Brambles

Full-Year 2022 Results presentation

17 August 2022

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Results highlights

GRAHAM CHIPCHASE,
CEO

Brambles

FY22 result summary

Sales revenue[1]	up 9%
Underlying Profit[1]	up 10%
ROCI	17.7%
EPS[1]	up 23%
Free Cash Flow after dividends	Net outflow US$(218.6)m

Financial highlights

- **FY22 result ahead of guidance** with stronger than expected fourth quarter performance providing good momentum into FY23
- **Profit growth of +10% and operating leverage** with price realisation and supply chain efficiencies offsetting cost-to-serve increases across the Group
- **Free Cash Flow impacted by lumber inflation of US$470m,** which more than offset higher earnings and asset compensations
- **ROCI maintained in line with prior year** despite significant cost inflation and increased investment to support future growth
- **Strong EPS growth of +23%** reflecting higher earnings and benefit from share buy-back
- **FY22 total dividends of 22.75 US cents, up 11% on prior year** including declared final dividend of 12.0 US cents, converted and paid as 17.25 AU cents, franked at 35%

Business highlights

- **Shaping Our Future transformation programme** building momentum with early benefits despite cost headwinds
- **Accelerated commercial and asset productivity initiatives** in response to challenging market conditions
- **Strong progress made against 2025 Sustainability Targets**

[1] Growth at constant FX rates.

FY22 operating environment

Unprecedented disruptions to global supply chains from ongoing impact of COVID-19 pandemic and heightened geopolitical tensions

- Significant levels of inflation across critical inputs in all regions
- Shortages and capacity constraints impacted global lumber supplies, transport capacity and labour availability
- Record levels of lumber inflation and lumber scarcity impacting the supply and price of new pallets in all regions
- Industry-wide pallet shortages, including impact of higher customer and retailer inventory holdings to de-risk supply chains
- Increase in unauthorised reuse of pallets in response to pallet shortages and higher market value of pallets

Brambles' response

- Additional ~8 million pallet purchases in FY22 across the globe to support customers
- Ongoing automation investments to deliver efficiencies
- Enhanced asset management activities, including use of data analytics and digital insights to increase recoveries from high-risk channels
- Implementation of new processes to refurbish ~1.5 million pallets that would otherwise be scrapped
- Allocation protocols across major markets in the US, Europe and Australia

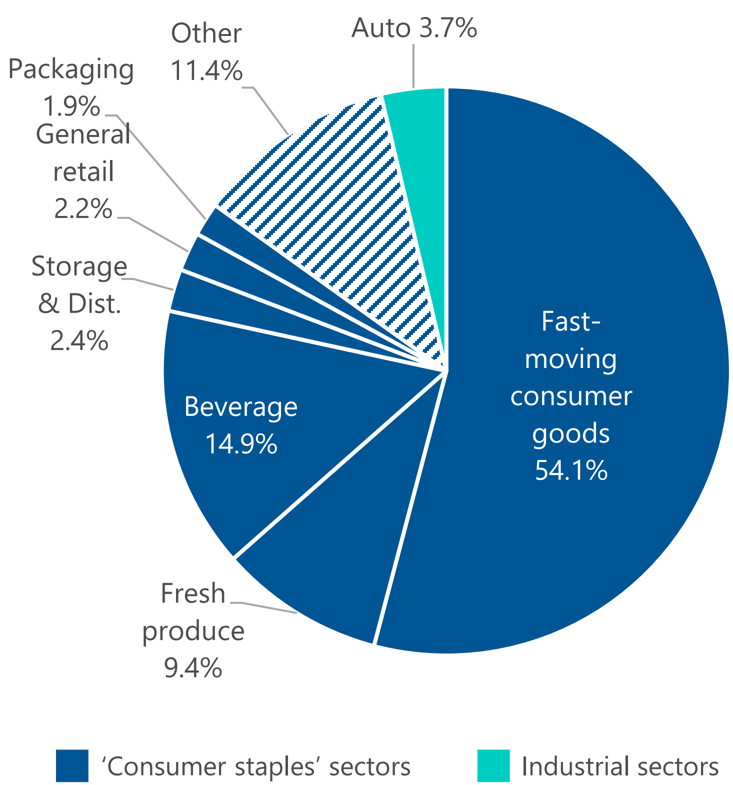
Expectations for FY23

- Ongoing disruption across global supply chains to persist with some unwinding of inventory levels expected in the second half of FY23
- Inflationary pressures and supply of lumber, labour and transport to remain volatile

Defensive characteristics

Well positioned to deliver value through all stages of the economic cycle

Customers primarily in the 'consumer staples' sector



Market leading position with attractive growth opportunities

- Significant addressable opportunities and new business pipeline in key markets to be pursued once pallet availability constraints ease

Conservative & flexible balance sheet

- Net debt/EBITDA: 1.47x
- Net interest cover: 21.0x
- Standard & Poor's BBB+ and Moody's Baa1

Industry-leading sustainability credentials creating value

Shaping Our Future transformation

Programme building momentum with tangible progress in FY22

Building business capabilities, establishing new ways of working and technological foundations to support transformation

- Migration to the cloud and best in class CRM/Salesforce
- Enhanced project management and digital capabilities across the organisation

Accelerated commercial and asset efficiency initiatives to offset headwinds

- Supported by increased use of digital and data analytics
- Improved price realisation to recover cost-to-serve increases
- 4 million pallets recovered and salvaged through asset efficiency initiatives

Supply chain efficiencies delivered through:

- Service centre automation, including delivery of 7 integrated repair cells
- Transport and storage cost savings through network optimisation
- Pallet durability initiatives resulting in lower repair costs

Progress on digital transformation and customer experience which underpin the Brambles of the future

- Targeted diagnostics deployed in over 20 countries providing insights into market behaviour and high-risk areas
- Continuous diagnostics rolled out with 200k devices across UK and Canada
- Serialisation proof-of-concept developed, trial to commence in Chile in FY23
- Designed proof-of-concepts for new customer solutions – trial to commence in FY23

Shaping Our Future scorecard

Digital Transformation

Outcomes: Transform information and digital insights into new sources of value for Brambles and our customers

Enabler of Underlying Profit growth[1]

Metrics and Measures

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

Outcomes: Deliver unrivalled value and exceptional service to customers to strengthen competitive advantage and drive revenue growth

~55% of Underlying Profit growth[1]

Metrics and Measures

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

Outcomes: Improve productivity and sustainability of our assets and operations

Business Excellence

Outcomes: Reinvent the organisation, technology and processes to be simpler, more effective and efficient

~45% of Underlying Profit growth[1] (Asset Efficiency & Network Productivity and Business Excellence)

Metrics and Measures – 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]

Metrics and Measures – 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

Outcomes: Pioneer regenerative supply chains with reuse, resilience and regeneration at its core

Enabler of long-term value

Metrics and Measures

Environment
- Carbon neutral Brambles operations and 100% renewable electricity continued indefinitely (Scope 1 & 2)
- 100% sustainable sourcing of timber continued indefinitely
- Validated science-based targets in line with the Paris Agreement based on comprehensive Scope 1-3 baseline by end FY22
- 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 2022.
[1] Contribution to FY25 Underlying Profit growth uplift from FY21.
[2] Asset movement, customer, pricing, and supply chain.
[3] Impacted by market conditions.

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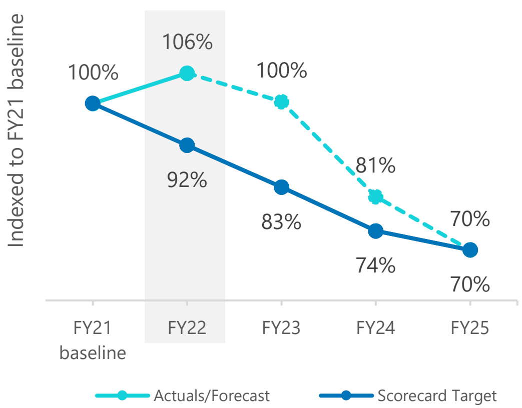
FY25 pathways

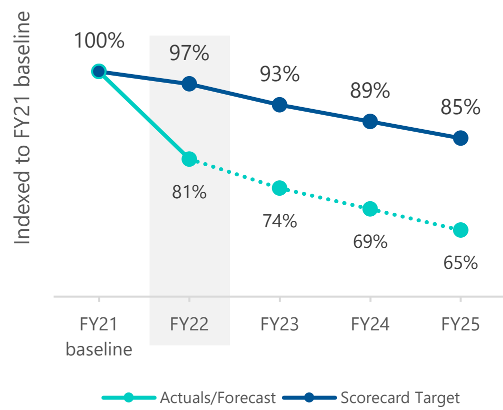
Market conditions impacting some scorecard targets

Reduce uncompensated pallet losses[1] by 30% by end of FY25



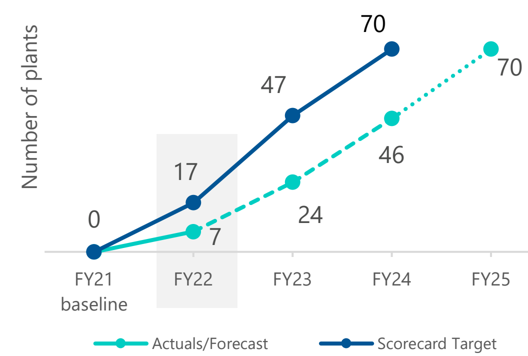
- Behind target in FY22 with unprecedented market conditions and industry-wide pallet shortages leading to higher unauthorised reuse and uncompensated loss of pallets
- Brambles continues to accelerate asset productivity initiatives to reduce uncompensated losses
- If a 30% reduction in uncompensated losses is achieved the annual value is estimated to be ~US$150 million delivered through savings on the cost of replacement pallets and increasing compensation coverage

Reduce pallets scrapped[2] by ~15% by end of FY25



- Delivering ahead of target in FY22 with 16pts improvement on pallets scrapped compared to target
- FY22 includes the benefit from new processes introduced in the US to refurbish pallets that would otherwise be scrapped
- Expectation is to overachieve against scorecard target delivering 20pts higher reduction of pallets scrapped in FY25

Rollout fully automated end-to-end repair process to 70 plants by end of FY24



- Rollout behind target, impacted by component shortages and other supply chain challenges
- Procurement plan in place to find alternate sources for components
- Mitigating financial shortfall through other automation initiatives
- Revised schedule completion timing expected end of FY25

Key Progressing and on-track Tracking below target

[1] Calculated as uncompensated lost pallets as a % of pallet issues. [2] Calculated as pallets scrapped as a % of pallet returns.

Asset efficiency

Accelerating initiatives to overcome headwinds with encouraging improvements in asset productivity in FY22

Improve pallet collections | FY22 recoveries

Improve pallet collections	FY22 recoveries
Small trucks deployed across North America and Europe enabling efficient low volume collections	~900k pallets
Engaged with 2,000+ non-participating distributors in the US to improve collections from these higher risk channels	~400k pallets
New asset productivity decision engine to improve collections and losses in higher risk lanes	~300k pallets
Changed fee structures with recyclers to enhance recoveries	~500k pallets
5 recycler processing centres created to store, inspect and sort pallets in the US, improving collections and expanding the network	~300k pallets
Recruitment of highly trained asset protection managers and increased asset protection initiatives, including legal actions	~100k pallets

Improve pallet life and re-use | FY22 remanufactures

Improve pallet life and re-use	FY22 remanufactures
Improved pallet remanufacturing capacity including upgrades at 20 US service centres with new processes, technology and standards	~1.5m pallets

Improve visibility of our assets

- **Targeted smart asset deployments** by channel/customer in over 20 countries
- **4 advanced analytics products developed** - Health, Spot, Detect, Predict e.g. loss prediction, collection frequency, or anomaly detection algorithms
- **180+ process roadmaps developed** to integrate new digital capabilities (Machine Learning, Robotic Process Automation and / or Chatbots)

Change market behaviour

- **Increased pricing for high-risk lanes** capturing 60% of flows in Europe and 40% of flows in the US at the end of FY22
- **75+ new retailer collaboration plans** developed to improve collections and reduce loss

~4 million pallets recovered and salvaged through data analytics and refurbishment

Smart assets rollout

Clear roadmap to continue building smart asset capabilities

	FY22 Progress	FY22 Informed value examples	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	• Helped to enable benefits in the US of ~US$50m[1], including NPD pricing on contract renewals and tighter asset controls with recyclers in difficult to collect channels	• 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 • 200k smart assets deployed • Early value realised by obtaining and analysing data on previously unidentified leakages	• In the UK: - ~35,000 additional flows identified and commercialised; - 400 non-paying customers converted to being CHEP customer; and - 650 new locations and 15 new pallet dealers identified helping to reduce leakage.	• Scale in North America – 300k smart assets deployed by end of FY24 • Value realisation in UK and Canada as programme scales
Serialisation+	• Capabilities to instrument, read and dispatch in field • Develop processes to read, process and analyse data • Validate opportunities	• Too early for update on value	• Prove operational and technical scalability and value realisation • Pilot in Chile

[1]Benefits are gross values as they do not include an allocation of the overall digital central / support costs that contribute to the delivery of these benefits or the costs that may be incurred in regions to deliver the initiative (for example additional collection costs on asset recollections).

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Customer value

Initiatives to improve customer experience and pallet availability

INITIATIVES

Improving the customer experience

- Simplifying the customer on-boarding process
- Enhancing myCHEP for greater self-service functionality
- Improving pallet delivery visibility
- Simplifying commercial models for smaller customers (Canada and Europe)
- Piloting proactive ordering
- Designing proof-of-concepts for new customer solutions with trial to commence in FY23

Improving pallet quality & availability

- Pallet durability initiatives reducing damage ratio by 100bps in FY22
- 7 sites with integrated repair cells
- Testing automated repair capabilities in small to medium sized service centres
- Recovering and salvaging pallets through data analytics and refurbishment

Ease of doing business

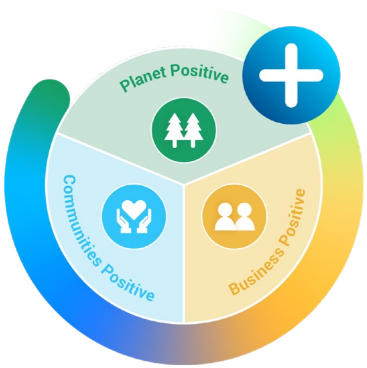
- Greater utilisation of customer experience management tools to increase frequency and breadth of customer surveys, turning insights into actions
- Migrated myCHEP and other key customer systems to the cloud enabling seamless upgrades and reduced downtime

Sustainability & ESG

Progressing towards our ambitious 2025 regenerative targets

Progress in FY22

- Committed to achieving net-zero greenhouse gas emissions across our whole supply chain by 2040 (previous commitment of 2050)
- Timber certification in disrupted global supply chains: 100% certified sources and 72% Chain of Custody (+3% vs FY21)
- 370 customers in collaboration
- 33% women in management positions
- Signed new US$1.35b sustainability-linked credit facility in August 2022



Transformation/ Sustainability integration is delivering impact towards our 2025 targets

Corporate Knights — **10th most sustainable company** of 7,000 analysed

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

CDP — **A-** in its Forests submission

EcoVadis (Platinum, Top 1%, 2021 Sustainability Rating) — Platinum – Top 1%; Gold –Top 5%

Dow Jones Sustainability Indexes — **2nd most sustainable company** in DJSI index sector category

Terra Carta — **Inaugural recipient** of the seal by HRH Prince of Wales

FY23 Outlook

Earnings momentum and cash flow improvement

Brambles expects the challenging macroeconomic and operating conditions experienced in FY22 to continue into FY23, with ongoing supply chain disruptions, inflationary pressures and geopolitical unrest leading to increased market uncertainty and volatility in key regions of operation.

Within this context, in FY23 Brambles expects to deliver:

- **Sales revenue growth of between 7-10%** at constant currency;
- **Underlying Profit growth of between 8-11% 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 will include 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 between 45% to 60%,** in line with Brambles' dividend payout policy[1].

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, lumber prices, sawmill capacity and efficiency of global supply chains.

[1] Subject to Brambles' cash requirements.

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Financial overview

NESSA O’SULLIVAN, CFO

Brambles

FY22 results

Summary

US$m Continuing operations	FY22	Change vs. FY21 Actual FX	 Constant FX
Sales revenue	**5,558.9**	**7%**	**9%**
Underlying Profit	**930.0**	**6%**	**10%**
Significant Items	-		
Operating profit	**930.0**	**6%**	**10%**
Net finance costs	(88.1)	(3)%	(4)%
Net impact arising from hyperinflationary economies[1]	(22.0)		
Tax expense	(248.2)	4%	(1)%
Profit after tax - continuing	**571.7**	**8%**	**12%**
Discontinued operations	21.6		
Profit after tax	**593.3**	**14%**	**18%**
Effective tax rate - Underlying	29.5%	(0.3)pts	-
Basic EPS (US cents)	**41.9**	**18%**	**23%**
Underlying EPS (US cents)	**41.9**	**11%**	**16%**

- **Sales revenue +9%** reflecting pricing to recover cost-to-serve increases across all regions. Volumes in line with prior year as pallet availability challenges moderated volume growth
- **Underlying Profit +10%** reflecting pricing growth across the Group, incremental North America surcharge income, supply chain efficiencies and ~1pt benefit from net plant cost savings due to lower pallet returns. These impacts were offset by inflation, higher IPEP expense and incremental Shaping Our Future investments
- **Profit after tax (continuing ops) +12%** reflecting strong operating profit growth. Increased net finance costs included the impact of completing the share buy-back which was fully funded by the IFCO sales proceeds. Profit after tax also impacted by a hyperinflation charge[1] in the year and the cycling of a one-off UK tax charge in FY21
- **Discontinued operations** reflects revaluation gain on loan receivable from First Reserve
- **Effective tax rate of 29.5%** compared to 29.8% in FY21
- **Basic EPS of 41.9 US cents up 23%** reflecting higher earnings and ~5pts benefit from the share buy-back programme

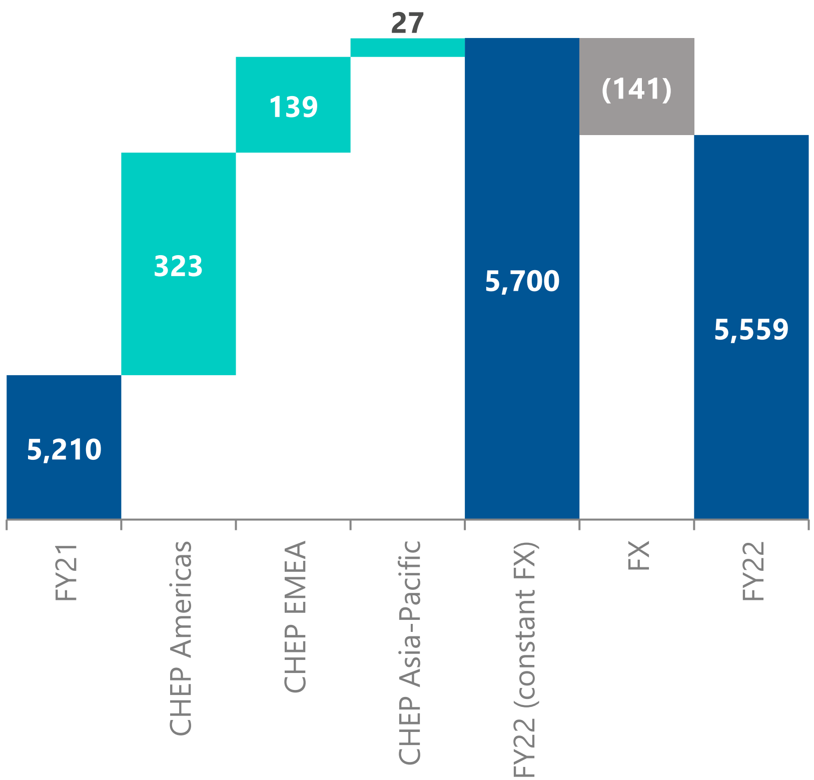
[1] Primarily relating to operations in Türkiye.

FY22 Group sales revenue growth

Pricing to recover cost-to-serve increases; volume growth impacted by pallet availability

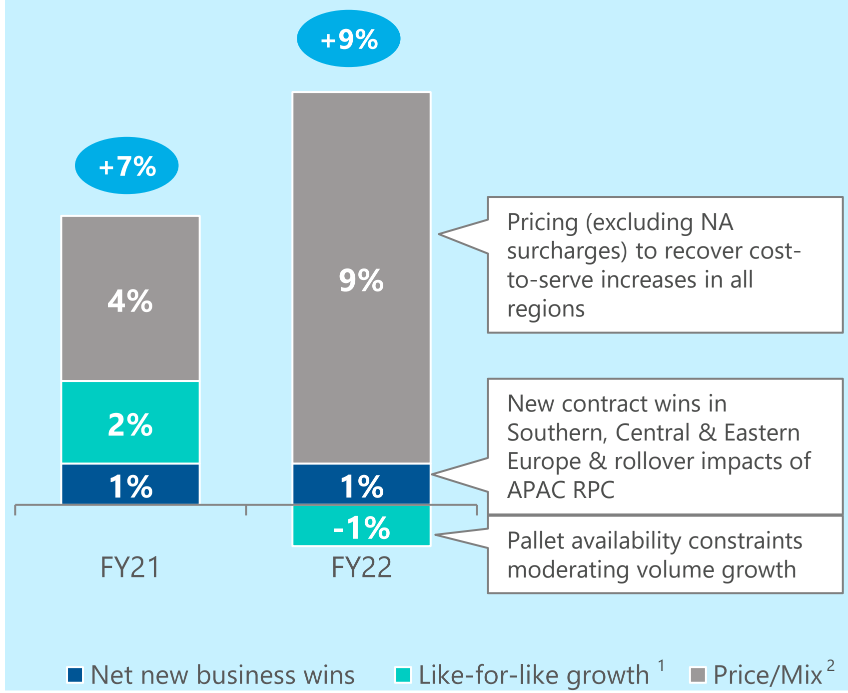
Growth across all segments

FY22 Sales revenue growth (US$m)



Price realisation to recover cost to serve

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.

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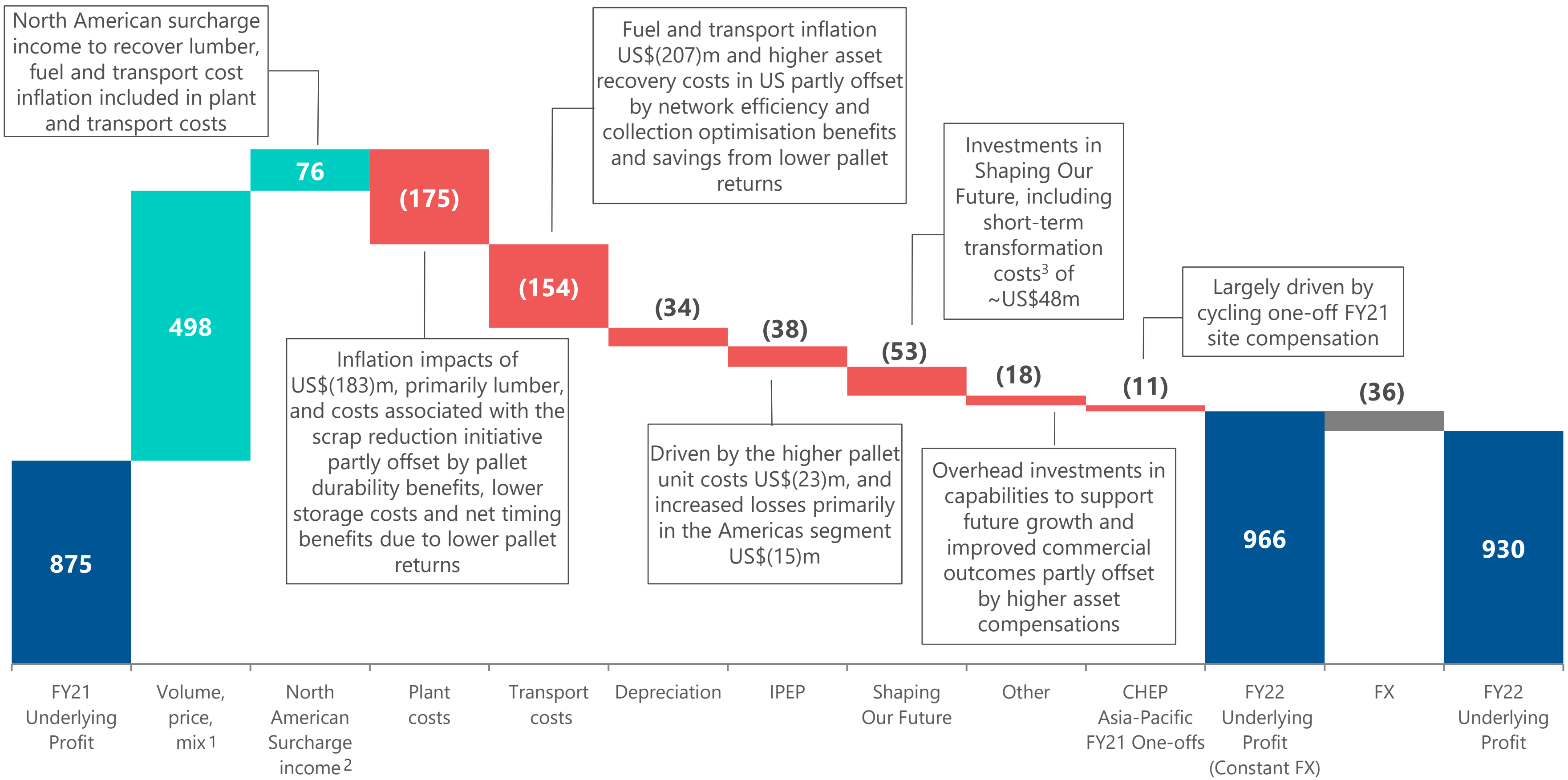
Group profit analysis (US$m)

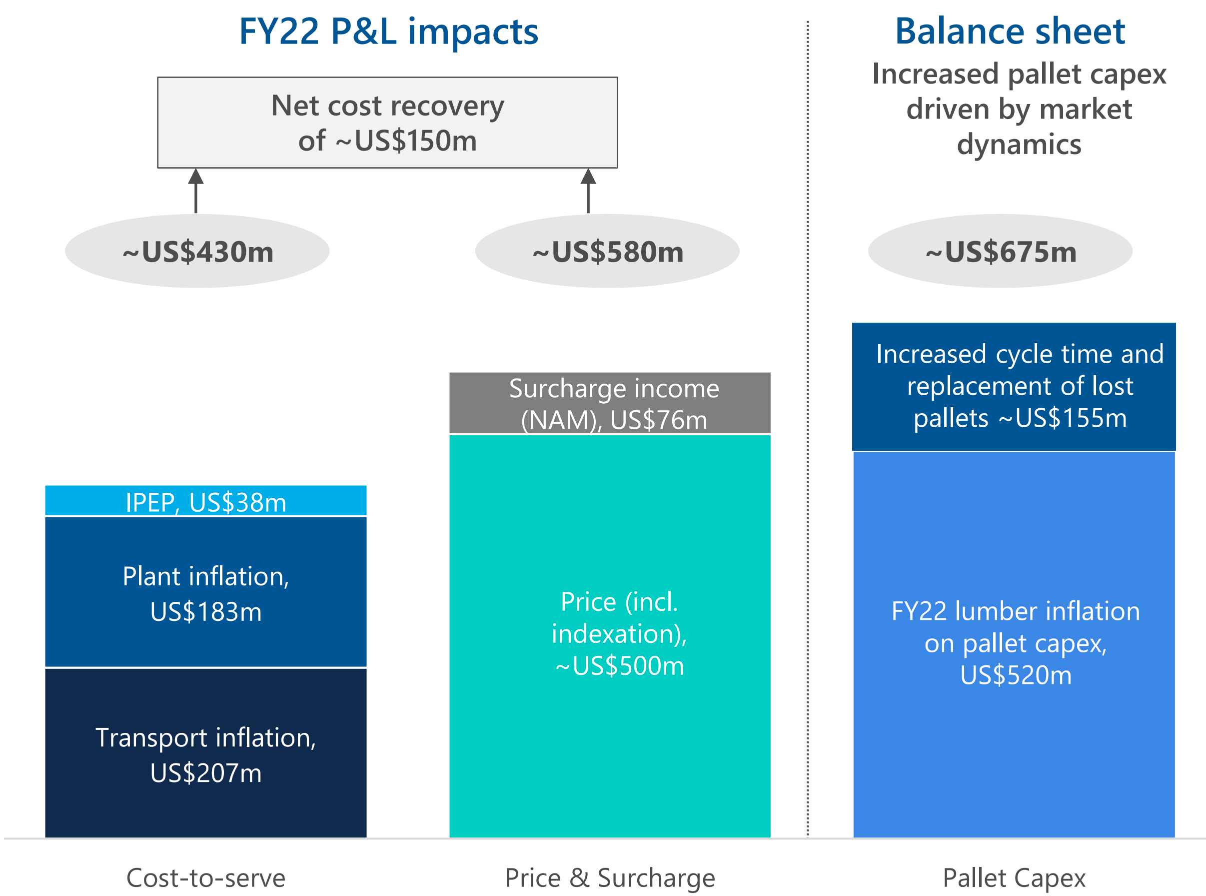
Pricing, surcharges and supply chain efficiencies offset operating cost inflation and increased transformation investments



[1] Sales growth net of volume-related costs (excluding depreciation and IPEP).
[2] North American transport and fuel surcharge income previously included within FY21 net transport cost.
[3] Short-term transformation costs in line with expectations of ~US$50m communicated at the September 2021 Investor Day.

Effective input-cost inflation recovery

Net P&L over recovery to deliver returns on capital investment in pallets, which have a 10-year asset life and is part of the overall cost-to-serve



FY23 considerations

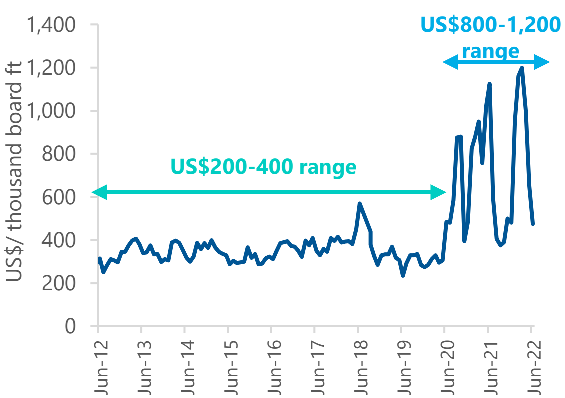
- Cost-to-serve
  - Elevated levels of input-cost inflation on key inputs including lumber, transport and labour expected to continue
  - Lumber inflation impacting both repair costs (P&L) and capital investments
  - Group weighted average cost per pallet currently expected to increase on FY22 levels by varying levels across regions
- Cost recovery
  - Pricing and surcharge mechanisms expected to continue to operate effectively in line with changes in input-cost inflation

Lumber market dynamics

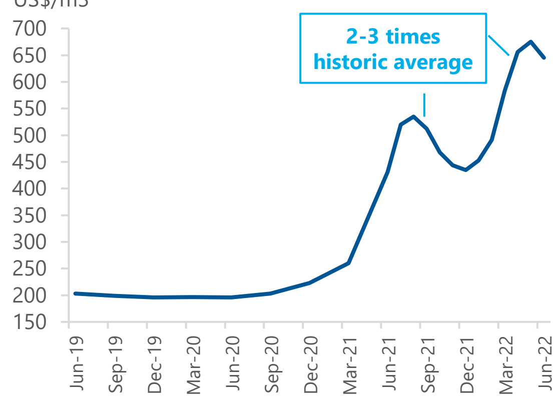
Record levels of lumber market volatility impacting price and supply of lumber & pallets

Extraordinary lumber market dynamics and inflation

US market timber price[1] (US$)



Europe market timber price[2] (US$)



- Shipping and logistics continue to be major constraint on supply with mill capacity improving
- US housing and DIY demand for lumber moderating
- Mill capacity expected to increase in FY23 although ongoing labour shortages may impact ramp up to full capacity
- Movements in Brambles' lumber costs broadly follow market trends

- Lumber supply and demand issues exacerbated by Russia Ukraine conflict, ongoing disruptions to supply chains and changed market dynamics driven by the pandemic and Brexit
- Russian and Ukraine export difficulties continue to impact region supply
- Movements in Brambles' lumber costs broadly follow market trends
- Higher levels of inventory holdings reducing pool efficiency also driving demand for lumber for pallets

Brambles impact weighted to capex

Capital expenditure: *Lumber represents >80% of new pallet costs*

- US$520m[3] of the FY22 increase in capital expenditure driven by lumber inflation as the Group weighted per unit pallet costs increased ~40% in the year
- FY23 Group weighted per unit pallet costs expected to increase on FY22 levels with inflation continuing to impact pallet prices to varying degrees in all regions
- **FY23 cash flow outcome highly dependent on actual pallet prices in the year noting a US$1 change in Group weighted pallet prices annualises to a ~US$50m impact on cash flow and capex**

Operating expenses: *Lumber represents ~15% of plant costs*

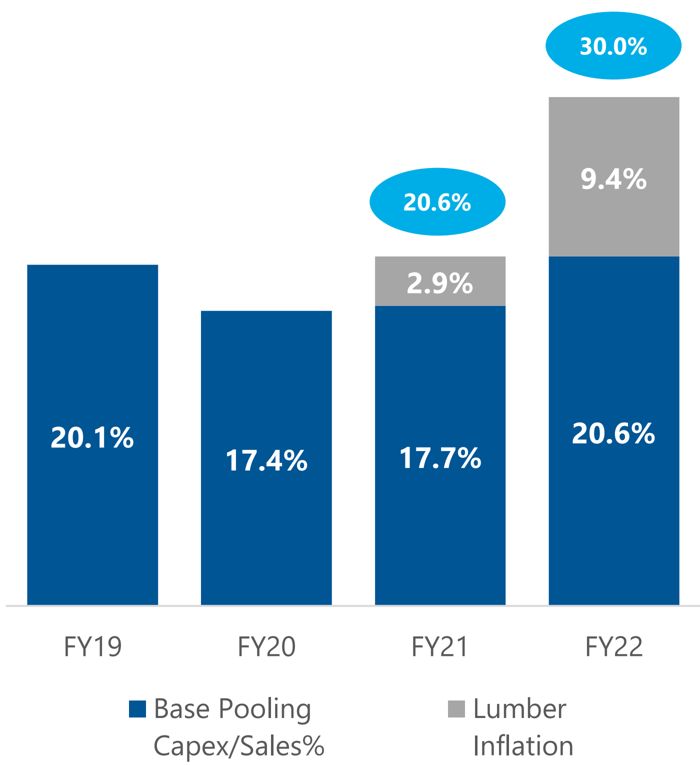
- Higher costs of repair lumber in FY22
- Pallet availability challenges resulting in repair and transportation inefficiencies
- Higher operating costs in FY22 partly offset by efficiency benefits from supply chain investments, including damage rate improvements in US & Europe and lower pallet repairs

[1] Source: Random Lengths. [2] Source: HPE Europe Market index, translated to USD at June 2021 FX rates.
[3] Lumber inflation impact on pallet prices was US$520m on an accruals basis, and US$470m on a cash basis.

Asset efficiency

Pooling capex to sales up 9pts driven by lumber inflation. Capex investments to support longer cycle times and to replace losses, partly offset by asset recoveries

Pooling capex to sales ratio



FY22 pooling capex of US$1,669m (accruals basis) increased US$652m at constant currency compared to FY21:

- ~US$520m increase reflecting continuation of record-levels of lumber inflation, first flagged in the last quarter of FY21
- ~US$155m additional pallet purchases to support cycle time increases and increased losses
- ~US$(85)m saving from scrap reduction and asset recovery initiatives
- Other ~US$60m year on year increase in capex from the FY21 net one-off benefit relating to plant stock consumption, offset by cycling higher volume growth in FY21

FY23 considerations

Pooling capex to sales expected to improve by 3–4pts in FY23 reflecting:

- Increased return rates driven by a combination of asset efficiency initiatives & destocking across supply chains
- Expectation for additional pallet purchases to support customer demand and rebuild plant stocks to optimal levels

Group weighted average unit pallet cost currently expected to increase on FY22 levels

- US$1 change in Group weighted pallet prices annualises to a ~US$50 million impact on cash flow and capex

CHEP Americas

Margin and ROCI improvement despite significant operating and capital cost headwinds

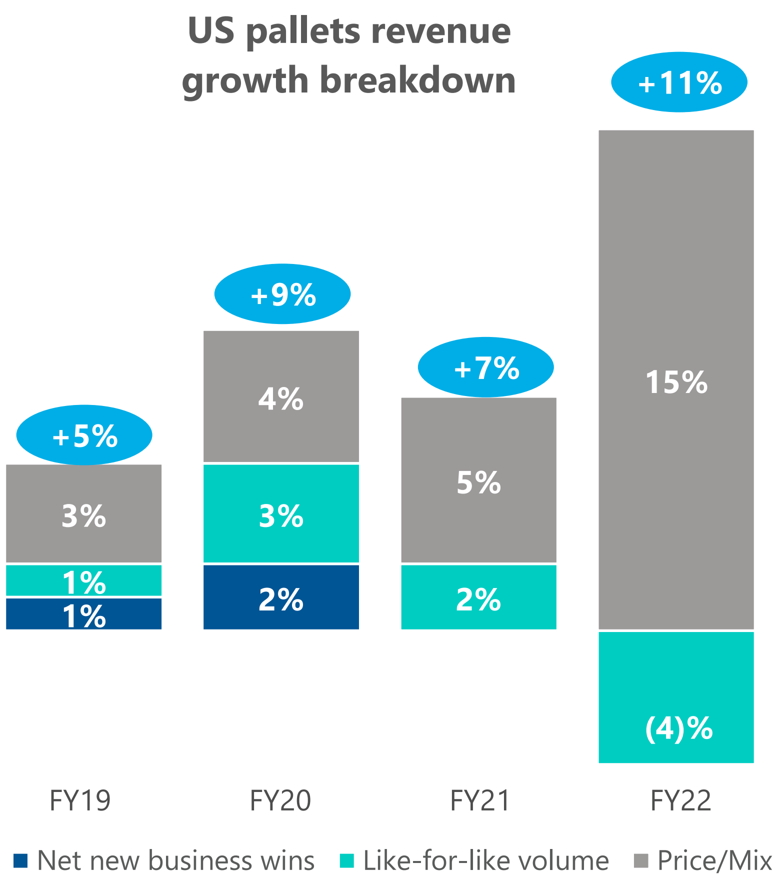
(US$m)	FY22	Change vs. FY21 Actual FX	Change vs. FY21 Constant FX
US	2,148.0	11%	11%
Canada	353.5	14%	13%
Latin America	412.7	17%	18%
Pallets	2,914.2	13%	13%
Containers	36.6	(2)%	(2)%
Sales revenue	**2,950.8**	**12%**	**12%**
Underlying Profit	**482.3**	**25%**	**25%**
Margin	**16.3%**	**1.6pts**	**1.7pts**
ROCI	**18.1%**	**2.4pts**	**2.5pts**

FY22 performance

- **Pallets revenue +13%** driven by pricing to recover the higher cost-to-serve, partly offset by lower volumes as pallet availability constraints continued to impact growth with new and existing customers
- **Containers revenue (2)%** due to lower volumes
- **Underlying Profit +25%** reflecting strong sales contribution to profit, incremental North American surcharge income, supply chain efficiencies and damage rate improvements. These benefits were partly offset by inefficiencies from lower pallet returns, plant and transport cost inflation and increased asset charges
- **Underlying Profit margin +1.7pts** driven by margin improvement across all markets and including ~1pt improvement in US margins
- **ROCI +2.5pts** as strong profit growth was partly offset by 9% increase in ACI reflecting lumber inflation on new pallet purchases and cycle time impacts on pooling capex

US pallets revenue

Price growth to recover increase in cost-to-serve, partially offset by volume reductions as pallet availability constraints limited volume growth



FY22 revenue growth components:

- **Price/mix growth of 15%** driven by initiatives to recover higher cost-to-serve – including both operating and capital cost inflation
- **Like-for-like volume reduction of 4%** reflecting pallet availability constraints, in addition to softening customer demand
- **Net new business wins flat** as the business prioritised servicing existing customer demand in response to pallet availability challenges

CHEP EMEA

Resilient margins and strong returns despite accelerating input-cost inflation

(US$m)	FY22	Change vs. FY21 Actual FX	Change vs. FY21 Constant FX
Europe	1,577.5	1%	7%
IMETA[1]	212.4	2%	8%
Pallets	1,789.9	1%	7%
RPCs + Containers	282.6	(3)%	3%
Sales revenue	**2,072.5**	**1%**	**7%**
Underlying Profit	**461.2**	**-**	**5%**
Margin	**22.3%**	**(0.2)pts**	**(0.3)pts**
ROCI	**23.3%**	**(0.5)pts**	**(0.7)pts**

FY22 performance

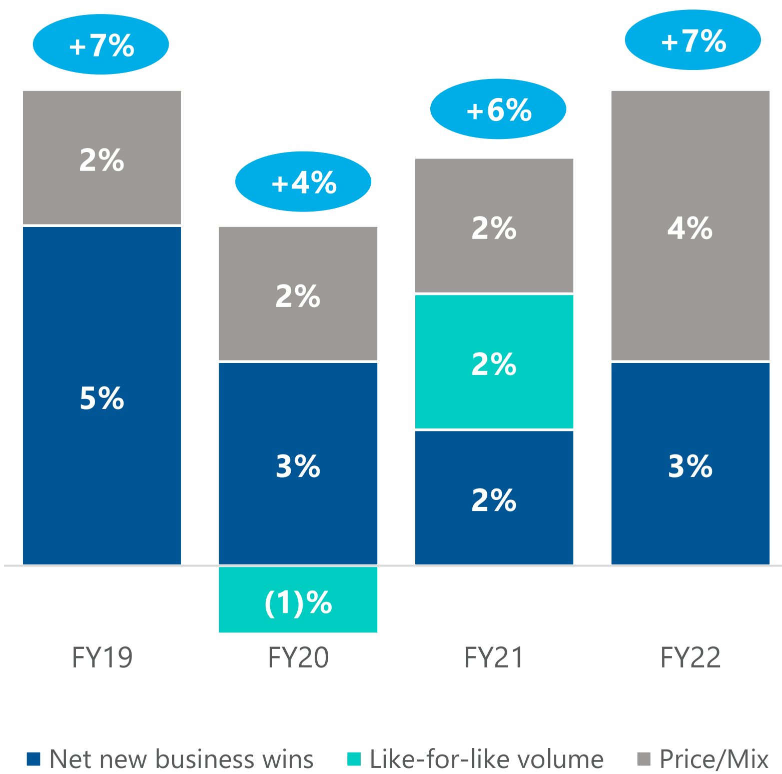
- **Pallets revenue +7%:** Balanced revenue growth with both price realisation across the region and volume growth from net new wins in Southern, Central and Eastern Europe including Germany
- **RPCs & Containers revenue +3%:** Reflecting price growth in the Automotive business offset by volume declines due to semi-conductor shortages affecting manufacturing
- **Underlying Profit growth +5%:** Profit contribution from sales growth and higher pallet compensations across the region offset by net transport and plant cost increases driven by higher input-cost inflation and additional plant costs relating to the heat treatment of pallets
- **ROCI (0.7)pts** as profit growth was offset by an 8% increase in ACI driven by lumber inflation on pallet purchases and additional pallet purchases to support volume growth and cycle time increases in the region

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

EMEA sales growth

Revenue growth of 7% driven by both volume and pricing

CHEP EMEA revenue growth breakdown



FY22 revenue growth components:

- **Price/mix growth +4%** largely reflecting contractual price indexation across the region and additional pricing to recover inflation and other cost-to-serve increases in Europe
- **Net new business wins +3%** driven by strong growth in new customers in Southern, Central and Eastern Europe, including Germany
- **Like-for-like volume was in line with FY21**, reflecting softening demand in the European pallet business, and Automotive declines due to semi-conductor shortages limiting manufacturing activity

CHEP Asia-Pacific

Earnings growth reflects higher utilisation and longer pallet cycle times

(US$m)	FY22	Change vs. FY21 Actual FX	Change vs. FY21 Constant FX
Pallets	395.2	(1)%	3%
RPCs + Containers	140.4	9%	13%
Sales revenue	**535.6**	**2%**	**5%**
Underlying Profit	**168.7**	**15%**	**20%**
Margin	**31.5%**	**3.7pts**	**3.9pts**
ROCI	**27.6%**	**1.9pts**	**2.3pts**

FY22 performance

- **Pallets revenue +3%:** Pricing actions to recover cost-to-serve increases with pallet availability challenges moderating further volume growth
- **RPCs + Containers +13%:** Contribution from a large Australian RPC contract which commenced part way through FY21
- **Underlying Profit +20%, margin growth of 3.9pts:** Strong profit growth including ~US$10m net benefit from lower pallet returns, sales growth and incremental uplift from the RPC business. These impacts were partly offset by inflation, overhead cost increases and cycling prior year one-off compensation of US$11m relating to a service centre relocation
- **ROCI +2.3pts** as profit growth more than offset a 10% increase in ACI to support the Australian pallet & RPC businesses

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Corporate Segment

Increase in corporate segment largely driven by short-term transformation costs

(US$m)	FY22	Change vs. FY21 Actual FX	Change vs. FY21 Constant FX
Shaping Our Future programme costs:			
Short-term transformation[1]	*(48.4)*	*(48.4)*	*(48.4)*
Ongoing programme costs	*(60.2)*	*(3.3)*	*(4.8)*
Shaping Our Future including short-term transformation costs	**(108.6)**	**(51.7)**	**(53.2)**
Corporate costs	**(73.6)**	**(10.7)**	**(7.2)**
Corporate Segment	**(182.2)**	**(62.4)**	**(60.4)**

FY22 performance

- **Shaping Our Future** investments increased US$53.2m at constant currency
  - Short-term transformation costs[1] of US$48.4m primarily related to consulting fees and internal resources to support the transformation programme
  - Ongoing programme costs of US$60m including ~US$40m of Digital Transformation costs with the balance largely relating to IT investments and customer experience initiatives
- **Corporate costs** increased US$7.2 million primarily reflecting Brambles' share of the MicroStar post-tax losses in addition to labour and insurance related overhead cost increases

[1] Short-term transformation costs in line with expectations of ~US$50m communicated at the September 2021 Investor Day.

Cash flow

Lumber inflation impacting cash generation across the Group despite strong earnings growth

(US$m, actual FX)	FY22	FY21	Change
EBITDA[1]	**1,853.9**	**1,737.2**	**116.7**
Capital expenditure (cash basis)	(1,652.3)	(1,055.0)	(597.3)
Proceeds from sale of PPE	172.5	145.8	26.7
Working capital movement	(7.1)	35.7	(42.8)
Purchase of intangibles	(19.8)	(21.3)	1.5
Other	25.4	58.7	(33.3)
Cash Flow from Operations	**372.6**	**901.1**	**(528.5)**
Significant Items and discontinued operations	(2.3)	(8.0)	5.7
Financing costs and tax	(284.1)	(271.1)	(13.0)
Free Cash Flow	**86.2**	**622.0**	**(535.8)**
Dividends paid	(304.8)	(280.8)	(24.0)
Free Cash Flow after dividends	**(218.6)**	**341.2**	**(559.8)**

- **Positive Free Cash flow before dividends** despite extraordinary pallet price inflation
- **Operating cash flow** decreased US$528.5m as increased earnings and higher asset compensations were offset by:
  - Increased capital expenditure US$(597.3)m: impact of lumber inflation on pallet purchases of US$470m, cycle time increases and higher losses partly offset by benefits from asset efficiency and scrap reduction initiatives;
  - Working capital US$(42.8)m: impacts of revenue growth and lumber inflation on trade receivables and inventory balances respectively; and
  - Other increases US$(33.3)m: movement on provisions for employee benefits and other non-cash adjustments relating to asset disposals
- **Free Cash Flow after dividends was an outflow of US$(218.6)m with key driver being the US$470m cash impact of pallet price inflation**
  - Increased financing costs and tax payments of US$(13.0)m included reversal of FY21 tax timing benefit of US$35m
  - US$24m increase in dividends paid is supported by strong balance sheet and conservative debt levels

[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 committed and undrawn facilities as well as cash balances at June 2022

	June 22	June 21
Net debt[1]	US$2,717m	US$2,055m
Average term of committed facilities[2]	3.2 years	3.7 years
Undrawn committed bank facilities	US$0.9b	US$1.4b
Cash	US$158m	US$409m

	FY22	FY21
Net debt/EBITDA[3]	1.47x	1.18x
EBITDA/net finance costs	21.0x	20.4x

- Net debt increase of US$662m reflects A$610m (US$444m) of share buy-backs to complete A$2.8b capital management programme and funding of US$219m for Free Cash Flow after dividends outflow
- Undrawn committed bank facilities of US$0.9b at 30 June 2022 and cash of US$158m
- No bond maturity until FY24 – refer Appendix 4
- Continued strong investment-grade credit ratings – Standard & Poor's BBB+ and Moody's Baa1
- Financial ratios remain well within financial policy of net debt/EBITDA <2.0x and EBITDA/net interest >10.0x
- Post financial year-end, Brambles signed a new US$1.35b five-year sustainability-linked syndicated revolving credit facility in August 2022, replacing ~US$1.0b bank facilities, adding ~US$350m of committed headroom

[1] Net debt includes cash and lease liabilities.
[2] Including the new syndicated revolving credit facility, on a proforma basis the average remaining term of committed facilities at 30 June 2022 increases to ~4 years.
[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 7-10% at constant currency**
  - Sales revenue growth weighted to pricing across all regions including increased pricing and indexation in Europe reflecting continued focus on recovery of cost-to-serve.
  - Net new business wins expected to be constrained by pallet availability as the business continues to prioritise existing customers. FY23 pallet availability dependent on normalisation in levels of stock holdings across supply chains, outcomes of asset efficiency initiatives, demand from existing customers and overall lumber and pallet supplies.

- **FY23 Underlying Profit (ULP) growth of between 8-11% at constant currency**
  - Repair and handling costs are expected to increase in line with higher pallet return rates as inventory levels and flows across global supply chains normalise and asset productivity initiatives drive improved efficiency of the asset pool.
  - Outlook for improved margins across EMEA and America's regions with the rate of margin improvement in the America's region expected to moderate relative to FY22.
  - APAC region ULP margin expected to be below FY22, as deferred pallet repairs are expected to unwind in the second half.
  - FY23 short-term transformation costs ~US$25 million (FY22: US$48.4 million). Ongoing transformation costs to include Digital Transformation operating costs of ~US$80m (FY22: ~US$40m) and capital expenditure of ~US$30m (FY22 ~US$10m).

- **Free Cash Flow after dividends (FCFAD) 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.
  - Improvement in the operating cash flow weighted to the second half of the year.
  - In addition to an expected underlying improvement, FCFAD will include the benefit of the US$41.5 million of proceeds received in August 2022 from the repayment of the loan receivable from First Reserve.

- **FY23 ROCI to be impacted by FY22 and FY23 pallet price inflation**
  - FY23 ROCI remains well above the cost of capital but expected to decline by ~0.5 to ~1pt on a full year basis reflecting the full year impact of FY22 pallet purchases at elevated pallet prices and progressive delivery of returns on 10-year asset life assets.

Summary

Strong earnings performance despite challenging operating conditions

- Continued playing a critical role in global supply chains, overcoming numerous challenges, to support customers and deliver strong financial outcomes while investing for the future
- FY22 result ahead of revised guidance driven by strong fourth quarter performance
- A$2.8 billion capital management programme complete comprising an on-market share buy-back of A$2.4 billion and a A$0.4 billion pro-rata return of cash
- Shaping Our Future transformation building momentum and setting business up for long-term success
- Strengthened sustainability leadership position with meaningful progress against 2025 Sustainability Targets
- FY23 guidance for strong profit growth and improvement in cash flow generation despite continuing challenging macroeconomic and operating conditions

Brambles

Full-Year 2022 Results presentation

17 August 2022

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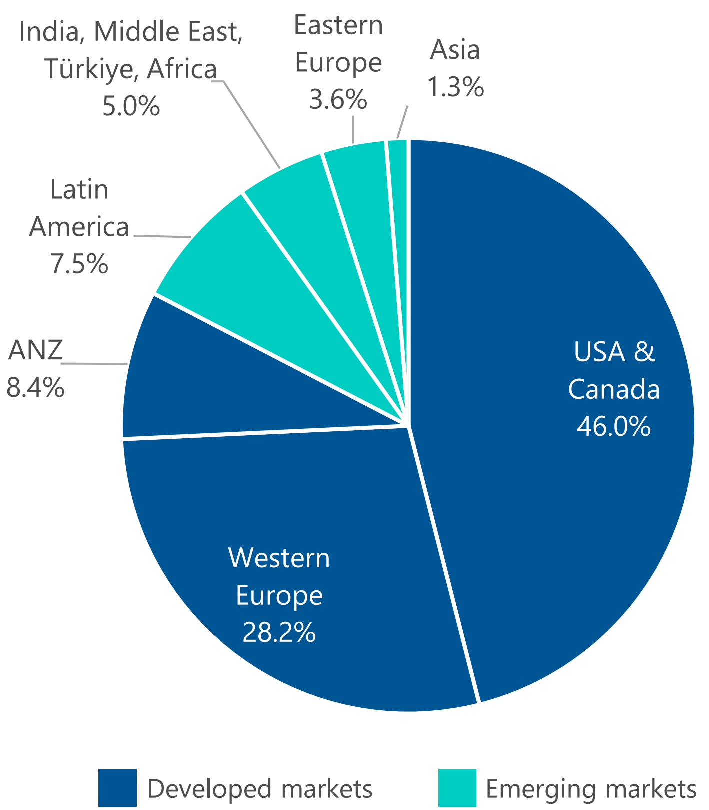
Appendix

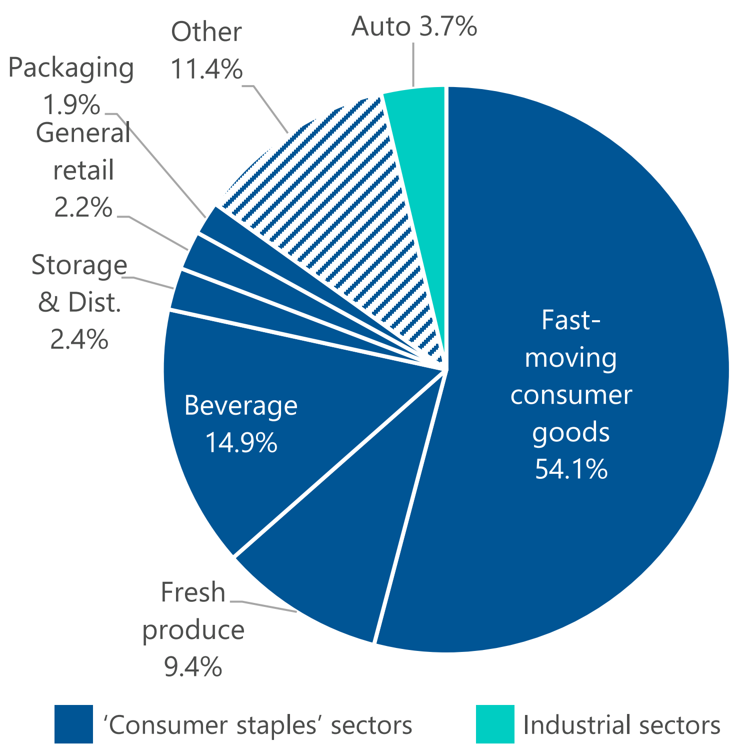
Appendix 1

Brambles: Sales revenue by region and sector

FY22 sales revenue by region



FY22 sales revenue by sector



Appendix 2

Major currency exchange rates[1]

		USD	EUR	AUD	GBP	CAD	MXN	ZAR	PLN	NZD	BRL
Average	FY22	1.0000	1.1220	0.7223	1.3264	0.7893	0.0491	0.0651	0.2424	0.6782	0.1920
	FY21	1.0000	1.1959	0.7477	1.3538	0.7812	0.0482	0.0654	0.2644	0.6982	0.1859
As at	30 Jun 22	1.0000	1.0442	0.6879	1.2124	0.7755	0.0497	0.0616	0.2240	0.6224	0.1930
	30 Jun 21	1.0000	1.1901	0.7511	1.3845	0.8066	0.0505	0.0698	0.2636	0.6992	0.2018

[1] Includes all currencies that exceed 1% of FY22 Group sales revenue, at actual FX rates.

Appendix 3

FY22 currency mix

(US$m)	**Total**	**USD**	**EUR**	**AUD**	**GBP**	**CAD**	**MXN**	**ZAR**	**PLN**	**BRL**	**NZD**	**Other[1]**
Sales revenue	**5,558.9**	2,202.8	1,169.6	407.8	382.2	357.3	273.0	195.5	102.4	67.9	57.5	342.9
FY22 share	**100%**	40%	21%	7%	7%	6%	5%	4%	2%	1%	1%	6%
FY21 share	**100%**	38%	23%	8%	7%	6%	5%	4%	2%	1%	1%	5%
Net debt[2]	**2,717**	1,279	1,413	(252)	(54)	117	81	109	(6)	27	15	(12)

[1] No individual currency within 'other' exceeds 1% of FY22 Group sales revenue at actual FX rates.
[2] Net debt shown after adjustments for impact of financial derivatives. Net debt includes US$713m of lease liabilities.

Appendix 4

Credit facilities and debt profile

Maturity	Type[1]	Committed facilities	Uncommitted facilities	Debt drawn	Headroom	*Pro-forma Headroom[5]*
			(US$b at 30 June 2022)			
<12 months	Bank	-	0.3	0.1	0.2	*0.2*
1 to 2 years	Bank/EMTN[2]	0.9	-	0.6	0.3	*0.3*
2 to 3 years	Bank	0.6	-	0.2	0.4	*0.1*
3 to 4 years	Bank/144A[3]	0.7	-	0.6	0.1	-
4 to 5 years	Bank	0.3	-	0.2	0.1	*0.8*
>5 years	EMTN[2]	0.5	-	0.5	-	-
Total[4]		**3.0**	**0.3**	**2.2**	**1.1**	***1.5***

[1] Excludes leases and a new €750m Euro Commercial Paper programme established during the year.
[2] European Medium-Term Notes.
[3] US$500m 144A bond.
[4] Individual amounts have been rounded.
[5] Pro-forma including the new US$1.35b 5-year sustainability-linked syndicated revolving credit facility signed in August 2022, excluding US$1.0b of existing bank facilities refinanced by the syndicated revolving credit facility which have been cancelled.

Appendix 5

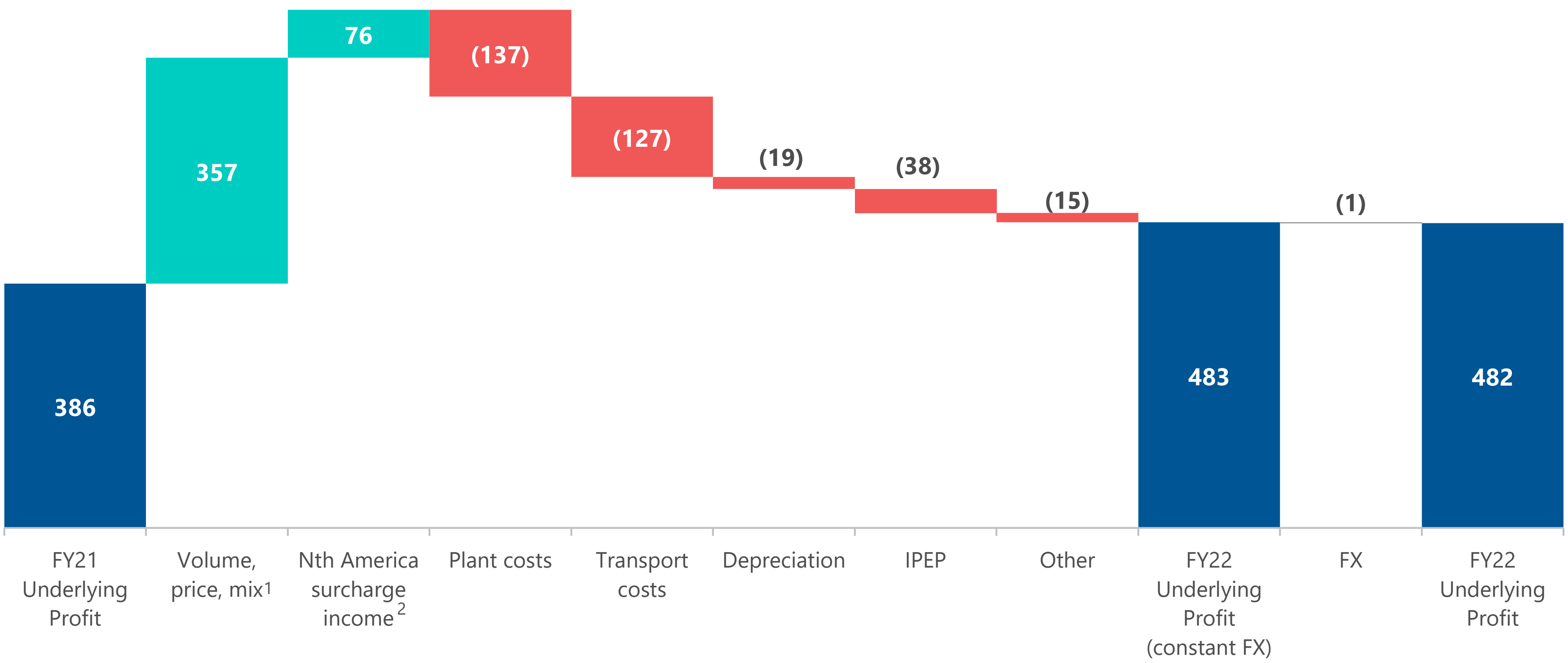
Net plant and transport costs/sales revenue

	Net plant cost/sales revenue *(before NA lumber surcharge[1])*		**Net transport cost/sales revenue** *(Net of transport & fuel surcharges)*	
	FY22	**FY21**	**FY22**	**FY21**
CHEP Americas	38.7%	39.0%	23.2%	24.0%
CHEP EMEA	25.2%	24.2%	22.7%	21.5%
CHEP Asia-Pacific	32.3%	35.2%	10.6%	13.2%
Group	**33.1%**	**32.9%**	**21.8%**	**21.9%**

[1] Reflects recovery of opex and capex costs hence not included.

Appendix 6a

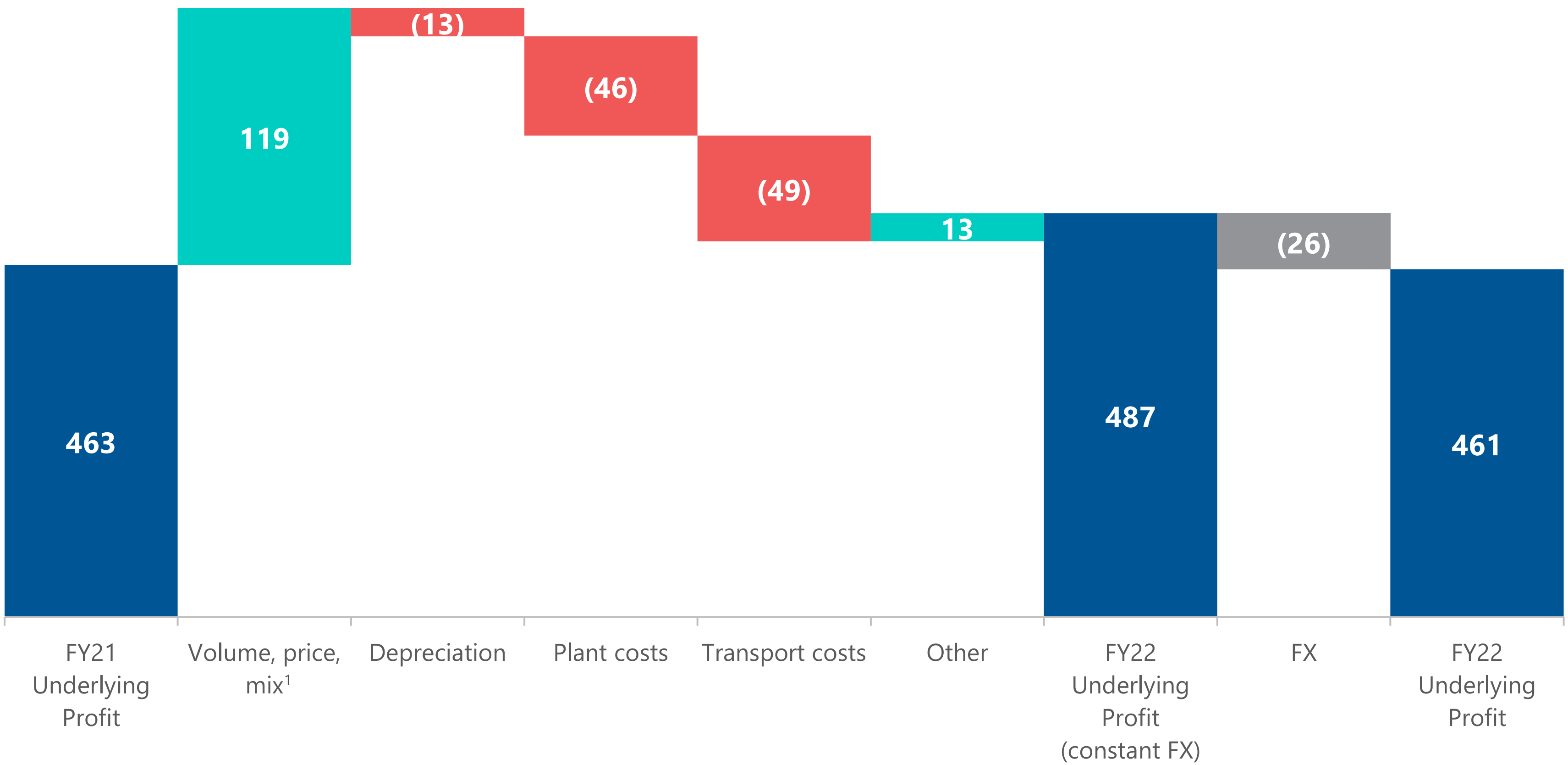
CHEP Americas: Underlying Profit analysis (US$m)



[1] Sales growth net of volume-related costs (excluding depreciation and IPEP).
[2] North American transport and fuel surcharge income previously included within FY21 net transport cost.

Appendix 6b

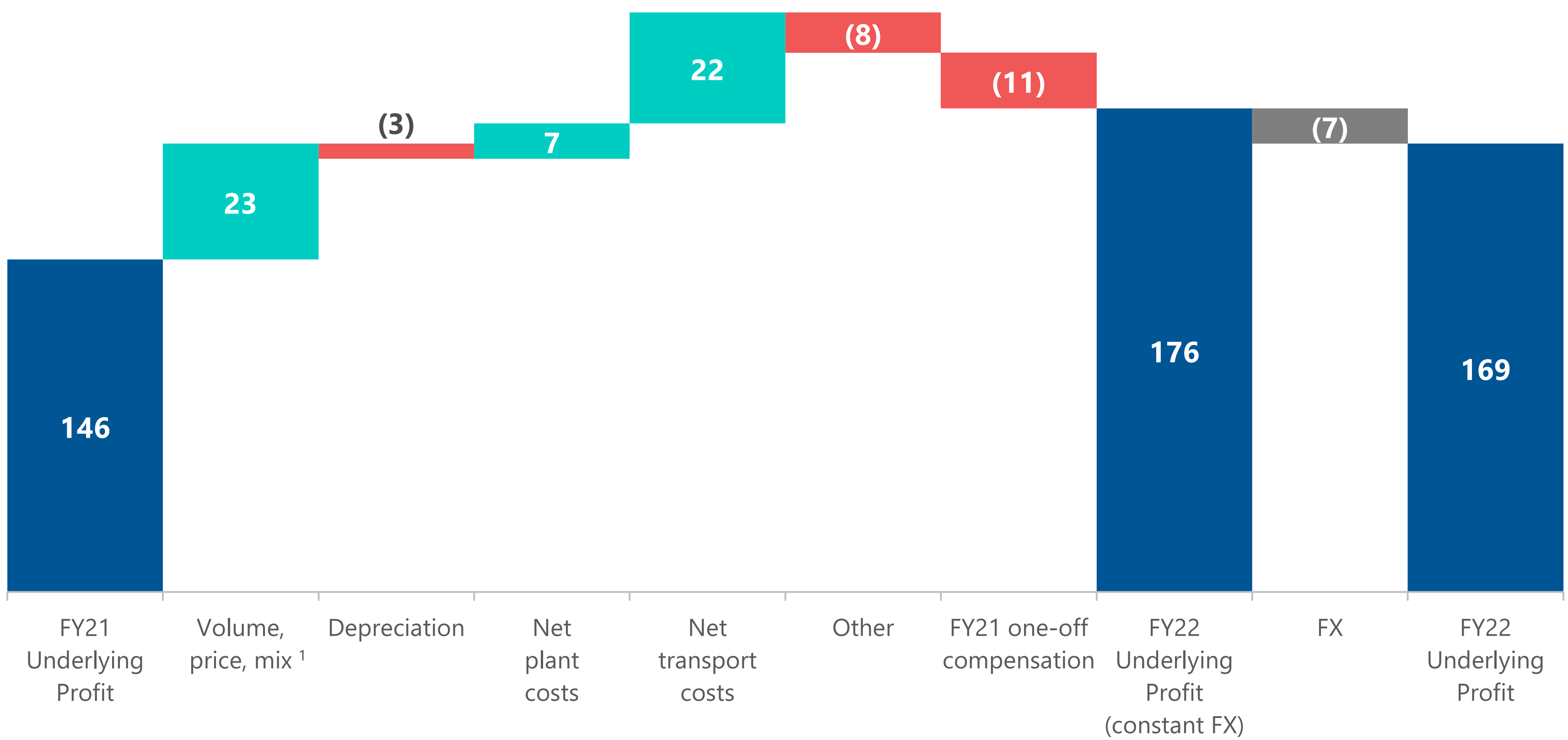
CHEP EMEA: Underlying Profit analysis (US$m)



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

Appendix 6c

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

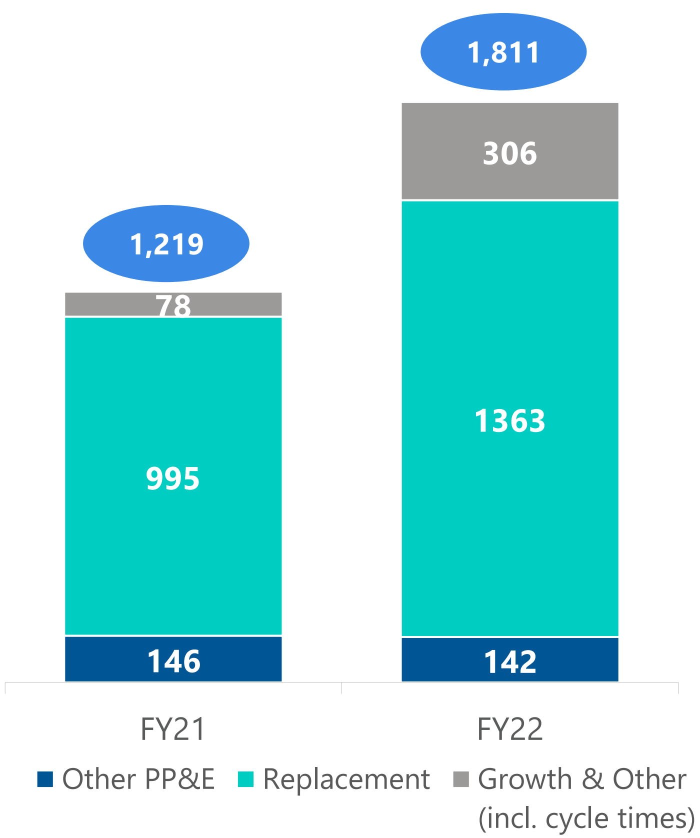


[1] Sales growth net of volume-related costs (excluding depreciation).

Appendix 7a

Revised methodology noting significant lumber inflation and changes in cycle times

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



Revised 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 (note FY22 volume flat to prior year)
- 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)

Reason for Change

- The ‘DIN’ methodology is a reliable proxy for replacement capex in a moderate inflationary environment. Due to extraordinary lumber inflation in 2H21 and into FY22, the DIN methodology understates the cost of replacement, with inflation impacts relating to capex not immediately recognised. Changes in cycle time are reflected in ‘Growth and Other’

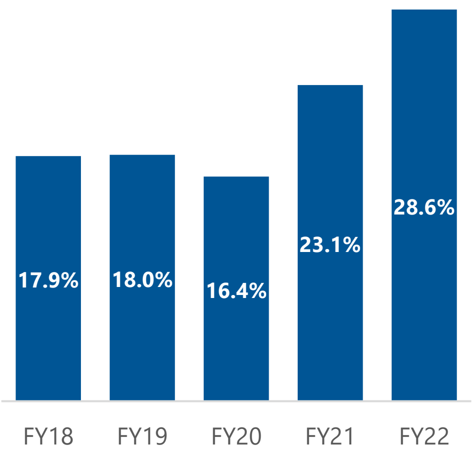
Impacts

- Estimated FY21 replacement capex was reported in FY21 as US$809m, using the DIN proxy, compared to US$995m under the new methodology, with the change largely reflecting the inclusion of lumber inflation impacts on replacement capex

Appendix 7b

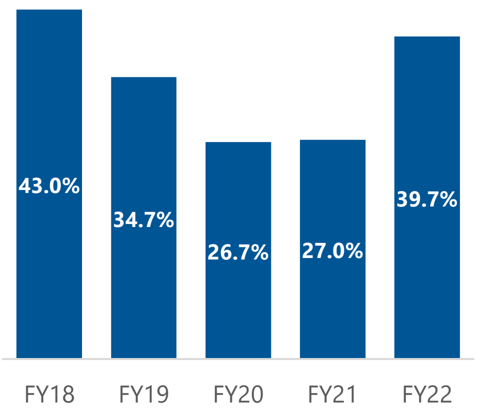
Regional asset efficiency (pooling capex to sales ratio)

North America



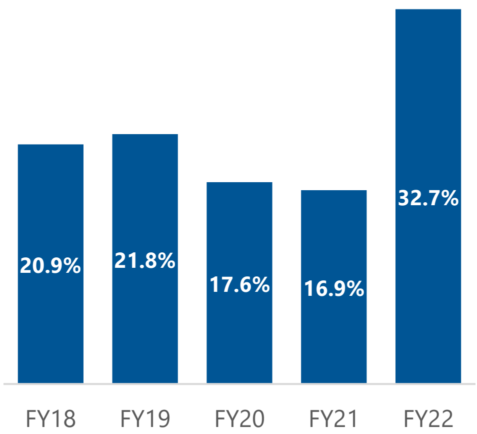
- FY21 increase largely due to impact of lumber inflation in the US, which contributed ~5pts to the pooling capex to sales ratio. Increased inventory holding in the US market and higher losses partly offset by reductions in plant stock
- FY22 increase due to lumber inflation impacts of ~6pts in addition to purchases to support further cycle time increases and loss replacement

Latin America



- 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

EMEA



- 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

Appendix 8

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 twelve-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 8

Glossary of terms and measures

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

FIFO	First In First Out
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 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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