

Brambles Limited

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Brambles

28 November 2022

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

Via electronic lodgement

Dear Sir/Madam

CHEP China and Loscam China to combine, significantly increasing scale and value of pooling in China

Please see the attached announcement relating to the above.

The release of this announcement was authorised by the Brambles Limited Chairman and Chief Executive Officer under delegated authority from the Board.

Yours faithfully
Brambles Limited

Robert Gerrard
Company Secretary

CHEP China and Loscam China to combine, significantly increasing scale and value of pooling in China

Sydney – 28 November 2022: Brambles Limited has today announced that it has entered into an agreement to combine the pallet and automotive pooling operations of CHEP China with Loscam (Greater China) Holdings Limited ("Loscam Greater China"). Under the agreement, CHEP China will be sold to Loscam Greater China for an enterprise value of US\$132.2 million, with Loscam Greater China issuing shares to Brambles as consideration.

The combined entity will be 20% owned by Brambles and 80% by Loscam (Greater China) Co., Limited, which is the Greater China arm of Loscam Group, whose beneficial owners are Sinotrans Limited and two private equity firms, Trustar Capital (formerly known as CITIC Capital Partners) and FountainVest Partners.

Completion of the proposed transaction, which is subject only to certain regulatory approvals, is expected to occur by the end of the first quarter of calendar year 2023.

Key points of proposed transaction

- The combination of Loscam Greater China and CHEP China will result in the largest pallet and automotive container pooler in Greater China, with a combined pool of over 20 million pallets and one million automotive containers and other crates, together with a nationwide network of service centres.
- With a significantly stronger position in Greater China, the combined business is expected to benefit from greater scale and customer reach, providing increased capability to serve customers, accelerate growth and enhance the value of pallet and automotive container pooling in Greater China, while creating synergy opportunities and capital efficiencies for Brambles.
- The combined business will operate under the leadership of Loscam Greater China's Chief Executive, Tai Ching Nam, with Nancy Qian, currently the President of CHEP China being appointed Deputy CEO. Brambles will have board representation, with critical decisions requiring the approval of both shareholders.
- Completion of the proposed transaction is subject to regulatory approval from the relevant government authority of the People's Republic of China in Shanghai.
- CHEP and Loscam's respective operations in Australia, New Zealand and all other Asian markets will remain independent.

Commenting on the proposed transaction, Brambles' CEO, Graham Chipchase, said: "Today's announcement represents an important strategic milestone for Brambles. In partnering with Loscam Greater China, we will expand our footprint, invest together to grow our network of operations and reduce duplication, building a truly national pallet pool. With approximately 1% of the 1.6 billion pallets in China pooled, there is an exceptional opportunity for growth which our jointly owned business can deliver to new and existing customers in this large and fast-growing market.

"Importantly, the proposed transaction also facilitates near-term capital efficiency for Brambles. We look forward to combining our operations with Loscam Greater China and expediting the conversion of the Chinese pallet market to pooling, as supply chains in the region automate and seek to become more efficient and sustainable."

Loscam Greater China's Chief Executive, Tai Ching Nam added: "This is an exciting and critical development for Loscam and CHEP. While there is no impact on the independence of Loscam's other operations, combining the scale and expertise of our respective organisations across Greater China strengthens our position for future growth in this attractive market."

Key financial implications of proposed transaction

- The results of CHEP China will be reclassified to discontinued operations in both the current and prior year. During the last full financial year ended 30 June 2022, CHEP China represented less than 1% of Group revenue.
- Brambles will deconsolidate the net assets of CHEP China on completion of the proposed transaction and will recognise an equity investment in the combined business at its fair value. The proposed transaction will result in a non-cash gain on divestment. The gain will be determined on finalisation of completion adjustments and included within discontinued operations and does not impact Underlying Profit.
- Brambles' 20% share in the combined business will be accounted for within 'Investments' on the balance sheet and Brambles will recognise its share of profit or loss after tax on a single line item in the income statement within continuing operations.
- Post-completion of the proposed transaction, the combined business will put in place its own external debt financing facility, which will be used to fund its growth plans.
- The proposed transaction does not impact the FY23 outlook provided with the release of the FY22 results.

Further information

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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 approximately 12,000 people and owns approximately 360 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 brambles.com

About Loscam: Loscam is a trusted name of providing pooling and returnable packaging solutions for use in supply chains. Operating in 12 regions throughout the Asia Pacific, Loscam is focused on delivering high-quality, innovative and environmentally sustainable solutions and fit-for-purpose systems and procedures to the local markets. For more information, please visit loscam.com

About Sinotrans (HKEX: H00598): Sinotrans (part of the Chinese State-owned Entity, China Merchants Group ("CMG"), which holds a 57.99% share) was incorporated on 20 November 2002 and listed on the Hong Kong Stock Exchange in 2003 and listed on the Shanghai Stock Exchange in 2019. Sinotrans provides end-to-end supply chain solutions and one-stop services with its principal business including logistics, freight forwarding and related business and e-commerce. As an integrated logistics service provider in China, Sinotrans has an extensive and comprehensive domestic service network across China and five continents of the world. Sinotrans is the largest integrated logistics integrator in China and is a national 5A comprehensive logistics enterprise. For more information, please visit sinotrans.com

About Trustar Capital: Trustar Capital, focuses on control buyout opportunities globally and has completed nearly 100 investments since inception across China, Japan, U.S and Europe. Trustar Capital currently manages US\$8.5 billion of committed capital. For more information, please visit www.trustarcapital.com

About FountainVest Partners: FountainVest is a leading private equity firm focused on the Asian market. It is a well-established institutional platform with 15 years history. FountainVest manages capital for some of the largest global financial institutions including sovereign wealth, pension funds and insurance companies from Canada, US, Europe and Asia. FountainVest focuses on large control buyouts in Asia as well as of global companies with a strong growth focus in Asia. FountainVest has strong experience across the consumer, industrial and healthcare sectors, working closely with management teams to drive and realize the long-term value of their businesses.

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”, 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.