

Company: Brambles Limited**Date: 19 February 2026****[START OF TRANSCRIPT]**

Graham Chipchase: Good morning, everyone, and thank you for joining our presentation of Brambles' first-half results for the 2026 financial year. Today, I'll be sharing the highlights of the first half, a detailed look at the operating environment, as well as our progress against our strategic priorities. I'll then outline our revised outlook for FY26 before handing over to Joaquin to take you through the financials in more detail.

Let's start with our first-half performance highlights. Our first-half result reflects the resilience we've built into the business and our disciplined execution on factors we can control to drive efficiencies across our operations and improve the customer experience.

We achieved sales revenue growth of 2%, with strong net new business growth offsetting consumer demand pressures on like-for-like volumes and pricing recovering cost-to-serve increases. Underlying profit was up 7%, reflecting meaningful operating leverage driven by supply chain and overhead productivity improvements, together with disciplined cost management across the business. Higher earnings and sustained improvements in asset efficiency delivered robust free cash flow before dividends of US\$482 million. As a result of this strong cash flow generation, we are pleased to declare an interim dividend of US\$0.23 per share, up 21% on the prior corresponding period.

Our strong financial performance has enabled strategic reinvestments to strengthen our customer and investor value propositions over the long term. Chief among them are enhancements to the customer experience, encompassing platform quality, service reliability and responsiveness. These improvements continue to position us as the partner of choice for existing customers while supporting considerable new business momentum in all regions.

Customers are also benefiting from our ongoing focus on collaboration to drive efficiencies across their supply chains alongside productivity improvements in our own operations. Together, these initiatives are making our business more agile and ensure we deliver strong value for customers relative to alternative solutions.

The FY26 on-market share buyback is on track for US\$400 million by the end of June 2026, with US\$191 million of shares purchased during the first half of the year.

Finally, we are proud of our ambitious 2030 Sustainability Programme, launched in September last year. The program guides the next phase of our regenerative ambition, building on our success to date, while extending our focus on nature and deepening our net positive impact across the value chain.

Let's turn now to the key operating dynamics and their impact on our business in the first half. Our operating environment was characterised by moderating rates of inflation and challenging consumer demand conditions across key markets. Inflationary pressures were modest and primarily driven by labour and transport, while fuel prices remained stable. Lumber prices were varied across regions, while the average capital cost of a pallet for the Group, excluding mix, was broadly aligned with the first half of FY25.

Against this backdrop, our price realisation reflected modest increases in the cost to serve, with inflationary pressures tempered by the efficiencies and benefits we generated across customer supply chains and our own operations in the period. This included benefits from the overhead restructuring program we announced last year, which positioned us well to manage the impact of the demand headwinds we experienced in the half.

Consumer demand remained weak, particularly in the US and Europe, due to ongoing cost-of-living pressures and increasing labour market uncertainty, with the US further affected by a prolonged government shutdown. As a result, pallet volumes with existing customers declined across both markets in the first half.

We also saw lower like-for-like volumes in Australia, as retailers and manufacturers reduced inventory levels in response to normalising consumer demand patterns and stable supply chain dynamics. Importantly, there was no material inventory optimisation in other key markets, where optimisation largely occurred during FY23 and FY24.

Despite softer demand from existing customers, our overall volumes were supported by continued success in winning new business, building on the momentum established in the second half of FY25 and reflecting our sustained investment in sales capabilities and a compelling customer value proposition.

As automation becomes more prevalent across supply chains, customers are increasingly recognising the quality, reliability and efficiency benefits Brambles and its platforms can offer in navigating complex operating environments.

Broader market dynamics in whitewood, including price increases and challenges to the availability of quality recycled pallets in the US during the first quarter, also supported new business conversions in the period.

From a cost perspective, we continue to see increased costs driven by excess pallets in the US and inventory optimisation in Australia. These included incremental transport costs in both markets, while the US continued to incur storage costs and additional repair activity due to ongoing increases in pallets damage rates.

Finally, we ended the period with approximately 4 million excess pallets in the US, in line with levels at the end of FY25, as softer consumer demand conditions and pallet inflows from Latin America meant surplus plant stock was not absorbed as quickly as anticipated for the half. However, we still expect to return to optimal plant stock levels by the end of the first half of FY27.

Turning to our Brambles of the Future strategy and the progress made in the half. Delivering an effortless customer experience remains a core pillar of this strategy, and we are pleased with the ongoing improvements across key customer metrics, including reducing the time for complaints resolution and improving our performance in both the delivery and collection of pallets. This contributed to a nine-point gain in our Net Promoter Score against the first half of FY25, which has also been supported by our ongoing investment in pallet quality to help meet the involving requirements across customer and retailer supply chains.

Initiatives, including incremental repairs, enhanced quality checks and audits, and automated end-of-line inspections, are all helping to ensure quality remains a core part of our customer value proposition.

We continue to make steady progress in digital and data to build solutions that ultimately drive efficiency in connection by illuminating supply networks to solve supply chain problems. Our portfolio of digital customer solutions, including proof of delivery, reusable asset optimisation, and end-to-end fresh, continues to gain momentum as we scale pilot programs and engaged additional customers during the first half of FY26.

We now have engagements with a wide range of retailers, manufacturers and fresh producers spanning nine countries, including the key markets of the US, the UK, Spain and Australia.

Within our own operations, our focus is on building a leaner, more agile circular model that can set new standards in safety, efficiency and resilience, and to do that at scale. This starts with safety, where we delivered meaningful improvement against key measures. Our sustained commitment to a safety-first culture has translated to a lost-time injury frequency rate improvement of 38% against the prior corresponding period.

At the same time, our supply chain initiatives, ranging from procurement, transport and plant network optimisation and operational excellence, have supported an 80-basis point margin improvement.

We have also steadily progressed our Plant of the Future programme, which includes our long-term ambition to develop touchless repair capabilities and identify opportunities for the integration of modular technology across our service centre network.

Finally, we are progressing our regenerative ambition to build supply networks that deliver positive outcomes for the environment, communities and economies. We recognise that in applying regenerative principles to meaningful areas across our operations, we are working at the forefront of sustainability strategies.

As a result, our early focus has been on developing a roadmap with stakeholders throughout the business and in collaboration with leading non-government organisations to deliver our 2030 targets. This includes leading-edge metrics and measurement systems that help drive and track our net positive impacts while ensuring we maintain credibility and the confidence of all stakeholders.

Among early achievements of our 2030 program has been the continued steady progress in decarbonisation, with a 5% reduction in our Scope 1 and 2 emissions, while we lowered Scope 3 emissions by 1%.

Our leadership in sustainability continues to be recognised externally. We are proud to have retained CDP's maximum A List rating for both Climate Change and Forests, while also achieving Global Top Employer certification for the fourth consecutive year.

Turning now to an update on our Serialisation+ program, which has the potential to deliver significant incremental value across all pillars of our strategy. In Chile, our pilot market for Serialisation+, the focus remains on delivering value to our customers through the end-to-end visibility of supply chains enabled by our pallets.

In the first instance, this is about offering a new Effortless Service Offer that significantly enhances the customer experience by removing the burden of pallet declarations and audits. At the end of the first half, 95% of customers had converted to this Effortless Service Offer, and we remain on track to convert the remaining customers to this model by the end of FY26.

At the same time, we continue to systematically explore additional sources of value Serialisation+ can unlock for customers and our business, which I will address in more detail on the next slide.

Operational testing continued in North America and the UK as we seek to optimise the key cost and operational factors that are critical considerations for any future decision to roll out Serialisation+ in these markets.

In North America, we continue to build the base read infrastructure across our service centre network that underpins the Serialisation+ operating model. During the half, we instrumented an additional 10 service centres and remain on track to have read infrastructure in place to cover two-thirds of planned flows by the end of FY26.

We also took meaningful strides in reducing the cost of tags in the period. After trialling 48 different tag types in the half, we reduced tag costs by over 20%, with exploration of further optimisation opportunities underway.

In the UK, we continue to explore the feasibility of lower-cost tracking devices. Performance to date has been encouraging, particularly in how these lower-cost devices complement the autonomous tracking devices already deployed. Together, these technologies are expected to capture data and insights in a more cost-effective manner.

Turning to Mexico, we are scaling our continuous diagnostics program by deploying our autonomous tracking devices with full functionality. While the primary benefits from continuous diagnostics is improved asset control and network visibility, we've also been encouraged by our early success in our end-to-end fresh subscription offering.

Finally, we are leveraging our smart asset base in North America and Europe to enable new customer propositions. We are encouraged by the positive feedback received to date and look forward to further developing this offering to enhance the customer experience by reducing the administrative burden as well as expanding the lanes we can potentially service.

Turning to the value insights from Chile this half. We continue to refine our understanding of value across the Serialisation+ scorecard outlined in August, which is guiding our efforts to prove out the value potential of Serialisation+.

From a customer experience perspective, as we have converted our customers to the Effortless Service Offer, we have seen the number of transactional queries from customers reduced by one-third, with the greatest decrease seen in audit-related cases. As one of the major friction points in our traditional pooling model, this result gives us comfort about the improved customer value proposition that Serialisation+ enables.

On growth, the Effortless Service Offer continues to facilitate new business growth in Chile, with five new customer conversions and two lane expansions in the first half. Particularly pleasing was the fact

all seven customers attributed their decision to choose CHEP [for] the simplicity and benefits of the Effortless Service Offer.

For pricing, Serialisation+ continues to identify unauthorised reuse across the supply chain, providing opportunities for us to monetise this in line with the cost to serve. We know that by optimising the cost to serve, including asset efficiency, we can deliver value for both Brambles and our customers.

To advance this, we have released our first version of our Serialisation+ app. The app allows us to interrogate damage rates and cycle time in a visual manner, presenting us with the opportunity to partner with our customers to support asset performance in their supply chains. These insights are also being combined with additional data to identify leakage points across the network to improve asset efficiency.

On generating value from supply chain insights, we are looking at our own service network to determine the benefits of being able to identify an individual pallet at additional stages of the integrated repair line, including understanding the additional efficiencies this can create.

Secondly, we are trialling the ability to scan pallets at manufacturer sites to assess opportunities to optimise pallet reuse. We aim to further develop these capabilities in the second half to understand the value potential from these areas and other supply chain insights.

Finally, I would also like to reiterate that any full market rollout is contingent on achieving the previously communicated hurdle of greater than 15% return on capital invested once the market pool is fully serialised.

Let's turn now to our FY26 outlook, before I hand over to Joaquin for the financial overview. Based on our performance in the first half and expectations for the balance of the year, we have revised our full-year guidance.

We have narrowed our expectations for revenue growth to 3% to 4%, previously 3 to 5%, and this reflects our view that consumer demand is likely to remain subdued, while also recognising there is uncertainty in how sentiment evolves during the year.

Our guidance for underlying profit growth remains unchanged at 8% to 11%, as the anticipated supply chain and overhead cost efficiencies we expected at the beginning of the year accelerate in the second half, delivering operating leverage despite modest volume growth.

We have upgraded our guidance for free cash flow before dividends by US\$100 million and now expect free cash flow generation of US\$950 million to US\$1.1 billion for the full year. This reflects reduced pooling capital expenditure, in line with volume growth expectations, alongside the rephasing of the automation and digital investments.

We expect total dividends for FY26 to remain in line with Brambles' dividend payout policy range of 50% to 70% of underlying profit.

Finally, we remain on track to complete the US\$400 million on-market share buyback by the end of FY26, subject to the full range of conditions customary for buybacks.

I'll now hand over to Joaquin to take you through our financial performance in greater detail.

Joaquin Gil: Thanks, Graham, and good morning, everyone.

Before getting into the details, I wanted to touch on the key highlights of our first-half performance. These were: the strong new business momentum across our pallet businesses in the Americas, Europe and Asia-Pacific as we continue to convert new customers away from the whitewood alternatives; our ongoing commercial discipline that recovered cost-to-serve increases in the period; the continued focus on supply chain and overhead productivity, which delivered strong operating leverage with margins expanding by 1.1 points; and the sustained improvement in the capital intensity of our business, which underpinned the strong free cash flow generation in the first half.

Overall, our results highlight the resilience of our business as we continue to deliver on our investor value proposition, despite like-for-like volume softness, with total value created for shareholders of approximately 16%, including EPS growth of 13% and a dividend yield of 3%.

Turning now to slide 12, which provides an overview of our first-half results. I will focus on our profit after tax and EPS performance here, as I will address revenue and underlying profit in the slides that follow.

Profit after tax from continuing operations increased 11%, ahead of the 7% growth in underlying profit, as lower net finance costs and a reduction in the hyperinflation charge more than offset the increase in tax expense during the half.

Net finance costs decreased 7%, reflecting strong free cash flow generation that reduced the average balance of floating rate borrowings during the period.

Despite a 3% increase in tax expense, our underlying effective tax rate decreased by 1 percentage point at actual FX rates, primarily due to the reduced impact of the Base Erosion and Anti-Abuse Tax in the US.

EPS growth from continuing operations increased 13% and included a two percentage point benefit from the on-market share buyback undertaken during the 2025 calendar year.

Finally, our continued capital allocation discipline and focus on driving productivity improvements resulted in ROCI increasing 1.1 percentage points to 24.3%.

Moving to slide 13. Group sales revenue increased 2% in the half, as continued momentum in net new business and ongoing commercial discipline to recover cost-to-serve increases more than offset the impact of weak consumer demand on like-for-like volumes.

Price realisation of 2% was primarily driven by price increases to recover inflation, mainly in labour.

As you'll see throughout the presentation, price outcomes varied by region, reflecting local inflation and sharing cost-to-serve efficiencies and productivity benefits with customers, as Graham outlined earlier.

Net new business growth increased 2% as the strong rate of new business wins achieved in the fourth quarter of FY25 continued into the first half of FY26. The Americas and European pallets businesses delivered net new business growth of 4% and 2%, respectively, across quarter 1 and 2, providing an encouraging platform as we headed into the second half.

Like-for-like volumes declined 2%, reflecting the consumer demand and inventory optimisation dynamics Graham outlined earlier.

Performance across all components of revenue growth was broadly consistent in both quarter 1 and quarter 2.

In the second half of '26, like-for-like volumes are expected to benefit from cycling a weaker second half '25 comparative period. In addition, we expect some improvement in US consumer demand in the remainder of the year, subject to prevailing market conditions.

Turning now to slide 14. Underlying profit increased by 7%, including approximately US\$15 million of one-off restructuring costs. Excluding these costs, underlying profit grew by 9%, as sales revenue growth and benefits from supply chain and overhead productivity initiatives offset inflationary pressures and increased investments to enhance the customer experience and progress digital initiatives.

Looking at the key drivers of profit growth, sales revenue growth contributed US\$72 million to profit, while North American surcharge income increased US\$5 million, in line with prevailing market indices for lumber, transport and fuel.

Plant and transport costs collectively increased US\$19 million as cost savings of US\$73 million from procurement, transport and plant network optimisation initiatives were more than offset by several cost increases across the Group. These included input cost inflation of US\$53 million and costs associated with higher damage rates in the US, driven by increased asset utilisation in line with improved asset control in the region.

In addition, we also saw higher transport activity in the first half as we optimised pallet balances across North America and averaged a longer length of haul in Europe.

IPEP increased by US\$1 million as continued asset control improvements in the Americas were more than offset by higher IPEP expense in Europe in the first half, driven by increased pallet loss rates and a higher First-In, First-Out unit cost of pallets written off.

The first-half '26 IPEP expense also included a US\$5 million charge relating to the timing of audits in Europe, with a higher percentage of annual audits conducted in the first half of '26 compared to the first-half '25. This is expected to normalise in the second half of the year.

Other costs increased US\$5 million as cost management initiatives were more than offset by a reduction in asset compensations in Europe due to lower losses in compensated channels, and increased scrap pallets in the US due to the impact of higher damage rates.

The overhead restructuring program was a net expense of approximately US\$1 million in the half, as US\$15 million of costs were largely offset by the realised benefits of US\$14 million.

Central transformation costs reduced by US\$8 million, reflecting the receipt of government research and development incentives relating to our digital program and the capitalisation of Serialisation+ equipment in Chile following the successful customer adoption of the ESO.

Turning now to margin performance on slide 15. At our FY25 results announcement, we revised our FY28 margin expansion target to 3 percentage points plus, up from 2 points plus compared to the FY24 baseline.

As shown on this slide, we continue to make good progress towards this goal, delivering 1.1 percentage points of margin improvement half on half, and we remain on track to deliver our FY28 margin improvement target.

Several key drivers contributed to our first-half margin performance, which I'll cover now. Supply chain productivity, measured by the Group's net plant and transport cost-to-sales ratio, contributed 0.8 percentage points to the improvement in margin. This was driven by cost savings from procurement, enhanced transport productivity and plant network optimisation initiatives.

Overheads and other cost productivity contributed 0.3 percentage points to margin improvement, reflecting the ongoing benefits associated with streamlining operations, improving processes, leveraging technology and reducing discretionary spend.

Following a strong contribution to margin expansion in FY25, asset efficiency remained stable this half and did not provide incremental margin benefit. This outcome reflects continued improvements in asset control in the Americas, driven by digital insights and enhanced data analytics, which offset the higher IPEP expense charge in Europe I outlined earlier.

Turning to slide 16, you can see the impact of asset efficiency improvements in stabilising the capital intensity of our business, reflected in both the IPEP-to-sales ratio and the Group's pooling capital expenditure-to-sales ratio. These outcomes demonstrate that the gains we have delivered in asset efficiency are structural in nature.

The pooling capital expenditure-to-sales ratio remained broadly in line with first-half '25 at 11.8%, as the increase in pooling capital expenditure due to pallet purchase mix was offset by sales revenue growth.

Pallet purchase units remained in line with first-half '25, as higher volume growth in first-half '25 was largely supported by the utilisation of excess pallets in the US in that period.

There was no capital expenditure benefit from excess pallets in first-half '26, given excess pallet balances in the US remained in line with the FY25 level. Growth in replacement requirements in the US business in the first half were managed through pallet inflows, primarily from Latin America.

While the IPEP-to-sales ratio remained in line with first-half '25 at 2%, it is expected to be approximately 1.6% for the full year, driven by ongoing improvements in asset control and the normalisation of the audit timing impacts in Europe in second half '26. The increase of 0.2 percentage points on the FY25 ratio reflects the impact of higher FIFO unit cost of pallets written off and an increase in uncompensated losses, primarily in the EMEA segment.

Moving to our cash flow performance on slide 17. Free cash flow before dividends increased US\$53 million to US\$482 million in first-half '26. This increase was driven by a combination of higher earnings and lower working capital outflows, primarily due to normal variations in the timing of creditor payments.

These benefits were offset by a US\$73 million increase in capital expenditure on a cash basis, mainly reflecting the timing of pallet purchases in the period; a US\$20 million net increase to finance and tax payments due to earnings growth, partially offset by lower finance payments due to strong free cash flow generation; a US\$7 million decrease in proceeds from sale of property, plant and equipment due

to lower losses in compensated channels, particularly in Europe; and a US\$3 million net increase in other movements, primarily due to increased spend on intangible assets relating to technology investments to support customer experience, digital and supply chain initiatives. This is partly offset by lower outflows from employee provisions.

As outlined on slide 16 on asset efficiency, there is no cash benefit from the utilisation of excess pallets in first-half '26.

Turning now to slide 18 and looking at segment performance starting with CHEP Americas. The region delivered new business momentum and meaningful margin and ROCI improvements driven by efficiencies across all aspects of the business.

Revenue growth of 2% reflected a balanced contribution from price and volume. Price realisation of 1% recovered cost-to-serve increases, while volume growth of 1% was driven by a 4% increase in net new business across all pallet businesses, which more than offset a 3% decline in like-for-like volumes. This decline reflected weak consumer demand in the US and Latin America, across most consumer staple sectors, as well as weather-related impacts on the beverage and produce sectors in Mexico.

Margins increased 2.1 points as asset efficiency improvements and benefits from supply chain and overhead productivity initiatives more than offset incremental repair costs linked to higher damage rates in the US, increased relocation activity to optimise pallet balances across North America, and one-off restructuring costs.

These benefits also supported further investments to improve the customer experience, notably quality investments, including enhanced end-of-line quality control and pallet durability, as well as digital investments, including Serialisation+.

ROCI increased 2.3 points as profit growth more than offset the 2% increase in ACI, with asset efficiency improvements in the region partially offsetting increased pallet purchases in Latin America and investments in automation.

Looking now at US pallet revenue on the next slide. The US pallets business delivered revenue growth of 1% supported by volume growth as strong net new business momentum offset consumer demand headwinds to like-for-like volumes.

Price realisation was in line with the cost to serve, as price increases to recover inflation, primarily in labour, were offset by sharing benefits of better asset control and other cost-to-serve efficiencies with customers.

Net new business volume growth of 4% was driven by enhanced sales capabilities and an improved customer value proposition, as well as favourable market trends including increased automation in customer supply chains and retailer advocacy for pooled pallets.

This sustained momentum offset a 3% decline in like-for-like volumes, reflecting weaker consumer demand due to persistent cost-of-living pressures, together with prolonged US Government shutdown in the period and increased labour market uncertainty.

We continue to have a strong new business pipeline in this region and expect this rate of net new business growth to continue in second-half '26.

Turning to CHEP EMEA. While first-half margins in ROCI were impacted by one-off items and timing, we still expect profit growth and margin expansion for the full year. Revenue increased 2%, driven by 2% price realisation to recover modest inflation.

Net new business wins increased 1%, as a 2% growth in European pallets more than offset the impact of a large customer contract loss in the automotive business.

Like-for-like volumes decreased 1% due to weak consumer demand in Europe across both pallets and the automotive business. This was partly offset by growth in South Africa and Türkiye.

Margins declined by 1.6 percentage points as sales growth and supply chain and overhead efficiencies were more than offset by one-off restructuring costs of \$5 million, input cost inflation, higher pallet collection activity and a US\$15 million increase in the Europe IPEP expense.

This increase included the US\$5 million timing impact I mentioned earlier, which is expected to normalise in the second half of the year. The balance of the IPEP increase reflected higher uncompensated losses and increased FIFO unit cost of pallets written off.

Revenue on capital invested decreased 1.9 percentage points, reflecting lower underlying profit and a 2% increase in average capital invested, driven by higher lease costs associated with service centre additions and renewals, and investments in service centre automation.

Moving to CHEP Asia-Pacific on slide 21, where productivity initiatives and commercial discipline supported investments in customer experience and financial returns. Revenue increased 3%, reflecting price realisation of 4% offset by a 1% decline in volumes.

Volume performance was driven by a 3% decline in like-for-like volumes, reflecting a lower average number of pallets on hire due to inventory optimisation at retailers and manufacturers in Australia, as well as weaker consumer demand in New Zealand impacting RPC volumes. This was partly offset by contract wins across the pallets and RPC businesses.

Underlying profit margin improved by 0.9 percentage points, reflecting operational efficiencies, including supply chain and overhead productivity initiatives. These benefits were partly offset by inflation, investments to improve customer service and quality as well as increased repair, handling and relocation costs associated with higher pallet returns due to inventory optimisation.

ROCI increased 2.2 percentage points, reflecting profit growth and a 1% decrease in average capital invested, which included the benefit of asset productivity improvements across the region and lower leased service centre assets.

Moving now to the corporate segment on slide 22, where central transformation costs decreased by US\$8 million. This primarily reflects the receipt of government research and development incentives related to digital investments and the capitalisation of Serialisation+ equipment following the successful conversion of the market in Chile to the Effortless Service Offer; while other corporate costs decreased US\$1.5 million, reflecting productivity and cost management initiatives.

Turning to our updated outlook considerations for FY26 on slide 23. We now anticipate full-year sales revenue growth of between 3% to 4%, with contributions from both price and volume. This reflects our view that consumer demand will remain subdued, while recognising there is uncertainty around how demand will evolve through the remainder of the year.

Second-half '26 price realisation is expected to be broadly in line with the first half, while second-half volume contribution is expected to increase, reflecting continued net new business momentum, as well as the benefit of cycling weaker like-for-like comparatives in second-half '25, and some improvement in US consumer demand in second-half '26.

Underlying profit growth guidance of 8% to 11% remains unchanged and includes expansion in Group and all three segments' profit margins.

At a Group level, the FY26 combined plant and transport cost ratio is expected to improve approximately 1 point compared to FY25, reflecting benefits from supply chain efficiency initiatives.

As I previously mentioned, we continue to expect the IPEP-to-sales ratio for the full year to be approximately 1.6%.

The FY26 overhead and other cost contribution to margin is expected to be broadly in line with the first half of FY26. This includes the net benefit from the overhead restructuring program of US\$15 million and further investments in central transformation costs, including Serialisation+, digital customer solutions and IT upgrades. Importantly, we remain on track to deliver an annualised benefit of US\$55 million in FY27 from the overhead restructuring program.

Moving to slide 24. For the full year, we expect to deliver between US\$950 million to \$1.1 billion in free cash flow before dividends. This US\$100 million upgrade to the lower end of the prior outlook is primarily driven by two factors. Firstly, a reduction in the pooling CapEx-to-sales ratio range by 1 point to between 13% and 14%, reflecting lower volume growth and lower-than-expected pallet prices.

Secondly, a US\$50 million benefit from lower non-pooling capital expenditure, driven by delayed spend on service centre automation equipment and rephasing of Serialisation+ expenditure as the business continues to refine the optimal technology approach and mix in the US and UK based on learnings from Chile.

In terms of other considerations, while I do not propose to go through each item, we do expect net financing costs to be lower than our original expectations due to strong cash flow performance.

In summary, we are pleased with our first-half performance, which reflects the resilience of our business and disciplined execution on factors we can control. While the consumer demand environment remains weak, our focus remains on driving net new business wins in all markets and enhancing efficiency and productivity across our business.

We expect these actions to support margin expansion and sustainable free cash flow generation, while enabling us to continue investing in strategic initiatives that underpin our long-term success.

I will now hand over to the operator for Q&A.

Operator: Thank you. If you do wish to ask a question, please press the star key then one on your telephone and wait for your name to be announced. If you wish to cancel your request, please press the star key, then two. If you are on a speakerphone, please pick up the handset to ask your question.

Your first question is from Justin Barratt from CLSA. Please go ahead.

Justin Barratt: (CLSA, Analyst) Hi, guys. Thanks for your time today. Two questions. First one, I just wanted to understand if you could talk a bit more actually about your net new business growth

cadence throughout the first half of FY26. I guess I'm just also asking that in reference to if we look at the cadence of your growth in new business wins, it's a couple of halves. It looks like it moderated a touch in this first half.

Joaquin Gil: Thanks, Justin, and good morning. You're talking at an overall Group level? Is that right?

Justin Barratt: (CLSA, Analyst) Yes.

Joaquin Gil: Yes. I'd say moderated very, very slightly. So, you can see that essentially, when you look at Europe and the US, our exit rates at the half were the same as how we exited Q4. I think just one thing to note, Justin, on new business is to a lesser extent, but it still is impacted by consumer demand. So, obviously, as you see weakness in consumer demand, then the new business that you win, you get slightly lower volume than you would have otherwise got.

Justin Barratt: (CLSA, Analyst) Yes, okay. And then net new business initiatives in the first half? Anything to call out there?

Joaquin Gil: I think continued conversion from whitewood across both the US and Europe and also Asia-Pacific. So, I think strong new business pipeline and the team continue to do a great job of converting, in my view.

Justin Barratt: (CLSA, Analyst) Okay, fantastic. Then I just wanted to ask, again, you've got still the 4 million pallet surplus in the US, but you're still expecting to get the same benefit in FY26 and you're still expecting to reach optimal levels in FY27. I was just wondering if you could, I guess, reconcile those comments for me, please?

Joaquin Gil: So, in the first half, we finished, as you said, the same level of excess pallets, which was 4 million in the US as we finished FY25. Essentially, any pallets required for both replacement and growth came from the flows from Latin America.

As we've talked about a little bit in our outlook considerations in the second half, we expect some improvement in US consumer demand. So, based on our current forecast, we'd say by the end of first-half '27, we would expect to have worked our way through the 4 million excess pallets.

Justin Barratt: (CLSA, Analyst) That obviously hasn't changed since August?

Joaquin Gil: Yes, that's right. It's just based on the forward look at demand and also expectations on Latin American flows.

Justin Barratt: (CLSA, Analyst) Okay. Thank you.

Joaquin Gil: Thanks, Justin.

Operator: Thank you. Your next question is from Peter Steyn from Macquarie. Go ahead. Thanks.

Peter Steyn: (Macquarie, Analyst) Morning, Graham and Joaquin. Thanks very much for your time. At full-year '25, there was considerable conversation about measurements and measurement intent, Graham. Is there any update on progress around your thinking there?

Graham Chipchase: So, measurement intent on what?

Peter Steyn: (Macquarie, Analyst) Just management measurement.

Graham Chipchase: Oh, on LTIs and things like that. Yes, okay.

Peter Steyn: (Macquarie, Analyst) Yes.

Graham Chipchase: Yes. So, the issue was if you look at one of the metrics that's used for the LTI, it's that grid of sales growth and ROCI performance. It was clear that, again, one of the pressures that a RemCo is always under is to ensure that you're not paying for backwards performance, however unrealistic that is sometimes.

So, yes, the grid was increasing the range on sales growth, yet, at the same time, we were saying, look at our investor value proposition, which is saying low to mid-single digit growth on top line and then leverage on the bottom line. So, there was clearly becoming a bit of a disconnect between that grid and the investor value prop.

So, what we are going to try and put in place for next year, so FY27 onwards, is a revised LTI sort of setup, whereby there's still the RTSR piece in there, but also, rather than that ROCI sales grid, there will be something much more closely aligned with the total value creation that comes out of the investor value prop.

But that is, of course, subject to us – in fact, not us; it'd be the Chairman and the Chair of the RemCo going round to investors and the proxies and getting their buy-in, that obviously, then go to vote at the AGM in October.

So, that's the plan, which I think from a management perspective, much more closely aligns what we're trying to do with what we've promised to deliver on the investor value prop. So, that's it. Yes, that's what we're working on at the moment.

Peter Steyn: (Macquarie, Analyst) Yes, which I suppose kind of comes back to the comment you made about the customer value proposition and net promoter scores and US pallet repair costs and damage rates.

I'm just curious to draw the line to that and get your perspective on your repair status at this point. Joaquin made the point that it's really about incremental utilisation. Just wanted to be really certain there that you guys are very comfortable that you've got that balance right and that there's not perhaps a backlog in repair building at all?

Graham Chipchase: Yes. I think in the past, the dim and distant past hopefully, there's been an opportunity or been a bit of a play to not spend the money on repairing pallets to boost the P&L in the short term. But I think that lesson has been well and truly learned, in that we cannot sit here and say, in terms of our customer value proposition, that we are going to deliver the premium service with a premium product when our customers need it if the pallets aren't up to the spec.

So, we're putting every effort we can to make sure that that is front and foremost of everyone's minds, almost to the point of treating product quality along the same lines as safety. So, there will be no delaying of spend, both capital or OpEx if it means putting quality at risk.

So that's our philosophy and I think that's very much what Joaquin was talking about in terms of we're continuing to push that through, because as we start seeing volume and demand pick up, we need to make sure we have enough high-quality pallets ready for the customers. That's always been what we try to do now.

Peter Steyn: (Macquarie, Analyst) Thanks, Graham. Appreciate it.

Joaquin Gil: Oh, sorry, Peter. I was just going to say the proof point of that, I think, is our pooling CapEx to sales number at that 11.8%. So, if we were buying pallets, if I call that unnecessarily or to avoid repair, then you'd see a spike in that KPI.

Peter Steyn: (Macquarie, Analyst) Sure. Thanks, Joaquin.

Operator: Thank you. Your next question is from Owen Birrell from RBC. Go ahead. Thanks.

Owen Birrell: (RBC, Analyst) Thanks, guys. Just to start with, I just wanted to ask a question around that four million of surplus pallets at the moment. Can you confirm whether they are repaired into the service or still yet to be repaired? I just wanted to get a sense as to the current storage costs of keeping those pallets. You did mention relocation costs of pallets at the moment. Now, I'm just wondering, are they costs that are going to unwind into the first half of 2027?

Joaquin Gil: Thanks, Owen, and good morning. So, pallets are stored not being repaired. So, as they come out of storage, they're repaired. In terms of plant and transport ratio, what you can see is that despite obviously, continuing to incur storage costs at a slightly higher level than we expected, we're still being able to deliver really good margin improvement and efficiency in that ratio.

I think for me the step change that you're talking about to do with storage comes after we've worked our way through those pallets. So, I would see that happening post first-half '27. Does that help?

Owen Birrell: (RBC, Analyst) Yes. I'm just trying to get a sense of what the magnitude of that would be.

Joaquin Gil: I think, Owen, as you'd appreciate, there's a lot of moving parts. So, I think what we really tried to do to help everybody was give you what we expect the full-year plant and transport ratio to be and hopefully, that allows you to work back.

Owen Birrell: (RBC, Analyst) Sure. So, that's that 1 percentage point improvement that you're talking to.

Joaquin Gil: Exactly, Owen. Yes.

Owen Birrell: (RBC, Analyst) Okay. Second question for me. Just looking at the growth splits in the Americas, LATAM, 9% sales growth; Canada, 6% sales growth, significantly boosting that Americas, I guess, percentage. Just wondered if you could give a sense as to what was happening within price and net new wins across both of those regions. Was it all price across both? Or was it all net new wins across both? Just give us a bit of flavour there.

Joaquin Gil: Yes. So, I think, Owen, obviously, when you look at LATAM, what we saw a dynamic of, obviously, strong price realisation to recover cost-to-serve increases, saw good momentum in net new business, but then some challenges around consumer demand or organic like-for-like volumes.

If you then look at Canada, pleasingly, again, strong net new business wins in Canada and again, that recovery of cost to serve or inflation. So, they were the key drivers, whereas like-for-like volumes in Canada were more or less flat.

Owen Birrell: (RBC, Analyst) Okay. That's great. Just one final question while I've got you. There's been a lot of movement in the market around AI impacts on companies. Just wondering if you can give us a sense as to whether you think Brambles has, I guess, great opportunities or greater threats from AI?

Graham Chipchase: I think one of the good things is we've been using AI for a while, so this is not like there's a big step change we have to make because it also obviously, depends on your definition of AI. It can range from everything from machine learning, your use of digital optical capabilities when you're looking at plant repairs. So, all that stuff we've been doing. Obviously, the stuff we're doing around S+ and the whole digitisation of the supply chain relies a lot on algorithms and AI, so we think there's plenty of opportunity.

I think particularly when you start looking now at back-office processes, there is a lot to be done. The interesting thing is the technology is changing so fast that you've just got to try and pick your moment to start implementing it. Our approach has been very much let's look at the processes that we think have got the most opportunity to streamline and then apply AI to improve that process. We've started work on that.

I think it's one of those things that will be going on probably for a very long time, particularly as the tools get more sophisticated, but we're certainly embracing that and seeing benefits from it already, I would say.

Owen Birrell: (RBC, Analyst) That's great. Thanks, Graham.

Graham Chipchase: Thanks.

Operator: Thank you. Your next question is from Jakob Cakarnis from Jarden, Australia. Go ahead. Thank you.

Jakob Cakarnis: (Jarden, Analyst) Morning, Graham. Morning, Joaquin. Well done on a good result in a tough operating market. I just had two questions, if I could, please. Just on CHEP EMEA, can you just help us through the dynamics through the second half? It looks like the IPEP realignment, I guess, on the audits will give 1.5 percentage points of growth. But I just wanted to drill in on the expectation that that will be back into EBIT growth through the second half. Can you just help us? What are the other initiatives there? Is there some cost savings? How do we think about that, please?

Joaquin Gil: Yes. Good morning, Jake, and thanks for the question. You're exactly right. So, one thing is that IPEP timing reversal. We expect a slight acceleration in net new business wins and then improvements in the plant and transport ratio in the second half. So, they're the three key drivers, I'd say, of the improvement in the EMEA performance.

Jakob Cakarnis: (Jarden, Analyst) Okay. While I've got you, Joaquin, just given the strength of the free cashflow, I was interested in the outlook that you're phasing some of the non-pooling CapEx items, particularly ones that we could maybe argue are more important to the longer term just on automation and Serialisation+. Appreciate it's at the margin there, but can you just give us a sense of why those programs have shifted to the right a little bit? How do we think about that going forward as well?

Joaquin Gil: Yes, and I want to assure you, we're very much committed to investing in the business and building the business for the long term. It's a combination of things really in terms of that non-higher stock CapEx.

So, the first one is, when you look at some of our things like end-of-line quality systems that we're putting in at the moment, there's technology changes that are coming. So, rather than invest now, we've just delayed that slightly; that'll be into the first half of '27. So, I think, again, what that shows is a good disciplined approach to capital allocation. But I think for me, what's pleasing, is we've been able to find other initiatives that are either CapEx light or don't involve CapEx, to still make sure we're delivering the financial performance.

Then on S+, it's again just timing of rollout. I think as Graham touched on, we've essentially moved the market to the Effortless Service Offer, but to make some further investments as we work through the US, for example, we need to see some turns of those pallets to get a better understanding, and we continue to work through technology mix.

So, for me, it's not about us not wanting to invest; it's more about making sure the technology and availability of that technology for that investment.

Jakob Cakarnis: (Jarden, Analyst) Then just to follow up on S+ in the US, Joaquin, is that going to be supported by customers initially? Or is that off, I guess, a proof and evidence sort of arrangement and then that conversation happens later on?

Graham Chipchase: Yes, Jake, I think it's very much, Chile will be a great example then to be able to take to customers and say, look, we've done this in Chile, here's what we think the benefits are both to you and to us, and here are the improvements we can get in your efficiency. So, we can use Chile as sort of a reference case, if you like.

But the other, of course, good news is being a global company with global customers, some of the customers in Chile are also customers in the US. So, already, we're pretty sure some of them are talking to their counterparts in the US saying, this is working really well. That will help, again, with the introduction of S+ if we decide to roll this out in the US.

Jakob Cakarnis: (Jarden, Analyst) Thanks, Graham. Well done, guys.

Graham Chipchase: Thanks a lot.

Joaquin Gil: Thanks.

Operator: Thank you. Your next question is from Matt Ryan from Barrenjoey. Go ahead. Thank you.

Matt Ryan: (Barrenjoey, Analyst) Thank you. Just had a question on the new business wins. I think from what you've said, that sort of offsets the volume decline into the second half. So, just happy if you'd give us some colour on the wins that you're getting, either by size or geography.

Graham Chipchase: Yes, I mean, it's pretty evenly spread across the geographies. I mean, everyone's doing a great job. I think for us, the confidence is around looking at the pipeline. So, one of the investments we made a few years ago into Salesforce is it gives you that much more granular view about what is coming down the pipe and what the probabilities of converting it are.

I think we made some predictions about 18 months ago about the conversion of the pipeline, which has been pretty accurate. It was a bit slower to start off with. So, I think we've got a very good view now about what's happening.

The majority of it is converting whitewood users into CHEP pallets. So, again, it's not going to disturb any competitor balance in the major markets. It's about these new customers who want to move into a pooled environment. So, I think we're pretty confident about it. We've got pretty good visibility for the next six months, so we wouldn't be saying what we're saying if we didn't have some pretty good visibility.

The only caveat is a point that Joaquin made earlier. If you win a new customer, you assume the existing level of activity, but if consumers generally are buying less, then it just takes longer to get up to the level you assumed when you won the business. But we haven't really seen it as a material issue so far.

Matt Ryan: (Barrenjoey, Analyst) Thank you. Just to follow up on that Effortless Service model, are there any differences between Chile and the other markets that you're looking at?

Graham Chipchase: I mean, I would say the biggest one is just scale. So, one of the reasons we chose Chile was it was a fairly contained market and therefore, getting a good view about just how the data works in terms of using the algorithm to come up with the Effortless Service Offer. Things like, for example, if you have very small customers in Chile, you can't necessarily look at them customer by customer. You might have to aggregate them into subsector groups and segments.

Now, in theory, that might be a lot easier in the US, because you don't have quite so many. Even small customers are quite big compared to Chile. But other than that, yes, you've got some operational differences, like the climate makes the performance of the glue and the tag different. But that's stuff that we will just crack on through and sort out. That's one of the reasons we're doing the trials we're doing in the US already, is to get ahead of those sorts of issues.

Other than that, no, I think pretty similar. Clearly, you've got some slightly different dynamics with the retailers in the US versus Chile. But other than that, we don't see it as a major difference.

Matt Ryan: (Barrenjoey, Analyst) Thanks, Graham.

Graham Chipchase: Thanks.

Operator: Thank you. Your next question is from Anthony Moulder from Jefferies. Go ahead. Thank you.

Anthony Moulder: (Jefferies, Analyst) Good morning, all. If I can start with the US. You've said that you're scrapping more pallets in the US and you've also talked about a higher damage rate. I'm wondering if those two issues are related and specifically, what's driving that higher damage rate in the US, please?

Joaquin Gil: Morning, Anthony. Yes, you're exactly right. What we're seeing is the pallets are experiencing more damage and that means more scrap pallets. That's a combination of things. Obviously, as you inject less new pallets into the pool, then while they're fit for purpose for customers, as they come back, the damage tends to be a little higher.

Anthony Moulder: (Jefferies, Analyst) Right, okay. Then picking up on that previous comment about the geography of growth, I think you said during the comments that the growth in net new wins in the Americas was Latin American-focused. Why aren't you growing into the white pallet space in North America, please?

Joaquin Gil: No, sorry, Anthony, may be my fault here. The question was around the Americas and given that we already split out the US, I covered Canada and LATAM. But if you look at the US, we had net new wins of 4% in the first half.

Anthony Moulder: (Jefferies, Analyst) Right. But you're not using those surplus 4 million pallets in the US. Wouldn't you use those if growth was originating in the US?

Joaquin Gil: You would, 100%, and the impact was really because we saw consumer demand or like-for-like volumes down. So, in the first half, the volume that the US needed for either replacement or to meet growth came from Latin America. The difference is really that declining like-for-like volumes of 3%. So, then as you look out to the second half and into first-half '27, we expect obviously like-for-like volumes to improve, good momentum on net new business, and so we'll work our way through those 4 million pallets.

Anthony Moulder: (Jefferies, Analyst) Okay. The overhead costs, you've called out, was it US\$15 million saving for FY26 on top of US\$35 million from FY25 and another \$55 million next year, so US\$105 million of what we thought was about US\$189 million of overhead. Is that the appropriate level of overhead to keep in the business beyond FY27, please?

Joaquin Gil: I think I look at it a different way, Anthony. Rather than have a target for what does overhead need to be, it's about making sure we invest to drive the growth in the business and long-term success. So, similar to the answer we gave during transformation, we're investing where it's right. But as we touched on, we are also looking for productivity initiatives and making sure that we're doing what we can.

So, how I would more look at it, Anthony, if I was you, is we gave our margin improvement target of 3 points plus by the end of FY28 off the FY24 baseline. So, you can see how we're progressing on that. And then, we've said asset productivity, we more or less are where we're maturing that with still some opportunities to go in overheads and supply chain.

Anthony Moulder: (Jefferies, Analyst) Okay. Lastly, if I could, the cost-to-serve benefits are now being shared with customers since perhaps that price impact. How specifically should we think about cost-to-serve benefits for customers impacting price going forward, please?

Joaquin Gil: Yes, I think, Anthony, this is one we've chatted a little bit about, which it really is about us recovering the cost to serve. So, where a customer can help us lower the cost to serve, then we share that benefit.

So, I think how I would look at it is ultimately, this is about margin profitability and free cash flow generation. So, depending on the cost to serve, we'll recover it through pricing. But obviously, it's a win-win if we can lower that cost to serve and customers pay less.

Anthony Moulder: (Jefferies, Analyst) So less pallets going down into NPDs and the like? Is that a key component of that change, please?

Joaquin Gil: No, I think what it's more about is two things that I think are really great. Obviously, the investments in technology like ultra devices have turned NPD lanes that were initially very high cost to serve, lower cost to serve. Then obviously, customers assisting in converting customers or improving controls at NPD customers so there are less losses.

So, it's not about not servicing customer demand here; it's just how can we all do it at a lower cost?

Anthony Moulder: (Jefferies, Analyst) Very good. Thank you.

Graham Chipchase: Thanks.

Joaquin Gil: Thanks, Anthony.

Operator: Thank you. Your next question is from Andre Fromyhr from UBS. Go ahead. Thank you.

Andre Fromyhr: (UBS, Analyst) Thank you. Good morning. First question is just about the composition of sales and, in particular, in the guidance commentary. So, if I understand, you're suggesting that net new business would sort of track similarly in the second half at around 2%, price similarly around 2%. So, at the 3% to 4% Group level, implying a like-for-like in the minus 1% to flat environment. So, is that a fair read? That implies sort of actually positive like-for-likes in the second half, not just improving. So, what gives you that confidence, especially on the consumer side of like-for-like, following the last few years that we've seen in like-for-like trends?

Joaquin Gil: Yes, thanks, Andre. And look, your interpretation of the FY26 outlook considerations is broadly in line with ours. I think the things that give us confidence as you look out is as we get to the second half, we are cycling easier comparatives from the prior year. So, that's essentially two points of decline that we're cycling.

Then you look at expectations on the US consumer demand, as obviously, there's been some tax changes, et cetera, you have the World Cup, so, what we wanted to do in the outlook considerations is very clearly lay out our assumptions, and then people can form their own judgements as well as ours in terms of what they expect to happen to consumer demand.

Andre Fromyhr: (UBS, Analyst) Okay. Then expanding that into the EBIT guidance, can you help us understand what has changed in your expectations since August? Just in terms of the ability to still be able to attain the top end of the 8% to 11% underlying profit range, given we're now expecting sort of the lower end of the sales? Does that make sense?

Joaquin Gil: Yes, that does. I think a couple of things, Andre. One is obviously, it depends where you sit on the sales revenue guidance of 3% to 4%. Then, when you look at our productivity and efficiency improvements, in particular in supply chain, it depends how successful we are at those. So, if we were to over-deliver, then that gets you to the top end of the range.

I think IPEP is another one. I think really pleasing progress continuing in the Americas. Some challenges in Europe. We're confident in our plans for the second half. But that is also a swing factor.

So, a range of moving parts, but we're still very confident with our guidance.

Andre Fromyhr: (UBS, Analyst) Okay. Then last one for me is just on Serialisation+, in particular in the US. You've referred to continued rollout of the read infrastructure there at the moment. So, how much of a sort of pre-commitment is that on the project? Are we still considering a scenario where you

decide not to go ahead with S+? Or is it more like you'll do it at some point, but it will take you time to make sure you learn the most you can out of Chile and other examples?

Graham Chipchase: I think when we talked about putting the read infrastructure into the US in the first place, I think there were a couple of considerations there. One is there's a lot of the spend we think is no regret or little regret because we can use a lot of the cameras, for example, in the repair line if we wanted to, if we decide not to go ahead with S+.

The other thing, though, is that I think the initial readout from Chile was it is looking very promising. So, this would be to get to value quickly, putting the read infrastructure in, given that it's low regret, makes a lot of sense because then, when you put the instrumented and tagged pallets into the US, you'll get value much quicker. So that was sort of where we were coming from and that was six months ago.

Roll forward now, we had this target of trying to convert 100% of the customers to the Effortless Service Offering in Chile. We were at 95% at the first half. Last night, we got another one converted. So, we're pretty close to 99% now.

So, again, that is great, but to really prove out some of the use cases and the value cases, we need the assets in those converted customers to turn two or three times, and that therefore means nine months-ish. So, I think we're talking now about, let's just make sure we've got the data to absolutely cross the T's, dot the I's on the value cases.

We're getting a much closer, better idea about the cost, because we've now gone through various iterations of that and then we can make the decision. So, we haven't decided to roll it out yet, but it's fair to say we are getting closer to that point. All the green shoots are there, but the capital discipline point that Joaquin mentioned earlier, we're not going to do this unless we're very sure that we'll get the 15% return on investment.

Andre Fromyhr: (UBS, Analyst) Okay. Thank you.

Graham Chipchase: Thanks.

Joaquin Gil: Thanks, Andre.

Operator: Thank you. Your next question is from Sam Seow from Citi. Go ahead. Thank you.

Sam Seow: (Citi, Analyst) Thanks. Morning, all. Just a question on margin, in particular, slide 15 there. On supply chain, the productivity is about 80 basis points, so that looks like it's up almost 240 basis points year on year. So, just wondering, one, if you can talk about what the big drivers there were; and two, as we think about the future, do we expect that additional margin expansion, call it 120 basis points, to come incremental to normal operating leverage? Or is that just included in it?

Joaquin Gil: Okay, I'll have a crack at the first question. The second one was a little tougher. But I think your read of the supply chain productivity is right. Essentially, what has driven that is, I would say, procurement initiatives. So, we've got enhanced processes in terms of our procurement, transport productivity and plant optimisation.

So, I think the team have done a great job of looking at the network, understanding structures, where could we make improvements in our plant network. Obviously, we continue to get the benefits from automation and the durability investments where we've invested.

Your question, I think, was on the margin improvement as we look out.

Sam Seow: (Citi, Analyst) Yes. Is it going to be incremental? Or do you think it's just normal operating leverage?

Joaquin Gil: Yes. I'd sort of bring you back to just our investor value prop and how we think about it, which is that we would expect to be delivering high-single digits ULP growth.

Sam Seow: (Citi, Analyst) Got it. Okay, that's helpful. Then maybe on that asset efficiency line. IPEP, not a contributor to this result. You said that lever is mature and plus or minus to be expected. The percentage of sales, that's going to be largely flat. So, just wondering, with S+ yet to really fully roll out, is that going to be incremental to your previous kind of IPEP-to-sales commentary? Or should we see the benefits of S+ in another line? Thanks.

Joaquin Gil: Sam, you're exactly right. So, we've been talking about that sort of target of IPEP to sales at 1.6% of sales. That is pre-S+ rollout. Then, the benefits of S+, we'll see not only in asset efficiency, but we'll see it in all lines of the P&L. So, helping with revenue in terms of attracting net new business, retaining existing customers, supply chain productivity. So, I think there's a broad range of benefits that could come from S+, but asset efficiency is definitely one of those.

Sam Seow: (Citi, Analyst) Got it. Got it. Then lastly, on net new wins, is there a number or percentage or a stat you can give us that kind of explains the wins coming from whitewood from NPD or expanded lanes, as you'd call it? Just trying to get some insight into these new customer wins that basically aren't coming from competitors and seeing the benefit of those expanded lanes' usability?

Graham Chipchase: Yes. I mean, I can give you an indicator, which is most of it's not coming from competitors. That's your indicator. We're telling you it's not coming from competitors. The majority, as you just said, is whitewood and then there's a chunk of new lanes.

I think if we look back over the last 18 months in the US market, for example, our estimate of the market share movement between us and PECO, who are obviously the major competitor, is minimal. I mean it's almost zero.

So, yes, there have been some ups and downs, but over that 18-month period, the relative market shares haven't changed. That's obviously our analysis. Hard to get the numbers because they're not a public company, but that should give you some confidence that it's largely coming from whitewood and other lanes.

Sam Seow: (Citi, Analyst) Got it. Thanks for that, guys. Appreciate it.

Graham, Chipchase: Thanks.

Joaquin Gil: Thank you.

Operator: Thank you. Your next question is from Cameron McDonald from E&P. Go ahead. Thank you.

Cameron McDonald: (E&P, Analyst) Good morning, guys. Two questions for me. Firstly, just in that outlook with the improved volumes that you're expecting to see, we've got the point about the weaker PCP in the second half as well, but we've seen a range of companies come out in that CPG space talking about having to discount to drive volume growth. What are you seeing and what engagement are you having with some of those customers around their expectations around discounting or promotion?

Graham Chipchase: So, when we talk to them, I mean, one of the interesting things is we're interested in what their volume view is. Whether it's coming from discounting or not is not irrelevant to us, but certainly, we just want to know what they think the volume pattern is going to be like.

I have to say the majority of the ones that we talk to don't actually know. I mean, I think it's such a volatile environment out there that it's very hard for them to predict and, therefore, it's hard for us to predict.

The only sort of signs that we see are that there seems to be a slight uptick in US consumption. It was looking very good in January. Then they had the big winter storm, snowstorm, which put a bit of fuzz into the accuracy of the data. But again, looking into February, I think it's beginning to look good, back on track again. So, that's very, very green shoots and wouldn't want to call that yet, but it feels like if you put that in conjunction with potentially some of the tax changes in the US and the World Cup coming up, it sort of gives us a bit more confidence that the US certainly appears to be going in the right momentum.

Europe's very difficult because it's not one market. Some parts of the continent are doing pretty well, like Iberia. Others, not so well, like the UK and Germany. So, it's very mixed in Europe, much harder to predict. Yes, and our customers are saying the same thing. It's hard for them to predict.

Cameron McDonald: (E&P, Analyst) You've mentioned the weather, Graham. I mean, a few companies have called that out. What do you think that headwind has been in terms of sales early in the second half?

Graham Chipchase: So, it's US, clearly. It's been more about disruption to the supply chain and costs to then catch up. I think some of the sales, I've been hearing, they are catching up in February, so they're not lost forever. Some of them will be undoubtedly, but it's not going to be material from what I see at the moment.

Cameron McDonald: (E&P, Analyst) Okay. Can I also ask about Serialisation+ in Chile? Thanks for the examples of some of the benefits. Joaquin, you're probably going to expect this question, but can you actually give me some quantification of what those benefits have been, either numeric or operationally, in terms of what the improvement in either the turn rates or the margin or anything other than just anecdotes?

Joaquin Gil: I'll do my best here, although, as Graham talked about, we're really keen to see a few more turns in the Chile market. But I think slide 8 was our attempt to give you, when you look at the Serialisation+ value scorecard, the areas where you might see value.

I think Graham, in the answer to one of his earlier questions, as a really good example of that, if you think about damage rate in a market, it's been very hard to know where has damage occurred. So, it comes back, but that pallet may have gone from a manufacturer to a retailer and back to us.

What the team have now been able to do in Chile is you can map essentially the flows, so you can understand in this leg of the journey, the pallet's been damaged. So, then that allows us to take action, either training of staff, thinking about how we do it. So, I think that's one.

Net new wins, we've seen some progress there where customers have converted to our offering in that market because of the lessening of the administration burden and the insights that we can provide.

So, I think for me, there's a whole range of benefits, but before we wanted to put numbers on a page and say, this is what it looks like, we need to see a few more turns. Then obviously, before we made it a full decision to roll out in the US, we'll present an update on what's happening in Chile and why we have confidence in returns.

So, may not have fully helped you, Cameron, but hopefully, a start down that journey.

Cameron McDonald: (E&P, Analyst) Yes. Well, I think to put you on notice, if you come back and ask for a couple of hundred million dollars' worth of support investment, you're going to have to give us some actual data, right. in terms of what the returns have actually been.

So, just in terms of the hurdle, the 15%. Presumably, because you haven't either had enough turns or you have not decided yet to execute the full rollout, can we read that as being you have not reached a 15% return? Or you do not see an immediate pathway to 15%?

Joaquin Gil: No. So, a couple of things, if I can just chip in. One was firstly, I'd expect nothing less than us to have to give you a really solid proposal. Let's be honest, Graham and I wouldn't approve it if there wasn't a solid proposal. So, I think that's a very reasonable ask, Owen, and you have our commitment on that.

Then I think what we talked about on the 15% return is that was annualised after a pool that's been fully serialised. So, when you think of Chile, Graham touched on it earlier, we're essentially fully at the ESO offering. So, that's why we think we need another nine months or so to be able to show the returns and have confidence in that number.

Cameron McDonald: (E&P, Analyst) Okay, great. So, halfway through first-half '27 or at half-year '27 results, it's a decision point effectively?

Joaquin Gil: Yes. I'd say somewhere between sort of that point and 30 June, let's say, roughly, right? So, it's very hard to be fully specific. Nine months from now is a little longer, but obviously, if we had enough information at the February results, we would share it.

I mean, we're very conscious that once we're in a position and we have the information, then we will share it with the market.

Cameron McDonald: (E&P, Analyst) Right, thank you.

Graham Chipchase: Thanks.

Joaquin Gil: Thanks very much.

Operator: Thank you. Your next question is from Scott Ryall from Rimor Equity Research. Go ahead. Thank you.

Scott Ryall: (Rimor Equity Research, Analyst) Oh, perfect. Thank you. Joaquin, Cam's just noted down 19 November, just so you know.

Now, I had a question on slide 8 as well, and it's not for quantification, but I'd be fascinated. On the right-hand side, where you did progress to date, you talk about customer conversions and lane expansions. You've talked about the customer experience and then you've also talked about insights. Could you just talk about the non-customer experience? I get the reduced admin burden, simplified billing model. I get that. That's pretty clear when you do Serialisation. But just what are the other benefits that you're seeing in the early stages that customers are finding that's helping you win business, please?

Graham Chipchase: I think, Scott, the main one is it's easier to do business with us. I think that is the main one. I think as we start using the tools that S+ and ESO is giving us in terms of working with the customers to show them exactly where some of the damage is occurring or where some of the loss is occurring, so that we can then work with them to improve their supply chains, their businesses, take waste out of their operations. That is what I think will start making a big difference for them and for us.

But the initial go-to-market proposition is you don't have to do all these audits and declarations. That's what's got us the business so far. Yes.

Scott Ryall: (Rimor Equity Research, Analyst) Okay. So, it's still pretty preliminary on those further benefits around helping customers take out waste and those sorts of things.

Graham Chipchase: Yes.

Scott Ryall: (Rimor Equity Research, Analyst) Okay, great.

Then I'm just coming back to the pallet balance being optimised and your comments about the US pallet balance being optimised by the end of first-half 27, so end of calendar year. What's the implications with respect to CapEx levels once that happens, please?

Joaquin Gil: Yes. I think that's why we've really tried, Scott, to quantify the CapEx benefits. So, in this half, we haven't had any. I think if you look back on what we said for the full-year FY25, we've roughly quantified that as 0.5 point. But obviously, that will vary depending on volume growth, et cetera.

But I think the key message that I would take away from this, is the asset productivity and cashflow performance is sustainable. It's not driven by the use of excess pallets.

Scott Ryall: (Rimor Equity Research, Analyst) So, Joaquin, just to follow up on that, because I remember the feedback you gave at full year. That was why I was a bit confused with the fact you've still got surplus pallets, but you've had no benefit in this half. But yet, those surplus will be optimised by the end of this calendar year. So, does that mean relative to the fiscal '25 number, it's kind of 0.5%? Or is there another way of thinking about it? I'm just a bit confused about what you're saying.

Joaquin Gil: Yes. I think another way maybe that might be simpler is we've often quoted a rough rule of thumb that is 1% of volume growth is 1% of pooling CapEx to sales. So, the way I look at it is, the business delivered 11.8% pooling CapEx to sales with essentially flat volume. So, then if you forecast volume growth at a Group level, let's say, volume was 2%, then you would add 2%.

So, for me, Scott, another way, just linking back to that is if you think about Investor Day, what we said is you should expect pooling CapEx to sales to be in the 15% to 17% range, and that was based on 2% to 4% volume growth. So, we're essentially in line with that if that takes all the noise away of excess pallets, et cetera.

Scott Ryall: (Rimor Equity Research, Analyst) Yes, okay. Okay, brilliant. Thank you. That's what I was after. That's all for me. Thank you.

Joaquin Gil: Thanks, Scott.

Graham Chipchase: Thanks, Scott.

Operator: Thank you. Your next question is from Niraj Shah from Goldman Sachs. Go ahead. Thank you.

Niraj Shah: (Goldman Sachs, Analyst) Good morning, guys. Just another question on Chile following up on Matt's earlier question on the differences between Chile and, say, the US, for example. Graham, I think you said that the biggest difference is scale, I guess, both of the market and of the competitors. Does that mean the market structure is similar? Is the pooled solution roughly half the market and you guys are kind of 80% of that? I'm just curious.

Graham Chipchase: Of the pooled market, we are bigger than 80%. We've got a small competitor in Chile, not a PECO-like competitor. The penetration of the market, I'd have to double-check, but I would think it's probably a bit more penetrated. Actually, maybe it's not. It's probably about the same as the US, I would guess, but we'll have to check that out.

Niraj Shah: (Goldman Sachs, Analyst) Fair enough. Cool. Thank you.

Graham Chipchase: Thanks.

Operator: Thank you. Once again, if you do wish to ask a question, please press the star key, then one on your telephone and wait for your name to be announced.

Thank you. There are no further questions at this time. I'll now hand back to Mr Chipchase for closing remarks.

Graham Chipchase: Well thanks, everyone, for your questions and for joining the call. I'm looking forward to seeing I think most of you over the next few days, so we'll have more questions than I'm sure. Thank you very much.

[END OF TRANSCRIPT]