

21 April 2022

The Manager - Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir / Madam

BRAMBLES FY22 THIRD QUARTER TRADING UPDATE

Please see the attached announcement relating to the above.

The release of this announcement was authorised by the Board of Brambles Limited.

Yours faithfully
Brambles Limited

Robert Gerrard
Chief Legal Officer & Company Secretary

Brambles' trading update: Sales revenue up 8% at constant FX¹; Upgraded FY22 sales, Underlying Profit and Free Cash Flow guidance.

Sydney – 21 April 2022: Brambles Limited today reported sales revenue from continuing operations of US\$4,067.0 million for the first nine months of the financial year ending 30 June 2022 (FY22), representing an increase of 7% at actual FX rates on the prior corresponding period.

At constant FX rates, growth of 8% reflected ongoing strong price realisation to recover cost-to-serve increases in all regions, including sustained high levels of input cost inflation and increased capital cost of pallets.

Group sales volumes were broadly in line with the prior corresponding period. This represents net new business wins in European pallets and Australian RPCs offsetting lower like-for-like volumes with existing customers in North American and European pallets as these businesses cycled strong demand in the prior year. Pallet availability constraints also continued to limit current period growth with new and existing customers in all regions.

By segment, revenue growth in the first nine months of FY22 was as follows:

- **CHEP Americas** sales revenue increased 11% at constant FX rates reflecting pricing growth to recover record levels of input cost inflation and other cost-to-serve increases across the region. Segment volumes declined (2)% due to lower like-for-like volumes in North America as the business cycled higher pallet demand from COVID-19 in the prior year. This decline was partially offset by organic growth in Latin America and modest net new business wins across the region despite pallet availability limiting growth;
- **CHEP EMEA** sales revenue increased 6% at constant FX rates driven by net new business wins in European pallets and price growth across the region including contributions from contractual indexation and specific pricing actions related to cost-to-serve increases. Segment volumes increased 2% driven by new pallet contract wins across Southern, Central and Eastern Europe which were partially offset by lower pallet volumes with existing customers as the business cycled strong COVID-19 and Brexit-related demand in the prior year; and
- **CHEP Asia-Pacific** sales revenue increased 5% at constant FX rates, driven by both the pallet and RPC businesses. Price realisation and like-for-like volume growth in the pallet business were partly offset by lower transport revenue, in line with lower pallet issues and returns in Australia. Growth in the RPC business largely reflected rollover benefits from a large Australian RPC contract which commenced in the prior financial year.

Sales revenue for the first nine months of FY22 & FY21	(US\$m, actual FX)		Growth vs. 9M21	
	9M22	9M21	(actual FX)	(constant FX)
CHEP Americas	2,126.1	1,909.7	11%	11%
CHEP Europe, Middle East & Africa	1,544.1	1,501.1	3%	6%
CHEP Asia-Pacific	396.8	383.3	4%	5%
Continuing operations	4,067.0	3,794.1	7%	8%

Commenting on the third-quarter performance, Brambles' CEO, Graham Chipchase said: "Strong sales revenue momentum continued in the third quarter resulting in year-to-date growth of 8%. The sales performance in the third quarter was driven by pricing actions in response to operating cost inflation, pallet scarcity and increased pallet costs driven by extraordinary lumber inflation. The benefits of the commercial discipline to recover the significant cost-to-serve increases were particularly strong in the US business.

"The supply chain dynamics and inflationary pressures we noted in the first half of the year were further exacerbated in the third quarter by the conflict in Ukraine and Russia. Ongoing disruptions in global freight and lumber markets continue to impact the flow of goods across supply chains resulting in higher costs across our business.

¹ Constant FX growth rates are calculated by translating current period results into US dollars at the actual monthly exchange rates applicable in the comparable period, to show relative performance between two periods.

"We continue to face pallet availability challenges with ongoing constraints on new pallet supply and lower than normal pallet returns in all regions. As a result, we are continuing to see lower pallet repair activity across our network which we expect to normalise in FY23. Our teams are working around the clock to improve asset efficiency and secure new pallets to service our customers and create capacity for new business growth.

"Despite all these headwinds, the success of pricing and business efficiency initiatives supports the upgrade of our FY22 guidance for sales, earnings and Free Cash Flow after dividends. This upgrade reflects our focus on recovering the increased cost-to-serve and generating appropriate returns on the capital investments needed to service our customers and support future growth.

"Our plastic pallet trials with Costco are ongoing and we remain on track to make a decision by the end of FY22. Any investment in plastic pallets will only be made if returns are not dilutive to Group ROIC² after an initial ramp up period and will be subject to ongoing review as part of the Group's disciplined capital allocation process.

"The current operating environment emphasises the importance of the Shaping Our Future transformation programme as we work together with our customers to navigate these challenging conditions.

"Our digital transformation is progressing well, and we are already seeing the benefits of data analytics and digitised assets supporting price realisation and increased pallet recoveries. Our deployment of digital assets is also providing our teams with new opportunities to redesign how we work with our customers and explore new solutions, which leverage our unique position in the supply chain.

"Following on from our highly successful US automation and sawmill investments, we are now progressing with the next phase of our global automation programme which will play a key role in improving the efficiency of our operations and strengthening our competitive advantage.

"Together with our asset efficiency and sustainability initiatives, we are confident the investments being made to transform our business will deliver a step change in customer value creation, profitability and cash flow generation over the medium term."

FY22 outlook

In constant-currency terms, Brambles is upgrading its FY22 guidance. For the year ended 30 June 2022, Brambles now expects:

- Sales revenue growth of 8-9% (previous guidance of 6-8%);
- Underlying Profit growth of 6-7% (previous guidance of 3-5%) including approximately US\$50 million of short-term transformation costs. Excluding short-term transformation costs, Underlying Profit growth is now expected to be between 11-12% (previous guidance 8-10%); and
- Free Cash Flow after dividends to be a net outflow of US\$300-US\$350 million (previous guidance of net outflow of ~US\$350 million) with improvement in net outflow expectations reflecting increased earnings and working capital reductions. As outlined at the 1H22 result, the FY22 outflow expectation reflects the part reversal of US\$215 million of FY21 timing benefits, extraordinary levels of lumber inflation and additional pallet purchases due to extended cycle times and lower pallet returns in all regions.

Dividends and capital management

- FY22 dividends are expected to be in line with Brambles' policy to pay out between 45-60% of Underlying Profit after finance costs and tax³ in US dollar terms.
- The on-market share buy-back programme is expected to complete in FY22 with ~A\$120 million of the A\$2.4 billion on-market buy-back remaining to be completed. The completion of the buy-back is subject to the ongoing assessment of the Group's funding requirements, broader market conditions and alternative investment opportunities consistent with Brambles' approach to capital management.

² Return on Capital Invested.

³ Subject to Brambles' cash requirements.

Further information

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Brambles Limited (ASX: BXB) Under the CHEP brand Brambles helps move more goods to more people, in more places than any other organisation on earth. Its pallets, crates and containers form the invisible backbone of the global supply chain and the world's biggest brands trust Brambles to help them transport their goods more efficiently, sustainably and safely. As pioneers of the sharing economy, Brambles created one of the world's most sustainable logistics businesses through the share and reuse of its platforms under a model known as 'pooling'. Brambles primarily serves the fast-moving consumer goods (e.g. dry food, grocery, and health and personal care), fresh produce, beverage, retail and general manufacturing industries. The Group employs approximately 12,000 people and owns approximately 345 million pallets, crates and containers through a network of more than 750 service centres. Brambles operates in approximately 60 countries with its largest operations in North America and Western Europe. For further information, please visit brambles.com

Forward-Looking Statements: Certain statements made in this release are "forward-looking statements" – that is, statements related to future, not past, events. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts, but rather are based on Brambles' current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, uncertainties and other factors that are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views of Brambles only as of the date of this release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made – Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or events occurring after the date of this release, except as may be required by law or by any appropriate regulatory authority.