Advancing the world's supply networks

In FY24, we enhanced our customer experience in all regions, strengthened our leadership position in sustainability and delivered on our investor value proposition. We also continued to invest in our transformation which is improving the fundamentals of our business and positions us to make the world's supply network more resilient and regenerative while unlocking new sources of value for all stakeholders.

Over the past Year, we have operated in markedly different conditions to those experienced in recent years. Supply chain dynamics improved significantly in all regions, with industry-wide increases in pallet availability and reduced inventory levels across retailer and manufacturer supply chains, particularly in North America and Europe.

Inflationary pressures began to moderate from the extraordinary highs that have existed since the pandemic, while the competitive landscape shifted in response to the change in pallet availability and lower whitewood prices in our key markets.

Against this backdrop, our teams around the world sustained their focus on the areas we know are pivotal to our customers: improving customer service levels, working towards a seamless customer experience, and removing inefficiencies from their supply chains, which we are uniquely positioned to do.

At the same time, we continued to invest in strengthening our competitive advantage by improving the efficiency of our operations, while building capabilities to deliver even greater value for our customers, employees, and the communities in which we operate.

These investments, together with improving supply chain dynamics, delivered better quality and service outcomes for our customers, stronger alignment between commercial terms and the cost-to-serve as well as structural reductions in the capital intensity of our business. By incentivising more efficient use of our assets across customers' supply chains, we are also reducing demand for natural resources, building on the inherent sustainability of our low-carbon business model.

Collectively, these improvements supported the strong financial outcomes we delivered for our shareholders this Year, including a US$385 million increase in Free Cash Flow before dividends, dividend yield of ~3%[2] and basic EPS (continuing operations) growth of 17%[3].

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2 As at 16 August 2024 based on a closing share price of A$15.70.
3 At constant currency. Brambles basic EPS growth of 8%.

Delivering transformation objectives

Much of our success has been driven by the Shaping Our Future transformation programme which has improved the fundamentals of our underlying business, offering stability through cyclical changes and resilience in an evolving operating landscape. At the same time, it is setting the foundations for the 'Brambles of the Future'.

We are pleased with the measurable progress we have made to our customer service as evidenced by improvements to our net promoter score. This reflects our commitment to deliver the fundamentals of our customer value proposition, including delivering high quality pallets in full and on time, increasing the speed in resolving customer queries, and improving the digital capabilities of our customer portal.

Our ongoing focus on asset efficiency and network productivity has created a more resilient business, enabling us to improve the customer experience, optimise the performance of our operations and reduce the capital intensity of our business.

The structural changes we have made to how we collect, repair, and incentivise the efficient use of our assets across the supply chain led to the recovery and remanufacturing of an additional ~16 million pallets, up from ~10 million in FY23. These processes and commercial terms are now embedded across our business and have supported material improvements in asset efficiency, which underpins our expectation of keeping our annual pooling capex to sales ratio sustainably below 17%.

Importantly, this improvement included a substantial decrease in uncompensated losses during the Year, the first since FY16, and we remain confident in achieving our FY25 target of reducing uncompensated losses by 30% against a FY21 baseline. Achieving this target is estimated to deliver ~US$150 million of cash flow benefits, through savings on the cost of replacement pallets and increased compensation coverage.

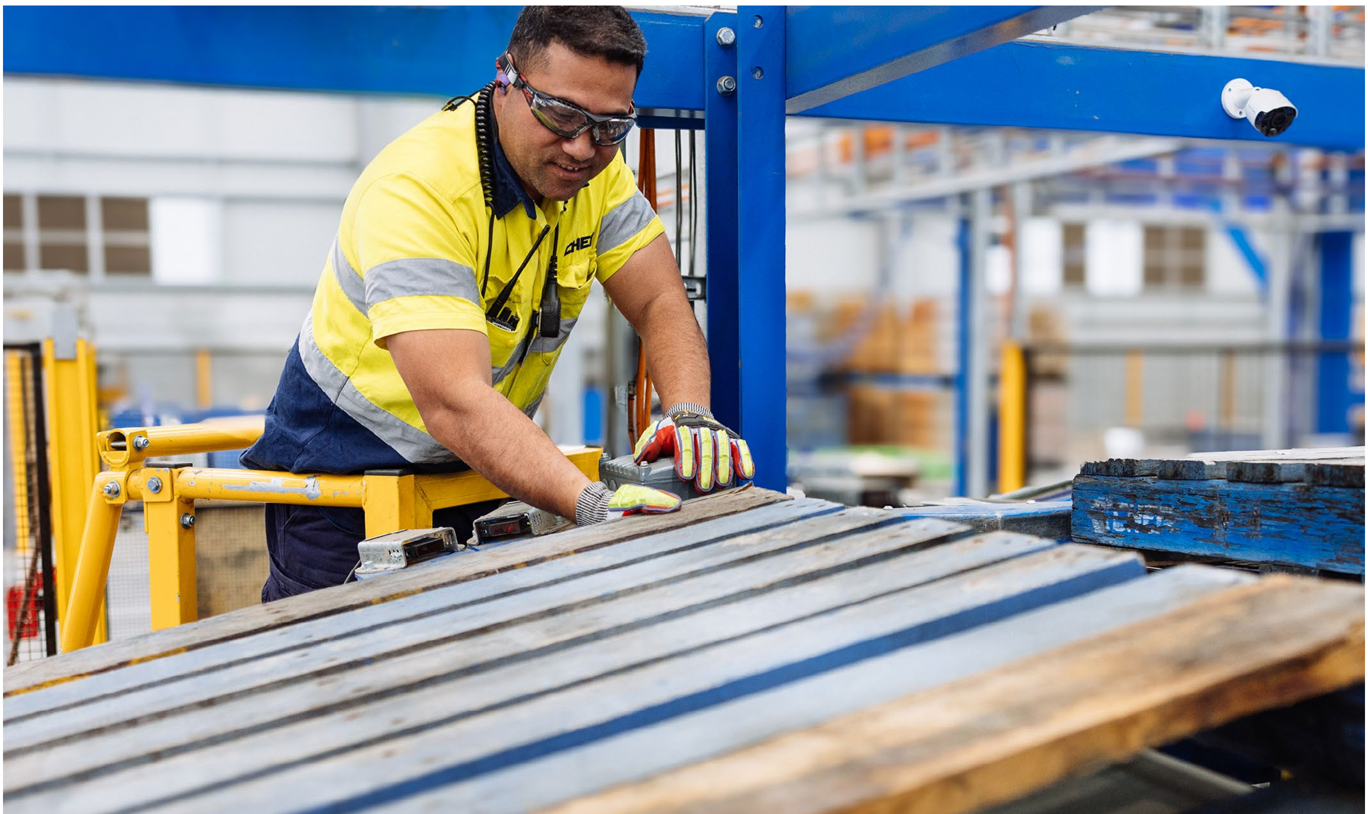
Another highlight has been the automation investments across our service centres, which are delivering cost savings, while also materially improving the efficiency and quality of our repair processes, safety enhancements and increasing repair capacity across our network. This additional capacity has been critical in allowing us to absorb a higher volume of pallets, including the ~12 million additional pallets returned in FY24 across our network due to inventory optimisation at retailers and manufacturers.

~16m
additional pallets recovered and remanufactured

~12m
additional pallets returned due to inventory optimisation

As we progressively optimise the performance of our business, we are also reinvesting to shape the 'Brambles of the Future'. This is particularly evident with our digital transformation as we seek to harness our data to power smarter, more sustainable supply networks.

Although this is a continuous and evolving process, we are making progress towards realising this vision through our enhanced digital and data analytics capabilities. These capabilities continue to mature as we test, learn and adapt our approach, and are already proving their value in delivering insights to customers,



helping to ensure our commercial terms better reflect our cost-to-serve and driving asset productivity benefits.

Progress also continues to be made with expanding our tracking capabilities as we continue to improve our understanding of the potential benefits of smart asset technologies. More than 550,000 autonomous tracking devices have been deployed in over 30 countries. These are generating value by identifying points of leakage, creating new business opportunities, improving asset productivity and helping us better understand the cost-to-serve of individual customers.

The rollout of Serialisation+ in Chile has also progressed with 2.6 million pallets tagged, as we continue to assess the benefits of uniquely identifying every pallet and the additional datapoints generated. These include improving customer service, accuracy in cost-to-serve and asset productivity.

Finally, after several years of development and trials, we have signed commercial agreements for two digital customer solutions which leverage the unique role of our platforms to remedy inefficiencies in customer supply chains.

Delivering our investor value proposition in FY24

The benefits of our transformation programme drove the delivery of our investor value proposition for the second consecutive year with strong revenue growth, significant operating leverage and a material improvement in Free Cash Flow generation.

Our sales revenue growth of 7% on a constant-currency basis continued to benefit from rollover contributions from pricing actions taken in the prior year to recover the increase in the cost-to-serve as well as positive pricing momentum in the current year.

Group volumes were in line with the prior year despite a 1-percentage point impact of inventory optimisation. Excluding this impact like-for-like volumes increased 1%.

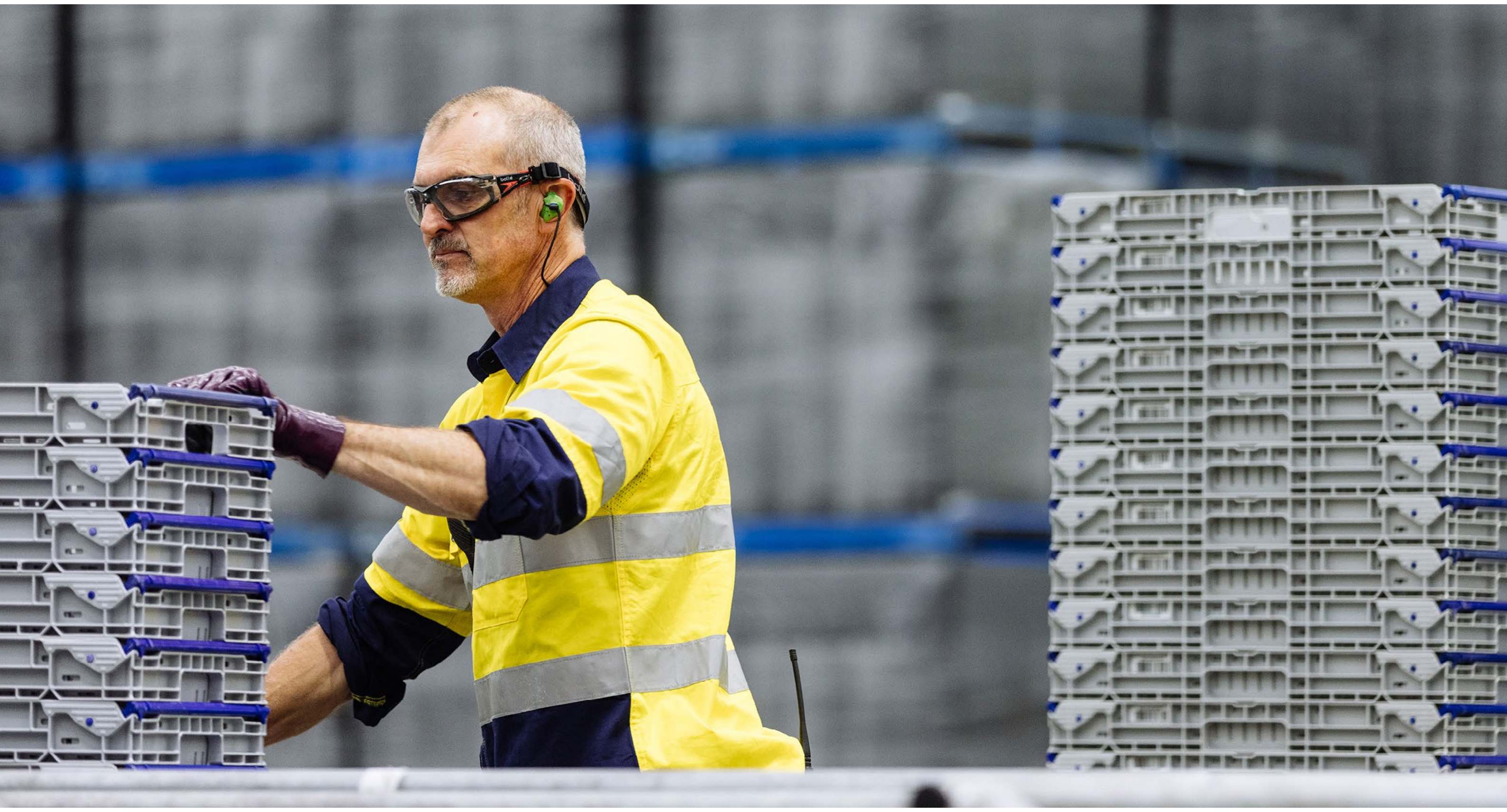
Notwithstanding new contract wins in the period, net new business volumes were flat to prior year reflecting the impact of declining whitewood prices, which delayed the conversion of small to medium enterprises to pooling, and weak end-consumer demand for some new customers' products. In addition, some customers adopted dual sourcing, primarily in 1H24, with this trend moderating in 2H24 as we continued to highlight our overall value proposition to customers.

Encouragingly, signs of volume improvement emerged in the latter part of the Year as we cycled through inventory optimisation and saw positive net new business growth in the fourth quarter.

Underlying Profit increased 17% at constant currency and reflected pricing growth combined with our asset productivity initiatives, which contributed to a reduction in uncompensated pallet losses and an increase in asset compensations. This demonstrates our ability to generate significant operating leverage, despite increases to incremental plant and transport costs as a result of higher pallet returns.

Free Cash Flow before dividends of US$883 million continued to benefit from higher earnings and a reduction in capital expenditure, driven by additional pallet returns due to manufacturer and retailer inventory optimisation and asset productivity initiatives including additional pallet recoveries and improved compensations for lost assets. This increase in the capital efficiency of our business underpins the structural uplift in cash generation and also strengthens our sustainability position by allowing us to reduce demand on the world's natural resources.

→ ***Underlying Profit increased 17% at constant currency and reflected pricing growth combined with our asset productivity initiatives, which contributed to a reduction in uncompensated pallet losses and an increase in asset compensations.***



Dividends and capital management

Our continued focus on improving the financial performance of our business, including Free Cash Flow generation, has enabled the Board to declare total dividends for FY24 of 34.00 US cents per share, representing an increase of 30% on the previous year. This equates to 51.99 Australian cents per share with our dividend payout ratio of 60% at the top end of our current range.

In addition, the Board has approved capital management initiatives commencing in FY25, underpinned by the structural improvements to Free Cash Flow generation combined with our strong financial position and investment grade credit rating. These initiatives include lifting the future dividend payout ratio to 50-70% of Underlying Profit after finance costs and tax and an on-market share buy-back of up to US$500 million, subject to market conditions in FY25.

The Board will consider future capital management initiatives in accordance with the capital allocation framework which is now embedded in our updated investor value proposition. This framework seeks to maximise shareholder value creation by prioritising reinvestment for future growth and optimising our capital structure while maintaining a strong financial position.

Further details of Brambles' investor value proposition and capital management initiatives are outlined on pages 16 and 17 of this report.

Regenerative supply networks

The core principles of our sustainability programme centre on regeneration, the concept of putting more back into the world than we take as a business. We are pleased to see our efforts gain ever growing recognition externally including TIME Magazine ranking us #4 in its inaugural World's Most Sustainable Companies list in June 2024.

Throughout the Year, we have made considerable advancement towards our FY25 sustainability targets and our ambitious vision to pioneer regenerative supply networks. From consuming less of the planet's natural resources and using more upcycled plastic waste in our products, to collaborating with customers and partners to reduce emissions throughout the supply network and educate more people and businesses on the advantages of the circular economy. Collectively, efforts in all these areas are further enhancing the positive impact we have on our customers' businesses, the planet and communities.

Among the most notable achievements has been the progress of our Forest Positive initiatives. This goal builds on our policy of sourcing 100% certified timber – under which every tree used in our operations has another grown in its place – and goes further by enabling the sustainable growth of a second tree. One of our cornerstone regenerative projects, our forest positive initiative in Tabasco, Mexico, continues to develop, resulting in 690,000 new trees grown to date on previously deforested land and bringing a restorative impact to ecosystems, biodiversity, and economies of the area. Importantly, the project will help secure our future timber supply in the region while delivering cost benefits.

Additionally, through a new partnership with WeForest, and our contribution to a vital reforestation project in Zambia, we have supported the growth of 1.6 million trees during FY24.

We are proud to operate a low-carbon intensity business that supports the reduction of emissions of thousands of customers' supply chains across the world. Moreover, decarbonising our supply chain remains a core focus within our own low-carbon operations. Through continued collaboration with partners and improvement in waste and transport practices, we reduced our Scope 3 emissions by 8.0% in FY24, which was also aided by a lower volume of pallet purchases as a result of inventory optimisation and benefits from asset efficiency initiatives during the Year. Across our Scope 1 and 2 emissions, we achieved a 0.9% reduction and, overall, we continue to track ahead of the glidepath to deliver our Science-based Target and net-zero by 2040 target.

Our prioritisation of the safety and wellbeing of our people was again demonstrated in FY24 as we reduced the Brambles Injury Frequency Rate (BIFR) to 2.9, marking our fifth continuous year of reduction. At the same time, our efforts to lift female representation in the organisation means women now comprise 37.5% of management roles. While this represents an improvement year-on-year, we are tracking slightly below target. The aim is to reach the 40% target by the end of FY25 with plans in place to continue progressing against this metric.

Finally, reflecting the critical importance of nature - alongside climate - for our global organisation and its growing role in shaping strategic decisions, Brambles has commenced incorporating TNFD-aligned disclosures in FY24. More details around our sustainability progress will be available in our FY24 Sustainability Review in August 2024.

Board renewal

In December 2023, George El-Zoghbi retired from the Brambles Board, having joined as a Non-Executive Director in 2016. We are grateful to have benefited from his extensive global experience in supply chains and the consumer packaging goods sector.

Scott Perkins has also indicated he will retire from the Brambles Board at the conclusion of the 2024 AGM after nine years' service. Scott has played a pivotal role in guiding Brambles, drawing on his extensive experience in the listed company environment and making significant contributions in his capacity as Chair of the Remuneration Committee.

We thank both for their valuable service and wish them well in their future endeavours. We are well advanced in the process of identifying potential candidates to replace George and Scott on the Board and we look forward providing an update in due course.

Outlook

Looking ahead, our FY25 financial outlook is a reflection of our objective to consistently deliver on our investor value proposition. We will continue focusing on commercial discipline, pursuing new business growth in key markets and delivering further efficiencies through our transformation programme. This will underpin our expectation for revenue growth, leverage and strong cash flow generation.

Subject to there being no material change in economic and operating conditions, in FY25 we expect to deliver in constant currency, sales revenue growth between 4-6%, Underlying Profit growth between 8-11% and Free Cash Flow before dividends of between US$750-850 million.

These financial outcomes are dependent on a number of factors. These factors include prevailing macroeconomic conditions, customer demand, the price of lumber and other key inputs, the efficiency of global supply chains and movements in FX rates.

Conclusion

As a Group, we have delivered another step change by continuing to improve the fundamentals of the business and finished FY24 in a position of strength. Our achievements across financial, operational and sustainability measures are testament to the focus and discipline across the business and will support our endeavours in the year ahead.

We thank our customers for their continued partnership with us in pursuing ever greater efficiency, resilience and sustainability in the global supply network. To our ~13,000 employees we express our sincere appreciation for the effort, energy and enthusiasm you bring each day. Finally, we wish to thank our shareholders for your ongoing support as we deliver on our strategy.

John Mullen
Chair

Graham Chipchase
Chief Executive Officer