

16 February 2021

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

Via electronic lodgement

Dear Sir / Madam

Brambles 2021 Half-Year Statutory Accounts

Attached in accordance with Listing Rule 4.2A is the consolidated financial report, directors' report and auditors' review report for Brambles Limited for the half-year ended 31 December 2020.

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

Yours faithfully
Brambles Limited

Robert Gerrard
Group Vice President, Legal & Secretariat

Results for Announcement to the Market

Brambles Limited

ABN 89 118 896 021

Appendix 4D

Consolidated financial report for the half-year ended 31 December 2020

	First half 2021 US\$m	First half 2020 US\$m	% change (actual FX rates)	% change (constant FX rates)
Statutory Results				
Continuing operations:				
Sales revenue	2,565.5	2,397.6	7 %	6 %
Operating profit	465.0	435.5	7 %	5 %
Profit before tax	422.4	398.0	6 %	4 %
Tax expense	(127.2)	(119.1)	7 %	4 %
Profit after tax	295.2	278.9	6 %	4 %
Discontinued operations - loss after tax	(1.6)	(1.0)		
Profit for the period attributable to members of the parent entity	293.6	277.9	6 %	4 %
Basic EPS (US cents) from continuing operations	19.8	17.8	11 %	10 %
Basic EPS (US cents) - includes discontinued operations	19.7	17.7	11 %	10 %
Interim dividend¹ (US cents)	10.0	9.0		

¹ The 2021 interim dividend is 30% franked and its record date is 11 March 2021. It represents a payout ratio of 50% which is consistent with the payout ratio of 50% for the prior year 2020 interim dividend of 9.0 US cents.

Effective from 1 July 2019, Brambles moved to a payout ratio based dividend policy, targeting a payout ratio of 45-60% of Underlying Profit after finance costs and tax, subject to Brambles' cash requirements, with the dividend per share declared in US cents and converted and paid in Australian cents.

There are no Significant Items from continuing operations in first half 2021 or in the comparative period.

Commentary on these results is set out in Brambles' Half-Year Results announcement dated 16 February 2021. This report is based on the consolidated financial statements which have been reviewed by PwC.

Consolidated Financial Report

for the half-year ended 31 December 2020

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Consolidated Statement of Comprehensive Income

for the half-year ended 31 December 2020

	Note	First half 2021 US\$m	First half 2020 US\$m
Continuing operations			
Sales revenue	4	2,565.5	2,397.6
Other income		62.6	65.9
Operating expenses	5	(2,163.1)	(2,028.0)
Operating profit		465.0	435.5
Finance revenue		5.1	16.6
Finance costs		(47.7)	(54.1)
Net finance costs		(42.6)	(37.5)
Profit before tax		422.4	398.0
Tax expense		(127.2)	(119.1)
Profit from continuing operations		295.2	278.9
Loss from discontinued operations	9	(1.6)	(1.0)
Profit for the period attributable to members of the parent entity		293.6	277.9
Other comprehensive income:			
Items that will not be reclassified to profit or loss:			
Actuarial loss on defined benefit pension plans		(6.5)	(3.0)
Income tax benefit on items that will not be reclassified to profit or loss		1.0	0.2
		(5.5)	(2.8)
Items that may be reclassified to profit or loss:			
Exchange differences on translation of foreign subsidiaries ¹		204.0	(38.7)
Other comprehensive income/(loss) for the period		198.5	(41.5)
Total comprehensive income for the period attributable to members of the parent entity		492.1	236.4
Earnings per share (EPS) - US cents			
Continuing operations			
- basic	6	19.8	17.8
- diluted		19.7	17.7
Total			
- basic		19.7	17.7
- diluted		19.6	17.7

¹ Exchange differences on translation of foreign subsidiaries have been significantly impacted by the appreciation of the Australian dollar, Sterling and Euro net assets translated into US dollars. The 2020 spot rate relative to the US dollar strengthened by 12% for the Australian dollar, 11% for the Sterling and 9% for the Euro.

The consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Balance Sheet

as at 31 December 2020

	Note	December 2020 US\$m	June 2020 US\$m
Assets			
Current assets			
Cash and cash equivalents		560.8	737.3
Term deposits		115.1	68.6
Trade and other receivables		798.4	717.2
Inventories		70.5	67.5
Other assets		79.9	95.6
Total current assets		1,624.7	1,686.2
Non-current assets			
Other receivables		23.1	23.3
Property, plant and equipment		4,825.4	4,409.3
Right-of-use leased assets		620.6	598.8
Goodwill and intangible assets		277.6	259.6
Deferred tax assets		114.2	96.3
Other assets		11.5	9.7
Total non-current assets		5,872.4	5,397.0
Total assets		7,497.1	7,083.2
Liabilities			
Current liabilities			
Trade and other payables		1,363.6	1,226.5
Lease liabilities		147.3	112.8
Borrowings		52.7	36.3
Tax payable		61.4	45.8
Provisions		53.6	84.9
Total current liabilities		1,678.6	1,506.3
Non-current liabilities			
Lease liabilities		583.2	591.4
Borrowings		1,878.8	1,777.2
Provisions		83.4	76.1
Retirement benefit obligations		45.0	37.7
Deferred tax liabilities		389.8	338.1
Total non-current liabilities		2,980.2	2,820.5
Total liabilities		4,658.8	4,326.8
Net assets		2,838.3	2,756.4
Equity			
Contributed equity	8	5,154.7	5,427.2
Reserves		(7,261.3)	(7,464.3)
Retained earnings		4,944.9	4,793.5
Total equity		2,838.3	2,756.4

The consolidated balance sheet should be read in conjunction with the accompanying notes.

Consolidated Cash Flow Statement

for the half-year ended 31 December 2020

	Note	First half 2021 US\$m	First half 2020 US\$m
Cash flows from operating activities			
Receipts from customers		2,891.8	2,736.4
Payments to suppliers and employees		(2,046.3)	(1,938.3)
Cash generated from operations		845.5	798.1
Interest received		2.2	10.7
Interest paid		(41.0)	(62.7)
Income taxes paid on operating activities		(86.9)	(94.5)
Net cash inflow from operating activities		719.8	651.6
Cash flows from investing activities			
Payments for property, plant and equipment		(479.3)	(520.8)
Proceeds from sale of property, plant and equipment ¹		63.8	50.0
Payments for intangible assets		(8.0)	(8.7)
Payments relating to prior period business divestments		(6.5)	(16.0)
Acquisition of forestry assets		(15.5)	-
Net cash outflow from investing activities		(445.5)	(495.5)
Cash flows from financing activities			
Proceeds from borrowings		113.6	380.6
Repayments of borrowings		(110.8)	(762.7)
Payment of principal component of lease liabilities		(62.5)	(55.8)
(Transfer to) / proceeds from term deposits		(46.5)	166.3
Net outflow from derivative financial instruments		(9.8)	(7.9)
Payments for share buy-back		(286.4)	(361.1)
Repayment of capital to shareholders		-	(129.3)
Dividends paid - ordinary	7	(132.5)	(157.3)
Dividends paid - special	7	-	(183.2)
Net cash outflow from financing activities		(534.9)	(1,110.4)
Net decrease in cash and cash equivalents		(260.6)	(954.3)
Cash and cash equivalents, net of overdrafts, at beginning of the period		737.3	1,690.4
Effect of exchange rate changes		83.1	(17.7)
Cash and cash equivalents, net of overdrafts, at end of the period ²		559.8	718.4

¹ Includes compensation for lost pooling equipment of US\$47.7 million for first half 2021 (first half 2020: US\$46.2 million).

² Cash of US\$559.8 million as at 31 December 2020 includes cash and cash equivalents of US\$560.8 million and is net of overdrafts of US\$1.0 million.

The consolidated cash flow statement should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

for the half-year ended 31 December 2020

	Note	Contributed equity US\$m	Reserves US\$m	Retained earnings US\$m	Total US\$m
Half-year ended 31 December 2019					
Opening balance as at 1 July 2019		6,187.4	(7,322.5)	4,821.5	3,686.4
Profit for the period		-	-	277.9	277.9
Other comprehensive loss		-	(38.7)	(2.8)	(41.5)
Total comprehensive (loss)/income		-	(38.7)	275.1	236.4
Share-based payments:					
- expense recognised		-	9.8	-	9.8
- shares issued		-	(7.3)	-	(7.3)
- equity component of related tax		-	0.7	-	0.7
Transactions with owners in their capacity as owners:					
- dividends declared	7	-	-	(336.9)	(336.9)
- issues of ordinary shares, net of transaction costs		7.3	-	-	7.3
- share buy-back		(361.1)	-	-	(361.1)
- shareholder capital return		(129.3)	-	-	(129.3)
Closing balance as at 31 December 2019		5,704.3	(7,358.0)	4,759.7	3,106.0
Half-year ended 31 December 2020					
Opening balance as at 1 July 2020		5,427.2	(7,464.3)	4,793.5	2,756.4
Profit for the period		-	-	293.6	293.6
Other comprehensive income/(loss)		-	204.0	(5.5)	198.5
Total comprehensive income		-	204.0	288.1	492.1
Share-based payments:					
- expense recognised		-	12.2	-	12.2
- shares issued		-	(13.9)	-	(13.9)
- equity component of related tax		-	0.7	-	0.7
Transactions with owners in their capacity as owners:					
- dividends declared	7	-	-	(136.7)	(136.7)
- issues of ordinary shares, net of transaction costs	8	13.9	-	-	13.9
- share buy-back	8	(286.4)	-	-	(286.4)
Closing balance as at 31 December 2020		5,154.7	(7,261.3)	4,944.9	2,838.3

The consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020

Note 1. Basis of Preparation

These financial statements present the consolidated results of Brambles Limited (ACN 118 896 021) and its subsidiaries (Brambles or the Group) for first half 2021.

References to 2021 and 2020 are to the financial years ending on 30 June 2021 and 30 June 2020 respectively.

These interim financial statements are a general purpose financial report and have been prepared in accordance with the requirements of the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting* which ensures compliance with International Financial Reporting Standard IAS 34: *Interim Financial Reporting*.

These interim financial statements do not include all the notes that would normally be included in an annual financial report. The interim financial statements should be read in conjunction with Brambles' 2020 Annual Report and public announcements made by Brambles during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The financial statements and all comparatives have been prepared using consistent accounting policies, as set out in Brambles' 2020 Annual Report.

As Brambles is a company of a kind referred to in ASIC Corporations Instrument 2016/191, relevant amounts in the financial statements and Directors' Report have been rounded to the nearest hundred thousand US dollars or, in certain cases, to the nearest thousand US dollars. Amounts in cents have been rounded to the nearest tenth of a cent.

Due to a change in reporting structure, the North American automotive business is recognised in CHEP Europe, Middle East, Africa and India (CHEP EMEA), and the Kegstar business is recognised in CHEP Asia-Pacific, effective 1 July 2020. Comparative information has been reclassified accordingly to enhance comparability.

As at 31 December 2020, Brambles has net current liabilities of US\$53.9 million, however, liquidity remains strong with US\$1,339.9 million of undrawn committed facilities and US\$675.9 million of total cash and deposits at 31 December 2020.

Note 2. Impact of accounting standards

A) Impact of accounting standards issued but not yet applied

At 31 December 2020, certain accounting standards and interpretations have been published or amended which will become mandatory in future reporting periods. These new or amended accounting standards and interpretations are not material to Brambles.

B) Impact of AASB 16 Leases – consistent application year on year and disclosed for financial covenant purposes only

Brambles adopted AASB 16 in 2020 and its impact is included in both the current and comparative periods. The lenders of Brambles' major borrowing facilities continue to apply AASB 117 (the previous lease standard) for the calculation of financial covenants.

AASB 16 impact on first half 2021 financial measures used to calculate financial covenants:

	First half 2021 US\$m		
	Pre AASB 16	AASB 16 impact	Post AASB 16
EBITDA ¹	805.3	75.5	880.8
Interest expense	29.3	13.3	42.6
Net Debt	1,255.6	730.5	1,986.1

¹ EBITDA is defined as earnings before interest, tax, depreciation, depreciation-like items (irrecoverable pooling equipment provision expense) and amortisation.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 3. Other Information

The principal exchange rates affecting Brambles were:

		A\$:US\$	€:US\$	£:US\$
Average	First half 2021	0.7260	1.1870	1.3161
	First half 2020	0.6823	1.1070	1.2598
Period end	31 December 2020	0.7676	1.2293	1.3624
	30 June 2020	0.6860	1.1242	1.2305

Note 4. Segment Information

Brambles' segment information is provided on the same basis as internal management reporting to the CEO.

Brambles has four reportable segments:

- CHEP North America and Latin America (CHEP Americas);
- CHEP Europe, Middle East, Africa and India, including the North American automotive business (CHEP EMEA);
- CHEP Australia, New Zealand and Asia, including the Kegstar business and excluding India (CHEP Asia-Pacific); and
- Corporate - Corporate centre including BXB Digital (Corporate).

Segment performance is measured on Sales Revenue, Underlying Profit, Cash Flow from Operations and Return on Capital Invested (ROCI). Underlying Profit is the main measure of segment profit.

Due to a change in reporting structure, the North American automotive business is recognised in CHEP EMEA and the Kegstar business is recognised in CHEP Asia-Pacific, effective 1 July 2020. Comparatives have been reclassified accordingly.

Segment sales revenue is measured on the same basis as in the statement of comprehensive income. Revenue is generated from the provision of pooling equipment to customers and is recognised over the cycle time. Revenue is measured based on the amount of consideration Brambles expects to be entitled to in exchange for transferring promised goods or services to a customer, net of consideration payable to customers or third parties, duties and taxes paid.

Segment sales revenue is allocated to segments based on product categories and physical location of the business unit that invoices the customer. Intersegment revenue during the period was immaterial. There is no single external customer who contributed more than 10% of Group sales revenue.

Assets and liabilities are measured consistently in segment reporting and in the balance sheet. Assets and liabilities are allocated to segments based on segment use and physical location. Cash, term deposits, borrowings and tax balances are managed centrally and are not allocated to segments.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 4. Segment Information – continued

	Sales revenue		Cash Flow from Operations ¹	
	First half 2021 US\$m	First half 2020 US\$m	First half 2021 US\$m	First half 2020 US\$m
By operating segment				
CHEP Americas	1,299.2	1,228.9	177.3	106.8
CHEP EMEA	1,010.0	935.2	238.7	203.4
CHEP Asia-Pacific	256.3	233.5	42.3	49.4
Corporate	-	-	(34.7)	(37.8)
Continuing operations	2,565.5	2,397.6	423.6	321.8
By geographic origin				
Americas	1,309.6	1,239.6		
Europe	884.7	813.2		
Australia	190.9	166.7		
Other	180.3	178.1		
Total	2,565.5	2,397.6		

¹ Cash Flow from Operations is cash flow generated after net capital expenditure but excluding Significant Items that are outside the ordinary course of business.

	Operating Profit ²		Underlying Profit ³	
	First half 2021 US\$m	First half 2020 US\$m	First half 2021 US\$m	First half 2020 US\$m
By operating segment				
CHEP Americas	191.9	188.7	191.9	188.7
CHEP EMEA	242.0	218.5	242.0	218.5
CHEP Asia-Pacific	64.4	58.2	64.4	58.2
Corporate ⁴	(33.3)	(29.9)	(33.3)	(29.9)
Continuing operations	465.0	435.5	465.0	435.5

There are no Significant Items in first half 2021 or first half 2020 therefore Operating Profit equals Underlying Profit.

² Operating profit is segment revenue less segment expense and excludes finance costs and tax.

³ Underlying Profit is a non-statutory profit measure and represents profit from continuing operations before finance costs, tax and Significant Items. It is presented to assist users of the financial statements to better understand Brambles' business results.

⁴ Underlying Profit for the Corporate segment includes US\$8.7 million of BXB Digital costs (first half 2020: US\$8.2 million) and US\$7.8 million of Shaping our Future costs (first half 2020: US\$4.0 million) relating to investment in customer experience as well as overhead and supply chain efficiency projects.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 4. Segment Information – continued

	Return on Capital Invested ⁵		Average Capital Invested ⁶	
	First half	First half	First half	First half
	2021	2020	2021	2020
	US\$m	US\$m	US\$m	US\$m
By operating segment				
CHEP Americas	15.9%	16.0%	2,411.4	2,357.4
CHEP EMEA	25.1%	23.8%	1,925.7	1,837.2
CHEP Asia-Pacific	21.4%	20.2%	602.3	577.2
Corporate ⁷			(33.5)	12.7
Continuing operations	19.0%	18.2%	4,905.9	4,784.5

⁵ Return on Capital Invested (ROCI) for first half 2021 and the comparative period is Underlying Profit multiplied by two to calculate an annualised amount, divided by Average Capital Invested. ROCI is not disclosed for the Corporate segment as it is not deemed a relevant measure for this segment. ROCI for continuing operations includes the Corporate segment.

⁶ Average Capital Invested (ACI) is a monthly average of capital invested in the period. Capital invested is calculated as net assets before tax balances, cash, term deposits, borrowings and lease liabilities, but after adjustments for pension plan actuarial gains and losses and net equity-settled shared-based payments.

⁷ ACI for the Corporate segment includes US\$14.4 million deferred consideration receivable from First Reserve, net of the impairment recognised in June 2020 (first half 2020: US\$45.9 million).

	Capital expenditure ⁸		Depreciation and amortisation	
	First half	First half	First half	First half
	2021	2020	2021	2020
	US\$m	US\$m	US\$m	US\$m
By operating segment				
CHEP Americas	284.6	262.8	168.7	159.1
CHEP EMEA	177.8	200.0	120.2	109.8
CHEP Asia-Pacific	73.0	47.8	36.5	33.0
Corporate	-	-	2.6	2.2
Continuing operations	535.4	510.6	328.0	304.1

⁸ Capital expenditure on property, plant & equipment is on an accrual basis.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 4. Segment Information – continued

	Segment assets		Segment liabilities	
	December 2020 US\$m	June 2020 US\$m	December 2020 US\$m	June 2020 US\$m
By operating segment				
CHEP Americas	3,346.4	3,205.5	1,347.6	1,289.9
CHEP EMEA	2,502.4	2,257.6	627.5	585.7
CHEP Asia-Pacific	781.2	642.8	265.3	207.2
Corporate	64.8	66.0	35.7	46.6
Total segment assets and liabilities	6,694.8	6,171.9	2,276.1	2,129.4
Cash and borrowings ⁹	560.8	737.3	1,931.5	1,813.5
Term deposits ¹⁰	115.1	68.6	-	-
Current tax balances	12.2	9.1	61.4	45.8
Deferred tax balances	114.2	96.3	389.8	338.1
Total assets and liabilities	7,497.1	7,083.2	4,658.8	4,326.8
Non-current assets by geographic origin¹¹				
Americas	2,924.2	2,798.6		
Europe	1,881.0	1,716.1		
Australia	453.3	361.3		
Other	488.2	415.0		
Total	5,746.7	5,291.0		

⁹ €150.0 million of loan notes have been hedged with interest rate swaps for fair value risk. The carrying value of the notes has increased by US\$13.3 million (June 2020: US\$12.9 million) in relation to changes in fair value attributable to the hedged risk.

The fair value of all financial instruments held on the balance sheet as at 31 December 2020 equals the carrying amount, with the exception of loan notes, which have a carrying amount of US\$1,745.5 million and an estimated fair value of US\$1,894.6 million. Financial assets and liabilities held at fair value are estimated using level 2 estimation techniques, whereas loan notes are estimated using both level 1 and 2 estimation techniques. Further information on the estimation methodology is included within Brambles' 2020 Annual Report.

¹⁰ Term deposits relate to cash deposits held with financial institutions. The cash deposits cannot be used for short-term liquidity purposes, have terms less than 12 months and are measured at amortised cost.

¹¹ Non-current assets exclude financial instruments of US\$11.5 million (June 2020: US\$9.7 million) and deferred tax assets of US\$114.2 million (June 2020: US\$96.3 million).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 5. Operating Expenses - Continuing Operations

	First half 2021 US\$m	First half 2020 US\$m
Employment costs	389.1	357.4
Service suppliers:		
- transport	611.3	573.4
- repairs and maintenance	518.6	496.6
- subcontractors and other service suppliers	140.9	142.8
Occupancy	27.7	26.2
Depreciation of property, plant and equipment ¹	318.3	295.4
Irrecoverable pooling equipment provision expense	87.8	73.3
Amortisation of intangible assets	9.7	8.7
Net foreign exchange losses	2.9	0.6
Other	56.8	53.6
	2,163.1	2,028.0

¹ Depreciation of right-of-use leased assets in first half 2021 is US\$64.1 million (first half 2020: US\$56.6 million).

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 6. Earnings Per Share

	First half 2021 US cents	First half 2020 US cents
From continuing operations		
- basic	19.8	17.8
- diluted	19.7	17.7
- basic, on Underlying Profit after finance costs and tax	19.8	17.8
From discontinued operations		
- basic	(0.1)	(0.1)
- diluted	(0.1)	(0.1)
Total Earnings per Share (EPS)		
- basic	19.7	17.7
- diluted	19.6	17.7

Performance share rights and MyShare matching conditional rights granted under Brambles' share plans are considered to be potential ordinary shares and have been included in the determination of diluted EPS to the extent to which they are considered to be dilutive.

	First half 2021 Million	First half 2020 Million
A) Weighted Average Number of Shares During the Period		
Used in the calculation of basic EPS	1,493.0	1,569.7
Adjustment for share rights	4.1	3.9
Used in the calculation of diluted EPS	1,497.1	1,573.6

	First half 2021 US\$m	First half 2020 US\$m
B) Reconciliations of Profits used in EPS Calculations		
Statutory profit		
Profit from continuing operations	295.2	278.9
Loss from discontinued operations	(1.6)	(1.0)
Profit used in calculating basic and diluted EPS	293.6	277.9
Underlying Profit after finance costs and tax		
Underlying Profit (Note 4)	465.0	435.5
Net finance costs	(42.6)	(37.5)
Underlying Profit after finance costs before tax	422.4	398.0
Tax expense on Underlying Profit	(127.2)	(119.1)
Underlying Profit after finance costs and tax	295.2	278.9
which reconciles to statutory profit:		
Underlying Profit after finance costs and tax	295.2	278.9
Significant Items after tax	-	-
Profit from continuing operations	295.2	278.9

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 7. Dividends

A) Dividends Paid During the Period

	Final 2020
Dividend per share (US cents)	9.0
Cost (in US\$ million)	132.5
Payment date	8 October 2020

Dividends paid during the period of US\$132.5 million (first half 2020: US\$340.5 million, inclusive of a special dividend of US\$183.2 million) per the consolidated cash flow statement differ from the amount recognised in the consolidated statement of changes in equity of US\$136.7 million (first half 2020: US\$336.9 million) due to the impact of foreign exchange movements between the dividend record and payment dates.

The Dividend Reinvestment Plan (DRP) remained suspended during first half 2021.

B) Dividend Declared after 31 December 2020

	Interim 2021
Dividend per share (in US cents)	10.0
Estimated cost (in US\$ million)	147.0
Payment date	8 April 2021
Dividend record date	11 March 2021

As this dividend had not been declared at 31 December 2020, it is not reflected in these financial statements.

The 2021 interim dividend of 10.0 US cents represents a payout ratio of 50% which is consistent with the payout ratio of 50% for the prior year 2020 interim dividend of 9.0 US cents.

Effective from 1 July 2019, Brambles moved to a payout ratio based dividend policy, targeting a payout ratio of 45-60% of Underlying Profit after finance costs and tax, subject to Brambles' cash requirements, with the dividend per share declared in US cents and converted and paid in Australian cents.

Note 8. Issued and Quoted Securities

	Share rights Number	Ordinary securities	
		Number	US\$m
At 1 July 2020	7,228,945	1,505,032,565	5,427.2
Issued during the period ¹	3,284,631	1,819,863	13.9
Exercised during the period	(1,785,996)	-	-
Lapsed	(229,077)	-	-
Share buy-back ²	-	(36,694,107)	(286.4)
At 31 December 2020	8,498,503	1,470,158,321	5,154.7

¹ Includes shares issued on exercise of share plans and shares issued as part of the MyShare Dividend Reinvestment Plan.

² As announced on 25 February 2019, Brambles will perform an on-market share buy-back up to US\$1.65 billion using the proceeds from the IFCO divestment. The cumulative total of shares repurchased and cancelled to 31 December 2020 is US\$985.9 million, of which US\$286.4 million related to first half 2021.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 9. Discontinued Operations

Financial information for discontinued operations is summarised below:

	First half 2021 US\$m	First half 2020 US\$m
Loss before tax ¹	(2.5)	(1.1)
Tax benefit	0.9	0.1
Loss for the period from discontinued operations	(1.6)	(1.0)

¹ Depreciation and amortisation within loss before tax in first half 2021 is nil (first half 2020: nil).

In first half 2021 there are no Significant Items outside the ordinary course of business relating to discontinued operations (first half 2020: nil).

Note 10. Net Assets Per Share

	December 2020 US cents	December 2019 US cents
Based on 1,470.2 million shares (first half 2020: 1,544.3 million shares):		
- Net tangible assets per share ¹	174.2	182.7
- Net assets per share ¹	193.1	201.1

¹ The movement from December 2019 primarily reflects reduced cash and term deposit balances used to fund the share buy-back programme.

Net tangible assets per share is calculated by dividing total equity attributable to the members of the parent entity, less goodwill and intangible assets, by the number of shares on issue at period end.

Net assets per share is calculated by dividing total equity attributable to the members of the parent entity by the number of shares on issue at period end.

Notes to and Forming Part of the Consolidated Financial Statements

for the half-year ended 31 December 2020 - continued

Note 11. Contingencies

As disclosed in the 2020 Annual Report, Brambles continues to defend a consolidated class action raised on behalf of certain shareholders who acquired shares during the period between 18 August 2016 and 20 February 2017. Brambles has filed its defence in the consolidated action. It is not possible to determine the ultimate impact, if any, of the action upon Brambles, and it continues to vigorously defend the proceedings.

There have been no material changes to contingencies as set out in the Brambles' 2020 Annual Report. As the outcomes of these matters remain uncertain, contingent liabilities exist for any potential amounts payable.

Note 12. Events After Balance Sheet Date

On 10 February 2021, Brambles entered into an agreement to combine its Kegstar keg rental business with MicroStar, a leading US beer keg solutions provider. Following the merger, the combined entity will be approximately 15% owned by Brambles and 85% owned by MicroStar's current shareholders. MicroStar's major shareholder is Freeman Spogli.

MicroStar will purchase Kegstar at an enterprise value of US\$52.2 million and as consideration will issue an equity interest in MicroStar to Brambles. The value of Brambles equity interest in MicroStar is estimated to be close to the current carrying value of Kegstar and it is not expected that there will be a material gain or loss on divestment.

Brambles will account for its 15% interest as an equity investment on the balance sheet going forward and recognise its share of profit or loss after tax on a single line in the income statement within continuing operations.

Brambles anticipates that the transaction will complete during the first half of the 2021 calendar year, subject to foreign investment approval in Australia and New Zealand.

The Kegstar business has been classified as a continuing operation in the CHEP APAC segment at 31 December 2020.

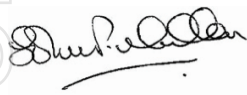
Except as outlined in the Directors' Report or elsewhere in these consolidated financial statements, there have been no other events that have occurred subsequent to 31 December 2020 and up to the date of this report that have had a material impact on Brambles' financial performance or position.

Directors' Declaration

In the opinion of the Directors of Brambles Limited:

- (a) the financial statements and notes set out on pages 2 to 16 are in accordance with the Australian Corporations Act 2001, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated financial position of Brambles Limited as at 31 December 2020 and of its performance for the half-year ended on that date;
- (b) there are reasonable grounds to believe that Brambles Limited will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



J P Mullen
Chairman



G A Chipchase
Chief Executive Officer

Sydney
16 February 2021

Independent auditor's review report to the members of Brambles Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Brambles Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Brambles Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibility of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibility for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the

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half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

PricewaterhouseCoopers

PricewaterhouseCoopers

S. Horlin

Susan Horlin
Partner

Sydney
16 February 2021

EPenny

Eliza Penny
Partner

Sydney
16 February 2021

Directors' Report

The Directors present the interim results of the consolidated entity consisting of Brambles Limited and the entities it controlled (Brambles or the Group) at the end of, or during, the half-year ended 31 December 2020 (1H21).

Names of Directors

The Directors of Brambles Limited in office during 1H21 and up to the date of this report are as follows:

- J Mullen (Independent Non-executive Chairman)
- G A Chipchase (Executive Director, Chief Executive Officer)
- G El-Zoghbi (Independent Non-executive Director)
- E Fagan (Independent Non-executive Director)
- A G Froggatt (Independent Non-executive Director)
- T Hassan (Independent Non-executive Director)
- B J Long (Independent Non-executive Director) – retired 19 October 2020
- K McCall (Independent Non-executive Director) – effective 6 July 2020
- J Miller (Independent Non-executive Director)
- N O'Sullivan (Executive Director, Chief Financial Officer)
- S R Perkins (Independent Non-executive Director)
- N Scheinkestel (Independent Non-executive Director)

Review of Operations and Results

The principal activities of Brambles during 1H21 were the provision of supply-chain logistics solutions, focused on the provision of reusable pallets and containers, of which Brambles is a leading global provider.

Brambles' operates primarily through the CHEP brand and operates its business within the following operating segments:

- CHEP Americas: The pallet and container pooling business in the Americas.
- CHEP Europe, Middle East, Africa and India (EMEA): The pallet and container pooling business in EMEA (including the global CHEP Automotive container business) and the CHEP branded reusable plastic crates (RPC) business in South Africa.
- CHEP Asia-Pacific: The pallet and container pooling business in Asia-Pacific, the CHEP branded RPC business in Australia and New Zealand and the global Kegstar keg pooling business.

There were no significant changes in the nature of Brambles' principal activities during 1H21.

Some of the results referred to in this report are expressed on a "constant currency" basis. This means that they are presented by translating both current and comparable period results into US dollars at the actual monthly exchange rates applicable in the comparable period, so as to show relative performance between the two periods before the translation impact of currency fluctuations. All other figures are presented on an "actual" basis, which means the results are translated into US dollars at the applicable actual monthly exchange rates for each period. In this report, prior-year comparisons are to the six-month period ending 31 December 2019 unless otherwise stated.

Brambles' sales revenue from continuing operations for 1H21 was US\$2,565.5 million, an increase of 6% at constant currency as strong growth across the global Pallets and Australian RPCs businesses more than offset a decline in CHEP Automotive and Kegstar revenues of 6% and 56%, respectively, as the businesses cycled strong pre-pandemic levels of customer demand in the prior-year comparative period. Like-for-like volumes¹ increased 3%, with particularly strong growth in the North American and European Pallet businesses. This volume growth was driven by higher demand from existing customers predominantly in consumer-staples sectors and reflected increased levels of at-home consumption and, in the case of Europe, increased stocking in advance of Brexit. The increased demand in the pallet businesses was partly offset by lower demand in the CHEP Automotive and Kegstar businesses. Net new business wins increased 1% largely driven by new customer conversions in the Central & Eastern European Pallets business and the commencement of a new large RPC contract in Australia. Price realisation contributed 2% to revenue growth driven by pricing initiatives across the Group to support recovery of input-cost inflation and to reflect cost-to-serve in the Americas and EMEA regions. Price indexation and repricing of contracts both contributed to pricing growth in 1H21.

Both Brambles' operating profit and Underlying Profit² for 1H21 were US\$465.0 million due to there being no Significant Items for 1H21, an increase of 5% at constant currency and includes net income of US\$8 million relating to a one-off compensation for

¹ Like-for-like growth reflects increase in volumes with the same products and customers as the prior corresponding period.

² Underlying Profit is a non-statutory measure that represents profit from continuing operations before finance costs, tax and significant items.

Directors' Report – continued

a service centre relocation in the Asia-Pacific region. Excluding the impact of this compensation, Underlying Profit increased 3% as the sales volume, price and mix contribution to profit of US\$92 million, supply chain efficiency benefits and disciplined overhead cost control offset COVID-19 related cost pressures across the Group.

At a Group level, net transport costs increased US\$26 million reflecting additional pallet collections and relocations to manage changes in network flows and to support the more efficient use of the existing asset pool in servicing higher levels of customer demand which drove improved Return on Capital Invested for the Group. Transport capacity and availability constraints, particularly in the US market, also contributed to higher costs in 1H21. Net plant costs increased US\$14 million reflecting additional repair and handling costs to manage strong pallet demand and to optimise the use of the existing asset pool while minimising capital investment in incremental pallets. Wage inflation due to labour availability challenges in all regions also contributed to higher plant costs in 1H21. These increases were offset by a combination of pricing, surcharges and the delivery of supply chain efficiencies of approximately US\$20 million which included benefits from automation projects and pallet durability initiatives reducing damage rates during the period. The irrecoverable pooling equipment provision ("IPEP"³) expense increased US\$14 million despite lower loss rates across the Group, driven by volume growth and higher unit pallet costs, largely weighted into the first half of the year ending 30 June 2021 ("FY21"). Depreciation expense increases of US\$12 million were in line with prior-year investments to support volume growth and US supply chain programmes. Other cost increases of US\$12 million included investments in new sales tools, upgrades to IT infrastructure to replace legacy systems and productivity projects including digital asset tracking trials. The increase also includes approximately US\$6 million year-on-year decrease in gains on compensated and scrapped assets largely due to higher pallet unit costs.

Brambles' net finance costs of US\$42.6 million for 1H21 increased US\$5.3 million in constant currency primarily driven by lower interest income reflecting the US\$0.6 billion reduction in deposit balances due to capital management activity in the prior 12 months and lower interest rates on Australian dollar deposits.

The 1H21 effective tax rate on Underlying Profit was 30.1%, broadly in line with the effective tax rate in the prior-year comparative period of 29.9%.

Brambles' profit after tax from continuing operations for 1H21 was US\$295.2 million, an increase of 4% at constant currency as the increase in operating profit was partly offset by higher net finance costs and tax expense.

The CHEP operating business segments' results for 1H21 were as follows:

CHEP Americas pallets sales revenue of US\$1,281.0 million increased 8% at constant currency driven by COVID-19 related increases in pallet demand from existing customers in North America as well as price realisation in the US and Latin American pallet businesses. Containers sales revenue of US\$18.2 million decreased (6)% at constant currency reflecting reduced volumes in the North American Intermediate Bulk Containers (IBC) business. Underlying Profit of US\$191.9 million increased 3% at constant currency as the strong sales contribution to profit of US\$63 million more than offset higher net transport, plant, depreciation, IPEP and other costs.

CHEP EMEA pallets sales revenue of US\$874.6 million increased 6% at constant currency reflecting price realisation in the region and the timing benefit of inventory stockpiling ahead of Brexit which is expected to unwind in the second half of FY21. RPC and Containers businesses generated sales revenue of US\$135.4 million, down 7% at constant currency driven by lower demand in the Automotive and IBC businesses. Underlying Profit of US\$242.0 million increased 7% at constant currency reflecting the strong sales flow through to profit in Pallets, which included the timing benefit of Brexit-related stockpiling in Europe, and cost control in the Automotive business. The sales volume, price and mix contribution to profit of US\$27 million more than offset net transport, plant and depreciation cost increases.

CHEP Asia-Pacific pallets sales revenue was US\$192.4 million, up 6% at constant currency driven by the Australian business which experienced strong pallet demand from customers in the consumer staples sectors and continued to deliver price realisation despite unfavourable customer mix impact in 1H21. RPC and Containers sales revenue of US\$63.9 million decreased 3% at constant currency, reflecting volume declines in the Kegstar business as COVID-19 restrictions continued to impact on-premise consumption of beer in key markets. Excluding Kegstar, constant currency sales increased 9% driven by the onboarding of a large Australian RPC contract in October 2020. Underlying Profit of US\$64.4 million increased 4% at constant currency and included a US\$8 million one-off net benefit from compensation for the relocation of a service centre which more than offset the profit impact of lower volumes in the Kegstar business. Excluding the impact of Kegstar and the one-off compensation benefit, Underlying Profit was 5% lower than the prior year at constant currency as the strong sales contribution to profit in the pallets business was more than offset by commencement costs associated with the large Australian RPC contract and COVID-19 demand-related costs.

³ The irrecoverable pooling equipment provision, or IPEP, is a provision held by the Group to account for pooling equipment that cannot be economically recovered and for which there is no reasonable expectation of receiving compensation.

Directors' Report – continued

Auditor's Independence Declaration

The auditor's independence declaration, as required under Section 307C of the Corporations Act 2001, is set out on page 23 and forms part of this report.

This report is made in accordance with a resolution of the Directors.



J P Mullen
Chairman



G A Chipchase
Chief Executive Officer

16 February 2021



Auditor's Independence Declaration

As lead auditor for the review of Brambles Limited for the half-year ended 31 December 2020, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Brambles Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'S. Horlin'.

Susan Horlin
Partner
PricewaterhouseCoopers

Sydney
16 February 2021

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