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Brambles

18 May 2026

The Manager – Listings
Australian Securities Exchange Limited
39 Martin Place
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir / Madam

Brambles FY26 Trading Update

Please see the attached announcement relating to the above.

The release of this announcement was authorised by Brambles' Board of Directors.

Yours faithfully
Brambles Limited

Carina Thuaux
Company Secretary

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Brambles revises FY26 guidance to reflect investments required to support service levels in the US; new US\$400 million share buy-back announced

Sydney – 18 May 2026: Brambles Limited (ASX: BXB) today provides an update on its trading performance and guidance for the financial year ending 30 June 2026 (FY26), in light of repair capacity constraints emerging in the Central and Northeastern parts of its US service centre network during April 2026.

Brambles expects these short-term repair capacity constraints to be resolved by the end of 1H27 as outlined in this release and will provide an update on progress at its FY26 results on 20 August 2026.

Overview

- Brambles reinforces its commitment to its customers and making the right decisions for the long-term sustainability of the business.
- In this light, it has become clear that the increasing plant automation by customers is leading to a requirement for consistently higher quality pallets compatible with these automated handling systems.
- Brambles has been progressively increasing repair quality to meet this demand.
- During April 2026, this focus on quality consistency has coincided with short-term repair capacity constraints in parts of Brambles' US subcontractor service centre network which Brambles expects to be resolved by the end of 1H27.
- These short-term repair capacity constraints have been driven by subcontractor turnover, labour availability challenges and the additional time required to repair pallets consistently to a higher standard. At the same time as repair capacity tightened, Brambles experienced higher than anticipated customer demand.
- These constraints are limiting Brambles' ability to fully service higher than expected customer demand in affected locations and materially increasing costs in the short-term. Multiple measures are in place to improve service levels and restore pallet availability, including increasing pallet relocations, adding repair capacity and purchasing new pallets, including ~2 million in 4Q26, with additional pallet purchases expected in 1H27.
- FY26 guidance revised:
 - Sales revenue growth lowered to 2-3% (previously 3-4%) and Underlying Profit growth to 3-5% (previously 8-11%), both at constant FX, primarily reflecting an estimated US\$60 million earnings impact from repair capacity constraints in parts of Brambles' US subcontracted service centre network; and
 - Free Cash Flow before dividends guidance narrowed to the upper end and now expected to be between US\$1,000-1,100 million (previously US\$950-1,100 million).
- New US\$400m on-market share buy-back announced, to commence on completion of the current programme and be conducted during the remainder of FY26 and across FY27². This reflects confidence in sustained free cash flow generation and balance sheet strength and is in line with Brambles' capital allocation framework.
- Brambles reconfirms its FY28 target to increase margins by ~3pts+ versus the FY24 baseline, at actual FX rates.

Actions to support US service centre repair capacity

Improving the customer experience is central to Brambles' strategy. In support of this, Brambles has been proactively increasing investments in pallet quality initiatives to support customers' increasingly automated supply chains. These initiatives include additional repair activity and strengthening repair consistency through enhanced quality audits and the implementation of end of line inspection equipment.

In parts of Brambles' US subcontracted service centre network, the move to more consistent repair standards has increased the number of component repairs required per pallet. While this investment in pallet quality was planned, it has coincided with a number of unexpected developments across Brambles' subcontractor base in April 2026 and the external operating environment.

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These developments include:

- Turnover in Brambles' subcontractor base as some operators have chosen to exit the network due to challenging operating conditions;
- Labour availability challenges at remaining subcontracted sites due to a tightening US labour market; and
- Higher than anticipated pallet demand from existing and new customers as repair capacity tightened, resulting in unplanned pallet relocations across the network to service customer demand.

Collectively, these factors have temporarily constrained repair capacity and limited Brambles' ability to fully service customer demand in affected areas of its US network.

Brambles' priority is to improve service levels in affected locations, while restoring repair capacity across the network. In the near term, Brambles is:

- Increasing pallet relocations within its network to access available repair capacity and reposition pallets to meet customer demand;
- Adding repair capacity across its existing subcontracted sites and insourced operations; and
- Purchasing an incremental ~2 million new pallets in 4Q26 to support customer service continuity with further purchases expected in 1H27, subject to demand.

Brambles expects these initiatives to progressively improve pallet availability in the coming months, with constraints to be resolved by the end of 1H27. Brambles will provide an update on progress at its FY26 results announcement on 20 August 2026.

These initiatives have driven a material increase in short-term costs since the constraints emerged. This reflects higher pallet relocations and transport costs, including increased use of spot market transport at a time of significantly higher spot rates and fuel prices linked to the conflict in the Middle East. Service centre operating costs have also risen, largely reflecting additional shifts and higher rates to increase repair capacity across the network.

Brambles expects US repair capacity constraints to have an earnings impact of ~US\$60 million in FY26. This includes ~US\$40 million of incremental supply chain costs driven by additional repair, handling, transportation and storage costs. The balance of the earnings impact reflects customer mix and volume shortfalls.

The purchase of ~2 million new pallets in 4Q26 is expected to increase capital expenditure by ~US\$60 million, with associated cash outflows primarily occurring in 1H27. These pallet purchases are also expected to delay the return to optimal plant stock levels in Brambles' US network until the end of FY28, subject to a number of factors, including consumer demand and repair capacity constraints.

Revised FY26 outlook and capital management

Reflecting the FY26 impacts of the US repair capacity constraints and other trading considerations outlined above, Brambles has revised its FY26 guidance as follows:

- Sales revenue growth of between 2-3% at constant FX rates (previously 3-4%) with the change to previous guidance due to volume shortfalls and customer mix impacts in the US. Brambles expects:
 - Full year revenue growth to be broadly evenly split between volume and price realisation; and
 - Strong net new business momentum in key markets, including the US and Europe, to offset a year-on-year decline in like-for-like volumes. In the January to April trading period, like-for-like volumes trends have remained broadly consistent with 1H26 levels. In the US, underlying consumer demand improvements have been partly offset by the challenges in parts of Brambles' subcontracted service centre network outlined above, while in Europe, cost-of-living pressures and other economic factors continue to weigh on consumer demand.

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- Underlying Profit growth of between 3-5% at constant FX rates (previously 8-11%) with the change to previous guidance primarily reflecting the earnings impact of US repair capacity constraints of ~US\$60 million and some supply chain inefficiencies in Europe which are expected to be partly offset by additional overhead cost savings. Brambles expects:
 - Margin expansion across all segments with the exception of CHEP EMEA, as improved asset efficiency is offset by higher supply chain costs largely driven by increased pallet relocations in Europe;
 - Net efficiencies of ~US\$15 million from the overhead restructuring programme; and
 - Except for the additional pallet relocations outlined above, no material impact from higher fuel and transport prices in FY26. Fuel and transport inflation recovery mechanisms are currently active and expected to recover inflation in these inputs through the cycle, although there may be some timing differences in recovery.
- Free Cash Flow before dividends of between US\$1,000-1,100 million (previously US\$950-1,100 million).
- Dividend payout ratio to be consistent with the dividend payout policy of 50-70% of Underlying Profit after finance costs and tax¹ in US dollar terms and fully funded through Free Cash Flow.

In addition, the FY26 on-market share buy-back of US\$400 million remains on track, with ~US\$370 million of shares purchased to date. Following its completion, an additional US\$400 million on-market share buy-back is expected to commence and will be conducted during the remainder of FY26 and across FY27².

These financial outcomes are dependent on several factors including but not limited to, prevailing macroeconomic and geopolitical conditions, customer demand, the price of lumber and other key inputs, the efficiency of global supply chains, and movements in FX rates.

CEO commentary

Brambles' CEO, Graham Chipchase, said: "Today's update reflects our increased focus on quality and customer outcomes, which has coincided with a combination of developments across the external operating environment and parts of our US subcontracted service centre network.

"Our immediate priority is to meet our customers' needs and to restore stability and service in the affected parts of our US network. Our response and ongoing investments in quality reinforce that meeting our customers' needs is non-negotiable. We will not compromise on the investment required to meet the quality, network resilience and service outcomes our customers expect.

"At the same time, we are making sure that we are positioned to meet our strategic objectives and do what is right for the long-term sustainability of the business. This includes ongoing investment in digital, automation and other customer initiatives, as we continue to deliver productivity and efficiency improvements across the business.

"While current challenges will weigh on FY26 and 1H27 financials, they do not change our commitment to our FY28 margin expansion targets. The additional US\$400 million share buy-back to be undertaken reflects our confidence in the underlying strength of our business and its ability to deliver sustained free cash flow generation."

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¹ Subject to Brambles' cash requirements.

² The timing and quantum of shares purchased will be conducted opportunistically, having regard for various factors including market conditions, prevailing share price and opportunities to maximise shareholder value through efficient capital management. Brambles reserves the right to vary, suspend or terminate the buy-back at any time.

Brambles Limited (ASX: BXB) Brambles is a global provider of logistics solutions, connecting the world's supply network through its operations, people and technology. Brambles operates across ~60 countries primarily through its CHEP brand, harnessing its industry-leading expertise and the unmatched scale of its asset pool of 348 million pallets, crates and containers through a network of 750+ service centres. Through its regenerative ambition, built on decades of leadership in the circular economy, Brambles has become one of the world's most sustainable companies. Since its origin in 1875, Brambles has been at the forefront of innovation. Today, it continues to invest in the future, bringing enhanced connections, visibility and foresight, developing solutions to unlock new value for customers, and making the world's supply network more resilient and regenerative. Brambles is listed on the Australian Securities Exchange and an ASX20 constituent. The Group employs approximately 12,000 people, with its largest operations in North America and Europe. For further information, please visit [brambles.com](https://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", 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.

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