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CORPORATE PARTICIPANTS

Tom Gorman
Brambles Limited - CEO

Greg Hayes
Brambles Limited - CFO

James Hall
Brambles Limited - IR Director

CONFERENCE CALL PARTICIPANTS

Matt Crowe
Commonwealth Bank - Analyst

Simon Mitchell
UBS - Analyst

Anthony Moulder
Credit Suisse - Analyst

Paul Huxford
JP Morgan - Managing Director

Cameron McDonald
Deutsche Bank - Vice President

David Rosenbloom
Wallara Asset Management - Analyst

Andrew Gibson
Goldman Sachs - Analyst

Julia Wang
Morgan Stanley - Analyst

Paul Ryan
Evans and Partners - Senior Research Analyst

Russell Shaw
Macquarie Equities - Analyst

PRESENTATION

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

Thank you for joining us this morning. I think most of you know me but I'm Tom Gorman and I'm the CEO of Brambles and with me up front today is our CFO Greg Hayes: and our Director of Investor Relations and External Communications, James Hall. This morning we plan on really covering three topics. I'll update you on the key elements of the Brambles fiscal year 2010 performance. Greg will provide you with a bit more detailed analysis of the results and he'll also comment on our financial outlook.

Then I'll come back to the podium and I'll close by talking about many of our growth opportunities.

To start with delivering on our commitments. We are focused on delivering on our commitments and controlling the controllable elements of our business. There are three important parts in this delivery. First is delivering on commitments. We announced a better everyday quality improvement in CHEP USA in October of last year. At that time we committed to three areas of improvement. Better products, improving the ease of doing business and changing the way we go to market, and I'm happy to say we're delivering on all three initiatives and controlling the overall cost of the program.

We are also delivering on our cost commitments both in terms of delivering the savings to which we committed as part of last year's restructuring and on issues such as our irrecoverable pooling equipment provision or IPEP as it's known. We are controlling our IPEP costs our pallet inventories and our storage costs. Meanwhile we continue to deliver on our emerging market growth strategy.

My second key message today is that Brambles has a stable and resilient - we have been performing in a stable and resilient manner in very challenging conditions. Sales for the full year are up 3% in actual currency terms with second half growth at 6% compared with the 2009 second half.

Finally we are keenly focused on generating cash and strengthening our balance sheet. Cashflow from operations was up 22% over fiscal year 2009 and as most of you are aware we completed a heavily over-subscribed $750 million US bond offering in the US144A market and we now have $1.9 billion of committed and undrawn facilities.

Now this next slide just shows a few financial highlights. Please note that I'll refer to performance at actual exchange rates. Our sales revenue totalled $4.1 billion in FY10 and as I mentioned that is up 3%. Our statutory operating profit before finance costs and tax is up 1% to $725 million. Our statutory profit after tax was up 2% to $444 million. Our earnings per share was $0.31.8 and that's down 2%.

The standout in the results in FY10 is our cash performance. Free cashflow after dividends was up $202 million to $344 million. The Board has declared a final dividend of AUD0.12.5 per share franked at 20%.

What I'd like to do now is just share a few comments on each of our four primary business units. I'll start with CHEP Americas. In CHEP Americas the quality and service improvements in CHEP USA under the Better Everyday program are allowing us to start winning market share again.

Operational controls are also improving. We have halved our annual new pallet commitment from 12 million in the 200 financial year to about 6 million today. The tear down of 7 million excess pallets is now complete. That was complete one year ahead of schedule and it cost us less than we forecast. We are managing our pallet supply closely. The average number of idle pallets in storage in the 2010 financial year was 4 million as expected and we expect that number to decrease through the 2011 financial year.

Moving on to CHEP EMEA, growth in our emerging regions within EMEA have been strong. We are also continuing to win business in our established markets which is offsetting some subdued economic conditions that we were experiencing in the UK and more specifically in Spain. Our restructuring savings are also flowing through and as we've said before we continue to invest in quality initiatives in Europe.

Moving on to CHEP Asia Pacific, what we find here is that the Australian business has proven to be very resilient and does continue to grow. In Australia and New Zealand we are focused on operational excellence and we are strengthening our competitiveness and ensuring that we remain efficient for years to come. We are also generating very strong growth in China and India.

Last but not least is Recall. Recall is performing very well and continues to grow. Its profit growth was impressive in the period at 28% increase over the prior year. The sales pipeline within Recall is very strong in both the underlying document management business as well as the evolving digital markets. Margins for Recall have improved and we continue to take cost out of that business.

I'd like now to shift for a moment and talk about our progress more specifically in the US with the Better Everyday program. We said we'd have 100% of our network issues at US Plus repair specification by the end of March of this year and we've achieved that. The customer response to US Plus has been very positive, such that we are now finding demand for the US premium specification is lower than we originally anticipated and it's running now at about 5% of our total issues. We are delivering the repair standard that the customer requires and we are committed to continuing to do so.

On the ease of doing business front the rollout of our Portfolio+Plus account administration tool is ahead of schedule at 70% usage and we have begun rolling out our simplified invoice. The sales and marketing re-organization is also progressing well. We have now added more than 20 new hires and we have re-organized our sales team with particular emphasis on targeting the under-penetrated small and medium enterprise company space.

As we have said before we have won more business than we have lost since we have introduced the Better Everyday program.

Now in addition to delivering what I would call the physicals of the Better Everyday and again that is improved product quality, improvements in ease of doing business and changing how we go to market we can also share some revised outlooks on cost today. Our total Better Everyday cost was $8.5 million lower than we had forecast for fiscal year 2010 and our outlook is that these costs will continue to be below our original expectations.

As shown on the slide 9 you can see that costs are coming down over the next three years with our ongoing costs $25 million lower than originally anticipated. Again this lower cost reflects the success of the US Plus offering.

Now finally what I'd like to do is talk about net wins and the progress that we're making in terms of market share. Now slide 10 shows both net new business wins in the financial year as well as the annualized value of the net business won during the financial year. All businesses except CHEP Americas delivered net new wins in fiscal year 2010. In addition, however, all businesses in all business units, including the Americas, the annualized value of business won during FY10 was positive.

In total net new business wins throughout Brambles were $53 million in fiscal year 2010 and the annualized value of that net business won during the year stands at $75 million. More importantly is that the net annualized value of CHEP USA's wins since the introduction of the Better Everyday program in October of 2009 is positive $18 million.

What I'd like now is to hand over to Greg who will cover our results in quite a bit more detail. As I said I will return to the podium at the end to walk you through some of our future outlook. Thank you.

Greg Hayes - *Brambles Limited - CFO*

Thanks, Tom, and welcome to everyone here and on the webcast. I am pleased too present Brambles full year result which clearly demonstrates the resilience of our businesses in tough economic times and the tight management we have across all areas in the Brambles Group.

Let me start with an overview of the result. Unless otherwise I'll be using constant currency comparisons. As you can see Brambles Group sales for 2010 were flat against full year 2009. Within this outcome there was minimal net price improvement across the Group and organic sales 6%. The decline in organic growth was offset by net new business wins of $53 million.

Underlying profit was down 22% it should be noted that significant items within ordinary activities were excluded from underlying profit in 2009 and the details are on slide 13. Statutory operating profit was down 3% reflecting the impact of continued tough economic times especially in CHEP USA which I will cover in more detail later.

Profit before tax is lower by 2% due to reduced interest expense of $110 million down $11 million on full year 2009. This is principally driven by a lower average debt balance and lower benchmark rates offset by higher margins and fees.

Profit after tax is lower by 1% due to a $5 million reduction in tax expense on full year 2009. Statutory EPS was down $0.02 or 6%. It should be noted that the prior year included $19 million impact of profits from discontinued businesses against only $5 million this year.

Cashflow was very strong up $134 million or 19% on the prior year at constant exchange rates. I'll cover this in more detail later s well. BVA was down $82 million on the prior year due to the decline in underlying profit.

Now turning for a quick look at slide which is shown at actual exchange rates, significant items for financial year 2009 were the result of the actions taken in response to tough economic conditions at the end of calendar 2008. Significant items outside of the ordinary course for financial year 2010 are the conclusion of these actions and include; $2.5 million write back of excess provision for scrapping of surplus pallets in CHEP USA with this program now completed and 7 million pallets torn down, and $11.4 million of facilities and operations rationalization costs.

The completion of this rationalization plan announced in February 2009 had a total cost of $66 million involving a reduction of 756 employees. This was within the $60 million to $70 million guidance provided to the market. Savings of $31 million were delivered in full year 2010 while we are on track tor each $40 million of savings in full year 2011 in line with previous guidance.

Now I'll move on and look at the performance of the CHEP businesses. CHEP achieved $3.4 billion of sales revenue down 1% at constant currency across the three businesses. As you can see the decline in sales revenue in the Americas, attributable to CHEP USA was partially offset by growth in other regions. Statutory operating profit was up $36 million or 6%, profit margins have improved due to the reduction in significant items expense this year.

Sales revenue for CHEP Americas was down 3% driven by a 5% decline in the USA, partially offset by a 3% improvement in Canada and a 5% improvement in Latin America. Price and mix showed a decline of over 1% principally driven by the competitive conditions in CHEP USA and a change in mix in the customer base following wins and losses over the last couple of years.

Organic volume was down around 1% driven by recessionary conditions and the slow recovery in the US economy in particular. Net new business losses were down a bit less than 1% including losses at the end of financial year 2009 and the beginning of financial year 2010. As Tom has mentioned it is encouraging to see the level of wins since the introduction of the Better Everyday program in CHEP USA.

Now this slide shows a pie chart demonstrating the current reliance on the pallet business across the Americas with 96% of revenue derived from that source. There is also a chart showing the year-on-year growth across the region. The full year result in CHEP USA was a sales decline of 5% largely resulting from volumes being down 3% which was in line with guidance.

Second half sales performance for CHEP USA was down 4% an improvement on the first half. The volume decline in CHEP USA was driven by a 2% decline in organic volume and net new business losses of 1%. Price and mix for CHEP USA was down 2%. The sales growth in Canada and Latin America was largely driven by volume growth in both regions.

Now turning to statutory operating profit where the 3% sales decline in CHEP Americas resulted in a volume pricing mix impact of $42 million. Better Everyday costs as seen in the slide from Tom before were $108 million while direct costs increased by $42 million. Direct costs included storage of excess pallets of 19 million with an average number of 4 million in storage for the year. Walmart 7 million an additional costs for sorts, relocations, network expansion, increased lumber prices and new pallet conversions. The other category includes a $7 million increase in IPEP expense for the full year. Significant items are consistent with the earlier slide but are shown here at constant currency.

Now we turn to CHEP EMEA, where sales were up 1% for the full year. Within this result Europe was flat and the Middle East and Africa up 12%. Across the EMEA price was up 1% resulting from inflationary increases in Africa and no net pricing increases in Europe. Organic volumes were down 2% which includes an $8 million decline in automotive and $11 million decline in European pallets which mainly occurred in Spain. Net new business wins for the full year were up 2%. Now the pie chart on this slide shows some more diversity in revenue sources for CHEP EMEA although still a significant reliance on pallet revenue at 85% of the total.

The decline in revenue in Spain of around 3% and lack of growth in the UK was due to the economic slowdown in both countries and is more than offset by growth in all other markets in EMEA. Note in particular the positive growth in Central and Eastern Europe and Middle Eastern Africa.

For CHEP EMEA statutory profit there is minimal impact in volume price and mix from the small increase in sales for the year. There is $18 million more expenditure on quality year on-year particularly in Europe which is largely offset y direct cost reductions and efficiencies in transport of $6 million and client savings of $7 million. The other category includes $8 million of restructuring benefits offset by $6 million increase in IPEP as s result of higher audit shortfalls in the first half of 2010. Significant items have fallen due to the reduction in restructuring expense in 2010.

For Asia Pacific sales were up 3% for the full year, 2% of this uplift was from improved pricing which mainly resulted from CPI increases in Australia and New Zealand. Organic sales were down 4% of which $10 million was a decline in pallet sales in Australia due to customer de-stocking. There was little net impact from automotive with a small reduction in Australia offset by growth in China. Net new business wins increased sales by 5% mainly from China and India and growth in Woolworths, RPC and Audi display pallets in Australia.

Now this pie chart for CHEP Asia Pacific shows the more diverse range of offerings in the Asia Pacific region with pallets contributing 69% of total sales revenue. Australian revenue was up 1% for the full year with a decline in traditional pallet sales more than offset by growth with Audi display pallets and Woolworths, RPC and some price growth.

There was $7 million growth in sales in China and India combined representing a 92% increase year on year. For CHEP Asia Pac operating profit was up 9%. Volume price and mix were up by $3 million, price increases and new business wins were offset, to some extent, by the profit impact of a reduction in organic volumes.

Increases in depreciation of $7 million to support RPC expansion and China growth were offset by indirect cost savings as a result of efficiency programs and restructuring. Significant restructuring expenditure fell $3 million.

For Recall there was a positive sales revenue performance with growth in all regions except Europe which had a slight decline. Our European growth was constrained by a decline in SPS volumes and the loss of a large customer in Sweden where the Government mandated a two supplier outcome.

Excluding the decline in the secure destruction business, overall sales growth for Recall was 4%. Statutory operating profit improved a healthy $18 million or 19% and the profit margin improved by 2% to 16%.

Sales were up 2% for Recall with price up 1%. This resulted from minor price increases in the DMS business and the recovery of paper prices in SBS in the second half. The majority of the organic volume decline for Recall is in the secure destruction business volumes and activity as demand for recycled paper was weaker. Net new business sales contributed 2% of growth and a strong rate of sales conversions.

Now the pie chart on this slide shows the split of Recall's business lines with 80% in annuity style revenue streams. Full year DMS carton growth holdings were up 6% to $93 million which drove the 4% growth in DMS revenue. This came mostly from new business wins. Full year revenue from SDS was down 4% mainly from reduced activity. The recovery in paper price meant that SDS was up 10% in the second half and DPS was down in the second half due to lower organic activity in North America, Australia and New Zealand.

Recall profit was up 19% with volumes and price improvement of $11 million driving over half of this. Direct cost reductions of $8 million resulted from restructuring undertaken last year and other cost savings, offsetting increased investment in IT, marketing an employee costs.

Let me now move onto our cashflow performance and financial position. Please note that this slide is at actual foreign exchange rates. As Tom highlighted before a clear positive of the performance of the Brambles Group for the year was the strong cashflow. Free cashflow after dividends of $344 million is $202 million higher than full year 2009 driven largely by a $187 million reduction in capital expenditure and the impact of lower dividends and the dividend re-investment plan.

Low capital expenditure continued in the second half as a result of the reduced organic growth in CHEP's developed markets. Reduced new pallet CapEx contributed around $100 million of the comparative reduction with just over 20 million pallets being purchased during the year.

Full year 2009 also included significant RPC CapEx to invest in the Australian RPC business. Proceeds from disposals reflected a reduction in compensation from customers for irrecoverable equipment. Working capital continues to be tightly controlled with average debtor days down from 46 to 45.

IPEP was up $13 million on the previous year, this increase all occurred in the first half of the year which as explained at the time was a result of the closure of audits in that period and reduced first half compensations. As expected the expense returned to normal levels in the second half.

The provisions in other category improved due to expenditure timing and lower annual bonus payments in the first half of 2010 based on the 2009 financial performance. Significant items cash payments related to the accelerated scrapping of excess pallets in CHEP USA and facilities and operations rationalizations across the Group of which most was provided in full year 2009.

The tax paid increase due to the timing of tax instalments, particularly in Australia while net interest paid declined on the prior period.

Dividends paid fell by $73 million partially relating to the reduction in final 2009 dividend to $0.12.5 and the impact of the dividend re-investment plan introduced in the second half of 2009.

Cashflow from operations in FY11 is expected to decline as a result of the need to increase capital expenditure to support future growth. That increased capital expenditure will be fairly evenly split across all of the business units. Capital expenditure is expected to return to levels slightly below 2009.

Net debt, at 30 June 2010, was $1.76 billion, down $384 million from 30 June 2009, reflecting primarily the strong cash performance of the business. Net debt has fallen $667 million over the past two financial years, alongside a similar improvement in our key financial - financing ratios, this provides Brambles added financial flexibility.

Net debt to EBITDA was 1.5 times down from 1.8 times this time last year and EBITDA interest cover was 10.7 times.

Exposure to interest rate rises is limited as more than 60% of Group debt is at fixed rates. Total committed facilities - credit facilities available to the Group stood at $3.8 billion at 30 June 2010, this included approximately $1.3 billion of capital market debt from US private placement and 144A bond investors.

As you would be aware, we raised $750 million in the US 144A bond market in March; $500 million of that was 10 year bonds and $250 million was five year bonds, both at excellent pricing levels. This was our debut issue in this market and there was encouraging investor interest with significant oversubscription.

The duration of our debt portfolio was 3.6 years at 30 June 2010 up from 2.8 years at 31 December 2009, primarily because of the 144A bond transaction.

Undrawn committed credit facilities total $1.9 billion; $294 million is due to roll off this half as it is surplus capacity.

So let me move onto our outlook for 2011. Despite the challenging economic environment we expect to see sales growth in all Brambles business units in 2011 on a constant currency basis.

In the CHEP businesses we will continue to invest in quality and incur some storage costs. Subject to unforeseen circumstances and ongoing economic uncertainty, we expect our statutory operating profit for the year ended 30 June 2011 to be in the range of $740 million to $780 million using exchange rates as at 30 June 2010.

You will see in the footnote to this slide that for comparative purposes we have restated the 2010 profit at 30 June 2010 exchange rates.

Based on our current balance sheet, debt structure and expected profit for 2010 we expect interest expense to be around $115 million for the full year.

We expect the tax rate for 2011 to be maintained at around 28%. This outcome is achieved, in part, as a result of a tax ruling obtained this year reducing future withholding tax and business simplification projects in Europe including the centralisation of the ownership of pallets and the simplification of the German ownership structure.

With that, I'll hand back to Tom to complete the presentation. Thanks.

Tom Gorman - *Brambles Limited - CEO*

Well thanks very much for that Greg.

I have talked earlier in this presentation about how we're delivering on our commitments and controlling the controllable elements of our business. Clearly, what we also must focus on is delivering profitable growth initiatives. What I would like to do now is share with you some of the opportunities that we are pursuing. I'll talk about CHEP first and then move onto Recall.

Now let me begin just by outlining CHEPs core strengths. Our global footprint is a unique asset that we are enthusiastic about leveraging more fully. We operate in 45 countries, we have 7500 employees, approximately 300 million pallets and containers and more than half a million customer touch-points within our CHEP businesses. Now the same can be said about the extent of our local networks. This is a unique and valuable asset.

Our intellectual property in pooling is unrivalled. It goes back more than 50 years and there are numerous opportunities for us to apply that expertise, not only to our existing multi-domestic pallet and container businesses but also to new domestic and international asset flows.

Our customer franchises are, clearly, another core strength, they are deep and lasting and represent opportunities for us to grow worldwide. Last but not least, as have seen in this presentation, our financial strength is a core asset.

Now there are a few key themes in our current initiatives and, as I said, many of these are already underway. As we have already seen, emerging markets are an important part of our growth and that will remain the case as we increase our investments around the world.

CHEP USA is moving from addressing some longstanding issues into a renewed period of growth. Now a critical aspect is increasing our focus on converting whitewood users to pooling and here paying particular attention to the small and mid-sized customers. This opportunity is underserved today and our network scale positions us to strongly address this opportunity.

New growth platforms are also vital. This opportunity is particularly clear in those regions in which we have historically been very focused on one or two product offerings only. Now we can also leverage the global position of our existing multi-domestic businesses particularly those in which inner-country or intercontinental flows play such a big part.

Now our first step, in this effort, is the establishment of a global automotive business. We are also expanding more aggressively the global footprint of LeanLogistics. Now I'll go through each one of these opportunities in a little bit more detail and, of course, you'll hear a lot more about all of this at the investor market briefing for those of you that are going to join us in Los Angeles next month.

Firstly, let me start with emerging markets. Growth in our two primary Asian businesses, China and India, is strong in both automotive and FMCG. Combined China and India, as was mentioned, delivered sales revenue growth in fiscal year '10 of 92% year on year.

We expect China to breakeven on an operating basis by the 2012 financial year. India is now on a similar trajectory, but we must remember that we entered this country about two years after we entered China.

We now have more than 300 automotive customers in China based around significant contract with original equipment manufacturers in what is now the largest car manufacturing market in the world. This is a key differentiator for our business in the Asian region and, in fact, globally.

In India we added auto contracts with the likes of Bosch, Delphi and Mahindra in FY10 and Latin America is clearly another growth story with a lot of opportunity.

Now looking beyond the headline sales revenue growth of 7% in Latin America, the major economic force which is Brazil grew at 32% in fiscal year '10. Mexico, which is linked more closely to the US economy, had lower growth at about 2% and the Chilean economy, as all of you will remember, was adversely impacted by the earthquake earlier this year.

Central and Eastern Europe will also continue to be a strong market for us of course led, as it has been in the last couple of years, by Poland and increasingly, we believe, with Turkey. Turkey is the world's 15th largest economy and home to 73 million people.

As you are all aware, about nine months ago we announced the opening of our office in Turkey. Well since that time we have announced our first major pallet contract with Unilever and I'm very pleased to announce today that we now have also established a relationship with Procter & Gamble in Turkey. We are confident that other contracts will soon follow in this dynamic market.

Moving on from the emerging markets, I'd like to talk about the opportunities we have in more established geographies and, in this case, specifically the USA. Our analysis indicates that the size of the USA market that is either using CHEP or is immediately addressable with our current pooled 48 x 40 inch pallet service model is about $2.3 billion. CHEP represents about $1.1 billion of that $2.3 billion market while pooling competitors, combined, have less than 10% of that market.

Now the remainder is made up of largely non-pooled whitewood, mostly into the FMCG retail and food service channels. There remains an opportunity to win share from competitors of course and, more importantly, to continue to convert whitewood users to the CHEP pooled system. Targeting private label manufacturers is a very important part of this effort.

Now beyond what we have historically considered to be the immediately addressable market, there are compelling opportunities for CHEP in the remaining $9.5 billion total opportunity. The attractive segments for us include those that suit our 48 x 40 pallet, but require different services to suit their unique supply-chain characteristics such as specialty store formats, pharmaceuticals and pockets or niches of the beverage and home hardware sectors. Another attractive opportunity is the non-48 x 40 size solutions and here this does include certain manufactured operated pools.

But the biggest opportunity is the small to medium sized customer, which bridge both the addressable $2.3 billion as well as the rest of the $9.5 billion opportunities shown. Now we have already started to increase sales to these customers. Our expansive network is pivotal to unlocking these segments and truly is unmatched in the marketplace. We are confident we can penetrate much further into the entire pallet opportunity.

Let me share with you a little bit more detail now about the small to mid-sized opportunity. This table, here in front of you, shows in the 2010 financial year we won more than 1000 new customers, now most of them representing overall demand less than 100,000 issues per year. The 1032 customers we won in that size bracket represented a 13% increase on our FY09 performance.

Already in FY10 the growth is - in FY11, this year, the growth is continuing. We bring strong value to these customers, allowing us to have healthy margins relative to certain larger customers and, as I have already said, no one else has the network scale to access this market in the way that we can.

We are not only growing sales, but we are also expanding our network coverage which helps us with asset control and utilisation as well as access to the recycler network.

Now this slide also shows detail on how CHEPs USA win rate is positive since the introduction of Better Everyday in October to the tune of $18 million of new business. Now that's the annualised value of net business won since October, so it does include a portion of the ConAgra business that we lost earlier this year.

So despite what you may have been told CHEP USA is, in fact, gaining market share not losing it.

Now, as I've demonstrated, we believe that the traditional pallet business still represents a very large opportunity for future growth. But we also must expand more aggressively beyond our core product and there are several areas of opportunity; alternate pallet sizes, RPCs - reusable plastic crates, IBCs - intermediate bulk carriers, automotive and certain other services. We estimate there is an opportunity that is worth almost $12 billion in the USA alone.

Now the following two slides show the breakdown of the USA market and the Australian markets by industry and by product. I believe that by juxtaposing these two countries you'll see how large, indeed, the opportunity is.

Let me start with the US. Our analysis indicates that the addressable opportunity for CHEP in the USA is worth almost $12 billion in annual sales revenue, of which pallets represents just 20%. It also tells us that fast moving consumer goods, as you can see here, represents just about 25% of that opportunity.

Now, as you can see from the additional charts, CHEP USA generates its $1.1 billion in annual sales revenue from pallets and a disproportionate amount of that revenue comes from FMCG. Of course this is understandable given the major initial opportunity that was provided to the pallet business, particularly providing pallets into the FMCG sector.

But our business in the US is now of a size where we have to think about other opportunities. Now please note on these slides that the pallet opportunity here shown correlates to the $2.3 billion of addressable pallet opportunity that I mentioned a few slides back, it is not inclusive of the total $9.5 billion. So, in fact, the opportunity is very, very large.

Now, as I said, let's compare the US market to the Australian market. Now these charts here show the served market in Australia alongside CHEPs penetration. As you can see there is still considerable opportunity but the balance by both product and sector is much more representation of the total segmentation at large.

There is nothing fundamentally different about the USA or any of our regions, for that matter, that suggest we should not be able to achieve this same balance and a great example of that is within the automotive sector.

Let me now talk about automotive as an opportunity. As global automotive production recovers and the industry looks for cost efficiency opportunities we believe there is a significant opportunity for CHEP. We have unique intellectual property in both the design of unique packaging, as well as standard packaging and we have the systems in place and unique expertise and experience in this market.

Now, historically, our automotive business has been largest in Australia and Europe, but we see that changing. CHEP China has already built a successful automotive business with more than 300 supply-chain participants and a pool now of more than 200,000 containers, but it can get bigger, while we have already established our first automotive relationships in the United States.

These two major opportunities combined with emerging areas such as Latin America and continued growth in Central and Eastern Europe will provide us with significant growth in automotive for years to come.

Now the other major opportunity in automotive is to leverage the international flows. The next slide is fairly complicated so I'll build through it.

We currently generate about $130 million of revenue from the automotive sector and, as I said, mostly from Europe and Australia. But we estimate the total global opportunity for us is worth several billion dollars.

Light vehicle production is forecast to reach 88 million cars in 2016, from just under 60 million today and that's according to JD Power & Associates. Now this is led by China which is forecast to produce over 16 million vehicles five years from now and the USA which is forecast to produce a little bit more than 10 million in that time period.

Now even if the automotive industry does not recover as quickly as one might expect from its recent crisis, just building our business to its potential scale is a major opportunity. The International Trade Centre data predicts intercontinental flows from components and subsystems are worth about $75 billion a year.

Now these flows are increasing, as productions of vehicles move closer and closer to markets in which the vehicles are sold. There is significant opportunity here to help automotive producers make this process more efficient and more standardised globally and, again, we are uniquely placed giving our pooling expertise and our global network.

Now moving on from automotive, I'd like to take a look at LeanLogistics. For those of you who are not familiar with LeanLogistics it is a provider of on demand network optimisation services for transport users. It's a software solution, and consulting services help customers save money by removing empty miles and eliminating warehouse. Since we bought LeanLogistics in 2008 its sales revenue has increased 32% despite challenging market conditions.

But we are now beginning a very exciting phase which is really to get at the true scale of the LeanLogistic opportunity. We are experiencing demand from customers to expand geographically, as shown by our recent moves with LeanLogistics into Canada and Brazil.

We have also appointed key personnel to work on building the LeanLogistics build-out in Australia and in Europe. The expanded LeanLogistics will extend its services throughout CHEP to improve the cost of doing business internally and leverage the CHEP global network to lower total logistics costs for CHEP and, more importantly, for our external customers.

That covers briefly the opportunities for CHEP. I'd like now to turn my attention to looking at the growth opportunities for Recall. Again we will share more detail at the upcoming investor market briefing in September, we'll have senior management from both CHEP America as well as Recall America at that meeting.

Organic volume growth in the DMS service line has been the underpinning driver for Recall in the past three years and we expect that growth to continue to grow.

While digital is a very big opportunity, I cannot stress enough that growth in physical documents continues unabated driven by regulatory and compliance environment, privacy concerns and the increased demand for outsourcing.

The paperless office is in fact a myth. All of us working in an office environment would know that. Digitisation is not reducing the amount or the volume of paper used or stored and we believe that is unlikely to happen for the foreseeable future.

The key statistic to remember when it comes to our Recall business is that two thirds of the document storage market remains unvendored. We have just 6% of the total market today, this remains an enormous opportunity.

However, the growth area for Recall is also focused at the bridge, as we refer to it, between paper and digital. We believe there is a significant opportunity to work with our paper-based clients to meet their digital needs as there has been an absolute explosion in the volume of data - digital data that now needs to be managed.

For example, we will increasingly find Recall handling entire financial and administrative business processes for our customers. A great example of this is the engineering group ABB with which we have recently completed a major product to manage centrally its entire global invoice scanning and processing operation. This really is business process outsourcing.

There are technologies to which we have access in areas such as RFID and scanning which offer some great opportunities to continue to augment and upgrade our core paper storage business with additional value-adding services. There are also many complementary services that we believe we can offer.

So now let me summarise. FY10 result we believe was solid and we believe we continue to be in great financial shape. CHEP has an outstanding global footprint and we're excited about the opportunities in areas including the US small to mid-sized customer base, platform and product expansion are also very important. Automotive is potentially a huge opportunity. While LeanLogistics is demonstrating its capabilities and has the potential to build into a player of truly global scale. Recall, as you've seen, is in good shape and well positioned to continue profitable growth.

We remain very optimistic about the future of Brambles.

Thank you very much for joining us today, I'll now open the floor for questions.

Thank you.

QUESTION AND ANSWER

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

Start with Matt here.

Matt Crowe - ***Commonwealth Bank - Analyst***

Matt Crowe from the Commonwealth Bank.

Just looking at the guidance if you look at the acceleration, the revenue through the second half, particularly that fourth quarter and the margins you've got in the second half, it's just a number that's a bit above the guidance you've given, should we interpret that as merely just being a bit conservative or do you expect those margins - those second half margins won't be sustained into FY11?

If I could just ask one other question on the Better EveryDay program, the reduction in revenue - the reduction in costs from $50 million to $25 million, in ongoing costs that is. When this program was introduced you spoke about the importance of being ahead of the curve in terms of what your customers were wanting in quality. Do you still feel it's that important to be that far ahead and really dazzle them or is this sort of bringing it back to target service they want or are you still trying to be ahead of that quality curve?

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

I might respond to the Better Everyday question first.

I'll take your second question first and then, maybe, Greg will jump in on the outlook on the financial side. Look I think on Better Everyday, the program was launched now almost a year ago and as we said at the interim result and I'll repeat again, we continue to learn an enormous amount as we actually implement the program and what we're finding is that the customer is very satisfied with the product offering that we're presenting with US Plus.

Both our internal metrics in terms of rejects and the quality of the pallets that we're producing, as well as the external metrics when we interview our customers, we now have a net promoter score process where we talk to customers and their feedback is that the quality is definitely improving. When you look at our ability to generate new business we believe that we are delivering to the customer what they want. So there's no backing away from delivering where we believe the quality needs to be.

What we have learned over this period is that the overall demand for anything above US Plus is really considerably less than we had expected when we developed this opportunity over a year ago so we're really responding to the market. We continue to have a considerable amount of flexibility and we believe we can continue to meet customer requirements going forward with both US Plus or US Premium but we're seeing now is that the demand just isn't there and that's the outlook that we're getting.

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

Matt, in relation to the first question, we have indicated sales growth on a constant currency basis in each of our regions but we're still in very subdued growth environments particularly in our major markets, US, UK and Spain. We have the continuing Better Everyday costs and if you refer to the chart that's in the slides you'll see that 2011 still has substantial Better Everyday costs so that will have an impact on ongoing margins in the US and therefore the Americas and there is going to be continued competition.

So in terms of pricing, a pricing outlook as part of the sales growth, we don't see huge opportunities in that space. We recognise that we're in a competitive environment and that we need to maintain our sales issue volumes and that's going to have some impact on our ability to raise prices across the globe.

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

I think you know, we've used this phrase before, consistent and repeatable growth and we really are not seeing that as Greg pointed out in the major economies around the world and we think the outlook that we've given is a balanced outlook based on our assessment of future opportunities.

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

Tom, you've hit on several new markets which you'd like to increase your product range in, what's the timing on that? How aggressive are you going to be and where's your priority; you've obviously got several products or potential product expansions there? The second question, just a follow up on Matt's comments on the cost going forwards, is there further downside risk to those fast track cost estimates given you're saying already 100% of the repair standards are at that US Plus and you're pulling back on that premium plus composition?

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

I'll answer the first one first if I can. Look we're very excited about the opportunities and in many cases these are underway already. The two major initiatives in the US are the small to medium enterprise market and as we've identified, in FY10 we won 1032 contracts in that space and that's the space with sort of less than 100,000 issues annually and that is a 13% uplift over the prior year. As I gave you some indication even as this year FY11 has started for us we continue at a good pace.

We've restructured the sales team and brought in some folks that have done this elsewhere around the world for us so we're very excited about that and that truly is underway. So the second one is automotive in the US and I would say also automotive is underway. We now have a relationship with some automotive players in the US and we're confident that there's a good funnel there and we want to push that aggressively.

The international flows will come after that. I mean if you're piecing that together the international flows you really have to have the strong domestic business and then be able to leverage that presence. We're very excited about that but we need to build the local presence first. In terms of the geographic expansion that's well and truly underway. I mean we opened our office in Turkey and made that the centrepiece for Central and Eastern Europe about nine months ago and we now have two major anchor customers there in Unilever and PNG.

So everything we've shown you, this is not a promise where work may come, these are things that are funded, that they're manned appropriately and we're aggressively pursuing them. Your question on costs going forward, I'll just point out the fact that the issue for Better Everyday as we used to speak in terms of sort of a fast track program and a base program, we do see the total cost coming down in the future as we've identified in our report.

That's really a combination of ongoing efficiencies so we are delivering the efficiencies. If you remember the costs that we show are truly net costs, those efficiencies are coming home and the team's doing a good job there. In FY11 though you just have to keep in mind that we have about 4 million pallets in storage and as those pallets come out of storage and go back to work for us they do have to be brought up to a US Plus standard. They're not at that standard today so that's why those costs are continuing into FY11.

THOMSON REUTERS

James Hall - ***Brambles Limited - IR Director***

We might now take some calls -- take some questions from the phones. I think the first question is from Simon Mitchell at UBS.

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

Hi, can you hear me?

James Hall - ***Brambles Limited - IR Director***

Yes Simon.

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

I just have two questions. Probably the first one for Greg on the guidance; just the $115 million guidance for net interest compared to $110 million just reported. Are you suggesting they're higher funding costs or are you suggesting no free cash flow generation?

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

No it's to do with the higher margins that we're expecting. I mean I indicated that the capital expenditure would go back up to something like the 2009 level and that will reduce the free cash flow after dividends so we're not expecting the net debt to be coming down at anywhere near the rate that it has in the last couple of years. We have had higher margins through the 144A issue but also as we refinance there are some of our debt facilities which were on lower margins previously which will then go to a higher level.

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

Okay and just secondly for Tom, I think from October 2009 when you announced the Better Everyday program you indicated that your thoughts around margin for the Americas business was mid 20s after the program had finished given the reduced ongoing costs and quality. What are your thoughts on that now?

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

Yeah look we haven't really changed our view on that. We're still one year into a longer period so we still see that as holding in terms of mid 20s for the business with CHEP.

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

Thanks.

James Hall - ***Brambles Limited - IR Director***

The next question is from Anthony Moulder of Credit Suisse.

Anthony Moulder - ***Credit Suisse - Analyst***

Two questions if I could. The first one (inaudible). Are you indicating that you'll go back into the RPC business in the US?

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

Yeah what we've identified is that the RPC business is important for us on a global basis as we look for opportunities in the US. This is something that's clearly on the list of opportunities. As the question I think from Russell came up earlier in terms of which ones are further along, clearly when we look at where we are in automotive and the SME space those are further along for us in terms of an impact in FY11.

Anthony Moulder - ***Credit Suisse - Analyst***

Second question -- slide 40 sort of gives a view on the contracts won and obviously a line down there on contract losses. Can you give any indication of what is the margin differential between those two; contracts won and contracts lost?

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

Which ones are you specifically --

Anthony Moulder - ***Credit Suisse - Analyst***

You've shown I think in slide 40 it is, that you've won that new business. I guess the question is whether or not that net new business is coming out or lower.

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

Anthony I might comment on that because I think there's been -- if you remember our interim results we did talk about some adverse mix in the US and really that went back to the fact that some of the business that we lost at the end of FY09 and the beginning of FY10 in the US, was fairly good margin business. We also indicated to the market that we were going to put as many excess pallets to work as aggressively as we could so there was an adverse mix impact in the first half.

As we see our wins now however, we believe the new business that we're bringing on, the margins are very good. In fact I would just point out that as we look to grow in the SME space, typically small to medium enterprise markets are very strong relative to larger corporates so we're pretty comfortable with the margin structure.

Anthony Moulder - ***Credit Suisse - Analyst***

So at or above losses?

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

That's correct.

Anthony Moulder - ***Credit Suisse - Analyst***

Thank you.

James Hall - ***Brambles Limited - IR Director***

The next question on the phones is from Paul Huxford of JP Morgan.

Paul Huxford - ***JP Morgan - Managing Director***

(inaudible) talking about the guidance where going from sort of 693 through to 740 to 780. So growth -- $47 million to $87 million. Is it fair to assume that the bottom end of that nominal business is making a positive growth contribution next year and then at the top end I wonder if you could just talk to us a little bit about which business units are driving that and how the (inaudible) recall sits in that?

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

I think the range is specifically there because of the economic uncertainty. I mean we haven't had anything like the organic growth that we would have liked and today that organic growth is still subdued. We would need to see substantial organic growth improvements on 2010 to get to the upper end of that range. So I mean we've given our range deliberately. That isn't a conservative range. That's the range in which we think we would reasonably trade and I believe the mid point of that range is where, on the basis of all the assumptions we have, that we should come out I mean otherwise giving you a range is pretty useless.

So I think we're expecting that and we're managing towards that. Clearly we don't know how the economies are going to go and we don't know if there's anything else that might impact on our results but as we see it today that's how we see it coming out. I think in terms of the economic growth we've already talked about the US, the UK and Spain being the three biggest CHEP markets and so that's where we would like to see the improvement in the economic performance.

As far as recall's concerned that business continues to perform well. I did indicate when we talked about capital that we are going to be investing capital into the Recall business. We are expecting it to continue to grow. We do need to put capital in to be able to store for our DMS business but we're committed to doing that as well as upgrade our IT systems in that business and we're expecting it to continue to grow.

Paul Huxford - ***JP Morgan - Managing Director***

Thanks and just to follow up on the capital question. You said CapEx slightly below 2009, are you talking near full growth, close to the 700 or 600?

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

It's going to be closer to 700 but it's going to be less than -- our estimates are it'll be less than 2009.

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

We just reinforce the point that Recall is included in this and to fund and continue to support Recall's growth there is some CapEx planned in FY11.

James Hall - ***Brambles Limited - IR Director***

Are there anymore questions in the room? Okay, that being the case we'll stick with the phone and the next question's from Cameron McDonald of Deutsche Bank.

Cameron McDonald - ***Deutsche Bank - Vice President***

Good afternoon guys. A couple of questions if I can? The lower prices in the US business for CHEP, can you give us an indication of the length of those contracts that have been signed with the lower prices and what the annualised impact of that would be going forward? Then the second question is related to the addressable market opportunities. Interested to know how you think that addressable market has changed over time and where CHEP's share of that market has been over that time period and why it hasn't grown -- how it has grown or hasn't grown over that time period?

Then the third question just on slide 42, you've said that you're making 100% of your revenue or your returns out of the pallet market. Interested to know what the capital costs would be for you to support the expansion into those other market places and obviously some of those other market places would be -- would have revenue opportunities equivalent of your current CHEP USA business.

Tom Gorman - *Brambles Limited - CEO*

Okay well I'll try to remember them all Cameron. So look let me just start with the size of the addressable market and what changes we've seen. I'll just go back to the comments that I made in terms of how we built our business in the US. We built it really by getting very large customers and getting up the critical mass scale very quickly. That was a very successful strategy for us and it continues to be very important to us around the world. The example of Unilever and PNG in Turkey is exactly that example.

But what we believe now in the US is that we have the critical mass and the network coverage and the ability to offer different services to customers that we actually can penetrate a market that has been underserved. So your question on addressable market for us, you know, the addressable market grows as we continue to penetrate it and as we adjust our service offerings to meet the requirements of that market. So again, whether it's certain new channels, whether it's certain new verticals like pharmaceutical and particularly when it's pushing into the small and medium enterprise market which has different needs than our larger corporate customers.

So the simple answer is we believe the addressable market expands as we deliver success in that space. Your third question was around capital in terms of looking at new opportunities. What I can assure you is that we have very rigorous and disciplined approach to capital deployment and when you look at our business, whether it be RPC, automotive or pallets, our return on capital is good; returns are good in all three and we do keep a close eye on that.

The margins in the businesses do differ as you would imagine in the same way that the cost of the capital differs. The cost of an RPC is lower than the cost of a pallet and the cost of an IBC is larger. So what's important is that you look at the total capital return and each one of those assets cycle at a different rate. RPCs cycle much more quickly as you would imagine than pallets. So we really take all three into consideration.

But I would remind you again Cameron that the key thing in our business is that we don't commit capital until we have a customer. So this is not about building plants or factories around the world it's really about marketing aggressively to new customers and then when we bring those customers on board that's when we make the commitment to provide capital.

In general terms our contracts are generally speaking for a three year duration. I think the first question, if I remember, had to do with some mix issues and lower pricing. As we said a little bit earlier Cameron that we did identify some adverse mix effect in the US and that had really two factors to it. We did pursue some business aggressively to put some excess pallets to work and some of the larger accounts that we lost in that time period were higher margin.

We don't see that condition going forward. We believe that the margin business that we're pursuing is good margins. Okay?

James Hall - *Brambles Limited - IR Director*

Now we have a question from David Rosenbloom from Wallara on the phone.

David Rosenbloom - *Wallara Asset Management - Analyst*

Yeah hi, can you hear me?

Tom Gorman - *Brambles Limited - CEO*

Yeah.

David Rosenbloom - *Wallara Asset Management - Analyst*

Tom, we've heard some feedback lately that you guys may have been talking to some of your existing wood pallet customers about plastic alternatives and I'm just kind of wondering if you get a sense that some of your existing customers would prefer plastic option. Is that a trend that you're seeing or has your view not changed?

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

Well look David, I mean let's understand first that we're the market leaders so it's not unusual or I assume would not be unexpected for us to look at all different pallet types which we do. As I've mentioned we have extensive usage of plastic around the world. We have plastic pallets in Europe, we entered China with a plastic pallet, we use plastic in our RPCs and in all cases we understand the material.

We continually challenge ourselves internally to make sure that in terms of our design capability and our testing capability we're looking at alternative materials. So that ranges from plastic to aluminium to a whole series of more space age concepts. Our role as market leader is to make sure that we're on the forefront of that so it's not unusual for us to continue to do that work.

What's critically important for us though is that anything that we do with a change of material, it's got to be a sustainable business for us. Just taking a more expensive asset and putting it into play in the same business model, we don't believe that's sustainable. We also don't believe that wood is going away. We believe that wood is the appropriate material. It's fit for purpose. It provides great value for our customers. It's easily repairable. It fits the market need today.

We'll continue to look at other alternatives and where there are specific niches that makes sense and the business model works for our customers and for our shareholders we may well pursue it but we have no immediate plans to take that action in the US.

David Rosenbloom - ***Wallara Asset Management - Analyst***

Thank you.

James Hall - ***Brambles Limited - IR Director***

Andrew Gibson from Goldman Sachs on the phone. You're next.

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

Hi guys. A few questions. Just first of all (inaudible) guidance, can you provide a little bit of feel into what organic growth assumptions you're making in the key regions, be it US (inaudible) Asia Pac versus net new wins?

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

Look I think Greg has touched on this. Our key markets when you look at the split of our business a little bit more than a third comes out of the US, that's very important to us. The UK is a big market. It's a strong market for us here and Spain remains about 90% of our total. Look we have been -- again we see the outlook for organic growth to be relatively subdued. We are not overly bullish on those markets at the moment.

In any given month you do see some green shoots as they say but again I'll stick with the message that I've kept; we need to see sustainable and repeatable performance. To give you one example I'll just go back to what happened in June. Some of you may be familiar that at the end of June in Spain they raise the VAT significantly so we saw quite a bit of growth in June, above trend growth, but then when you come to July after the VAT's now in place actually we go back to trends.

So we see little sprouts like that but nothing that's long term predictable. Consumer demand is the issue for us and if you look at the consumer growth around the world as I touched on earlier, a lot of the growth is coming from manufacturing but that's not flowing through to consumer demand. In the US in particular there's still a major hangover with unemployment at around the 10% rate so we are relatively subdued I think in terms of our organic outlook.

In terms then of a pricing outlook we're also not looking for significant pricing in the market that we find ourselves today. We are in competitive markets everywhere in the world and we don't really see strong price opportunities either. We do however see a continued growth in market share if you will and continued opportunities to expand our business offerings.

James Hall - ***Brambles Limited - IR Director***

THOMSON REUTERS

Next question on the phone's from Julia Wang from Morgan Stanley.

Julia Wang - ***Morgan Stanley - Analyst***

Good afternoon guys. (Inaudible) the customers (inaudible) figures for (inaudible) competitors, whether it be pricing, quality or service or a combination?

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

Well I think like any industry anywhere in the world customers have a whole set of requirements and when customers make a decision to move they can be one of many or a series of them. Price can often be the motivation. Quality can be the motivation or service.

I'll also point out that in our space, as with any large industrial customers, many customers like to see a duelled supplier strategy. So in some cases it's the fact that customers want to just introduce some competition into their own supply mix so we see that. We have see customers move on price and look we're pretty diligent around our model and we're pretty diligent around making sure that we deliver returns to our shareholders. So there is some business that we walk away from based on price.

So it really is a whole series of those but I wouldn't underplay that in certain cases. Customers do like to introduce just a competitive spirit into their supply chain.

Julia Wang - ***Morgan Stanley - Analyst***

Okay great and now there's a premium offering, is that I think at about 5% take-up. Are you looking to, I guess, producing them in favour of just getting (inaudible) quality and would that have, I guess, a reduced CapEx implication if you were to reduce producing those premium pallets?

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

Just to clarify on that point. There may be some misunderstanding here. But it has nothing to do with our capital expenditure so we continue to buy 48x40 pallets in the US to the same design. They come into our system as brand new pallets so there's no change there. The change for Better Everyday was really about the repair standard. So there's no impact on capital expenditures.

Julia Wang - ***Morgan Stanley - Analyst***

Right, thanks.

James Hall - ***Brambles Limited - IR Director***

The next question on the phone -- if there's no more in the room still -- the next question on the phone is (inaudible) from Citi.

Unidentified Participant

Hi guys, can you hear me?

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

Yes.

Unidentified Participant

Good. My question is just with regard to the average pallet market is going down and I suppose particularly looking at the Americas and (inaudible) versus the volumes, both organic and negative business. Back of the envelope (inaudible) has gone up quite significantly and I just wanted to firstly understand whether my (inaudible) is correct and then secondly to what extent can the turns continue to growth to support growth going forward? Finally, what have you factored into the CapEx with regard to your answer to question two. Given you've said that the CapEx growth increased from the Recall business. So what's the CHEP component of that growth?

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

Look just to respond to your question on sort of the turns. We have seen now some small increases in the turn rates on pallet size and we talked about this with some of you at the interim result. The logic is that one should see that, right, if you're not restocking to levels, if the system in the supply chain is running more efficiently and people are consuming at the same level but your stocking levels are down, you should increase your turn rate if you in fact are going to deliver the same amount of product.

So we have seen some increase in turn rates and look some of this we've also made very specific decisions. We have introduced quite a bit of capital discipline and capital efficiency into the business and in certain cases we are trading OpEx for CapEx so we are relocating pallets, we are moving pallets and we're taking a little bit more transportation and logistics costs and saving on the capital expenditures.

With growth that we anticipate in FY11 we do however, at that point in time, believe that we will be in a position to start buying capital again, as Greg has indicated, back at the levels that we were in the previous year.

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

Just on the proportion, around 75% of the expected capital in 2011 will be for the CHEP businesses. Next question's from Paul Ryan from Evans and Partners.

Paul Ryan - ***Evans and Partners - Senior Research Analyst***

Okay guys, just wanting to follow on, on the 5% demand for the premium pallet in the US. What are the reasons the customers are giving you for not wanting that product? Is it price? Is it that they can find a better quality product elsewhere -- and I think you can probably guess where I'm leading with that question -- just what are the reasons behind that and what was your original estimation versus the flop in demand that you've actually seen?

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

Yeah well look I think that I would start by saying that the product that we're providing is fit for purpose and your comment that they can find a better product elsewhere I don't think that holds up because in fact we're expanding our market share and we're growing our volume since the introduction of Better Everyday. So I would actually argue that the US Plus standard is the standard that we're delivering to the customers and they're satisfied with that standard.

As we've looked at offering a US premium, customers have said they're happy with US Plus and again it is fit for purpose and they don't see the need to pay the premium to move up to that level and that's why we're finding the take-up at the level that we're at. Look I think just to be clear, I mean we've now been at this for about a year and as we cycle our total pallet pool through we continue to learn a lot more about how the pallet performs, how it behaves, the repair ratio that is required as the pallet comes back into our system and what we're disclosing to you today is based on one year's worth of effort. We see that we are meeting customer demand and we don't think the cost will be there on an ongoing basis.

James Hall - ***Brambles Limited - IR Director***

There's nothing else in the room. We've got one final question on the phone back to Andrew Gibson at Goldman Sachs.

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

Hi. Sorry, two further questions if I may. First of all, just on the storage costs of 19.3 in fiscal 10and it seems like there will be a but of that still in fiscal 11 but are you saying the repair of those pallets is picked up in your guidance for Better Everyday?

Greg Hayes - *Brambles Limited - CFO*

Yes.

Tom Gorman - *Brambles Limited - CEO*

Yes.

Andrew Gibson - *Goldman Sachs - Analyst*

Okay thanks. The second question, (inaudible) Better Everyday I think initially you were suggesting 75% of the pool would be at a premium quality at the end of the program so it's been halved if you like of the ongoing cost. Does that imply therefore that the underlying cost of adhering to US compliance is now a little higher than you thought it would be?

Tom Gorman - *Brambles Limited - CEO*

No look I think what you should interpret here is a couple of things. First of all we're continuing to make a very strong commitment to quality in the US market so we're still -- on an ongoing basis we're reducing our margins to deliver what we believe the customer wants in terms of a quality pallet offering. The other thing to remember in our numbers is that what we present to the market is a net number so our gross spending is higher and what we are seeing is that the level of efficiencies that we're driving in the business is good and those will accelerate over the next couple of years allowing us to put the net cost numbers out as we've shown.

Andrew Gibson - *Goldman Sachs - Analyst*

Thanks.

James Hall - *Brambles Limited - IR Director*

There are no further questions on the phone, Tom. Last chance in the room? Okay. I think we can --

Tom Gorman - *Brambles Limited - CEO*

Well thank you very much and I'm sure we'll see all of you individually .