER

Greg Hayes - ***Brambles Limited - CFO***

Can we start with questions from the floor. If you could say your name and institution before you ask that'd be great.

Matthew Spence - ***Merrill Lynch - Analyst***

Hi guys, it's Matt Spence from Merrill Lynch. Can I just -- on the guidance, if I total up Better EveryDay which you said at $28 million and then IFCO integration and some Pallets efficiency, I'm already getting about five and a bit EBIT margin growth in FY13. So where are the pressures that you're seeing in the business that mean that the range is 4% to 10%?

Tom Gorman - ***Brambles Limited - CEO***

I think there are a couple -- first of all thanks for your question Matt. I think there are a couple of things there which we clearly have identified for you today. As we've said we are continuing to invest in growth in the business, and that incremental investment for us this year is about $25 million as we've identified. And those are investments that we're experiencing as we build our businesses out in CEE and Asia for example, and clearly as we continue to grow our businesses in the Container space. And then the range that we've given you on growth from the 4% to 10% range, I mean that really as we typically do, that range covers for any economic uncertainty. Our assumption for underlying organic growth across the board is relatively muted in FY13.

Matthew Spence - ***Merrill Lynch - Analyst***

So sorry, the $25 million that you just mentioned as investment, is that investment or is that OpEx?

Tom Gorman - ***Brambles Limited - CEO***

That would show up as operating expense, so what you're really -- we're not talking in CapEx, we're talking about building businesses, people on the ground, overhead expenses in advance of revenue.

Greg Hayes - ***Brambles Limited - CFO***

Yes, I mean the capital associated with that is included in those CapEx forecasts, but this is OpEx yeah.

Matthew Spence - ***Merrill Lynch - Analyst***

And then raw materials were up 60-something per cent in the year and you talked about it as an issue in the first half, but is it an ongoing issue still?

Tom Gorman - ***Brambles Limited - CEO***

I think when it comes to the commodities that affect our business, I think you've seen a couple of things and the increase in costs in lumber, fuel and labour, which are the primary inputs on the CHEP Pallets side of the business. We've indicated where those costs were in the first half, and they came in roughly where we expected them to be on a full-year basis. We were able to deliver a bit more of efficiencies against those costs particularly in Europe at the back end of the year, and that led to the improvement in our margins in EMEA second half versus first half.

The other thing that obviously affects us from a commodity standpoint is paper prices, and we've given you a bunch of data in the appendices to see that, but if you look at the movement in paper prices, from the beginning of FY12 to the end of FY12, it was quite material.

Matthew Spence - ***Merrill Lynch - Analyst***

Okay, and just one last one, so Greg can you just confirm the $90 million increase in working capital, that was solely because you were paying creditors a week earlier than FY11?

Greg Hayes - ***Brambles Limited - CFO***

Yes I mean that was the major cause, and that's what indicated at the half, yeah.

Matthew Spence - ***Merrill Lynch - Analyst***

Okay, thanks.

Russell Shaw - ***Macquarie - Analyst***

Russell Shaw, Macquarie. Just two questions, looking at the momentum from some of the underlying operating divisions, particularly CHEP France and also the RPC division in North America. CHEP France looks like it went from flat in the first half to a negative [4%] in the second. Can you talk a little around volume versus pricing pressures there and then RPCs in North America, it sounded from the, I guess, the investor briefings in March that there was some disappointment about the 20% growth rate there. Yet, when you look at the second half, it looks like that's actually come down further to about 12% so maybe if you could just comment around that.

Tom Gorman - ***Brambles Limited - CEO***

Yes. I might talk about RPCs first and maybe just comment on disappointment. I mean, as you can imagine, internally, we have high expectations for all of our businesses. So any disappointment that you would have read is probably more relative to where we expect the business to be. But if you step back and look at the commitments that we've made, we've delivered against those commitments and we are very, very confident in the continued growth of the RPC business and particularly confident in the growth of that business in North America. The customers are there. We were a little bit slow on boarding some of that through the year, but we remain extremely confident of our ability to continue to grow out RPC. They're adding new customers, they're launching new products and we remain confident in our ability to deliver the 15% is unquestioned.

Relative to France, there are several things that are happening there. Clearly, the economic environment in all of Europe remains challenging. There was some incremental pricing pressure in France as well that we experienced, particularly in the second half of the year. But when you look at what is traditional Europe for us, as we've been clearly indicating, that there are still some challenges there and our outlook in FY13, again for organic growth and pricing is relatively muted. We're confident of our ability to continue to grow. But that is because we're adding new customers.

Russell Shaw - ***Macquarie - Analyst***

Thanks and then just finally, on the investment costs, or business development costs, if you like, going from roughly $25 million to $50 million next year. Do you think that's the appropriate rate of expectation we should have, going into '14, in order to support that degree of growth and those emerging markets?

Tom Gorman - ***Brambles Limited - CEO***

Yes. I think we're very confident on the level that we're putting in. I think we're doing it prudently. I mean, look, the key message for us here is, we're in uncertain times. There is no question about that. There is a lot of economic uncertainty there. But if you look at our businesses across the world, we are extremely well-positioned and I think it would be a missed opportunity for us to pull in our horns at this point in time. But by no means are we doing anything but moving forward prudently. So, we've gotten good people on the ground. We have good structures in place. We're proving our ability to win new customers and we're proving our ability to improve margins as we build scale.

I think when you see our business when we come out of the other end of this economic malaise, not only will we have a better run business and a more efficient business, but we're going to have a heck of a lot more customers and we're going to build our businesses that didn't even exist for us two or three years ago and we're going to continue to do that and I believe that we're doing it prudently.

Scott Carroll - ***JP Morgan - Analyst***

Scott Carroll, JP Morgan. Just quickly on the EMEA, the improvement in margins that you're targeting there. Is there any costs to come out in terms of that business development that will help you get there? Or is that -- could you maybe just outline the drivers to get that 2% to 3% improvement?

Tom Gorman - ***Brambles Limited - CEO***

Yes. Look, I think again, this is a relatively straightforward issue. We call it EMEA. But in fact, you can't paint it all with one brush. The growth opportunities for us that exist in Central and Eastern Europe are quite significant. Our major customers are pulling us there. It's a profitable business for us. We can leverage overheads quite simply, as opposed to building businesses from scratch. It's a very good move for us and for us not to invest in that, it would be foolhardy, I believe, at this point. We should take advantage and exploit the opportunities that we have.

What we have to do then is with the rest of Europe, if you want to call it Western verses Eastern Europe, we have to continually make those businesses more efficient. Our view of the Western European economies is that they're going to remain muted from an organic standpoint for a period of time and we've come to grips with that and now we have to structure our business, particularly on the overhead front, in the shape that fits the size of the businesses that we have there. So there's more work to be done on that. The work is -- look, it started in FY12 and you could see our margin improvement in the second half versus the first half. It will continue through FY13. But it really starts delivering in FY14.

So our commitment of 200 to 300 basis point improvement is going to come -- the majority of that is going to come in FY14. But I think you should remember that we're doing that while we're investing in CEE. So look, we could improve margins and just not invest for the future. We're not going to do that. We are going to continue to make the prudent investments to deliver the businesses that give our shareholders outstanding returns and we have to make our core business more efficient. We have never backed away from that. It's just going to take some time to deliver it. But we're committed to it.

Scott Carroll - ***JP Morgan - Analyst***

So you're suggesting it's Western Europe where a lot of the margin improvement will come from and you'll see just a gradual improvement in margins in Eastern Europe?

Tom Gorman - ***Brambles Limited - CEO***

No. You're going to get two things. You're going to get margin improvement in Europe, in Eastern Europe, as those businesses build to scale and you're going to get improvement in Western Europe as frankly we make the business more efficient and take cost out. So they're quite two different stories. One is a growth story, leveraging the scale on the overhead base that you're building. The other one -- we are still growing in Western Europe, mind you. But you're really bringing cost down. So, it's two different stories.

Scott Carroll - ***JP Morgan - Analyst***

At a high level, could you possibly just split out which contribution's coming? Is it mainly from Western Europe? Or is 50/50, roughly?

Tom Gorman - ***Brambles Limited - CEO***

Look, the answer to your question is yes, we can split it up.

Scott Ryall - ***CLSA - Analyst***

Thank you. Scott Ryall from CLSA. Tom, just -- maybe it's a different take on Matt's question. But if I try to not use the word adjusted or like-for-like or pro forma or anything like that, I think in 2012 your underlying growth rate looked like it was 11% in constant currency terms, based on what I can see in your result. Looking forward, you are doing 4% to 10%. The investment in CEE and those sorts of things is not new. I'm just wondering, looking at the growth rates alone, what is it that's changed for fiscal '13 versus fiscal '12?

Tom Gorman - ***Brambles Limited - CEO***

Well, I think that again, the growth that we're delivering year-on-year, we're still continuing to deliver the 15% growth in RPCs, we believe we'll continue to deliver the underlying profit growth in the emerging markets again, in a range of 15% in total. We have given you a range for underlying profit growth here of, again, the 4% to 10% range and you guys have all the building blocks, because we give them to you. So we're going to get the Better EveryDay efficiencies. We're going to get the efficiencies associated with the IFCO synergies and the organisational synergies and then we are going to get continued top line growth and that falls through to the bottom line and again, in the range of 4% to 10% on a like-for-like basis.

Do you want to comment on the FY12 underlying profit growth?

Greg Hayes *- Brambles Limited - CFO*

No that's alright. I mean what Scott said is 11%, which is what we said. I think you've answered it.

Scott Ryall *- CLSA - Analyst*

So without putting words in your mouth perhaps, is it -- as the new businesses gain scale, then the growth rates that you -- that will impact your growth more so now than what it has historically? Is that a fair way of looking at it?

Tom Gorman *- Brambles Limited - CEO*

Yes. Look, I think you're getting at it. There is a mix of facts here, if that is what you're getting at. There is clearly a mix effect. But I will tell you that the mix effect is not that powerful though, because what happens when you step back -- take Central and Eastern Europe, for example. We're getting very high growth in that market. But it's a relatively small percentage of our total revenue base. So, those margins are lower today, if you take a CEE and compare and that to the margins in Spain and the UK. So it's a relatively small percentage. So, as you improve those margins, you're getting improving margins. You are correct to point that out.

But as the mix improves, those margins still lag the sort of the historical margins. We've been in those markets for years and we have very, very efficient network optimum networks there, which we then have to optimise on the Eastern part of Europe and we're absolutely working on that, so we're pleased with the progress in terms of margin improvement in those markets. But they're still relatively small and as they grow to scale, for some time, they'll still be below the more mature markets. So you are getting a bit of a mixed effect. But it's not that significant, given the overall size of the business.

Scott Ryall *- CLSA - Analyst*

Okay and then could you just help me through the payout ratio? [Slight] dividend on last year, but EPS up quite strongly.

Greg Hayes *- Brambles Limited - CFO*

Sure. Dividend, I mean it's a vexed question for us, because we pay our dividend in Australian cents and our profit is, obviously, designated in US Dollars. So the exchange rate does have a significant impact on our overall payout ratio. When you look at the dividend in absolute dollars, it's going up, because we now have more shares on issue. So, with a 5% rights issue, you could easily say that the dividend has gone up by 5% relatively. The Board, in making the decision, is just conscious of the exchange rate and the impact that that's having on the payout ratio. We believe keeping the dividend at that level, given the increased number of shares, was the appropriate thing do to do.

Unidentified Company Representative

We might now shift to some questions from the phone. The first question on the phone is from Andrew Gibson of Goldman Sachs . Andrew, do you want to go ahead and ask your question?

Andrew Gibson *- Goldman Sachs - Analyst*

Sure. Hi guys. I've got a few questions, if I may. First of all just on the RPCs, would it be fair to assume that, I think, D&A was $48 million in the first half, $38 million in the second half. So, question one on that is do we annualise what we saw in the second half, just assuming steady FX?

Greg Hayes - ***Brambles Limited - CFO***

Andrew, just on that. I mean I specifically made the comment that you should take the full year run rate for that. What happened was that we had a higher depreciation expense in the first half, if you recall, because we had normalised some of the practices in the RPC business to be consistent with those of the CHEP. But we then extended that across all of the regions, which actually resulted in a bit of a reduction overall in the second half. But I think you should feel comfortable about taking the annual number, going forward.

Andrew Gibson - ***Goldman Sachs - Analyst***

Thank you, Greg. I was going to ask what that implies for the margins, going forward. But I guess it's a bit murky on that basis. I'm--

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Greg Hayes - ***Brambles Limited - CFO***

It's not that murky, because you've got the same -- you've effectively got the same depreciation that you got in '12, rolling into '13.

Andrew Gibson - ***Goldman Sachs - Analyst***

Okay. Just with regard to the business development costs of $25 million, sorry, just to clarify, is that an ongoing expense now?

Tom Gorman - ***Brambles Limited - CEO***

Look, I think -- we're not going to give details in the forecast Andrew, beyond '13. But look, I think we'll continue to evaluate all the opportunities in front of us. But particularly in the container space, building out those businesses is not a one year exercise. So we will continue to have investment in growth each year ahead of us. But we're not in a position to forecast that beyond '13.

Andrew Gibson - ***Goldman Sachs - Analyst***

Okay and I know you said you didn't want to comment too extensively on the progress you're making on asset control, but do you expect a further reduction in the loss rating, to fiscal '13?

Tom Gorman - ***Brambles Limited - CEO***

I'm sorry. Could you just repeat the question? I understand it is on asset control. I didn't hear it all.

Andrew Gibson - ***Goldman Sachs - Analyst***

Yes. Would you be expecting a further reduction in loss rates, going into fiscal 13?

Tom Gorman - ***Brambles Limited - CEO***

Yes look, what we absolutely expect is that the work that we're doing is going to yield results and the reason we haven't really -- I think you guys have gotten to know us now over the last three years, that when we believe that we have something that we can clearly deliver, we come forward and share it in a very transparent manner. We have a number of initiatives underway. Those of you that attended the investment market briefing, we talked about in Zurich and we are getting some positive results, particularly out of the US and I think what's going to take us, Andrew. This is a year really to see what we can drive in terms of those and obviously, internally, we're pushing aggressively to improve our asset control and management capabilities. But I think when we're in a position to really make a commitment for an ongoing improvement, I'm sure you'll hear about it.

Greg Hayes - ***Brambles Limited - CFO***

I think -- just to add to that Andrew, the specific comment we made in this release is that the IPEP reduction was largely as a result of us channelling less into the non-participating distributors in the US. That, as a course of action, compared to some of the other actions that we are in the process of evaluating, is relatively straightforward. The other complexities which Tom outlined in his presentation, are going to take us longer to get to a point where we'll be comfortable giving forecasts to the market.

Andrew Gibson - ***Goldman Sachs - Analyst***

And one final question, if I may. You've commented on EMEA. I was just wondering, you have provided a little bit of a feel as to what your margin expectations are in fiscal '13 and that you suggest that 2% to 3% improvements pushed to the back end of '14.

Tom Gorman - ***Brambles Limited - CEO***

Yes look, in terms of the 200 to 300 basis points, it's going to be a relatively small improvement in FY13. But bulk of it Andrew, is going to come in FY14.

Andrew Gibson - ***Goldman Sachs - Analyst***

Okay. Thank you.

Unidentified Company Representative

Thanks Andrew. The next question on the phone is from Simon Mitchell from UBS.

Simon Mitchell - ***UBS - Analyst***

Thanks. Good morning. Most of my questions have been answered. But just a few more, if could. Just the annualised value was of business wins in Recall. It just looks like it's gone from $45 million in the first half, down to $24Â million for the full year. If you could just comment on whether that decline has been a material loss in the second half?

Tom Gorman - ***Brambles Limited - CEO***

Yes. The Recall business -- I'm sorry.

Greg Hayes - ***Brambles Limited - CFO***

Yes. I think -- just before Tom answers that, the definition, Andrew -- I mean Simon -- is that you can't just take the net new business wins in the year and kind of double it, because what you get in that calculation is a carry-over from the prior year plus the percentage that was remaining for that, which was won in the current year rolling through. So it's not appropriate to just kind of double it.

Tom Gorman - ***Brambles Limited - CEO***

There is also another unique feature in the Recall business. So, Recall wins both the contracted business, so business that they sign up for a significant period of time. Then with their customers that they have, they also do quite a bit of project work and activity work. So you think of a major financial institution, it's taking on a major project, as it might relate to mortgage reconciliations or something like that, that many of you are familiar with in the United States. That does then generate a lot of contract work and Recall has a history of producing that contract work in the range of $15 million to $20Â million annually. That is then not included in the annualised value of new business wins. They work on that throughout the year.

I think the key message to take from the Recall business is that there is still top line growth. We are committing to that growth in the FY13 numbers and we're also committing to deliver the profitability levels, which now is a plus 20% on an underlying profit margin, in line with what we delivered in FY12.

Simon Mitchell - ***UBS - Analyst***

Sure, okay and just secondly, the CHEP Americas revenue growth. If you track it on a quarterly basis through the financial year, it looks like it's continues to accelerate through each quarter. So I think you started the September quarter with about plus 4%. It looks like you've achieved of around about 10% of the June quarter. I imagine all of that has been boosted by the ConAgra and the PepsiCo contract. Any comment on when you would expect that sort of alleviated growth level to drop off, as you start to cycle those contracts starting?

Tom Gorman - ***Brambles Limited - CEO***

Yes well, I think you know the business quite well. There is a bunch of things going on. One is the PMS business, as well, which you need to factor in, which is a significant revenue base and they had a couple of big wins as the year progressed and they continue to grow their business and it's a well-managed business. The Pepsi contract is quite large and that is -- we won that during the year. So you are seeing the on-boarding of Pepsi really from the March/April time period. So that is affecting that growth.

But we continue to have, and I must say, relatively strong growth expectations for the US and net new business wins to continue to be very powerful for them. We've talked pretty clearly about one of their primary competitors and the customers that remain there and we've talked openly about our desire to bring those customers back into the CHEP family and the team is very focused on that growth. So our expectations continue to be high. Frankly, across the Pallet business, when you look at the mix of our expectations, it's not based on pricing and organic growth. Our expectations are that we can continue to win customers, bring non-pooled customers into a pooled environment and also win customers from our competitors.

Simon Mitchell - ***UBS - Analyst***

Okay. Thanks.

Unidentified Company Representative

Thank you Simon. The next question on the phone is from Cameron McDonald from Deutsche Bank. Please go ahead Cameron.

Cameron McDonald - ***Deutsche Bank - Analsyt***

Hi guys. Just two questions if I can. Just going back to the net new business wins and the annualised net new business wins, can we take the incremental $130 million of revenue and if you put the margins applied to that, that generates another $23 odd million worth of underlying profit flowing through into the coming year. Secondly, can you just talk about the payback expectations around the business development costs and growth CapEx and how long you expect that to take?

Tom Gorman - ***Brambles Limited - CEO***

Yes. I think I'll take the second question first and then maybe just I'll hand the first one over to Greg. But what I would do Cameron, is just to maybe turn your attention to the stuff that we shared at the investment market briefing, which for those of you that didn't participate, is available online. But you might recall at that session that Greg actually laid out kind of what our expectations are in all of the new business segments for returns. Clearly, we have expectations that when we're investing we can get 20% plus return on capital and there is a time period to deliver that.

So, I would just put you back to those documents and if need be Cameron, we can cover that offline with you and walk you through it again. But it's not going to happen. Obviously, we're not going to build these businesses in one year. But we do see in the near term that these businesses, the margins are improving and that's in fact they are. We want to build all our businesses to a 20% plus return on capital.

Greg Hayes - ***Brambles Limited - CFO***

I'll answer the first bit Cameron. There is a lot of factors to take into account when you try and project forward the net annualised numbers, because they will impact so long as we continue to grow as well, because for us to get any -- to get the sales growth that we're looking for in the year, we need to get more sales than those that have just come through in the net annualised number. But if you just look through the segments and you have a look at Americas, you've got -- PMS is included in those numbers. If you look at the EMEA, you do have the Central and Eastern Europe and Asia Pacific, you have China. So, you can't just extrapolate margins quite as simply as what you might -- are likely to do in this analysis.

We give you quite a bit of detail in here about the relative growth performance of those very sectors and I think Tom has gone to great pains to explain that the margins in those emerging businesses are just not as strong yet, as the margins in the developed markets. So, you can't just apply that simple margin metric.

Cameron McDonald - ***Deutsche Bank - Analsyt***

Thanks.

Unidentified Company Representative

The next question is from Matt Crowe from CBA.

Matt Crowe - ***CBA - Analyst***

Good morning everyone, just looking at slides 9 and 10, there is a lot of new business wins. But they overwhelmingly come from emerging markets, with the exception of the US ones, which you got back from a competitor. Is -- should we take that, I guess, the lack of wins from the more mature markets. Is that because their economies are just so tough, it's harder to take a -- to snag a bit of share? Or is it a reflection of the maturity of those businesses? Because (inaudible) RPCs, you seem to be winning customers in France, Italy and the UK and those sort of more traditional markets, or traditional markets for the Pallet business, but not so in the Pallet business. Can you just take me through that a little bit?

Tom Gorman - ***Brambles Limited - CEO***

Well look, I think winning business, I kind of think it all starts with market penetration and market share and our market penetration and our market shares vary quite a bit by platform types. So what I mean by that is Pallets verses RPCs, verses IBCs and other containers and then also, the competitive environment is quite different in all of those markets. The US market is quite unique. I think it's a story that's well known by virtually everyone that follows us. We have implemented now and what I think is an extremely successful turnaround of that business and that turnaround of the business has allowed us to win back customers that we lost three, four years ago. That's both a factor of our ability to produce both a product and a service in line with customer expectations, as well as the struggles that our competitors had and the combination of those two have driven us to winning back a significant amount of business in the US and, as I said, our outlook is, we want to get the rest of it back as well and the team in the US is very focused on that.

When you look at the RPC business growth, it's really quite different. RPC growth in the US -- the US is not a large user, at least not on the same scale of penetration that you see in Western Europe. So the business that we're winning there will -- take Safeway, take Kroger as an example. We'll get one commodity type, one type of fruit and veg, let's say, that we're in and we start off managing lettuce flows for them and then we move to different fruits and vegetables. So that is expansion really, with a customer and then on top of that, we can bring new products to bear within those customers.

So, I don't think it's a simple story just to say you can get this amount of net new wins or this amount in a mature market. Each of the markets, unfortunately in terms of explaining it, they really have quite a different set of competitive dynamics. We're doing a good job of winning that business back in the US. There is no question about it. Where we have very strong penetration, we're working hard to defend our business and that means both on the Pallet and the RPC side. We have an aggressive competitor in Europe on the RPC side and we have competitors everywhere on the Pallet side. So we work hard to defend that business. So unfortunately, it's just not that simple an answer.

Matt Crowe - ***CBA - Analyst***

Okay, just as a follow up. You haven't, I guess, highlighted any European Pallet wins from mature markets -- from the Western European countries. Is that -- am I just to assume that there is more a matter of defending what you've got, rather than picking up more market share in those Western European markets? Or are they there? They just haven't been singled out in the slide?

Tom Gorman - ***Brambles Limited - CEO***

I think if you look at our Western European Pallet business, in particular, so if you go to markets like Spain and the UK, which are the two largest markets for us in the UK. Our market penetration there is very, very strong and our businesses are very strong. So you are not incorrect to make the assumption that the focus on that business is to defend the business that we have and protect the business that we have. We do still add customers. So we do still have net new wins in those developed markets and we can share some of those names with you, that we've brought on line and we also have talked to you previously about new vertical expansion. We've talked about before, the business that we've won in Spain with Inditex, which is -- and obviously there is [Arabrand].

So there are continual opportunities for us to grow there. But when you have a very strong penetration, the fact is that then growing from that market is that much more difficult, if you compare it to expanding our business in Turkey, where we really are the only pooled player. So we have a relatively well market share and we're the only player there. So the opportunity for us to build out that business, frankly, is more significant than in some of the mature markets.

Matt Crowe - ***CBA - Analyst***

Just finally, on the Pallet pool, there is a fair bit of CapEx this year and the Pallet pool has actually shrunk and America is up very slightly, (inaudible) a fair bit in Europe and about 5% up in Asia Pac. How should we interpret that? Is the CapEx going into non-Pallet sources? Or -- because it looks like quite a bit of growth CapEx. But we're not really seeing growth in the Pallet pool.

Greg Hayes - ***Brambles Limited - CFO***

Matt, are you are just looking at the Pallet numbers that we give you? Is that what you are working from?

Matt Crowe - ***CBA - Analyst***

Yes.

Greg Hayes - ***Brambles Limited - CFO***

The European figures, in particular, they need a little bit of explaining, because we show in our accounts, and the numbers that you see are the gross number of pallets and we carry and IPEP provision against those and we have just centralised the ownership of those pallets for administrative reasons in Belgium and as a result of doing that, we've actually written off the IPEP provision against those gross pallets. So the number is -- it looks like it's coming down, but in fact what's really happening is that the actual pallets in circulation hasn't changed. It's more an accounting outcome there in Europe. So there's no change in the net number of pallets that we have in Europe.

In Asia Pac, again, we haven't increased as much in that region. I think we've shown you that that the growth that we've had in Australia and New Zealand has been muted and so we do have less.

Matt Crowe - ***CBA - Analyst***

Yes. It was more the European number I was asking about. Thanks for that.

Tom Gorman - ***Brambles Limited - CEO***

Then, we also share with you the mix of spending across all platform types. There is data in the presentation.

Unidentified Company Representative

Thanks Matt. We've got Dave Fraser from Nomura. Dave.

David Fraser - ***Nomura Securities - Analyst***

Good morning guys. Just one quick question, I think, sort of following on from Simon Mitchell's question on Recall. In full year '12, leading into the sale, were any growth programs, I guess, scaled back and were operating costs associated with those growth programs that, I guess, you'll have to reboot and we'll see coming through on '13?

Tom Gorman - ***Brambles Limited - CEO***

Nothing really significantly. We're -- the business is back now part of Brambles. So you will see some overhead costs increase. There are some growth opportunities that we now are going to take advantage of. But we really see growth broadly in line with the top line growth that we delivered in FY12 and again, I'll just repeat Dave, that the view is that for us, delivering at 20% plus underlying profit margin is key. So there is not a significant amount of change that we would make with the trajectory, that we experienced in '12.

David Fraser - ***Nomura Securities - Analyst***

Okay and just one other question, I guess jumping. In Zurich I remember, I think PMS had picked up one customer from CHEP and, I guess, obviously it's a significantly lower return in the PMS business and a very good return on invested capital, of course, but lower margin. Have we seen any customers being moved across from the PMS into the CHEP business?

Tom Gorman - ***Brambles Limited - CEO***

It's interesting. I'll just maybe come back to your first question about margins though. We had a significant customer that we have been -- look, we work very closely with the IFCO PMS business. I'll start with that comment. But the assumption that you're making, that it goes from high margin to low margin, I would be careful of that assumption, because if a customer is moving from a pooled solution to a white-wood solution and we're doing that cooperatively with IFCO, it really means that it's the customer that shouldn't be pooled and so what does that mean? So it's a customer that's taking a pooled asset and those assets, a proportion of those assets are moving out of our system. We refer to those as going into the NPD, with a non-participating distributor channel.

That actually, is a very expensive channel for us to be in. So when we can combine resources with IFCO and actually present a more complete product offering or service offering to our customer, for those assets that stay with major distributors where pooling makes sense, you can be on blue. For those assets that are really going out of the system, the better solution frankly for us and for the customer, because they ultimately get a cheaper solution and we get a more robust return solution as well. Those combinations are still happening.

In terms of CHEP just winning pure business back from IFCO, look, we still compete in the market place. But at the end of the day, there are winners and losers on white-wood and there are winners and losers on blue and what we mean by that is there are customers that do benefit from pooling and those customers we want to have on CHEP. If we're forcing a customer onto a pooled solution, in the long run, that's not good for them or for us. So we're not particularly winning business per se from IFCO. But we clearly are cooperating with them to get a more holistic response for some of our customers.

David Fraser - ***Nomura Securities - Analyst***

Great. Thank you.

Unidentified Company Representative

The final question on the phones, Scott Kelly from Morgan Stanley. Scott.

Scott Kelly - ***Morgan Stanley - Analyst***

Good morning guys. Just two really quick questions. The first relates to the business development cost guidance of FY13. In 2012 you of the emerging market and expansion investment. I'm assuming that the business development costs is exactly the same as those items?

Tom Gorman - ***Brambles Limited - CEO***

Yes. Broadly, yes that is correct.

Scott Kelly - ***Morgan Stanley - Analyst***

Yes, okay. Secondly, on slide 32, you've got a breakdown of market share and pricing and organic. I'm sure that you can, but I'm wondering if you are willing to share the price and volume breakdown specifically for USA and Western Europe?

Tom Gorman - ***Brambles Limited - CEO***

You do the analysis on your waterfalls. It's a [no-brainer]. We'll just do it for the Americas. We have shared with you analysis and what we refer to as waterfalls. But we do it by Americas and you're asking for a more granular breakout below the business units we report?

Scott Kelly - ***Morgan Stanley - Analyst***

Yes. On the back of your notes, you've got a breakdown by Americas and EMEA, so I was hoping to specifically get US and Western Europe.

Tom Gorman - ***Brambles Limited - CEO***

Look, we obviously -- this is the way we report our business. But we'll consider the question you are asking.

Scott Kelly - ***Morgan Stanley - Analyst***

Yes. No problem. I'll talk to you in a couple of hours.

Tom Gorman - ***Brambles Limited - CEO***

So we have a short time to consider it, apparently.

Unidentified Company Representative

Any more questions in the room? No. I think we're good to go and wrap this up.

Tom Gorman - ***Brambles Limited - CEO***

Well, thank you very much guys. I appreciate your time.