

19 October 2021

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

Via electronic lodgement

Dear Sir / Madam

Brambles Limited: FY22 First-Quarter Trading Update

Please see the attached announcement relating to the above.

The release of this announcement was authorised by Brambles' Chairman and Chief Executive Officer under delegated authority from the Board.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

Brambles' first-quarter trading update: Sales revenue up 9%¹ at constant FX²

Sydney – 19 October 2021: Brambles Limited today reported sales revenue from continuing operations of US\$1,292.1 million for the first three months of the financial year ending 30 June 2022 (FY22), representing an increase of 11%¹ on the prior corresponding period at actual FX rates.

At constant FX rates, Group sales revenue increased 9% on the prior corresponding period, reflecting rollover pricing benefits from the prior year and ongoing commercial discipline to recover inflation and other cost-to-serve increases in all regions. Volumes were in line with the prior corresponding period as net new business growth of 2%, primarily in the European pallets and Australian RPC businesses, was offset by lower like-for-like volumes in North America largely due to pallet availability constraints.

By segment, first-quarter sales revenue performance at constant FX rates was as follows:

- **CHEP Americas** sales revenue increased 9% driven by targeted pricing actions across the region to recover the cost-to-serve. Net new business growth in the region was modest and like-for-like volumes declined in North America as the business cycled strong COVID-19 related demand in the prior year and pallet availability constraints impacted volume growth with new and existing customers in the quarter;
- **CHEP EMEA** sales revenue increased 8% driven by price growth across the region, net new business wins in the Southern, Central and Eastern European pallets businesses and a recovery in the Automotive business, which was impacted by COVID-19 related shutdowns in the prior year; and
- **CHEP Asia-Pacific** sales revenue increased 11% driven by price realisation and increased demand for pallets in Australia, reflecting increased at-home consumption driven by COVID-19 lockdowns. The Australian RPC business also grew strongly, benefitting from the rollover contribution from a large contract win in the prior year.

Segment	Sales revenue (US\$m, actual FX)		Days-adjusted growth ¹ vs. 1Q21	
	1Q22	1Q21	(actual FX)	(constant FX)
CHEP Americas	663.0	610.2	10%	9%
CHEP Europe, Middle East & Africa	503.1	463.6	10%	8%
CHEP Asia-Pacific	126.0	112.1	14%	11%
Continuing operations	1,292.1	1,185.9	11%	9%

Commenting on the first-quarter performance, Brambles CEO, Graham Chipchase said: "Our first-quarter sales performance demonstrates the commercial resilience of our business, with pricing and surcharge mechanisms supporting the recovery of increased costs across global supply chains. We continue to operate in a high inflationary environment with pallet availability constraints and ongoing lumber, labour and transport scarcity disrupting supply chains and driving increased costs across our businesses.

"Pallet availability remained challenging in the first quarter with industry-wide shortages of new pallet supply across the globe as well as lower levels of pallet returns and longer cycle times in our North American business. This was a contributor to the decline in like-for like volumes in North America and contributed to the lower rates of new business growth across the Americas and Europe, as we prioritised servicing existing customer demand over new customer wins.

"With sub-optimal levels of plant stock across our network, we incurred additional plant and transport costs to collect, relocate and repair existing pallets, which drove further network inefficiencies as we continue to respond to volatile customer demand.

"Our key focus in all regions is increasing pallet balances across our plant network to service our existing customers and support both growth and improved network efficiency. We are progressively rebuilding our pallet pools by purchasing new pallets as supply becomes available and continuing to drive asset efficiency improvements. Specifically, in North America we are implementing the asset productivity and pricing initiatives outlined at the full-year result announcement and recent Investor Day. With limited access to lumber and new pallets and ongoing

¹ Growth rates have been adjusted for the one additional trading day in 1Q21 compared to 1Q22 to allow for a like-for-like comparison between the two periods.

² 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.

disruptions to global supply chains, we do not expect pallet availability and balances across our North American network to return to more normal levels until the fourth quarter of the fiscal year.

"Despite some moderation in lumber inflation in North America, lumber prices across the Group remain above historic levels and pallet prices continue to increase, particularly in Europe and Latin America. We expect inflationary pressures to remain for the balance of FY22.

"Our teams around the world continue to work collaboratively with our customers and retailers to minimise disruptions to the supply chain and to best manage the effective flow of our pallets and other platforms in these unique circumstances. We also continue to progress the Shaping Our Future initiatives we outlined at the Investor Day and we are on track to deliver on our transformation commitments for FY22. I am excited about our ambition to pioneer regenerative supply chains and transform our business to unlock significant value for our customers, employees and shareholders."

FY22 outlook

In constant-currency terms, Brambles provides the following guidance for FY22:

- Sales revenue growth between 5-7% with expected moderation from 9% growth in the first quarter due to stronger FY21 revenue comparatives for the balance of FY22;
- Underlying Profit growth between 1-2%, including approximately US\$50 million of short-term transformation costs. Excluding these short-term transformation costs, Underlying Profit growth is expected to be between 6-7%;
- Free Cash Flow is expected to be an outflow of approximately US\$200 million, including the reversal of US\$215 million of timing benefits largely relating to deferred pallet purchases in FY21. The FY22 Free Cash Flow outcome is, however, dependent on a number of factors which are currently material unknowns to the full year outlook and subject to change during the year, including lumber prices, sawmill capacity and efficiency of global supply chains, which are likely to impact both unit pallet prices as well as overall pallet supply by market; and
- Dividends are expected to be in line with our policy to pay out between 45-60% of Underlying Profit after finance costs and tax in US dollar terms.

For further Information, please contact:

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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 more than 12,000 people and own 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 www.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", "will", "should", 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. Past performance cannot be relied on as a guide to future performance.