Brambles Limited
ABN 89 118 896 021
Level 29, 255 George Street
Sydney NSW 2000 Australia
GPO Box 4173 Sydney NSW 2001
Tel +61 2 9256 5222
www.brambles.com

Brambles

23 April 2024

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

Via electronic lodgement

Dear Sir / Madam

BRAMBLES FY24 THIRD QUARTER TRADING UPDATE

Please see the attached announcement relating to the above.

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

Yours faithfully
Brambles Limited

Carina Thuaux
Company Secretary

Brambles

Brambles' trading update: Sales revenue growth +7% at constant FX for the first nine months of FY24; Full year guidance reconfirmed.

Sydney – 23 April 2024: Brambles Limited today reported sales revenue from continuing operations of US$4,872.3 million for the first nine months of the financial year ending 30 June 2024 (FY24), representing an increase of 9% at actual FX rates on the prior corresponding period.

At constant FX rates, sales revenue growth was 7% and included price growth of 8% which moderated from first half levels due to a reduction in rollover contributions from prior-year pricing initiatives to recover the cost-to-serve in CHEP Americas and CHEP EMEA. Rollover pricing contributed five-percentage points to price growth with pricing actions taken in the current year to recover the cost-to-serve delivering three-percentage points of growth in both the nine month and third quarter periods.

Group volumes decreased (1)% driven by a (1)% decline in like-for-like volumes due to inventory optimisation at retailers and manufacturers across Europe and North America, while net new business wins across the Group were flat in the period. Excluding the impact of inventory optimisation, like-for-like volumes were in line with the prior year.

By segment, the sales revenue performance for the first nine months of FY24 was as follows:

- **CHEP Americas** sales revenue increased 6% at constant currency driven by price growth of 7%[1] which included a five-percentage point rollover contribution from pricing actions taken in FY23 and two-percentage point contribution from pricing actions taken in the current financial year. Segment volumes reduced (1)% as volume growth in Canada and Latin America was more than offset by lower US volumes. US volumes decreased (1)% driven by modest declines in both like-for-like volumes and net new business wins. The lower like-for-like volumes included a two-percentage point adverse impact of inventory optimisation while declines in net new business included the impact of rollover losses from the prior year.
- **CHEP EMEA** sales revenue increased 8% at constant currency including price realisation of 10% across the European and IMETA pallet businesses. Pricing actions (including indexation) taken in FY23 to recover the increase in cost-to-serve contributed six-percentage points to price growth, with the balance of price growth driven by pricing initiatives in the current financial year. Segment volumes decreased (2)% as lower like-for-like volumes in the region were partially offset by net new business wins in the Europe pallets and the Automotive businesses. Volumes in the Europe pallets business decreased (2)% as a (3)% decline in like-for-like volumes was partially offset by a 1% increase in net new business wins, primarily in Central & Eastern Europe. Excluding the impact of inventory optimisation, like-for-like volumes in Europe pallets declined (2)%.
- **CHEP Asia-Pacific** sales revenue increased 10% at constant currency driven by price growth of 6% reflecting actions taken in both the current and prior year to recover the cost-to-serve. Volume growth moderated to 4% as pallet hire volumes reduced from the peak levels experienced in FY23 and 1H24, as seasonal patterns returned, impacting daily hire revenue in the third quarter, although transport revenue continued to increase in line with higher pallet issues and returns in the period.

	Sales revenue (US$m, actual FX)		Growth vs. 9M23	
Segment	**9M24**	**9M23**	**(actual FX)**	**(constant FX[2])**
CHEP Americas	2,678.2	2,492.3	7%	6%
CHEP Europe, Middle East & Africa	1,787.3	1,604.9	11%	8%
CHEP Asia-Pacific	406.8	384.6	6%	10%
Continuing operations	**4,872.3**	**4,481.8**	**9%**	**7%**

[1] Price in CHEP Americas excludes contributions from North American surcharges which are recognised as 'Other income and other revenue' in the Consolidated Statement of Comprehensive Income in Brambles Limited's financial reports.
[2] Current period results (excluding hyperinflationary economies) translated into US dollars at the actual exchange rates applicable to the prior comparative period to show the relative performance between the two periods excluding the impact of foreign exchange movements. For constant currency reporting of hyperinflationary economies, the 9M24 results remain at the reported period end exchange rates.

Commenting on the third-quarter performance, Brambles' CEO, Graham Chipchase said: "Revenue growth was in line with expectations for the first nine months of FY24 as the rate of price growth continues to moderate in line with changes in our cost-to-serve and as we cycle higher prior-year pricing comparatives. Our year-to-date performance has given us the confidence to reconfirm our full-year guidance for revenue growth, strong operating leverage, and another year of improved free cash flow generation.

"Operating conditions in the third quarter were characterised by many of the trends observed in the first half of the year, including inventory optimisation with retailers and manufacturers across North America and Europe continuing to reduce their inventory levels. This resulted in ~3 million additional pallet returns across our network during the third quarter, bringing the year-to-date total to ~11 million pallets which is in line with our full-year expectation of ~13-14 million additional pallet returns due to inventory optimisation.

"Inventory optimisation continues to weigh on demand from existing customers as retailers and manufacturers use existing inventory to service consumer demand. Excluding this impact, we have started to see modest improvements in like-for-like volume trends in most markets during the third quarter which are starting to be more aligned with underlying consumer demand in each region.

"We continue to convert new customers to our share and reuse solutions in the US and Europe, although we have not seen the rate of net new business growth accelerate. This reflects a slower than expected ramp-up of volumes with new customers as macroeconomic conditions impact demand for their products and some volume loss due to dual sourcing, albeit we have seen this trend moderate in the third quarter. In addition, ongoing declines in white wood prices continue to delay some small manufacturers' decisions to move to pooling but we remain confident in our value proposition and the benefits we bring to customers' supply chains. For the full year, we continue to expect overall volumes to be flat compared to the prior year.

"As the pace of inventory optimisation has started to moderate, so have the flow-on impacts on operating costs and pooling capital expenditure as we cycle similar levels of inventory optimisation from the second half of FY23. Importantly, these additional pallet returns combined with benefits from our asset productivity initiatives and overall improvements in supply chain dynamics have resulted in cycle time decreases in all regions and lower loss rates, particularly in the US. This supports our expectations for the anticipated 8-to-10-point reduction in our pooling capex to sales ratio in FY24 and structural improvements in asset productivity going forward.

"Despite these improved supply chain dynamics, we continue to experience inflationary pressures in labour costs globally, transport costs in Europe and ongoing fluctuations in fuel prices. These were key contributors to ongoing price realisation in the third quarter as we continue to demonstrate commercial discipline to recover the cost-to-serve. As the rate of revenue growth moderates from the peaks of the prior year, we remain focused on asset control and other efficiencies to maintain margins and generate appropriate returns on the capital investments we have made across our business."

FY24 outlook

Brambles has reconfirmed its FY24 guidance, for the year ended 30 June 2024:

- Sales revenue growth of between 6-8% at constant currency;
- Underlying Profit growth of between 13-15% at constant currency;
- Positive Free Cash Flow before dividends of between US$700-800 million; and
- Dividend payout ratio to be consistent with the dividend payout policy of 45-60% of Underlying Profit after finance costs and tax[2] in US dollar terms and fully funded through Free Cash Flow.

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, the efficiency of global supply chains, including the extent of inventory optimisation, and movements in FX rates.

[2] Subject to Brambles' cash requirements.

For further information, please contact:

Investors:		**Media:**
Raluca Chiriacescu	Suk Hee Lee	Sandra Tang
Vice President, Investor Relations	Director, Investor Relations	Senior Manager, Media & Communications
+44 7810 658 044	+61 433 343 888	+61 404 066 107
raluca.chiriacescu@brambles.com	sukhee.lee@brambles.com	sandra.tang@brambles.com

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 353 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

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.