



MACQUARIE  
ACN 002 574 923

# Macquarie Private Wealth



## Brambles

### Business Description

Brambles Limited (BXB, formerly Brambles Industrial Limited BIL) provides pallet and container pooling solutions through the CHEP and IFCO businesses and information management solutions through the Recall business. BXB operates across six continents.

### Strategy Analysis

BXB's strategy to boost financial performance in its CHEP business is to achieve scale efficiencies to boost its cost advantage over competitors. Organic growth opportunities are present for CHEP in existing markets with growth in new segments being identified. Core expansion through growth in new geographies sees BXB intending to intensify the focus on areas of growth throughout the US, such as home improvement, food services and office supplies. Opportunities in Central and Eastern Europe highlight prospective customers for pallet and container pooling businesses with the establishment of the CHEP business in China opening up new markets for Brambles. New business expansion through the acquisition of related superior supply chain businesses will be focused on adding expertise, capabilities and achieving operating leverage for CHEP. The IFCO RPC business will focus on growth in emerging regions such as Eastern and Central Europe. Brambles reported NPAT up 6% to US\$475.3m for the year ended 30 June 2011. Revenues from ordinary activities were US\$4.67bn, up 13% from last year. Diluted EPS was 32.7 US cents compared to 31.7 US cents last year. Net operating cash flow was US\$1.01bn compared to US\$990.3m last year. The final dividend declared was 13 AU cents, taking the full year dividend to 26 AU cents compared with 25 AU cents last year.

27 January 2012

### Recommendation

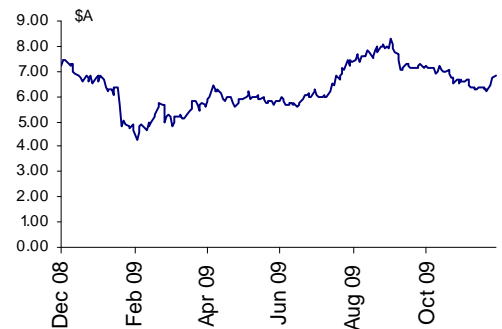
Recommendation: Outperform  
Relative to: All Ind (ex Fins)

### Investment Fundamentals

ASX code: BXB  
Stock price: \$7.30  
Market cap: \$10,807m

	Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	611.8	773.9	853.1	863.7
Adjusted e	\$m	611.8	773.9	853.1	863.7
EPS adjusted	¢	41.4	52.3	57.7	58.4
EPS growth	%	14.4	26.5	10.2	1.2
PE	x	17.7	14.0	12.7	12.5
PE relative	x	1.5	1.4	1.4	1.3
DPS	¢	29.0	38.3	42.3	42.8
Yield	%	4.0	5.3	5.8	5.9
Franking	%	20.0	20.0	20.0	20.0

### Share Price



Source: ASX and Company accounts

### Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	5 year
CHEP	77.6	16.0	18.9	5.0%	-8.0%
Recall	17.5	11.7	17.9	6.0%	0.6%
IFCO	4.9	1.5	13.2		
<b>Total</b>	<b>100.0</b>	<b>29.2</b>	<b>50.0</b>		
Results by Geography				Dividend Reinvestment Plan	Shareholder Discounts
Americas	45.0	0.0	0.0	Yes	No
Europe	36.2	0.0	0.0		
Australia	12.3	0.0	0.0		
Other	6.5	0.0	0.0		
<b>Total</b>	<b>100.0</b>				

### Company contact details:

Brambles Limited  
Level 40, Gateway, 1 Macquarie PI  
Sydney NSW 2000  
Tel: +61 2 9256 5222  
[www.brambles.com](http://www.brambles.com)

**If you have any queries regarding this Research information or with any aspect of your legalsuper account please call legalsuper on 1800 060 312 (freecall) or email [mail@legalsuper.com.au](mailto:mail@legalsuper.com.au)**

**Disclosure:** In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that Macquarie and its affiliates collectively and beneficially own or control 1% or more of any class of Brambles Limited's equity securities. Macquarie Bank Limited makes a market in the securities in respect of Brambles Limited.

**Disclaimer:** This report is prepared for general circulation and does not have regard to the particular circumstances or needs of any specific person who may read it. The information contained herein is believed to be reliable, but its completeness and accuracy is not guaranteed. Opinions expressed may change without notice. No part of this report is to be construed as a solicitation to buy or sell any security. We do not accept any liability, whether direct or indirect arising from the use of information contained in this report. International investors are reminded of the risks inherent in international investments, such as currency fluctuations and international stock market or economic conditions, which may adversely affect the value of the investment. Any transaction by US persons in any security discussed in this report must be carried out through Macquarie Equities (USA) Inc which has distributed this report in the US. This report is issued in the UK by Macquarie Equities Limited, which is a member of the Securities and Futures Authority. The investments and investment services the subject of this report are not available to private customers in the UK. The material in this publication is copyright and may not be reproduced without consent of the copyright owner.