

3 November 2020

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

Via electronic lodgement

Dear Sir / Madam

Brambles FY21 First-Quarter Trading Update

Please see the attached announcement relating to the above.

The release of this announcement was authorised by the Brambles Limited Board.

Yours faithfully
Brambles Limited

Robert Gerrard
Group Company Secretary

Brambles' first-quarter trading update: Sales revenue up 5%¹ at constant FX²; FY21 outlook increased to upper end of guidance range

Sydney – 3 November 2020: Brambles Limited today reported sales revenue from continuing operations of US\$1,188.7 million for the first three months of the financial year ending 30 June 2021 (FY21), representing an increase of 6% at actual FX rates on the prior corresponding period.

As a result, we have tightened our constant currency guidance towards the upper end of the range provided to the market on 19 August 2020.

At constant FX rates, Group sales revenue increased 5% on the prior corresponding period, with volume growth of 2% and price growth of 3% driven by elevated levels of customer demand and ongoing price realisation across the global pallet businesses. First-quarter revenues in the automotive and Kegstar businesses collectively decreased 20% reflecting the impact of the COVID-19 pandemic on the automotive industry and out-of-home consumption of beer, respectively.

By segment, first-quarter sales revenue performance at constant FX was as follows:

- **CHEP Americas** sales revenue increased 7% reflecting strong like-for-like volume growth in the US and Canadian pallets businesses and ongoing price realisation across the region. Growth also included a 1-2 percentage point benefit from increased retailer inventory stocking in the US market;
- **CHEP EMEA**³ sales revenue increased 2% as volume growth in European pallets and price realisation in IMETA pallets more than offset revenue declines in the automotive business. Within European pallets, growth momentum was strong in Central and Eastern Europe while growth in Northern and Southern Europe was modest; and
- **CHEP Asia-Pacific**³ sales revenue increased 2% as price realisation in the Australian pallets business, net new business growth in New Zealand and like-for-like volume growth in Asia more than offset revenue declines in the Kegstar business.

Segment	Sales revenue (US\$m, actual FX)		Days-adjusted growth ¹ vs. 1Q20	
	1Q21	1Q20	(actual FX)	(constant FX)
CHEP Americas	610.2	596.9	5%	7%
CHEP Europe, Middle East & Africa	463.6	451.2	6%	2%
CHEP Asia-Pacific	114.9	110.9	7%	2%
Continuing operations	1,188.7	1,159.0	6%	5%

Commenting on the first-quarter performance, Brambles' CEO, Graham Chipchase said: "Trading conditions in the first quarter were characterised by stronger than expected demand for consumer staples. Our teams continue to show resilience and dedication, overcoming challenges to successfully provide customers with uninterrupted supply of pallets, crates and containers.

"Overall demand for pallets in grocery supply chains was strong during the first quarter notwithstanding variability in certain categories such as beverages, cleaning products and home DIY. Pallet demand remained elevated in early October as customers and retailers increased inventory levels across the US in preparation for the holiday season and potential lockdown measures to contain a second wave of COVID-19 in these regions. We have noted some moderation in US issue volumes during the second half of October and we expect this variability to continue across our businesses for the remainder of FY21.

¹ Growth rates have been adjusted for the two additional trading days in 1Q20 compared to 1Q21 to allow for a like-for-like comparison between the two periods.

² Constant FX growth rates are calculated by translating current period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between two periods.

³ Due to a change in reporting structure, the North American automotive business is recognised in CHEP EMEA and the Kegstar business is recognised in the CHEP Asia-Pacific, effective 1 July 2020. The prior comparative period has been restated accordingly.

"While activity levels in our automotive and Kegstar businesses improved relative to the fourth quarter of FY20, revenues remain below prior year. We expect a progressive recovery in these businesses over the next 12 to 18 months.

"Operationally, unpredictable demand patterns and changing network dynamics continue to give rise to higher costs. Labour shortages and scarcity in third-party transport, in part due to government stimulus packages in key regions, as well as elevated demand in the US lumber market resulted in inflationary cost pressures during the period. These cost pressures were, however, largely offset by higher pricing and surcharges. Our teams continue to focus on the delivery of strategic supply chain initiatives such as the US automation programme and further productivity improvements across our operations to offset higher operating costs in this environment with the clear aim of delivering operating leverage in this financial year."

Updated FY21 outlook

Following an extensive review, Brambles has updated its FY21 outlook to reflect sales and earnings growth towards the upper end of the guidance range provided to the market on 19 August 2020. This review reflects Brambles' sales, profit and cash flow performance in the first three months of FY21 and takes into account the economic, operating and COVID-19 developments since August 2020.

Brambles' updated FY21 guidance is as follows:

- Sales revenue growth between 2-4% at constant FX rates, with improved Underlying Profit margins including a one percentage-point increase in US margins;
- Underlying Profit growth between 3-5% at constant FX rates;
- Free cash flow expected to fund dividends and core business capex despite increased investments to support new business opportunities within the core business and to further develop digital and efficiency objectives.
- Dividend payout ratio to be consistent with our dividend payout policy of 45% to 60%; and
- Share buy-back programme to continue subject to the ongoing assessment of the Group's funding and liquidity requirements in the context of increased economic uncertainty.

The following assumptions underpin Brambles' updated FY21 guidance:

- A U-shaped economic recovery with economic headwinds to persist for the duration of FY21;
- A progressive recovery in the automotive and Kegstar businesses;
- The broad continuation of current trends in input costs;
- Second-half and full-year sales revenue growth is expected to moderate from first-quarter levels as the business cycles a strong comparative second-half period in the prior year which included record levels of pallet demand following the outbreak of COVID-19. In addition, demand related to US inventory stocking in the first quarter is not expected to continue for the balance of FY21; and
- Underlying Profit growth to be weighted to the second half of FY21 given headwinds in the first half of FY21 relating to a strong comparative first-half period in the prior year. Improvement in the second half of FY21 is expected to reflect ongoing price realisation and automation benefits in the US business as well as the benefit of cycling higher costs and lost income from automotive and Kegstar businesses in the second half of the prior year.

For further Information, please contact:

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Brambles Limited (ASX: BXB) Under the CHEP brand Brambles helps move more goods to more people, in more places than any other organisation on earth. Its pallets, crates and containers form the invisible backbone of the global supply chain and the world's biggest brands trust Brambles to help them transport their goods more efficiently, sustainably and safely. As pioneers of the sharing economy, Brambles created one of the world's most sustainable logistics businesses through the share and reuse of its platforms under a model known as 'pooling'. Brambles primarily serves the fast-moving consumer goods (e.g. dry food, grocery, and health and personal care), fresh produce, beverage, retail and general manufacturing industries. The Group employs more than 10,000 people and own approximately 330 million pallets, crates and containers through a network of more than 750 service centres. Brambles operates in approximately 60 countries with its largest operations in North America and Western Europe. For further information, please visit www.brambles.com

Forward-Looking Statements: Certain statements made in this release are "forward-looking statements" – that is, statements related to future, not past, events. Words such as "anticipates", "expects", "intends", "plans", "believes", "seeks", "estimates", "will", "should", and similar expressions are intended to identify forward-looking statements. These forward-looking statements are not historical facts, but rather are based on Brambles' current beliefs, assumptions, expectations, estimates and projections. Forward-looking statements are not guarantees of future performance, as they address matters that are uncertain and subject to known and unknown risks, uncertainties and other factors that are beyond the control of Brambles, are difficult to predict and could cause actual results to differ materially from those expressed or forecasted in the forward-looking statements. Brambles cautions shareholders and prospective shareholders not to place undue reliance on these forward-looking statements, which reflect the views of Brambles only as of the date of this release. The forward-looking statements made in this release relate only to events as of the date on which the statements are made – Brambles will not undertake any obligation to release publicly any revisions or updates to these forward-looking statements to reflect events, circumstances or events occurring after the date of this release, except as may be required by law or by any appropriate regulatory authority. Past performance cannot be relied on as a guide to future performance.