



6 September 2024

ASX Compliance
Level 14, Exchange Centre
20 Bridge Street
Sydney NSW 2000

By email: ListingsComplianceSydney@asx.com.au

Dear ASX Compliance

Brambles Limited (BXB): ASX Aware Letter

Brambles Limited (ASX: BXB) refers to your letter of 30 August 2024 (**ASX Letter**) and responds as follows.

- 1. Does BXB consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Results') differed materially from the market's expectations, having regard to the Earnings Guidance?**

In your response, please have regard to ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

No. BXB does not consider that any measure of its statutory or underlying earnings for the 2024 financial year (**FY24**) as disclosed in the Results differed materially from the market's expectations.

On 23 February 2024, BXB released its FY24 first half financial results and at that time announced revised FY24 guidance (**Revised FY24 Guidance**):

- Sales revenue growth of between 6-8% at constant currency (unchanged);
- ULP growth of between 13-15% at constant currency (previously 9-12%); and
- Free Cash Flow before dividends of between US\$700-800 million (previously US\$450-550 million).

On 23 April 2024, BXB released its FY24 third quarter trading update and at that time reconfirmed the Revised FY24 Guidance.

With each of the above announcements released to ASX, in relation to the financial outcomes on which guidance was provided, BXB noted that "[t]hese 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".

Having regard to paragraph 4(a) of section 7.3 of Guidance Note 8, BXB is of the view that the key indicators of BXB's financial performance in the FY24 Results do

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not differ so materially from the Revised FY24 Guidance as to be an earnings surprise. BXB notes the following:

- Sales revenue growth in the FY24 Results of 7% compared to the range of 6-8% in the Revised FY24 Guidance is consistent and therefore not materially different;
- ULP growth of 17% in the FY24 Results compared to a range of 13-15% in the Revised FY24 Guidance is 2% above the upper end of the range and therefore not materially different; and
- Free Cash Flow before dividends of US\$882.8 million is 10% above the upper end of the US\$700-800 million range in the Revised FY24 Guidance.
 - Per BXB's response to question 2 below, BXB did not have a reasonable degree of certainty regarding this variance prior to finalising the FY24 Results; and
 - Per BXB's responses to questions 3 and 4 below, BXB does not consider that this variance, on its own, is of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BXB's securities so as to be an earnings surprise.

2. **Please explain the basis for the view provided in response to question 1, including details of:**
 - 2.1 **the Earnings Guidance; and**
 - 2.2 **the date when BXB first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, the Earnings Guidance.**

In relation to question 2.1, please see BXB's response to question 1 above.

In relation to question 2.2, BXB first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, the Earnings Guidance when it finalised its annual results during the Board discussions on 20 August 2024, which were approved in final form by a Special Committee of the Board following the close of trading on 20 August 2024 and released to the market prior to market open on 21 August 2024. As is the case with the preparation for the release of results for a reporting period, Board papers containing draft results information with supporting papers prepared by management for internal purposes were issued on 12 August 2024. During the period between the papers being issued and the Board discussions on 20 August 2024, BXB senior management continued to test and verify the draft results information on an expeditious basis which culminated in discussions at the Board Audit & Risk Committee meeting on 19 August 2024 followed by the Board meeting on 20 August 2024, and then subsequently approved in final form by the Special Committee following the close of trading on 20 August 2024.

3. **Does BXB consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BXB's securities?**

Please answer separately for each measure of earnings referred to in the Results.

No. More specifically, as set out in BXB's response to question 1 above:

- There was no variance between BXB's FY24 sales revenue growth and its Revised FY24 Guidance;
- There was no material variance between BXB's FY24 ULP growth and its Revised FY24 Guidance. BXB therefore did not consider at any point prior to the announcement of the FY24 Results that the variance was of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BXB's securities; and
- BXB did not consider at any point prior to the announcement of the FY24 Results that the variance of its FY24 Free Cash Flow before dividends to its Revised FY24 Guidance, on its own, was of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BXB's securities.

4. If the answer to question 3 is “no”, please provide the basis for that view.

BXB's FY24 sales revenue and ULP growth were materially in line with its FY24 Revised Guidance.

Regarding FY24 Free Cash Flow before dividends, BXB's view is that the market's focus when considering this metric is on understanding the sustainability and consistency of BXB's future Free Cash Flow generation, rather than the performance in the year on a standalone basis. The market's focus on the sustainability of this metric reflects its historical volatility and the impact of supply chain disruptions driven by COVID. As a result, BXB does not consider that the variance in FY24 Free Cash Flow before dividends, on its own, is of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BXB's securities.

5. If the entity first became aware of the variance before the release of Results Announcements, did BXB make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BXB was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BXB took to ensure that the information was released promptly and without delay.

Not applicable.

6. Please provide details of any other explanation BXB may have for the trading in its securities following the release of the Results Announcements.

BXB is not able to definitively comment as to the factors which may influence trading in its securities. However, BXB notes that, at the same time as the release of the FY24 Results, it also announced:

- Strong FY25 guidance which included Sales revenue growth of 4-6%, ULP growth of 8-11% and Free Cash Flow before dividends of between US\$700- US\$800 million, indicating another year of sales and profit growth and sustainable free cash flow generation;
- A revised capital management framework and the following two capital management initiatives in FY25:
 - An increase in its dividend payout ratio policy commencing from FY25; and
 - An on-market share buy-back of up to US\$500m in FY25.

BXB's view is that trading in BXB securities following the announcement of the FY24 Results likely reflects the strong outlook and commitment to increased shareholder returns in the future.

7. Please confirm that BXB is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

BXB confirms that it is in compliance with the Listing Rules, and in particular, Listing Rule 3.1.

8. Please confirm that BXB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BXB with delegated authority from the board to respond to ASX on disclosure matters.

BXB's responses have been authorised and approved in accordance with its Continuous Disclosure and Communications Policy.

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30 August 2024

Reference: 98852

Ms Carina Thuaux
Group Company Secretary and Corporate Counsel
Brambles Limited
Level 29, 255 George Street
Sydney, NSW 2000

By email only

Dear Ms Thuaux

Brambles Limited ('BxB'): ASX Aware Letter

ASX refers to the following:

- A. BxB's announcements released on the ASX Market Announcements Platform ('MAP') on 21 August 2024 in connection with its full year results ('Results Announcements'), being:
 - 1.1 "Brambles 2024 Full-Year Statutory Accounts", released on MAP at 7:56 am;
 - 1.2 "Brambles FY24 Results Presentation", released on MAP at 7:57 am;
 - 1.3 "Brambles FY24 ASX & Media Release", released on MAP at 8:06 am; and
 - 1.4 "Corrected Brambles FY24 ASX & Media Release", released on MAP at 9:00 am.
- B. The change in the price of BxB's securities from \$15.67 immediately prior to the release of the Results Announcements to a high of \$17.51 following the release of the Results Announcements.
- C. BxB's announcement "FY24 THIRD QUARTER TRADING UPDATE" released on MAP on 23 April 2024 at 8:24 am in which BxB reconfirmed earnings guidance for the 2024 financial year ('Earnings Guidance').
- D. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
- E. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."
- F. Section 4.4 in *Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B* titled "When does an entity become aware of information?"
- G. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure as follows.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following 5 situations applies:

 - *It would be a breach of a law to disclose the information;*
 - *The information concerns an incomplete proposal or negotiation;*

- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

- H. ASX's policy position on "market sensitive earnings surprises", which is detailed in section 7.3 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. In particular:

"...If an entity becomes aware that its earnings for the current reporting period will differ materially (downwards or upwards) from market expectations, it needs to consider carefully whether it has a legal obligation to notify the market of that fact."...

"...An earnings surprise will need to be disclosed to the market under Listing Rule 3.1 if it is market sensitive – that is, it is of such a magnitude that a reasonable person would expect information about the earnings surprise to have a material effect on the price or value of the entity's securities."...

Request for information

Having regard to the above, ASX asks BXB to respond separately to each of the following questions and requests for information:

1. Does BXB consider that any measure of its statutory or underlying earnings for the 2024 financial year as disclosed in the Results Announcements ('Results') differed materially from the market's expectations, having regard to the Earnings Guidance?

In your response, please have regard to ASX's commentary in paragraph 4(a) of section 7.3 of Guidance Note 8 about when a variation from market expectations may be material.

2. Please explain the basis for the view provided in response to question 1, including details of:

2.1 the Earnings Guidance; and

2.2 the date when BXB first became aware with a reasonable degree of certainty that its expected earnings for the relevant reporting period would vary from, or be in line with, the Earnings Guidance.

3. Does BXB consider that, at any point prior to the release of the Results Announcements, there was a variance between its expected earnings and its estimate of market expectations for the relevant reporting period of such a magnitude that a reasonable person would expect information about the variance to have a material effect on the price or value of BXB's securities?

Please answer separately for each measure of earnings referred to in the Results.

4. If the answer to question 3 is "no", please provide the basis for that view.
5. If the entity first became aware of the variance before the release of Results Announcements, did BXB make any announcement prior to the release of the Results Announcements which disclosed the relevant variance? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe BXB was obliged to release the information under Listing Rules 3.1 and 3.1A and what steps BXB took to ensure that the information was released promptly and without delay.

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6. Please provide details of any other explanation BXB may have for the trading in its securities following the release of the Results Announcements.
 7. Please confirm that BXB is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.
 8. Please confirm that BXB's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of BXB with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9:00 AM AEST Friday, 6 September 2024**.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, BXB's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out above and may require BXB to request a trading halt immediately if trading in BXB's securities is not already halted or suspended.

Your response should be sent by e-mail to **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow us to review your response to confirm that it is in a form appropriate for release to the market, before it is published on MAP.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in BXB's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to BXB's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*. It should be noted that BXB's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release all or any part of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A. The usual course is for the correspondence to be released to the market.

Yours sincerely

ASX Compliance