Brambles

Half-Year 2023 Results presentation

24 February 2023

Results highlights

GRAHAM CHIPCHASE,
CEO

Brambles

1H23 result financial summary

Sales revenue[1]	up 14%
Underlying Profit[1]	up 25%
Free Cash Flow after dividends	In line with prior year
EPS[1]	up 24%
ROCI[1]	up 1.2pts

[1] Growth at constant FX rates.

Financial highlights

- **Sales revenue +14%** driven by price realisation to recover both operating and capital cost-to-serve increases; volumes down (1)% on the prior corresponding period
- **Underlying Profit +25%** including a combined ~9pt benefit from deferred plant and transport costs due to lower pallet return rates and one-off insurance proceeds. Pricing and surcharge income more than offset cost-to-serve increases and incremental overhead investments to support growth and transformation initiatives
- **Cash Flow from Operations decreased US$42.0m** as higher earnings and compensation recoveries were more than offset by an increase in cash capital expenditure reflecting the timing of payments of pallet purchases and includes a ~US$170m impact of lumber inflation for new pallets
- **Free Cash Flow after dividends in line with prior year** as the decline in Cash Flow from Operations due to lumber inflation and timing of capex payments was offset by the repayment of a receivable relating to a divestment in 2018
- **Strong EPS growth of +24%** reflecting higher earnings and benefit from share buy-back completed in June 2022
- **FY23 interim dividend of 12.25 US cents, up 14% on prior year**, converted and paid as 17.67 AU cents, franked at 35%
- **ROCI of 19.8% increased 1.2pts** as strong 1H23 profit more than offset increased capital investment in higher cost pallets

Operating environment

Challenging operating conditions in 1H23 with expectations of improving supply chain dynamics and moderating pallet pricing in 2H23

	1H23 OPERATING ENVIRONMENT	2H23 EXPECTATIONS
Input costs	• Inflationary cost pressures, scarcity of raw materials and other critical inputs as well as geopolitical tensions experienced during FY22 continued into 1H23 • Moderating rates of inflation across key inputs noted in 2Q23	• Lumber prices expected to moderate in line with stabilising lumber market dynamics • Transport costs and fuel prices also expected to moderate in line with economic activity • Labour costs to remain elevated due to wage inflation across multiple regions
Pallet prices	• Pallet prices in all markets remain well above historic levels reflecting sustained cost pressures despite moderating inflation in all regions in 1H23 • 1H23 Group weighted average pallet price up 14% on 1H22	• Early signs of improved pallet availability • Pallet prices expected to continue moderating although the FY23 weighted average cost per pallet is expected to remain above FY22 levels due to regional mix and sourcing impact
Supply chain dynamics	• Elevated inventory levels across retailer and customer supply chains impacting pallet cycle times in most regions and pallet losses in North America • Early signs of improved pallet return rates across North America and UK at the end of 2Q23 • No material sign of destocking in Australia	• Pallet return rates expected to continue improving as supply chains across Europe and North America reduce inventory holdings progressively through 2H23 • In Australia, pallet return rates expected to gradually improve from 4Q23
Plant stock	• Plant stock levels remained below optimal levels, however additional pallet returns, investment in new pallets and benefits from asset productivity initiatives have improved plant stock levels in all regions at the start of 2H23	• Plant stock levels expected to continue improving in line with anticipated increase in pallet return rates • Improved plant stock levels and pallet return rates will facilitate progressive lifting of US allocations and recommencement of new business activities in Europe

Impacts of anticipated 'progressive' destocking

Well positioned to manage through destocking anticipated to occur in 2H23

'Progressive' destocking anticipated to result in

~5-6 million

additional pallet returns in 2H23

Dynamics of a 'progressive' destock	
1 **Volumes**	• Increased pallet returns enabling the business to service pent-up demand including pursuit of net new business • Like-for-like volumes subject to macroeconomic conditions and one-time impact of destocking
2 **Plant stock**	• Increased pallet returns expected to improve plant stock levels, supporting operational efficiencies
3 **Costs / efficiencies**	• Deferred net repair and transport cost benefits expected to reverse as pallet return rates increase • Increased plant stock levels expected to improve network efficiency and plant utilisation
4 **Capex / Cash**	• Improvements to pooling capex and cash flow benefits as pallet return rates improve • Cash flow benefit largely weighted to FY24
5 **Competition**	• Rational competitive behaviour expected to continue in the medium term as pallet availability gradually improves

Note: Assumptions on this slide are dependent on actual pace and extent of destocking and other factors including, but not limited to, prevailing macroeconomic conditions, customer demand and efficiency of global supply chains.

Shaping Our Future transformation

Ongoing momentum across all initiatives supporting delivery of operating and financial metrics

Accelerated commercial & asset productivity initiatives mitigate inflationary pressures & market-related asset efficiency headwinds

- Improvements to commercial frameworks with greater cost to serve alignment
- Asset efficiency enhancements including improved recovery and remanufacturing processes led to ~5m pallets being recovered and salvaged in 1H23
- Improved asset visibility with increasing use of digital and data analytics

Network productivity delivering efficiencies

- Service centre automation, including delivery of 9 integrated repair cells. To implement 23 integrated repair cells by the end of FY23
- Pallet durability initiatives delivering 35bps reduction in damage rate from FY22

Digital transformation delivering value for Brambles and its customers

- Over 300,000 smart pallets in 25+ countries including more than 250,000 dedicated to continuous diagnostics
- Serialisation+ trial commenced in Chile with ~180,000 (~6% of the Chile pool) uniquely tagged pallets operational
- Trialling 3 new customer experience solutions to remove inefficiencies from supply chains

Improving customer experience and quality of interactions

- Further rollout of dynamic delivery notifications
- Process improvements to myCHEP
- Simplified commercial model implemented in Canada for smaller customers
- Early signs of increased returns supporting customer demand across major regions coupled with increased investment in pallets in Australia

Shaping Our Future scorecard

	Digital Transformation	Customer	Asset Efficiency & Network Productivity	Business Excellence	Sustainability & ESG
Outcomes	Transform information and digital insights into new sources of value for Brambles and our customers	Deliver unrivalled value and exceptional service to customers to strengthen competitive advantage and drive revenue growth	Improve productivity and sustainability of our assets and operations	Reinvent the organisation, technology and processes to be simpler, more effective and efficient	Pioneer regenerative supply chains with reuse, resilience and regeneration at its core
	Enabler of Underlying Profit growth[1]	~55% of Underlying Profit growth[1]	~45% of Underlying Profit growth[1]		Enabler of long-term value

Metrics and Measures

Digital Transformation

Better for Brambles

- Deploy asset productivity analytics solutions across 20 markets by end FY22 and 30 markets by end FY23
- Deploy analytics solutions to identify stray assets and predictive analytics to recover assets across 5 markets by end FY23

Better for customers

- Launch 2 commercial optimisation and 2 proactive Customer Experience digital solutions by end FY23

Data capability and culture

- First 4 priority domains[2] managed through data hub by end FY22
- Train 300 leaders in digital and analytics skills by end FY22; 5,000 roles across company by end FY23

Smart assets

- Deploy full smart asset solution in 2 markets by end FY24

Customer

Customer engagement

- Increase customer NPS by 8-10 pts by end FY25[3]
- Increase % of customer orders placed through electronic channels by 1-2pts p.a.

Revenue growth

- 1-2% net volume growth p.a. with existing customers[3]
- 1-2% net new wins p.a.
- 2-3% price/mix p.a. in line with value-based pricing

Product quality

- Reduce customer reported defects per million pallets (DPMO) by 15% by end FY25 compared with FY20 baseline[3]

Customer collaborations

- Double number of customer collaborations on sustainability from 250 to 500 by end FY25

Asset Efficiency & Network Productivity

Asset efficiency

- Reduce uncompensated pallet losses by ~30% by end FY25[3]
- Reduce pallets scrapped by ~15% by end FY25
- Improve pallet pool utilisation: reduce pooling capex / sales ratio by at least 3pts through FY25[3]

Network productivity

- Reduce the pallet damage ratio by 75bps YoY through FY25 from pallet durability initiatives
- Rollout fully automated end-to-end repair process to 70 plants by end of FY24 to drive throughput efficiency[3]

Business Excellence

Organisation

- 25% reduction in Brambles Injury Frequency Rate (BIFR) by end FY25 and developed wellbeing-at-work programme
- At least 40% of management roles held by women by end FY25

Technology

- Migration of priority applications to the Cloud by end FY22
- CRM transition to Salesforce completed in FY22 as part of ongoing CRM improvements

Sustainability & ESG

Environment

- Carbon neutral Brambles operations and 100% renewable electricity continued indefinitely (Scope 1 & 2)
- 100% sustainable sourcing of timber continued indefinitely
- 30% recycled or upcycled plastic in new closed loop platforms by end FY25

Social

- Advocate, educate and impact 1,000,000 people to become circular economy change makers by end FY25

Governance

- Create leading industry circularity indices with strategic partners by end FY25
- Operationalise annual supplier certification across all markets by end FY22

Key — Progressing and on-track — Completed and no further work required — Completed and on-going — Tracking below target

Note: Baseline for metrics and measures is FY21 unless otherwise stated. Source: last updated 31 January 2023.

[1] Contribution to FY25 Underlying Profit growth uplift from FY21.

[2] Asset movement, customer, pricing, and supply chain.

[3] Impacted by market conditions.

Digital transformation

Smart asset and customer experience trials progressing with future investments conditional on demonstrating value and scalability

	FY22 achievements	1H23 progress	FY23 priorities
Targeted diagnostics	• 20+ markets with foundations of hardware, software including data and network in place • Deployed in markets where loss rates are challenging	• Now deployed in 25+ countries • Ability for each market to undertake multiple diagnostic assessments concurrently with ~50 currently in progress across all countries	• Scale to 30+ markets • Expand analytics solutions to drive asset productivity and customer experience improvements
Continuous diagnostics	• Deployed in UK and Canada with foundations of hardware, software including data and network in place • 200,000 smart assets deployed • Early value realised by obtaining and analysing data on previously unidentified leakages	• UK: Identified unauthorised activities from 17 pallet dealers and 750+ non-CHEP relation locations to stop leakages[1] • Canada: Prevented stringer pallet losses of ~28,000[1] • Progressing rollout in North America with ~38,000 smart pallets deployed	• Scale in North America – ~130,000+ smart assets deployed by end of FY23 subject to device availability • Value realisation in UK and Canada as programme scales
Serialisation+ (Chile)	• Capabilities to instrument, read and dispatch in field • Develop processes to read, process and analyse data • Validate opportunities	• ~180,000 pallets serialised and ~15,000 smart assets deployed • Enhanced processes to detect and decode tags and integrate data • 1 service centre fully instrumented (~80% of flows) e.g. Infrastructure and forklift instrumentation	• Prove operational and technical scalability and value realisation across different scaling options • Serialise ~1m pallets (~30% of the pool) in Chile by end of FY23 • All 5 service centres fully instrumented
Customer experience	• Designing proof-of-concepts for new customer solutions • Enhanced myCHEP platform capabilities including greater online self-service functionality	• Trialling 3 solutions with customers to remove inefficiencies from supply chains • 2 customer experience advanced analytics solutions to proactively correct account anomalies	• Launch 2 commercial optimisation and 2 proactive Customer Experience digital solutions

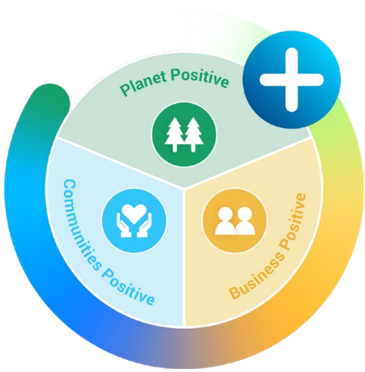
[1] An example of the benefits from continuous diagnostics.

1H23 Sustainability & ESG highlights

Increased recognition of leadership position in sustainability

Further progress towards 2025 Sustainability Targets including:

- Brambles Injury Frequency Rate of 3.8 (FY22: 4.1)
- 35% women in management positions (FY22: 33%)
- Decarbonisation plans continue to progress well against Science Based Targets with reductions in Scope 1, 2 and 3 emissions
- Waste diverted from landfill improving across both owned and third-party sites



Transformation/ Sustainability integration is delivering impact towards our 2025 targets

ESG ASSESSMENTS

Corporate Knights GLOBAL 100 — **3rd most sustainable company** of ~7,000 analysed

MSCI — **AAA** rating, **top 8%** of companies assessed

CDP A LIST 2022 CLIMATE FORESTS — **A-list** for Climate Change and Forests

Top Employer Global 2023 — **Global Top Employer** accreditation as well as 25 countries and 4 regions

Member of Dow Jones Sustainability Indices Powered by the S&P Global CSA — **#1** in DJSI Industry category

Bloomberg Gender-Equality Index 2023 — First time inclusion in the **Bloomberg Gender Equality Index**

FY23 Outlook

Upgraded sales and earnings guidance

Brambles has upgraded its FY23 sales and earnings guidance, which reflects better-than-expected price realisation, driven by both commercial actions and customer mix, combined with improvements to both our pipeline of productivity initiatives and outlook on the macroeconomic environment.

For the year ended 30 June 2023, Brambles now expects:

- **Sales revenue growth of between 12-14% at constant currency**;
- **Underlying Profit growth of between 15-18% at constant currency**, including ~US$25 million of short-term transformation costs (FY22: US$48.4 million);
- **Free Cash Flow after dividends to improve on FY22 but remain a net outflow.** The level of underlying improvement is dependent on lumber and pallet pricing, normalisation of inventory levels and flows across global supply chains and other productivity improvements in the asset pool. In addition to an expected underlying improvement, Free Cash Flow after dividends includes the benefit of the US$41.5 million of proceeds received in August 2022 from the repayment of the loan receivable from First Reserve; and
- **Dividend payout ratio to be consistent with the dividend payout policy of 45-60%** of Underlying Profit after finance costs and tax[1] in US dollar terms

These financial outcomes are dependent on a number of factors, including material unknowns. These factors include, but are not limited to, prevailing macroeconomic conditions, customer demand, the price of lumber and other key inputs and efficiency of global supply chains, including the extent of destocking.

[1] Subject to Brambles' cash requirements.

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Financial overview

NESSA O’SULLIVAN, CFO

1H23 results

Summary

US$m	1H23	Change vs. 1H22	
Continuing operations		Actual FX	Constant FX
Sales revenue	**2,931.5**	**7%**	**14%**
Other income / revenue	**181.5**	**69%**	**75%**
Underlying Profit	**548.8**	**14%**	**25%**
Significant Items	-	-	-
Operating profit	**548.8**	**14%**	**25%**
Net finance costs	(49.7)	(19)%	(21)%
Net impact arising from hyperinflationary economies[1]	(12.4)		
Tax expense	(152.2)	(14)%	(23)%
Profit after tax - continuing	**334.5**	**9%**	**21%**
Loss from discontinued operations	(3.4)		
Profit after tax	**331.1**	**9%**	**20%**
Effective tax rate – Underlying	(30.5)%	(0.1)pts	0.6pts
Basic EPS (US cents)	**23.9**	**12%**	**24%**
Basic EPS - continuing (US cents)	**24.1**	**13%**	**25%**
Underlying EPS (US cents)	**25.0**	**17%**	**30%**

- **Sales revenue +14%** reflecting pricing to recover cost-to-serve increases. Volumes decreased (1)% with lower like-for-like volumes offsetting modest net new business growth
- **Other income increased 75% or US$80m** with just under half of the increase due to higher surcharge income with the balance of the increase driven by higher asset compensations as well as insurance proceeds of US$8m
- **Underlying Profit +25%** includes deferred plant and transport benefit (~7pts) and insurance proceeds in Australia (~2pts). Excluding these benefits, Underlying Profit +16% as pricing growth and incremental North America surcharge income offset inflationary pressures, lost equipment costs and incremental overhead investments
- **Net finance costs increase of 21%** reflects higher interest rates on variable rate debt and higher net debt
- **Effective tax rate of 30.5%** was broadly in line with the prior corresponding period
- **Profit after tax (continuing ops) +21%** driven by strong operating profit growth and includes US$12m hyperinflation charge[1]
- **Basic EPS of 23.9 US cents up 24%** reflecting higher earnings and ~4pts benefit from the share buy-back programme which was completed in FY22

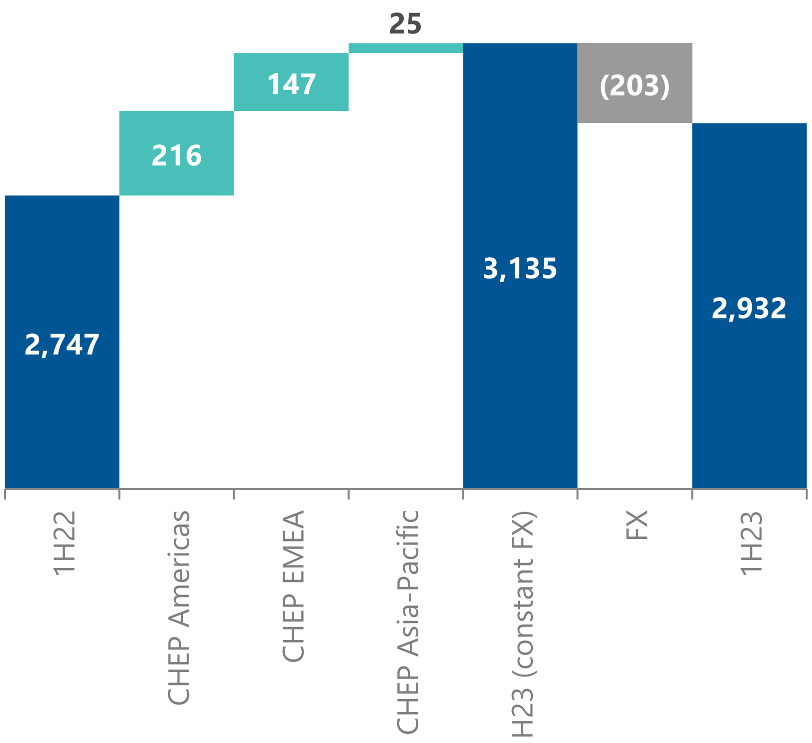
[1] Relating to operations in Türkiye, Argentina and Zimbabwe.

1H23 Group sales revenue growth

Growth driven by pricing in all regions to align with operating and capital cost-to-serve increases, volume growth impacted by pallet availability constraints and softening demand

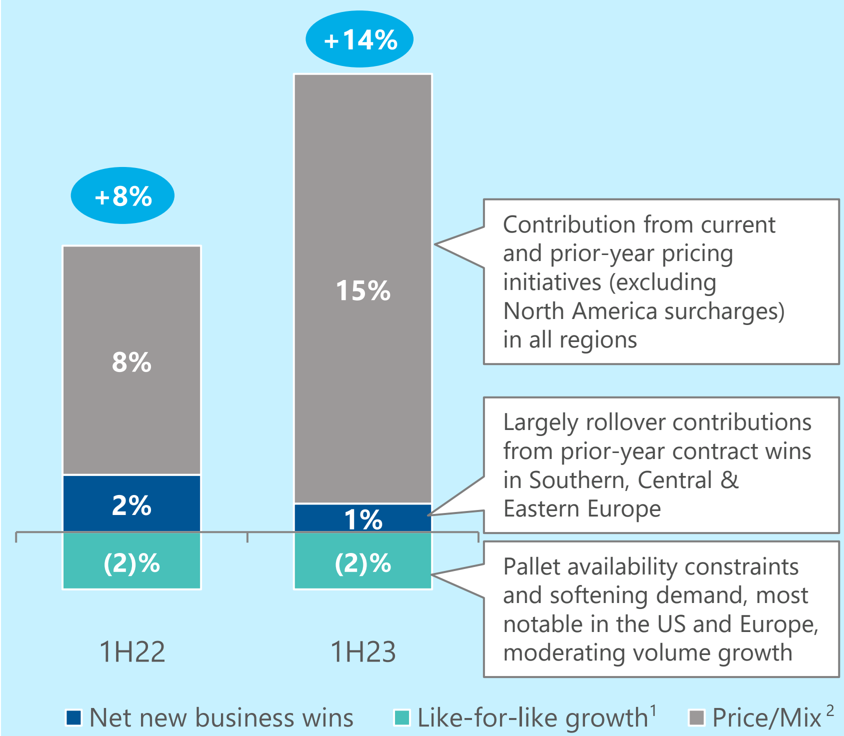
Growth across all segments

1H23 Sales revenue growth (US$m)



Growth weighted to price realisation

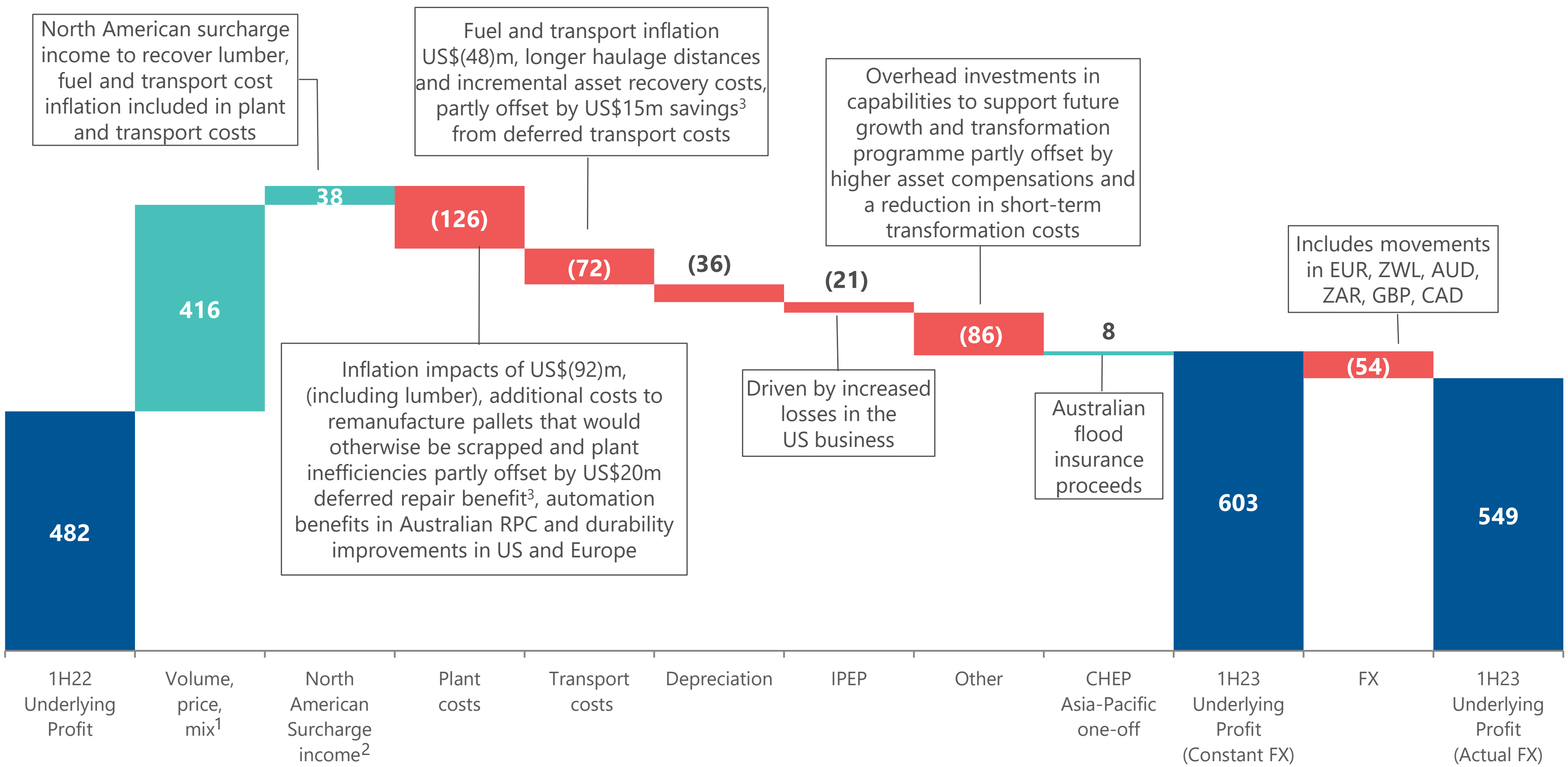
Price/mix and volume contribution to growth



[1] Like-for-like growth references volume performance of the same products with the same customers.
[2] Price/Mix includes indexation in Europe, and excludes North American surcharges included within 'other income and other revenue' in the financial statements.

Group profit analysis (US$m)

Profit growth +25% includes ~9pt benefit from deferred costs and insurance proceeds. Pricing, surcharges and other transformation benefits more than offset inflation and other cost increases



[1] Sales growth net of volume-related costs (excluding depreciation and IPEP).
[2] North American surcharge income includes lumber, transport and fuel surcharges.
[3] Collectively the ~US$35 million deferred net plant and transport cost benefit due to lower pallet return rates in 1H23.

Lumber market dynamics & Brambles' pallet price evolution

Full year weighted average pallet price expected to remain above prior year, despite moderation in 1H, due to regional mix of pallet purchases and lumber sourcing

Lumber market dynamics in 1H23

US

US lumber market prices declining:

- Improving lumber supply and lower demand in line with economic, housing construction and DIY activity
- Market lumber prices remain well above pre-pandemic levels

Europe

European market lumber prices moderating:

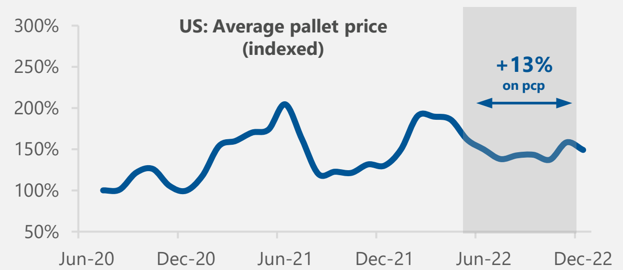
- Lower demand in line with economic activity
- Increased production in Baltics filling supply gap created by the Russia/Ukraine conflict
- Market lumber prices remain well above pre-pandemic levels

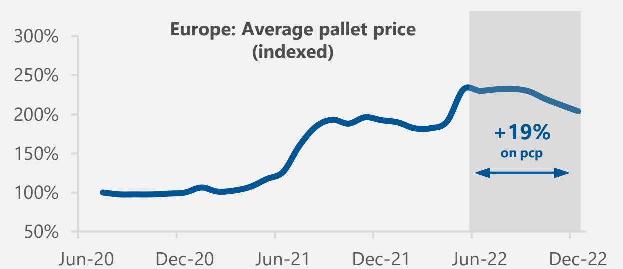
Latin America

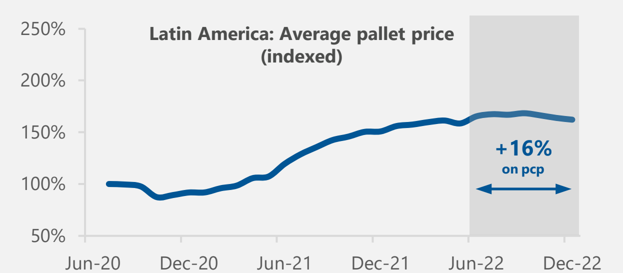
Latin American market lumber prices stabilised at historic peaks

- Lumber market trend reflective of inflation in other markets given high proportion of lumber exports in the region

Indicative Brambles pallet price evolution[1]







Brambles 1H23 weighted average pallet price +14% on 1H22 levels and +3% on FY22 levels:

- US and Europe pallet prices have declined following sharp spike in 2H22 but remain above 1H22 levels
- Adverse mix impact with higher relative proportion of pallets and timber sourced in higher cost markets

Brambles expects FY23 weighted average pallet price to be up on FY22 levels despite 2H23 prices expected to decrease:

- US prices expected to be down year-on-year with further moderation in 2H23
- European and Latin America pallet prices to moderate but remain above FY22 levels
- Mix impact expected to continue with higher proportion of pallets and lumber from Latin America including to manufacture Australian pallets

Cost Recovery

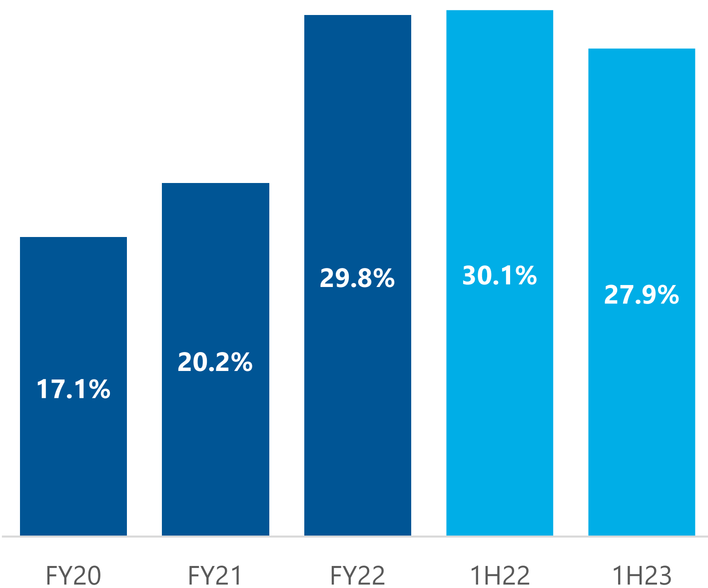
- Progressive recovery of 10-year capital cost of assets through a combination of pricing and surcharge mechanisms

[1] Based on the average monthly unit price, translated to US$ at constant 30 June 2022 FX rates, for primary pallet SKU in each region with pallet prices rebased to 1 July 2020.

Asset efficiency

Pooling capex to sales down 2pts as strong revenue growth and pallet remanufacturing and recovery benefits more than offset lumber inflation in the period

Pooling capex to sales ratio



1H23 pooling capex of US$819m (accruals basis) increased US$56m at constant currency compared to 1H22:

- Pallet price inflation ~US$100m increase over H1 in the prior year
- Additional pallet purchases of ~US$125m[1] to replace lost and scrapped pallets
- Pallet capex reflects the benefit of ~US$(120)m[1] from additional recoveries and remanufacturing activity to reduce the number of scrapped pallets
- Other year-on-year decrease ~US$(50)m[1] largely relates to lower volume related pallet purchases due to volume declines in the period, partly offset by pallet purchases to support increased cycle time

Sales revenue contribution to capex to sales ratio improvement driven by improved commercial terms reflective of cost-to-serve increases

FY23 considerations

Full year pooling capex to sales ratio expected to deliver on previous guidance of 3-4 pts year-on-year improvement reflecting:

- Increased return rates driven by a combination of asset efficiency initiatives and destocking across supply chains in the second half
- Brambles expects pallet prices to continue moderating in the second half, although the full year weighted average cost per pallet is expected to remain above FY22 levels

[1] Capex impacts *exclude* the inflation of ~US$100m, which has been recognised separately above. Movements calculated at 1H22 Group weighted average cost per pallet.

CHEP Americas

Margin and ROCI improvements despite input-cost inflation and higher losses

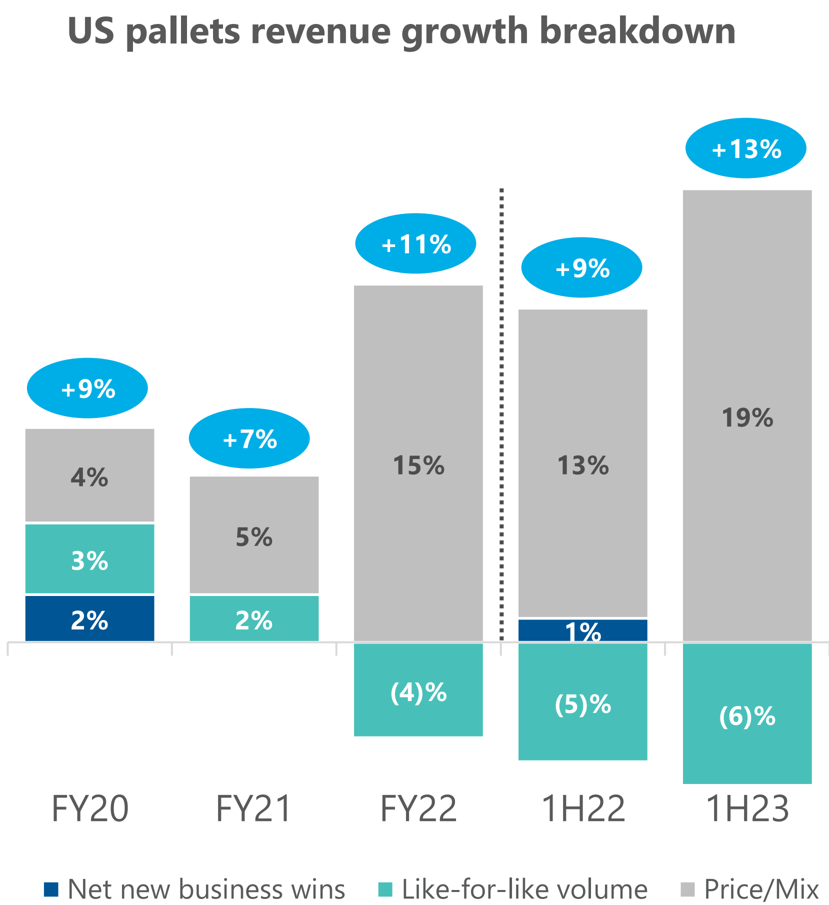
(US$m)	1H23	Change vs. 1H22 Actual FX	Change vs. 1H22 Constant FX
US	1,183.1	13%	13%
Canada	190.7	9%	15%
Latin America	248.5	27%	28%
Pallets	1,622.3	14%	15%
Containers	17.3	(6)%	(6)%
Sales revenue	**1,639.6**	**14%**	**15%**
Underlying Profit	**285.6**	**24%**	**26%**
Margin	**17.4%**	**1.3pts**	**1.5pts**
ROCI	**19.2%**	**1.2pts**	**1.4pts**

1H23 performance

- **Pallets revenue +15%** driven by pricing to recover cost-to-serve increases across the region and volume growth in Latin America partly offset by volume declines in North America
- **Containers revenue (6)%** due to lower volumes in IBCs
- **Underlying Profit +26%** including 12pts timing benefit from plant and transport savings due to lower pallet return rates. Excluding this benefit, Underlying Profit +14% reflecting strong sales contribution to profit and North American surcharge income partly offset by cost-to-serve increases including input-cost inflation, lost equipment charges and incremental overhead investments to support growth and the transformation programme
- **North American surcharge income** linked to market indices for lumber, transport and fuel. In 1H23 surcharge income was US$123m, an increase of US$38m, largely due to fuel and transport surcharges
- **ROCI +1.4pts** as strong profit growth was partly offset by a 17% increase in Average Capital Invested (ACI), reflecting the impact of lumber inflation on the per unit cost of pallets purchased in the preceding 12-month period

US pallets revenue

Pricing growth offset volume decline due to softening demand & pallet availability constraints



1H23 revenue growth components:

- **Price/mix growth of 19%** driven by rollover benefits from pricing actions taken in the prior year and additional pricing initiatives to recover higher cost-to-serve – including both operating and capital cost inflation. Pricing excludes surcharge income
- **Like-for-like volume reduction of (6)%** with approximately half of the reduction due to pallet availability and the balance due to softening customer demand
- **Net new business** in line with the prior corresponding period as pallet availability in the preceding 12 months impacted expansion with new customers

Brambles

CHEP EMEA

Operating leverage and margin uplift; ROCI impacted by increase in Average Capital Invested

(US$m)	1H23	Change vs. 1H22 Actual FX	Change vs. 1H22 Constant FX
Europe	796.7	(2)%	13%
IMETA[1]	105.9	-	29%
Pallets	902.6	(2)%	14%
RPCs + Containers	136.6	(3)%	10%
Sales revenue	**1,039.2**	**(2)%**	**14%**
Underlying Profit	**246.0**	**(1)%**	**16%**
Margin	**23.7%**	**0.2pts**	**0.5pts**
ROCI	**23.7%**	**(1.6)pts**	**(0.9)pts**

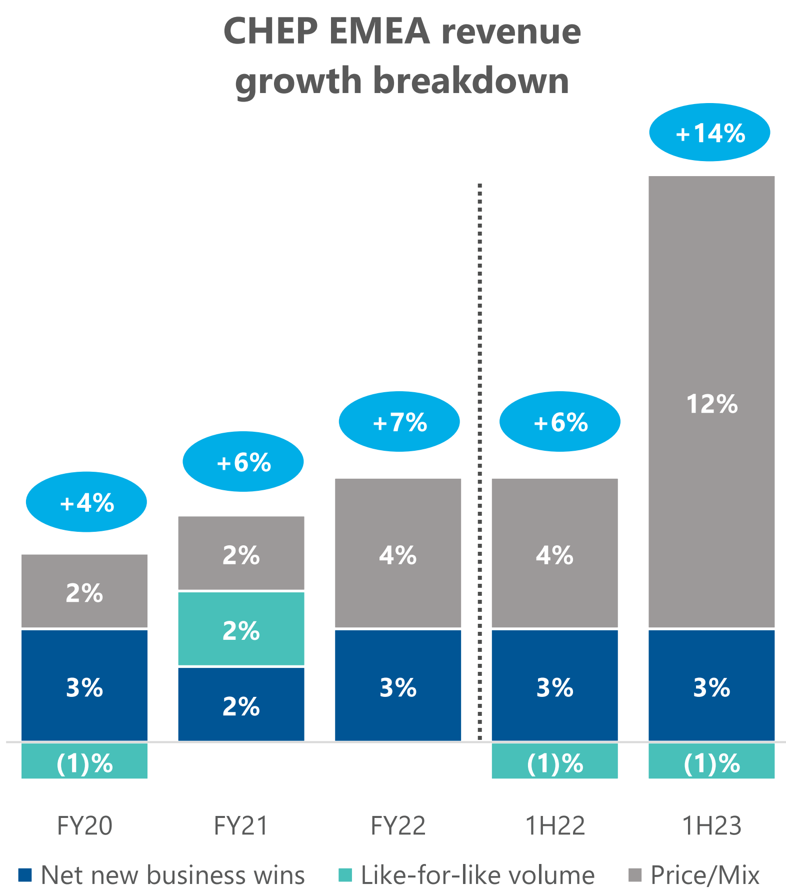
1H23 performance

- **Pallets revenue +14%:** Price realisation across the region including contribution from contractual indexation. Rollover contributions from prior-year contract wins more than offset lower like-for-like volumes due to softening consumer demand in line with challenging macroeconomic conditions
- **RPCs & Containers revenue +10%:** Reflecting like-for-like growth in the Automotive business and pricing to recover cost-to-serve increases in the RPCs business
- **Underlying Profit +16%:** Profit contribution from sales growth and higher pallet compensations across the region offset plant and transport cost inflation and additional overheads including employee costs to support growth and transformation initiatives in the region
- **ROCI (0.9)pts** as profit growth was offset by a 21% increase in ACI driven by the impact of lumber inflation on pallet purchases over the last 12 months and additional pallet purchases to support volume growth and increased inventory levels across supply chains

[1] India, Middle East, Türkiye and Africa.

EMEA sales growth

Pricing growth in line with cost-to-serve increases, volumes impacted by softening demand and pallet availability constraints



1H23 revenue growth components:

- **Price/mix growth +12%** largely reflecting contractual price increases, including indexation, across the region and additional pricing actions to recover inflation and other cost-to-serve increases in Europe
- **Net new business wins +3%** largely relating to rollover contributions from prior year contract wins in Southern, Central and Eastern Europe
- **Like-for-like volume (1)%**, reflecting pallet availability and softening demand in the European pallet business offset by growth in the European and North American automotive businesses

CHEP Asia-Pacific

Strong revenue growth with one-off insurance proceeds and deferred repair costs due to lower pallet return rates contributing to margin and ROCI uplift

(US$m)	1H23	Change vs. 1H22 Actual FX	Change vs. 1H22 Constant FX
Pallets	185.0	-	9%
RPCs + Containers	67.7	1%	11%
Sales revenue	**252.7**	**1%**	**10%**
Underlying Profit	**92.9**	**19%**	**31%**
Margin	**36.8%**	**5.6pts**	**5.9pts**
ROCI	**35.7%**	**5.1pts**	**5.4pts**

1H23 performance

- **Pallets revenue +9%:** Driven by a combination of price realisation, customer mix benefits and volume growth with existing customers
- **RPCs + Containers revenue +11%:** Including RPC growth with existing customers in Australia and net new wins in New Zealand
- **Underlying Profit +31%**, margin growth of 5.9pts, including ~18pts benefit due to ~US$8m one-off net income from insurance proceeds and ~US$6m timing benefit on repair costs due to lower pallet return rates. Excluding one-offs and timing benefits, Underlying Profit growth was +13%. Plant and transport inflation in the region was more than offset by the sales contribution to profit and automation benefits in the Australian RPC business
- **ROCI +5.4pts** largely due to one-off insurance proceeds and deferred plant timing benefits accounting for ~5pts of the ROCI growth. The remaining 0.5pts increase due to profit growth which more than offset an 11% increase in ACI due to additional pallet purchases to support growth in the pallet pool and the impact of higher per unit cost of pallets purchased over the past 12 months including the impact of sourcing higher cost lumber offshore

Corporate Segment

Net increase in corporate segment costs driven by labour-related cost increases reflecting both the inflationary environment and increased investments to support the transformation programme

(US$m)	1H23	Change vs. 1H22 Actual FX	Change vs. 1H22 Constant FX
Shaping Our Future programme costs:			
Short-term transformation	*(13.2)*	*11.2*	*10.9*
Ongoing corporate transformation costs	*(30.9)*	*(4.3)*	*(6.7)*
Total Shaping Our Future costs	**(44.1)**	**6.9**	**4.2**
Corporate costs	**(31.6)**	**(6.5)**	**(7.0)**
Corporate Segment	**(75.7)**	**0.4**	**(2.8)**

1H23 performance

- **Shaping Our Future costs** decreased US$4.2m at constant currency due to the US$10.9m reduction in short-term transformation costs
  - Short-term transformation costs of US$13.2m primarily related to consulting fees and internal resources to support the transformation programme
  - Ongoing corporate transformation costs of US$30.9m increased US$6.7m largely reflecting continued investments to support the digital and data analytics strategy and initiatives to improve the customer experience
- **Corporate costs** of US$31.6m increased US$7.0m at constant currency primarily reflecting labour related cost increases

Cash flow

Increased earnings offset by higher cash capex due to lumber inflation and the timing of pallet payments

(US$m, actual FX)	1H23	1H22	Change
EBITDA[1]	**1,046.0**	**945.6**	**100.4**
Capital expenditure (cash basis)	(922.0)	(767.9)	(154.1)
Proceeds from sale of PPE	88.2	74.3	13.9
Working capital movement	(8.0)	(21.0)	13.0
Other	(63.8)	(48.6)	(15.2)
Cash Flow from Operations	**140.4**	**182.4**	**(42.0)**
Significant Items and discontinued operations	33.8	(17.4)	51.2
Financing costs and tax	(166.4)	(158.1)	(8.3)
Free Cash Flow	**7.8**	**6.9**	**0.9**
Dividends paid	(154.4)	(154.8)	0.4
Free Cash Flow after dividends	**(146.6)**	**(147.9)**	**1.3**

- **Operating cash flow decreased US$42.0m** as higher earnings, asset compensations and one-off insurance proceeds were offset by:
  - Increased capital expenditure US$(154.1)m due to timing of payments for pallet purchases and ~US$(170)m cash impact of lumber inflation on pallets paid for in 1H23
  - Working capital US$13m: impacts include improved debtor collections in the period and the recovery of non-domestic VAT in Europe
  - Other US$(15.2)m mainly other non-cash adjustments relating to asset disposals
- **Free Cash Flow after dividends was an outflow of US$(146.6)m in line with the prior corresponding period**
  - Increased financing costs and tax payments of US$(8.3)m
  - US$51.2m increase in cash flow from discontinued operations includes US$41.5m final settlement from First Reserve
  - Dividends paid broadly flat as increase in DPS offset by benefit from share buy-back and FX movements

[1] EBITDA has been defined as Underlying Profit after adding back depreciation, amortisation and IPEP expense.

Balance sheet

Significant financial flexibility with over US$1b of undrawn committed facilities and US$0.2b of cash balances. New "green bond" shelf programme provides additional avenues for funding

	Dec 22	Jun 22
Net debt[1,2]	US$2,900m	US$2,717m
Average term of committed facilities	3.5 years	3.2 years
Undrawn committed bank facilities	US$1.0b	US$0.9b
Cash[2]	US$188m	US$158m

	1H23	1H22
Net debt/EBITDA[3]	1.49x	1.37x
EBITDA/net finance costs	20.6x	21.1x

- **Net debt** increase of US$183m reflects funding of US$(147)m for Free Cash Flow after dividends outflow and FX movements
- **Undrawn committed bank facilities** of US$1.0b at 31 December 2022 and cash of US$188m
  - New US$1.35b five-year sustainability-linked syndicated revolving credit facility replacing ~US$1.0b bank facilities and adding ~US$350m of committed headroom
- **No bond maturity until June 2024**
- **Green Finance Framework established** in the half to facilitate future "green bond" issuances in debt capital markets
- **Financial ratios** remain well within financial policy of net debt/EBITDA <2.0x and EBITDA/net interest >10.0x
  - ~60% of Group borrowings are at fixed interest rates, partly mitigating the impact of variable interest rate increases
- **Continued strong investment-grade credit ratings** – Standard & Poor's BBB+ and Moody's Baa1

[1] Net debt includes cash and lease liabilities.
[2] 31 December 2022 balances exclude CHEP China assets and liabilities classified as 'held for sale'.
[3] EBITDA is defined as Underlying Profit after adding back depreciation, amortisation and IPEP expense.

FY23 outlook considerations

- **FY23 sales revenue guidance growth of between 12-14% at constant currency**
  - Sales revenue growth driven by pricing in all regions to recover cost-to-serve increases. 2H23 price realisation driven by a combination of rollover contributions from 1H23 pricing actions, ongoing pricing initiatives to recover cost-to-serve increases, and customer mix benefits
  - Volumes expected to be in line with prior year as lower like-for-like volumes due to macro-economic slowdown and one-time impact of destocking to be offset by volume benefit from redeployment of increased pallet returns to service existing customers and pursue new business
- **FY23 Underlying Profit growth of between 15-18% at constant currency**
  - 1H23 net plant and transport timing benefits of ~US$35m expected to reverse in 2H23 in line with higher pallet return rates with improved operational efficiencies forecast in 2H23 as pallet availability improves
  - Full year North America surcharge income expected to decline year-on-year, reflecting 2H23 market decline in lumber surcharge
  - Shaping Our Future: Full year short-term transformation costs ~US$25 million (FY22: US$48.4 million). Full year ongoing corporate transformation costs to include Digital Transformation operating costs of ~US$80m (FY22: ~US$40m)
  - Overhead costs (excluding Shaping Our Future) to increase at the same run rate as 1H23
  - Full-year margins across all regions expected to be above FY22 levels despite a moderation in 2H23 margins including the reversal of 1H23 deferred plant and transport cost timing benefits

Free Cash Flow after dividends (FCFAD) to improve on FY22 but remain a net outflow[1]

  - Pooling capex expected to moderate in 2H23 reflecting improved pallet return rates including anticipated progressive destocking. Cash flow benefits of lower pooling capex related to higher pallet return rates to be weighted to FY24. Asset efficiency expected to continue to improve in 2H23 with full year capex to sales ratio expected to reduce by 3-4 ppts
  - The level of underlying improvement is dependent on a number of unknown factors including lumber and pallet pricing, destocking and rate of reduction of inventory levels and flows across global supply chains and other productivity improvements in the asset pool
- **FY23 ROCI to be impacted by FY22 and FY23 pallet price inflation**
  - FY23 ROCI expected to remain broadly in line with FY22 reflecting the full year ACI impact of 2H22 and 1H23 pallet purchases at elevated pallet prices and reversal of 1H23 net plant and transport timing benefits impacting 2H23 Underlying Profit

[1] In addition to an expected underlying improvement in FCFAD, includes the benefit of the US$41.5 million of proceeds received in August 2022 from the repayment of the loan receivable from First Reserve.

Summary

Strong first-half performance supports FY23 guidance upgrade

- Supporting customers to navigate supply chain challenges
- Strong revenue growth and earnings momentum with operating leverage
- FY23 guidance upgrade : Revenue growth of between 12-14%; Underlying Profit growth of between 15-18% at constant FX
- Significant financial flexibility with conservative balance sheet and US$1.2b of undrawn committed facilities and cash
- Shaping Our Future transformation programme continuing to build momentum
- Strengthened sustainability leadership position with meaningful progress against 2025 Sustainability Targets including reducing Scope 1, 2 and 3 emissions

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Half-Year 2023 Results presentation

24 February 2023

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Appendix

Appendix 1: Asset efficiency

1H23 progress: Improvements to asset productivity, including new framework and collection processes with key retailers, delivered US$120 million capex benefit[1]

Improve pallet collections | 1H23 recoveries

- **Small trucks deployed** across North America and Europe
- **Engaged with 2,000+** non-participating distributors
- **Improved commercial framework** and **collection processes** in **key retailers**
- Changed **fee structures with recyclers**
- **5 recycler processing centres created** to store, inspect and sort pallets in the US
- **Recruitment of highly trained asset protection managers** and increased asset protection initiatives, including legal actions

~3.8m pallets

Improve pallet life and re-use | 1H23 remanufactures

Improved pallet remanufacturing capacity

~1.2m pallets

Improve visibility of our assets

- **Targeted smart asset deployments** by channel/customer in over 20 countries
- **Asset productivity decision engine** enabling multiple initiatives to improve collections and loss reduction
- **Over 20 advanced analytics products developed**
- **180+ process roadmaps developed** to integrate new digital capabilities (Machine Learning, Robotic Process Automation and / or Chatbots) across all key regions (NA, EU & LATAM)

Change market behaviour

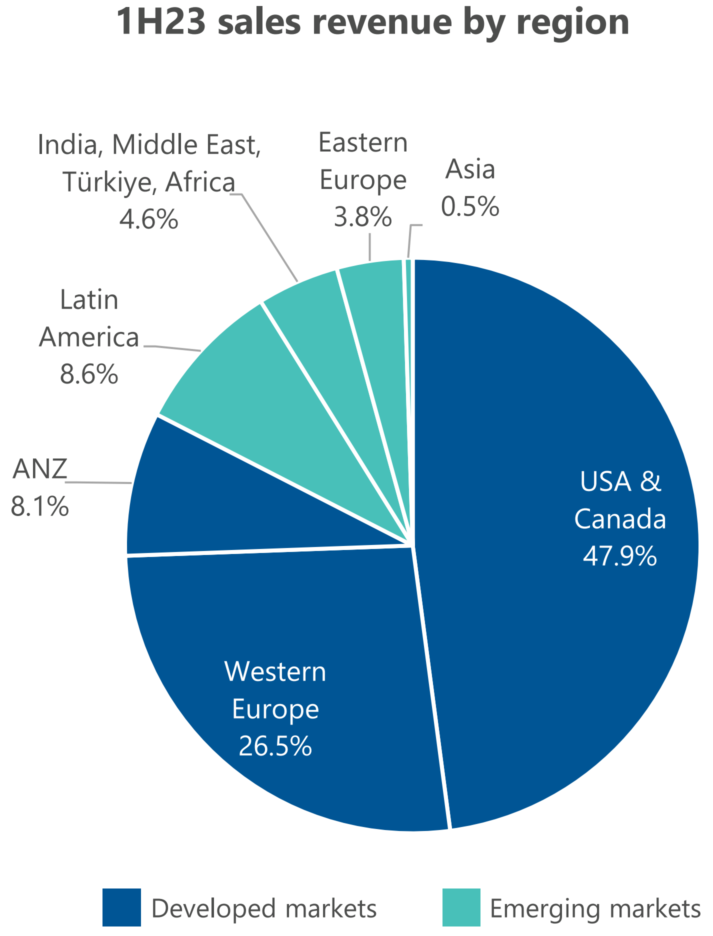
- **Increased pricing for high-risk lanes** capturing 68% of flows in Europe and 52% of flows in the US at the end of FY23
- **80+ new retailer active collaboration plans** developed to improve collections and reduce loss

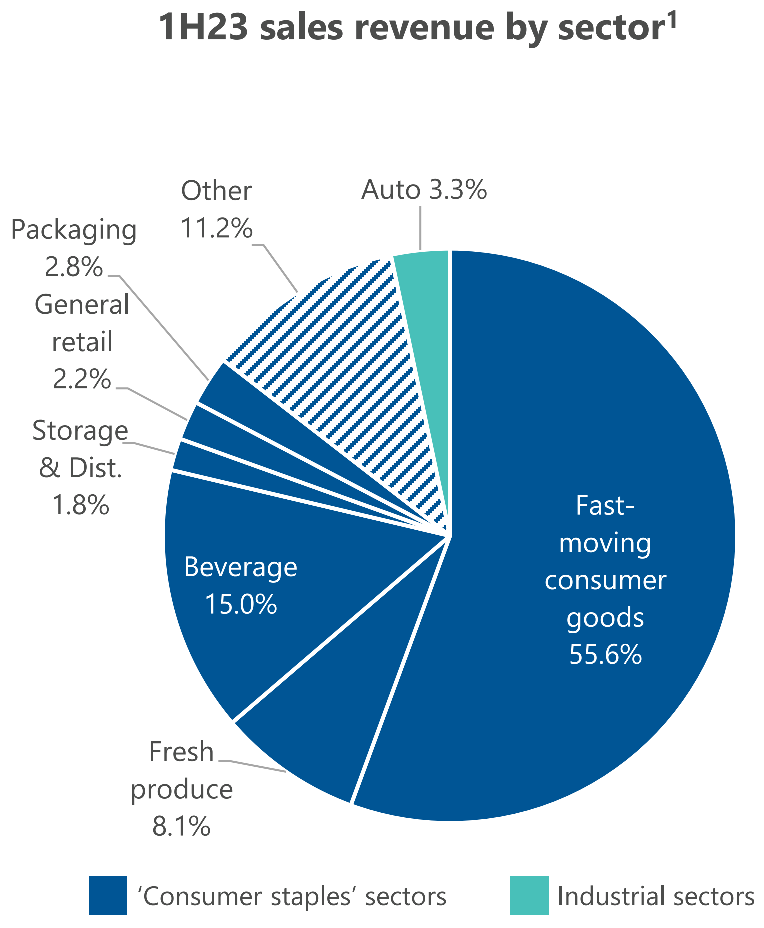
~5m pallets recovered & salvaged

[1] Excludes the impact of lumber inflation.

Appendix 2

Brambles: Sales revenue by region and sector





[1] Other includes exposures to non-consumer staple categories including agriculture, home improvement, durable goods, horticulture and other industrials sectors

Appendix 3

Major currency exchange rates[1]

		USD	EUR	AUD	GBP	CAD	MXN	ZAR	PLN	BRL
Average	1H23	1.0000	1.0177	0.6768	1.1838	0.7534	0.0505	0.0585	0.2155	0.1915
	1H22	1.0000	1.1602	0.7318	1.3669	0.7948	0.0490	0.0659	0.2519	0.1853
As at	31 Dec 22	1.0000	1.0672	0.6779	1.2064	0.7380	0.0515	0.0591	0.2282	0.1893
	30 Jun 22	1.0000	1.0442	0.6879	1.2124	0.7755	0.0497	0.0616	0.2240	0.1930

[1] Includes all currencies that exceed 1% of 1H23 Group sales revenue, at actual FX rates.

Appendix 4

1H23 currency mix

(US$m)	**Total**	**USD**	**EUR**	**AUD**	**GBP**	**CAD**	**MXN**	**ZAR**	**PLN**	**BRL**	**Other[1]**
Sales revenue	**2,950.0**	1,208.8	589.1	209.3	188.2	190.4	168.1	91.4	55.5	39.7	209.5
1H23 share	**100%**	41%	20%	7%	6%	6%	6%	3%	2%	1%	8%
1H22 share	**100%**	39%	22%	7%	7%	6%	5%	4%	2%	1%	7%
Net debt[2]	**2,900**	1,254	1,617	(102)	(168)	118	76	114	(13)	19	(15)

[1] No individual currency within 'other' exceeds 1% of 1H23 Group sales revenue at actual FX rates.
[2] Net debt shown after adjustments for impact of financial derivatives. Net debt includes US$690m of lease liabilities.

Appendix 5

Credit facilities and debt profile

Maturity	Type[1]	Committed facilities	Uncommitted facilities	Debt drawn	Headroom
(US$b at 31 Dec 2022)					
<12 months	Bank	0.1	0.2	-	0.3
1 to 2 years	Bank/EMTN[2]	0.6	-	0.6	-
2 to 3 years	Bank/144A[3]	0.8	-	0.5	0.3
3 to 4 years	Bank	-	-	-	-
4 to 5 years	Bank/EMTN[2]	1.9	-	1.3	0.6
>5 years		-	-	-	-
Total[4]		**3.4**	**0.2**	**2.4**	**1.2**

[1] Excludes leases and the €750m Euro Commercial Paper programme.
[2] European Medium-Term Notes.
[3] US$500m 144A bond.
[4] Individual amounts have been rounded.

Appendix 6

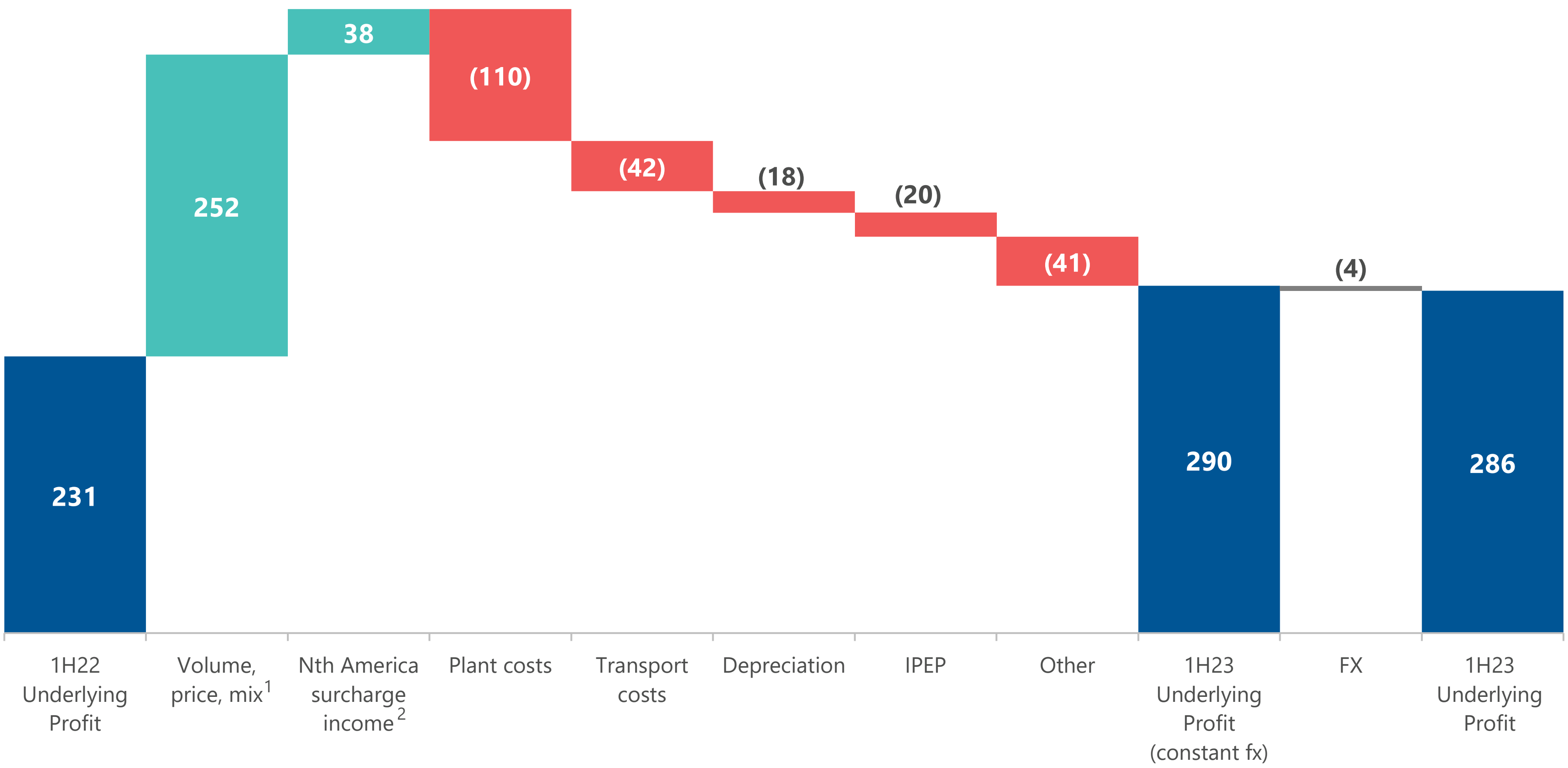
Net plant and transport costs/sales revenue

	Net plant cost/sales revenue (before NA lumber surcharge[1])		Net transport cost/sales revenue (Net of transport & fuel surcharges)	
	1H23	**1H22**	**1H23**	**1H22**
CHEP Americas	37.9%	37.3%	19.5%[2]	23.6%
CHEP EMEA	23.8%	25.0%	22.2%	21.8%
CHEP Asia-Pacific	29.5%	33.8%	10.3%	11.5%
Group	**32.2%**	**32.2%**	**19.7%**	**21.8%**

[1] Reflects recovery of opex and capex costs hence not included.
[2] CHEP Americas: 4.1 percentage point reduction in net transport cost ratio primarily reflects increased revenue and surcharge income to recover cost-to-serve increases and the timing benefit related to lower pallet return rates.

Appendix 7a

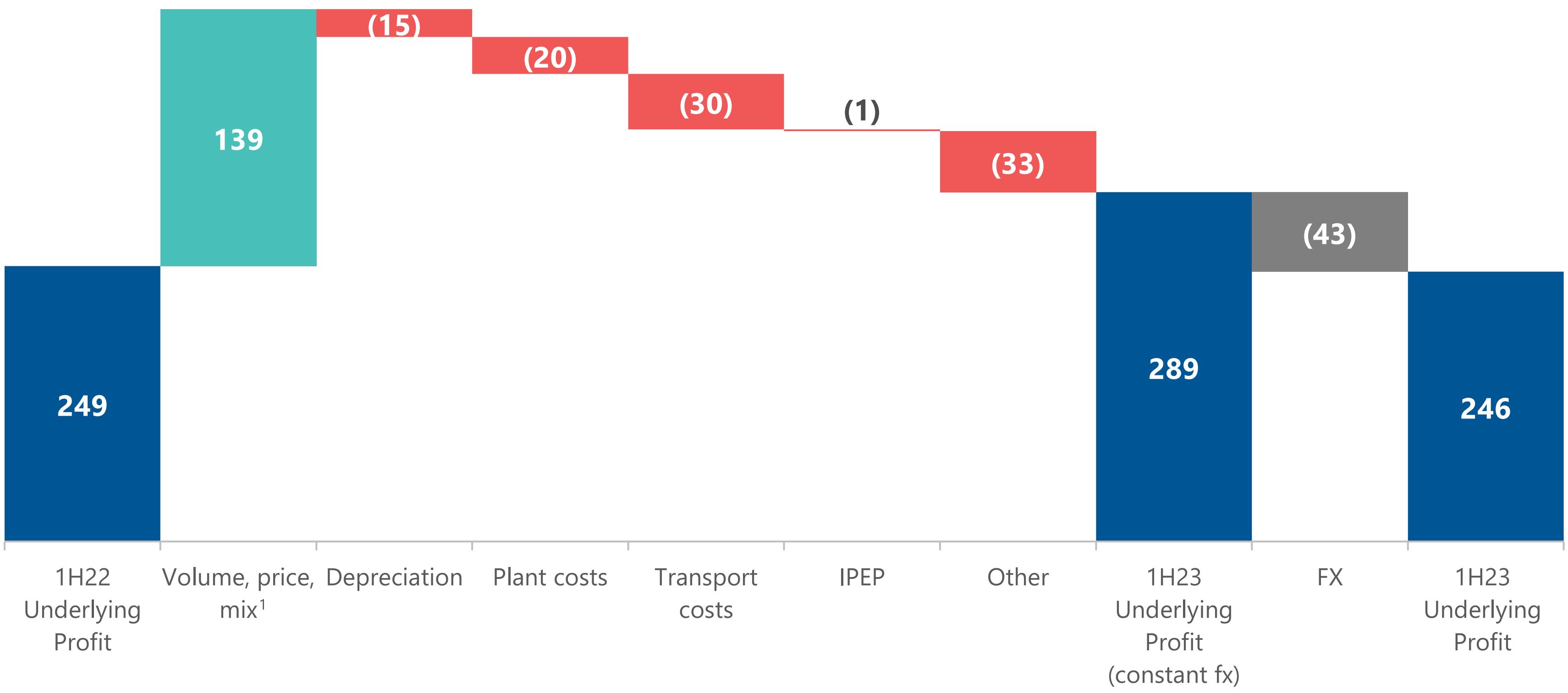
CHEP Americas: Underlying Profit analysis (US$m)



[1] Sales growth net of volume-related costs (excluding depreciation and IPEP).
[2] North American surcharge income includes lumber, transport and fuel surcharges.

Appendix 7b

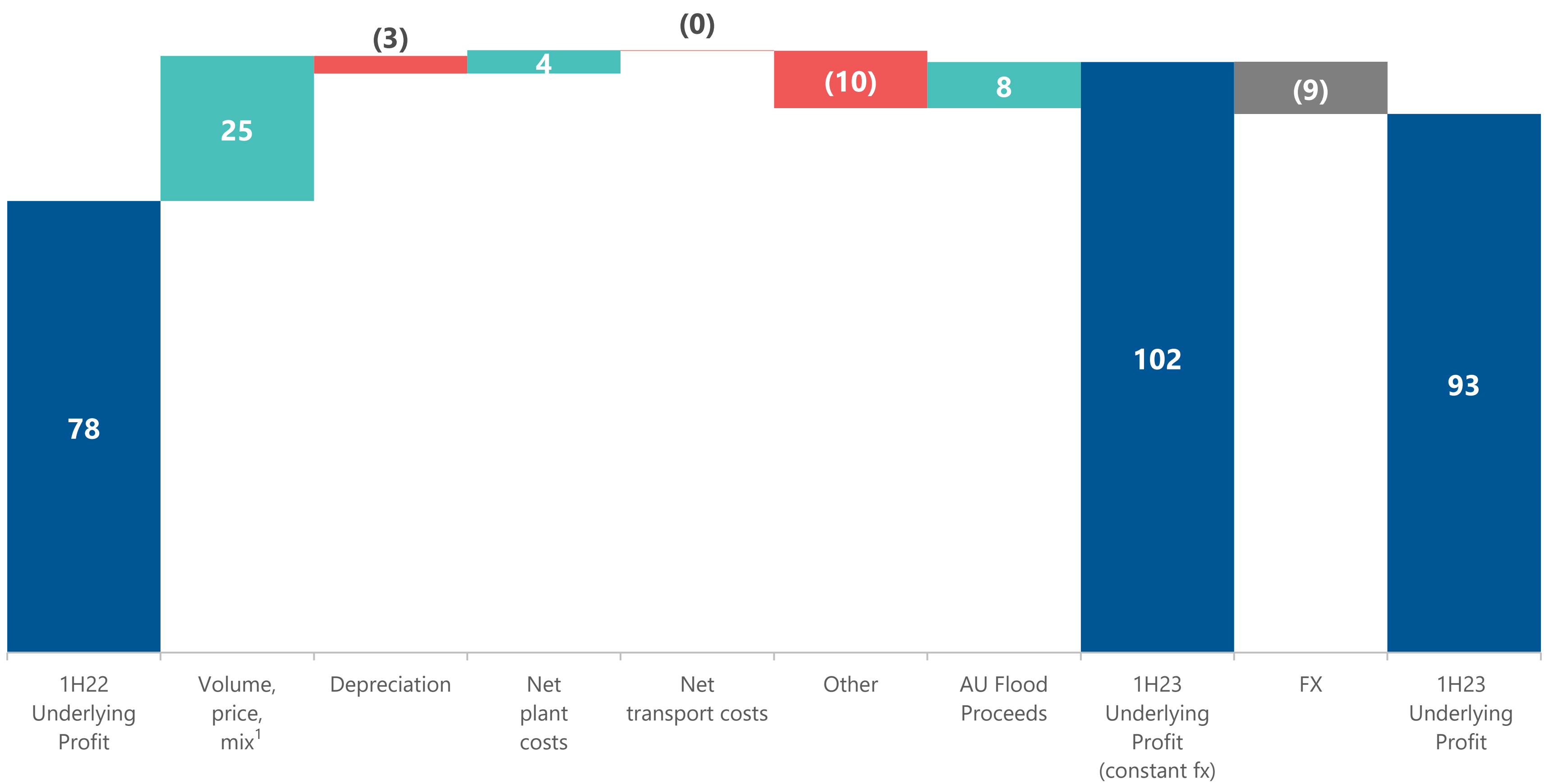
CHEP EMEA: Underlying Profit analysis (US$m)



[1] Sales growth net of volume-related costs (excluding depreciation).

Appendix 7c

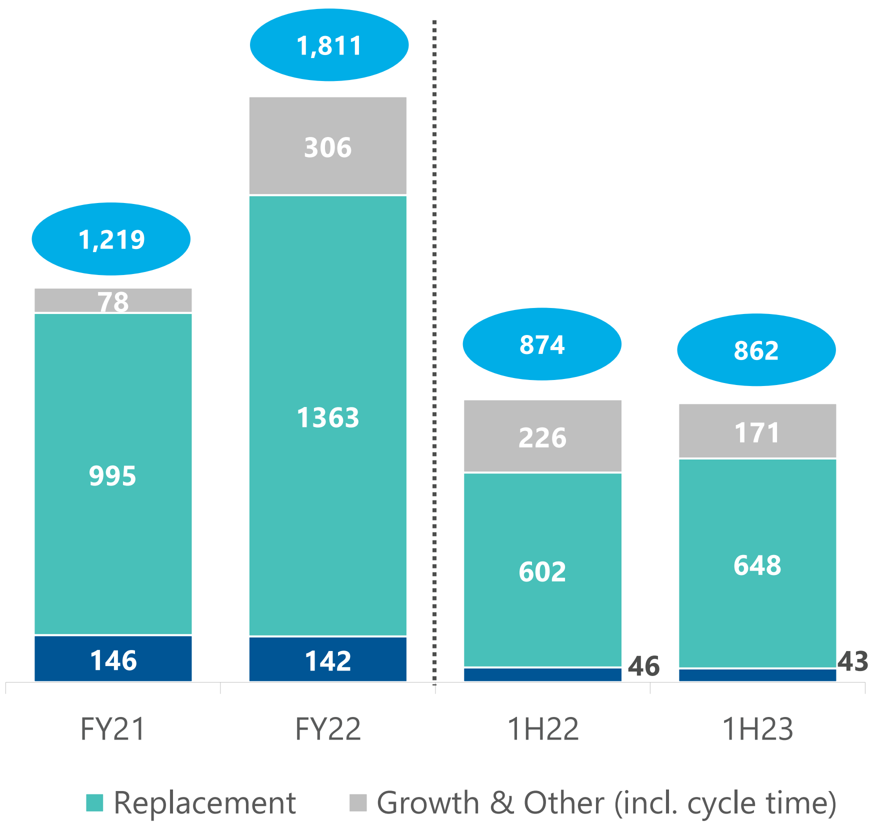
CHEP Asia-Pacific: Underlying Profit analysis (US$m)



[1] Sales growth net of volume-related costs (excluding depreciation).

Appendix 8a

Capital expenditure on Property, Plant and Equipment (Accruals basis, US$m)



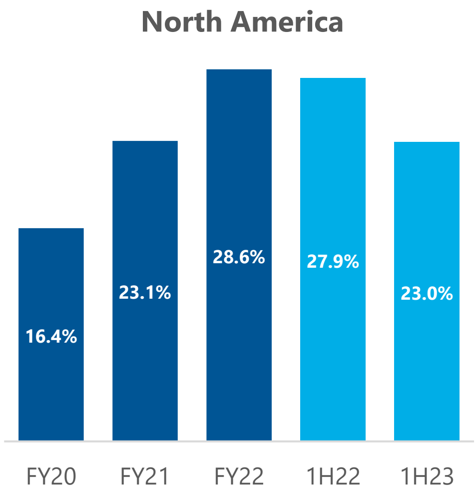
Methodology

- 'Replacement' capex is calculated as the sum of equipment purchases resulting from asset losses and asset scraps in the period
- 'Growth and other' includes capex relating to volume growth in addition to changes in cycle time and plant stock balances
- Other PP&E relates to non-pooling equipment capex
- Previous methodology calculated replacement capex as "DIN"
  – i.e. the sum of depreciation expense, IPEP and the net book value of compensated assets and scraps (disposals)

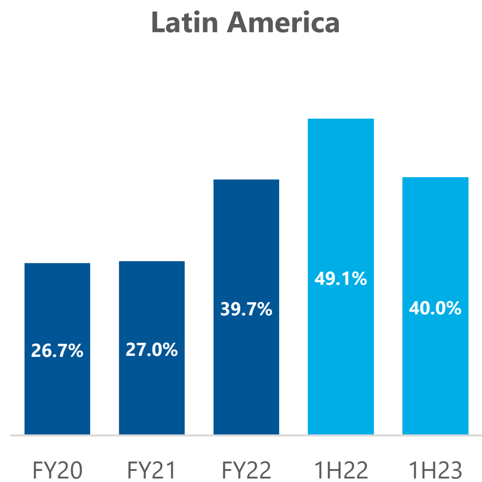
Note FY21 and FY22 have not been adjusted to exclude CHEP China, now recognised within Discontinued Operations.

Appendix 8b

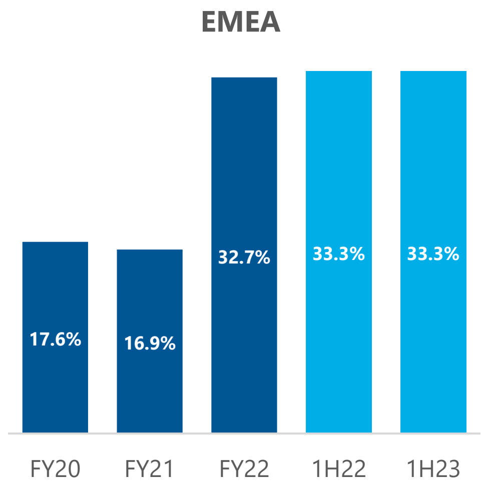
Regional asset efficiency (pooling capex to sales ratio)



- FY21 increase largely due to impact of lumber inflation in the US, which contributed ~5pts to the pooling capex to sales ratio. Increased inventory holding in the US market and higher losses partly offset by reductions in plant stock
- FY22 increase due to lumber inflation impacts of ~6pts in addition to purchases to support further cycle time increases and loss replacement
- 1H23 reduction due to improved commercial terms and capex benefits through pallet recoveries and remanufacturing activity, partly offset by pallet purchases to support cycle time increases, ~3pt impact of lumber inflation and additional pallet losses



- Increase in FY21 relates to impact of lumber inflation. Excluding this, pooling capex to sales ratio improved ~6pts reflecting continued benefits from the asset management programme
- FY22 increase reflects inflation impacts of ~15pts in addition to additional pallet purchases to support volume growth and pallet losses
- 1H23 reduction as improved commercial terms more than offset ~4pt impact of lumber inflation on pallet purchases



- FY21 Improvement largely due to Europe Automotive business. Europe pallets pooling capex/sales ratio increased in FY21 reflecting the impact of inflation in addition to COVID-19 and Brexit related stockpiling
- FY22 step up driven by lumber inflation impacts of ~14pts plus additional purchases to support cycle time increases in Europe
- 1H23 ratio in line with 1H22 as improved commercial terms offset ~5pt impact of lumber inflation

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Appendix 9

Glossary of terms and measures

Except where noted, common terms and measures used in this document are based upon the following definitions:

Actual currency/Actual FX	Results translated into US dollars at the applicable actual monthly exchange rates ruling in each period
Average Capital Invested (ACI)	Average Capital Invested (ACI) is a six-month average of capital invested. Capital invested is calculated as net assets before tax balances, cash, borrowings and lease liabilities, but after adjustment for pension plan actuarial gains or losses and net equity adjustments for equity-settled share-based payments
Capital expenditure (capex)	Unless otherwise stated, capital expenditure is presented on an accruals basis and excludes intangible assets and equity acquisitions. It is shown gross of any fixed asset disposals proceeds. Growth capex includes the impact of changes in cycle times as well as investments for availability of pooling equipment for existing and new product lines – Replacement capex = the sum of equipment purchases resulting from asset losses and asset scraps in the period – Growth capex = purchases relating to volume growth in addition to changes in cycle time and plant stock balances
Cash Flow from Operations	A non statutory measure that represents cash flow generated from operations after net capital expenditure but excluding Significant Items that are outside the ordinary course of business and discontinued operations
Constant currency/Constant FX	Current period results translated into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods
DIN	Comprises Depreciation, IPEP expense and Net book value of scrapped asset and compensated assets written-off. DIN is a reliable proxy for replacement capital expenditure in a moderate inflationary environment
EBITDA	Underlying Profit after adding back depreciation, amortisation and IPEP expense

Appendix 9

Glossary of terms and measures

Except where noted, common terms and measures used in this document are based upon the following definitions:

Like-for-like revenue	Sales revenue in the reporting period relating to volume performance of the same products with the same customers as the prior corresponding period
Net new business	The sales revenue impact in the reporting period from business won or lost in that period and over the previous financial year, included across reporting periods for 12 months from the date of the win or loss, at constant currency
Operating profit	Statutory definition of profit before finance costs and tax; sometimes called EBIT (Earnings before interest and tax)
Return on Capital Invested (ROCI)	Underlying Profit multiplied by two, divided by Average Capital Invested
RPCs	Reusable/returnable plastic/produce containers/crates, generally used for shipment and display of fresh produce items
Sales revenue	Excludes non-trading revenue
Significant Items	Items of income or expense which are, either individually or in aggregate, material to Brambles or to the relevant business segment and: - Outside the ordinary course of business (e.g. gains or losses on the sale or termination of operations, the cost of significant reorganisations or restructuring); or - Part of the ordinary activities of the business but unusual due to their size and nature
Underlying Profit	Profit from continuing operations before finance costs, hyperinflation adjustments, tax and Significant Items

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