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Brambles

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 ASX & Media Release

Attached is a release to the Exchange from Brambles Limited on its financial report 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

16 February 2021
ASX & Media Release

Brambles' 1H21 result: Strong pallet demand and cash flow generation; FY21 outlook upgraded.

- **COVID-19 & Brexit** impacted the operating environment in the first half, driving elevated levels of demand for pallets while changes in consumer demand patterns and higher input costs resulted in operating cost increases.
- **Sales revenue increased 6%** at constant FX, as strong volume growth and price realisation in the global Pallet businesses and the contribution from the commencement of a large Australian RPC contract offset COVID-19 related declines in Automotive and Kegstar businesses.
- **Underlying Profit[1] increased 5%** at constant FX, including a US$8 million one-off compensation benefit for a service centre relocation in Australia.
- **Free Cash Flow after Dividends increased US$332.2 million** and included the impact of cycling the US$183.2 million cash outflow in the prior year relating to a special dividend payment. Excluding this impact, the increase of US$149.0 million reflected higher earnings, a disciplined approach to capital expenditure and some timing benefits in the first half of FY21.
- **Return on Capital Invested[2] of 19.0% increased 0.8pts** at constant FX, driven by Underlying Profit growth and asset efficiency improvements across the Group.
- **Dividend and capital management:** 2021 interim dividend of 10.0 US cents declared, with a payout ratio of 50%. A$2.4 billion share buy-back programme (61% complete) to recommence on 18 February 2021.
- **Upgraded FY21 outlook:** For the full-year ended 30 June 2021, Brambles now expects:
  - Revenue growth in the range of 4% to 6% at constant FX rates, with improved Underlying Profit margins including ~1pt improvement in US margin;
  - Underlying Profit growth in the range of 5% to 7% at constant FX rates;
  - Free Cash Flow to fully fund dividends and core business capex; and
  - FY21 dividend payout ratio in line with Brambles' dividend policy.

  Outlook is subject to assumptions outlined on page 3 of this release.

Results Highlights

(Continuing operations)	1H21 result	Change vs. 1H20[3]	
	(Actual FX)	(Actual FX)	(Constant FX)
Statutory			
Sales revenue	US$2,565.5m	7%	6%
Operating profit	US$465.0m	7%	5%
Profit after tax	US$295.2m	6%	4%
Basic earnings per share	US19.8¢	11%	10%
Non statutory			
Underlying Profit	US$465.0m	7%	5%
Return on Capital Invested (ROCI)	19.0%	0.8pts	0.8pts
Cash Flow from Operations	US$423.6m	US$101.8m	
Free Cash Flow after dividends	US$163.8m	US$332.2m	
Interim dividend declared per share	US10.0¢		

[1] A non-statutory measure that represents profit from continuing operations before finance costs, tax and Significant Items.
[2] Underlying Profit multiplied by two, divided by the six-month average of capital invested; 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 or losses and net equity adjustments for equity-settled share-based payments.
[3] The variance between actual and constant FX performance reflects the changes in Brambles' operating currencies, relative to its reporting currency, the US dollar.

Sales revenue from continuing operations of US$2,565.5 million increased 6% at constant currency driven by volume growth of 4% reflecting strong pallet demand from existing customers in the consumer-staples sectors, ongoing conversion of new customers in the Central and Eastern European pallets business and contributions from a large Australian RPC contract won in the second half of the prior fiscal year. Price realisation contributed 2% to revenue growth with ongoing recovery of input-cost inflation and a higher cost-to-serve in the Americas and EMEA regions. This strong growth offset revenue declines in the Automotive and Kegstar businesses of 6% and 56%, respectively, with both businesses cycling strong, pre-pandemic levels of customer demand in the comparative prior-year period.

Underlying Profit and operating profit of US$465.0 million increased 5% at constant currency and included a US$8 million net gain on the relocation of a service centre in Australia. Excluding the impact of this gain, Underlying Profit growth of 3% was driven by the sales contribution to profit, disciplined overhead cost control and supply chain productivity benefits associated with automation projects, pallet durability and procurement initiatives. These gains more than offset direct cost increases due to COVID-19 related changes in network flows and customer demand patterns, inflationary cost pressures and additional costs to support the Group-wide focus on minimising capital expenditure to service strong volume growth with increased volatility in the first half.

Profit after tax from continuing operations of US$295.2 million increased 4% at constant currency as the increase in operating profit was partly offset by lower interest income reflecting the US$0.6 billion year-on-year reduction in deposit balances due to capital management activity and lower interest rates on Australian dollar deposits.

Return on Capital Invested of 19.0% increased 0.8 percentage points at constant currency driven by the Underlying Profit performance and a modest increase in Average Capital Invested despite strong volume growth, reflecting the Group-wide focus on improving asset efficiency and minimising capital expenditure to service temporary spikes in demand.

Cash Flow from Operations increased US$101.8 million on the prior comparative period reflecting higher earnings and disciplined management of capital investments in the half. The year-on-year increase includes an estimated US$80 million of timing benefits largely relating to capital payments which are expected to reverse in the second half of the fiscal year.

2021 interim dividend

The Board has declared an interim dividend of 10.0 US cents per share. This represents a payout ratio of 50%, which is in line with Brambles' dividend policy to payout between 45% and 60% of Underlying Profit after finance costs and tax[4].

The 2021 interim dividend will be declared in US dollars and paid as 13.08 Australian cents per share[5], with franking of 30%. The unfranked component of the interim dividend is conduit foreign income. Consequently, non-resident shareholders will not pay Australian dividend withholding tax on this dividend. The interim dividend is payable on 8 April 2021 to shareholders on Brambles' register at 5.00pm on Thursday, 11 March 2021. The ex-dividend date is 10 March 2021.

CEO Commentary

Commenting on the 1H21 result, Brambles' CEO, Graham Chipchase, said: "I am proud of our people who have worked tirelessly to meet the significant increase in customer demand during a global pandemic with community restrictions and Brexit-related uncertainty. Their commitment and the resilience of our 'share and reuse' business model have enabled the continued flow of life's essentials through supply chains globally and reinforced Brambles as a trusted partner to many of the world's largest fast-moving consumer brands.

"We experienced elevated levels of demand in our key pallet businesses in the first half, as retailers raised inventories to accommodate increased levels of at-home consumption and to provide greater contingency against changes in consumer demand. There was also a noticeable shift within the consumer staples segment towards established, household brands which drove stronger volume growth with our largest customers. Operationally, COVID-19 related changes in network dynamics and customer demand patterns resulted in additional pallet collection and repair costs, with wage inflation in most regions increasing plant costs further. Our focus on optimising the use of our existing asset

[4] Subject to Brambles' cash requirements.
[5] This reflects the US cents dividend converted at an A$:US$ exchange rate of 0.7646, the average exchange rate over the five business days ending 9 February 2021.

pool to service elevated levels of demand also contributed to higher plant and transport costs in the period and limited our investment in new pallets.

"These increased operational costs were offset by disciplined cost management across the business, including corporate costs, and efficiency benefits from supply chain programmes. These benefits included additional repair capacity across our existing US service centre network as a result of the accelerated automation programme and lower damage rates due to improved pallet durability in all regions. Increased price realisation and broader coverage of surcharges, introduced to lower the business vulnerability to sudden increases in input prices, also helped mitigate the impact of the higher operating cost environment.

"Beyond our pallets business, our Automotive containers team did a great job in controlling costs to largely offset the profit impact of the volume shortfall in the half. While the recovery of automotive production has been stronger than anticipated, customer demand remains below prior-year levels and we maintain a cautious outlook for the business in the second half of the year. In addition, on 10 February we announced the merger of Kegstar with MicroStar, creating the global leader in keg pooling. The combined scale and expertise is expected to accelerate growth and future value creation for shareholders.

"During the half, we launched our 2025 Sustainability vision to pioneer truly regenerative supply chains, leveraging the power of our 'share and reuse' business model to create more positive impacts beyond our business for the benefit of future generations. We are proud of the ongoing recognition of our sustainability credentials, having recently received exceptionally positive ESG ratings from leading industry groups and publications.

"As we continue to operate in a global pandemic, we remain focused on the health and safety of our people and ensuring uninterrupted service for our customers. We are determined in our efforts and vigilant in our approach and practices to support employees, customers and the local communities in which we operate."

FY21 outlook

Brambles is upgrading its full-year sales revenue and earnings guidance to reflect the strong first-half result.

In FY21, Brambles now expects to deliver:

- Sales revenue growth between 4-6% at constant FX rates, with improved Underlying Profit margins including an increase in US margins of ~1 percentage point;
- Underlying Profit growth between 5-7% at constant FX rates;
- Free cash flow expected to fund dividends and core business capex to support growth, the impact of lumber inflation on pallet prices and investments to further develop digital and efficiency objectives;
- Dividend payout ratio between 45% to 60%, in line with Brambles' dividend payout policy; and
- Share buy-back programme to continue subject to the ongoing assessment of the Group's funding and liquidity requirements in the context of increased economic uncertainty.

The following assumptions underpin Brambles' updated FY21 guidance:

- The broad continuation of current trends in input costs and network dynamics;
- A progressive recovery in the Automotive business;
- While customer demand is expected to remain strong for the balance of FY21, second-half and full-year sales revenue growth is expected to moderate from first-half levels as the business cycles a strong comparative second-half period in the prior year which included record levels of pallet demand following the outbreak of COVID-19. In addition, Brexit-related demand in the first half is expected to reverse in the second half; and
- Underlying Profit growth is expected to be stronger in the second half of FY21 as the business cycles higher costs in the pallets business and lost income from the Automotive business in the second half of the prior year. The second half of FY21 is also expected to benefit from higher margins in the US pallets business reflecting ongoing price realisation and continued delivery of automation, pallet durability and procurement benefits.

Commenting on the outlook for the Full Year Mr Chipchase added: "The strong first-half result has allowed us to upgrade our FY21 sales revenue and earnings guidance. We remain committed to delivering Group Underlying Profit leverage and expect US margins to improve by approximately one percentage point, with the US automation programme on track for completion by the end of the fiscal year."

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 more than 12,000 people and own approximately 330 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 www.brambles.com

Summary of Key Metrics

US$m			Change	
(Continuing operations)	**1H21**	**1H20**	**Actual FX**	**Constant FX**
CHEP Americas	1,299.2	1,228.9	6%	7%
CHEP EMEA	1,010.0	935.2	8%	4%
CHEP Asia-Pacific	256.3	233.5	10%	4%
Sales revenue	**2,565.5**	**2,397.6**	**7%**	**6%**
CHEP Americas	191.9	188.7	2%	3%
CHEP EMEA	242.0	218.5	11%	7%
CHEP Asia-Pacific	64.4	58.2	11%	4%
Corporate	(33.3)	(29.9)	(11)%	(6)%
Underlying Profit[6] & operating profit	**465.0**	**435.5**	**7%**	**5%**
Net finance costs	(42.6)	(37.5)	(14)%	(14)%
Tax expense	**(127.2)**	(119.1)	(7)%	(4)%
Profit after tax from continuing operations	**295.2**	**278.9**	**6%**	**4%**
Loss from discontinued operations	(1.6)	(1.0)		
Profit after tax	**293.6**	**277.9**	**6%**	**4%**
Average Capital Invested	4,905.9	4,784.5	3%	1%
Return on Capital Invested	**19.0%**	**18.2%**	**0.8pt**	**0.8pt**
Weighted average number of shares (m)	1,493.0	1,569.7		
Basic EPS (US cents)	**19.7**	**17.7**	**11%**	**10%**
Basic EPS from continuing operations (US cents)	**19.8**	**17.8**	**11%**	**10%**

Note: The variance between actual and constant FX performance reflects the changes in Brambles' operating currencies, relative to its reporting currency, the US dollar.

Sales revenue from continuing operations of US$2,565.5 million increased 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 volumes[7] 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 the first half.

Operating profit and **Underlying Profit** of US$465.0 million increased 5% at constant currency and includes net income of US$8 million relating to a one-off compensation for a service centre relocation in the Asia-Pacific region.

Excluding the impact of this site 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 in the overall business. Transport capacity and availability constraints, particularly in the US market, also contributed to higher costs in the first half.

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

[6] A non-statutory measure that represents profit from continuing operations before finance costs, tax and Significant Items. In the absence of Significant Items in 1H21 and 1H20, Underlying Profit was in line with operating profit.

[7] Like-for-like growth reflects volume performance with the same products and customers as in the prior corresponding period.

capital investment in incremental pallets. Wage inflation due to labour availability challenges in all regions also contributed to higher plant costs in the half. These increases were offset by a combination of pricing, surcharges and the delivery of supply chain efficiencies of ~US$20 million which included benefits from automation projects and pallet durability initiatives reducing damage rates during the period.

IPEP[8] 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. 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 a ~US$6 million year-on-year decrease in gains on compensated and scrapped assets largely due to higher pallet unit costs.

Profit after tax from continuing operations of US$295.2 million increased 4% at constant currency as the increase in operating profit was partly offset by higher net finance costs and tax expense.

Net finance costs of US$42.6 million 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 effective tax rate on Underlying Profit in the first half of 30.1% was broadly in line with the effective tax rate in the first half of the prior year of 29.9%.

Return on Capital Invested was 19.0%, up 0.8 percentage points at constant currency reflecting the Underlying Profit performance and a modest increase in Average Capital Invested in line with the Group-wide focus on minimising capital expenditure to service temporary spikes in demand.

Cash Flow Reconciliation

US$m	1H21	1H20	Change
Underlying Profit	465.0	435.5	29.5
Depreciation and amortisation	328.0	304.1	23.9
IPEP expense	87.8	73.3	14.5
Underlying EBITDA[9]	**880.8**	**812.9**	**67.9**
Capital expenditure (cash basis)	(460.6)	(504.1)	43.5
US supply chain investments	(18.7)	(16.7)	(2.0)
Proceeds from sale of PP&E	63.8	50.0	13.8
Working capital movement	(6.7)	6.5	(13.2)
Other	(35.0)	(26.8)	(8.2)
Cash Flow from Operations	**423.6**	**321.8**	**101.8**
Significant Items	-	(2.1)	2.1
Discontinued operations	(1.6)	(1.1)	(0.5)
Financing & tax costs	(125.7)	(146.5)	20.8
Free Cash Flow[10]	**296.3**	**172.1**	**124.2**
Dividends paid – ordinary	(132.5)	(157.3)	24.8
Dividends paid – special	-	(183.2)	183.2
Free Cash Flow after dividends	**163.8**	**(168.4)**	**332.2**

Cash Flow from Operations of US$423.6 million increased US$101.8 million reflecting higher earnings and disciplined management of capital investment. Working capital movement of US$(13.2) million includes the impact of cycling higher indirect tax refunds in the prior year which offset ongoing improvements in cash collections in the half. The year-on-year increase includes an estimated US$80 million of timing benefits largely relating to capital payments which are expected to reverse in the second half of the fiscal year.

Capital expenditure on a cash basis, including US supply chain investments, decreased by US$41.5 million which compares to an increase in capital spend on an accruals and constant currency basis of US$20.3 million. This increase was largely driven by the US$15.0 million increase in non-pooling capex reflecting the investment in wash facilities to support a large RPC contract in Australia and ongoing investment in service centre automation across the Group to support growth and deliver productivity benefits.

The increase in pooling capital expenditure was limited to US$5.3 million, despite strong volume growth in the global pallet businesses, lumber inflation and capital investments to support the large Australian RPC contract win, largely due to asset efficiency improvements, lumber procurement & automation benefits and lower capital spend in the Automotive business.

[8] Irrecoverable Pooling Equipment Provision.
[9] Earnings before interest, tax, IPEP, depreciation and amortisation: calculated as Underlying Profit after adding back depreciation, amortisation and IPEP
[10] Cash Flow generated after net capital expenditure, finance costs and tax, but excluding the net cost of acquisitions and proceeds from business disposals.

Brambles

Free Cash Flow after dividends of US$163.8 million increased US$332.2 million in the half, including the impact on prior-year cash flow of the US$183.2 million special dividend payment in October 2019 funded by the IFCO sale proceeds.

Excluding the impact of the special dividend, Free Cash Flow after ordinary dividends increased US$149.0 million and included the benefit of a US$20.8 million decrease in financing and tax costs mainly due to costs incurred in 1H20 relating to the early termination of the US$500 million 144A bond.

Net Debt & Key Ratios

US$m	Dec 2020	Jun 2020	Change
Current debt	200.0	149.1	50.9
Non-current debt	2,462.0	2,368.6	93.4
Gross debt	**2,662.0**	**2,517.7**	**144.3**
Less cash & deposits	(675.9)	(805.9)	130.0
Net debt	**1,986.1**	**1,711.8**	**274.3**
Key ratios	**1H21**[11]	**FY20**	
Net debt to EBITDA	1.22x	1.10x	
EBITDA interest cover	19.0x	19.3x	

Net debt as at 31 December 2020, was US$1,986.1 million which includes US$730.5 million of lease liabilities. Net debt increased by US$274.3 million from 30 June 2020, mainly reflecting US$286.4 million of share buy-backs undertaken in 1H21.

Liquidity remains strong with US$1.3 billion of undrawn committed credit facilities and US$0.7 billion of cash and term deposits at 31 December 2020.

Segment Analysis

CHEP Americas

US$m			Change	
	1H21	1H20	Actual FX	Constant FX
Sales revenue	**1.299.2**	**1,228.9**	**6%**	**7%**
Underlying Profit	**191.9**	**188.7**	**2%**	**3%**
Average Capital Invested	2,411.4	2,357.4	2%	4%
Return on Capital Invested	**15.9%**	**16.0%**	**(0.1)pt**	**-**

Sales revenue

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.

US pallets revenue of US$964.6 million increased 7%, reflecting:

- Like-for-like volume growth of 5% which was exceptionally strong due to increased demand from customers in the consumer staples sectors as they responded to increased levels of at-home consumption and retailer stocking in response to COVID-19 stay-at-home orders;
- Price growth of 2% with pricing actions to recover a higher cost-to-serve partly offset by the mix impact of strong growth with large FMCG customers in the half; and
- Net new business was flat due to the roll-off of contracts lost in the prior year and lower levels of new customer conversions as the business responds to record demand from existing customers.

Canada pallets sales revenue of US$151.3 million increased 5% at constant currency reflecting strong like-for-like volume growth and rollover benefits from prior-year contract wins.

Latin America pallets sales revenue of US$165.1 million increased 13% at constant currency, reflecting the rollover benefit of contract repricing conducted in the second half of FY20 and pricing in the current period to recover cost inflation. The region also delivered volume growth, notwithstanding COVID-19 related headwinds.

Containers sales revenue of US$18.2 million decreased (6)% at constant currency reflecting reduced volumes in the North American Intermediate Bulk Container (IBC) business.

Profit

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 costs, including:

- Net transport cost increases of US$22 million reflecting higher costs due to COVID-19 related changes in network flows, variable customer demand patterns and additional pallet recollections and relocations to support asset efficiency. Latin America delivered material improvements in both capital efficiencies and cash flow benefits in the period despite cycling strong asset efficiency and cash generation in the prior year;
- Net plant cost increases of US$8 million reflects additional repair and handling costs linked to record levels of pallet returns as well as labour and lumber input-cost inflation. The increased costs were largely offset by surcharges and supply chain initiatives which delivered efficiencies and increased capacity from US service centres and lumber automation programmes, and reduced costs driven by lower damage rates due to pallet durability initiatives;
- Depreciation expense increases of US$6 million due to pallet pool growth;
- IPEP increases of US$12 million reflecting higher pallet unit costs in the region; and
- Other cost increases of US$9 million in 1H21 reflects lower year-on-year asset compensations in the US and higher pallet unit values of scrapped assets.

Return on Capital

Return on Capital Invested of 15.9% was in line with the prior year despite the cycling of pre-pandemic trading, the increased costs-to-serve associated with disruptions to supply chains, other cost inflation and the customer mix impact in the half of larger customers at lower rates.

[11] From 1H21, key financial ratios using EBITDA and net interest expense are on a twelve-month rolling basis. EBITDA and net interest expense for 1H21 are therefore based on the 12 months to 31 December 2020.

CHEP EMEA

US$m			Change	
	1H21	1H20	Actual FX	Constant FX
Sales revenue	**1,010.0**	**935.2**	**8%**	**4%**
Underlying Profit	**242.0**	**218.5**	**11%**	**7%**
Average Capital Invested	1,925.7	1,837.2	5%	-
Return on Capital Invested	**25.1%**	**23.8%**	**1.3pt**	**1.6pt**

Sales revenue

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 the fiscal year.

Europe pallets sales revenue of US$774.0 million increased 6% at constant currency, comprising:

- Net new business growth of 3% driven by contributions from current and prior year contract wins in Central & Eastern Europe;
- Like-for-like volume growth of 1% reflecting increased demand for consumer staples in response to COVID-19 lockdown restrictions and Brexit-related stockpiling which offset lower levels of underlying demand in the region; and
- Price increases of 2% reflecting contractual price indexation and Brexit-related increases in the cost-to-serve.

India, Middle East, Turkey and Africa (IMETA) pallets sales revenue was US$100.6 million, up 7% at constant currency as price realisation offset the adverse volume impact of COVID-19 restrictions across the region and business model changes in Turkey.

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:

- Automotive sales revenue of US$92.1m decreased 7% on a strong comparative period which benefited from pre-COVID-19 levels of production activity in the automotive industry. Notwithstanding a progressive recovery in customer demand during the half, automotive production activity remains below pre-COVID-19 levels;
- IBCs sales revenue of US$30.7 million decreased 11% on the prior year reflecting volume declines in Europe; and
- RPCs sales revenue of US$12.6 million increased 2% mainly reflecting pricing gains.

Profit

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 cost increases of US$3 million reflecting transport inflation and additional transport miles to collect and relocate existing pallets across the European business to support demand volatility and Brexit stockpiling while minimising new pallet purchases;
- Net plant cost increases of US$3 million reflecting repairs of existing pallets to minimise capital expenditure to support record levels of customer demand and additional heat-treatment costs in line with Brexit requirements. These additional costs were partly offset by pallet durability improvements and other supply chain efficiencies; and
- Depreciation expenses increased US$5 million in line with growth in the pallet pool.

Return on Capital

Return on Capital Invested of 25.1% increased 1.6 percentage points at constant currency driven by the Underlying Profit performance and improvements in asset efficiency in the region.

CHEP Asia-Pacific

US$m			Change	
	1H21	1H20	Actual FX	Constant FX
Sales revenue	**256.3**	**233.5**	**10%**	**4%**
Underlying Profit	**64.4**	**58.2**	**11%**	**4%**
Average Capital Invested	602.3	577.2	4%	(1)%
Return on Capital Invested	**21.4%**	**20.2%**	**1.2pt**	**0.9pt**

Sales revenue

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 the half. The ongoing expansion of the timber pallets business in China also made a meaningful contribution to growth in the period.

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, sales revenue increased 9% driven by the onboarding of a large Australian RPC contract in October 2020 and strong growth in the New Zealand RPC businesses.

Profit

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.

Return on Capital

Return on Capital Invested was 21.4%, up 0.9 percentage points at constant currency driven by profit growth. Average Capital Invested remained relatively stable as lower investments in Kegstar largely offset increased capital expenditure to support the commencement of a large RPC contract in Australia.

Brambles

Background Information

US$m	1H21	1H20	2H20	FY20
Sales revenue				
CHEP Americas	1,299.2	1,228.9	1,220.3	2,449.2
CHEP EMEA	1,010.0	935.2	896.7	1,831.9
CHEP Asia-Pacific	256.3	233.5	219.0	452.5
Continuing operations	2,565.5	2,397.6	2,336.0	4,733.6
EBITDA				
CHEP Americas	414.2	390.8	364.5	755.3
CHEP EMEA	395.6	358.0	338.3	696.3
CHEP Asia-Pacific	101.7	91.8	87.8	179.6
Corporate	(30.7)	(27.7)	(40.6)	(68.3)
Continuing operations	880.8	812.9	750.0	1,562.9
Depreciation of property, plant and equipment and Irrecoverable Pooling Equipment Provision (IPEP)				
CHEP Americas	216.0	196.6	203.2	399.8
CHEP EMEA	152.3	138.4	144.9	283.3
CHEP Asia-Pacific	36.9	32.7	32.0	64.7
Corporate	0.9	1.0	0.8	1.8
Continuing operations	406.1	368.7	380.9	749.6
Amortisation of intangibles				
CHEP Americas	6.3	5.5	5.8	11.3
CHEP EMEA	1.3	1.1	1.6	2.7
CHEP Asia-Pacific	0.4	0.9	0.9	1.8
Corporate	1.7	1.2	1.3	2.5
Continuing operations	9.7	8.7	9.6	18.3
Underlying Profit				
CHEP Americas	191.9	188.7	155.5	344.2
CHEP EMEA	242.0	218.5	191.8	410.3
CHEP Asia-Pacific	64.4	58.2	54.9	113.1
Corporate	(33.3)	(29.9)	(42.7)	(72.6)
Continuing operations	465.0	435.5	359.5	795.0
Operating profit				
CHEP Americas	191.9	188.7	155.5	344.2
CHEP EMEA	242.0	218.5	191.8	410.3
CHEP Asia-Pacific	64.4	58.2	26.9	85.1
Corporate	(33.3)	(29.9)	(42.7)	(72.6)
Continuing operations	465.0	435.5	331.5	767.0
Capital expenditure on property plant and equipment (accruals basis)				
CHEP Americas	284.6	262.8	282.1	544.9
CHEP EMEA	177.8	200.0	146.1	346.1
CHEP Asia-Pacific	73.0	47.8	42.4	90.2
Corporate	-	-	-	-
Continuing operations	535.4	510.6	470.6	981.2

Brambles

Background Information (continued)

US$m	1H21	1H20	2H20	FY20
Cash Flow from Operations				
CHEP Americas	177.3	106.8	150.1	256.9
CHEP EMEA	238.7	203.4	223.5	426.9
CHEP Asia-Pacific	42.3	49.4	72.0	121.4
Corporate	(34.7)	(37.8)	(23.5)	(61.3)
Continuing operations	423.6	321.8	422.1	743.9
Average Capital Invested				
CHEP Americas	2,411.4	2,357.4	2,379.8	2,368.6
CHEP EMEA	1,925.7	1,837.2	1,823.0	1,830.1
CHEP Asia-Pacific	602.3	577.2	553.8	565.5
Corporate	(33.5)	12.7	6.1	9.4
Continuing operations	4,905.9	4,784.5	4,762.7	4,773.6
Return on Capital Invested				
CHEP Americas	15.9%	16.0%	13.1%	14.5%
CHEP EMEA	25.1%	23.8%	21.0%	22.4%
CHEP Asia-Pacific	21.4%	20.2%	19.8%	20.0%
Continuing operations	19.0%	18.2%	15.1%	16.7%
Pooling capital expenditure to sales ratio				
CHEP Americas	19.9%	19.1%	16.4%	17.8%
CHEP EMEA	16.3%	20.2%	14.9%	17.6%
CHEP Asia-Pacific	21.5%	19.2%	13.1%	16.3%
Continuing operations	18.6%	19.6%	15.5%	17.6%
Number of pallets, RPCs and containers – net, after IPEP (millions of units)				
CHEP - Americas				
- Pallets	144	142		141
- Other	-	-		-
Total CHEP Americas	144	142		141
CHEP - EMEA				
- Pallets	140	136		136
- Other	23	24		22
Total CHEP EMEA	163	160		158
CHEP Asia-Pacific				
- Pallets	27	26		26
- Other	12	7		7
Total CHEP Asia-Pacific	39	33		33
Total	346	335		332
Number of pooling equipment purchases (millions of units)				
CHEP - Americas				
- Pallets	12	12	10	22
- Other	-	-	-	-
Total CHEP Americas	12	12	10	22
CHEP - EMEA				
- Pallets	13	14	8	22
- Other	1	2	-	2
Total CHEP EMEA	14	16	8	24
CHEP Asia-Pacific				
- Pallets	1	1	1	2
- Other	5	1	-	1
Total CHEP Asia-Pacific	6	2	1	3
Total	32	30	19	49