

22 April 2021

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

Via electronic lodgement

Dear Sir / Madam

BRAMBLES FY21 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
Group Company Secretary

Brambles' trading update: Sales revenue up 6% at constant FX¹; on track to deliver FY21 sales, earnings and cash flow guidance.

Sydney – 22 April 2021: Brambles Limited today reported sales revenue from continuing operations of US\$3,794.1 million for the first nine months of the financial year ending 30 June 2021 (FY21), representing an increase of 8% at actual FX rates on the prior corresponding period.

At constant currency, growth of 6% included a ~1 percentage point contribution from customer and retailer inventory stocking, primarily in the US and Europe. Volume growth was 3% as increased demand in the global Pallets and Australian RPCs businesses offset declines in Automotive, with all businesses cycling pre-pandemic trading conditions in the prior year. Price growth of 3% reflected cost-to-serve increases in all regions. By segment, revenue growth in the first nine months of FY21 was as follows:

- **CHEP Americas** sales revenue increased 7% at constant FX rates driven by price realisation across the region and sustained high levels of pallet demand from existing customers in North America and inventory stockpiling in the US. Net new business growth was broadly flat as the business responded to record levels of demand from existing customers;
- **CHEP EMEA** sales revenue increased 4% at constant FX and included Pallets growth of 5% driven by volume growth and price realisation in the European business. Volume growth reflected new customer wins in Central & Eastern Europe, elevated levels of demand from existing customers and inventory stockpiling due to COVID-19 and Brexit. Automotive revenues remain below prior-year levels despite a better than expected recovery in automotive manufacturing volumes in the year to date; and
- **CHEP Asia-Pacific** sales revenue increased 8% at constant FX rates, driven by strong pallet demand across the region and the onboarding of a large Australian RPC contract won in the second half of the prior year.

Sales revenue for the first nine months of FY21 & FY20 (US\$m, actual FX)	Growth vs. 9M20			
	9M21	9M20 (restated ²)	(actual FX)	(constant FX)
CHEP Americas	1,909.7	1,807.5	6%	7%
CHEP Europe, Middle East & Africa	1,501.1	1,379.9	9%	4%
CHEP Asia-Pacific	383.3	324.4	18%	8%
Continuing operations	3,794.1	3,511.8	8%	6%

Commenting on the third-quarter performance, Brambles' CEO, Graham Chipchase said: "Customer demand for our pallets remained strong in the third quarter. COVID-19 related restrictions continued to support high levels of at-home consumption in key markets, while general uncertainty across global supply chains led customers and retailers to increase inventory levels, particularly in the US and Europe.

"As our teams work to support the efficient and safe operation of supply chains globally, we have remained focused on striking the right balance between managing operating costs and capital investments in our pool. Investments in pallet purchases increased in the third quarter in response to elevated demand levels, longer cycle times and higher-than-anticipated lumber costs. While these additional pallet purchases and lumber inflation have driven increased investment in pooling capex, the cash flow generation across the Group remains strong and we expect Free Cash Flow to fully fund capital expenditure and dividends on a full-year basis."

"Operationally, capacity across labour and transport markets remains tight in all regions and we continue to see increasing levels of lumber inflation, especially in the US market. Despite these additional costs, we continue to generate supply-chain efficiencies and indirect cost savings which, in combination with the benefit of surcharge income and price realisation, are offsetting input-cost pressures and additional repair and handling costs across our network. We continue to make good progress with the implementation of our US automation programme and remain on track to deliver an improvement in US margins and Group operating leverage in FY21."

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, so as to show relative performance between two periods.

² Due to a change in the reporting structure, the North American Automotive business is recognised in CHEP EMEA effective 1 July 2020. The Kegstar business has been classified in discontinued operations. The prior comparative period has been restated accordingly.

FY21 outlook

Brambles reconfirms the following guidance for FY21:

- Sales revenue growth between 4-6% at constant FX rates, with improved Underlying Profit margins including an increase in US margins of ~1 percentage point;
- Underlying Profit growth between 5-7% at constant FX rates;
- Free Cash Flow is expected to fund dividends and core business capex;
- Dividend payout ratio between 45% to 60%, in line with Brambles' dividend payout policy; and
- Share buy-back programme to continue for the balance of FY21.

The following assumptions underpin Brambles' updated FY21 guidance:

- The broad continuation of current trends in input costs and network dynamics, including challenges in forecasting demand and higher-than-expected lumber inflation;
- Fourth-quarter Pallets sales revenue growth is expected to moderate from the level in the first nine months as the business cycles record levels of demand following the outbreak of COVID-19 in the prior year; and
- Underlying Profit growth in the second half of FY21 is expected to improve on first-half levels as the business cycles higher costs in the Pallets business in the prior year and the Automotive business returns to growth in the fourth quarter of FY21. The second half of FY21 is also expected to benefit from higher margins in the US pallets business reflecting ongoing price realisation and continued delivery of automation, pallet durability and procurement benefits.

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 330 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.